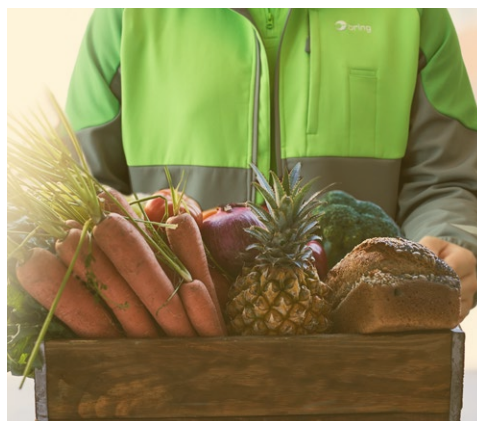


WE MAKE EVERYDAY LIFE SIMPLER AND THE WORLD SMALLER



SUSTAINABILITY REPORT **2017**

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# This is Posten Norge

Posten Norge is a mail and logistics group which aims to simplify and increase the value of trade and communication for people and businesses in the Nordic region.

**Wholly owned business in:** Norway, Sweden, Denmark, Finland, Slovakia, Belgium, the Netherlands, the United Kingdom, France, Germany, Greece, Hong Kong and Italy. **Head office:** Oslo, Norway

We have a presence in most countries through our partners.

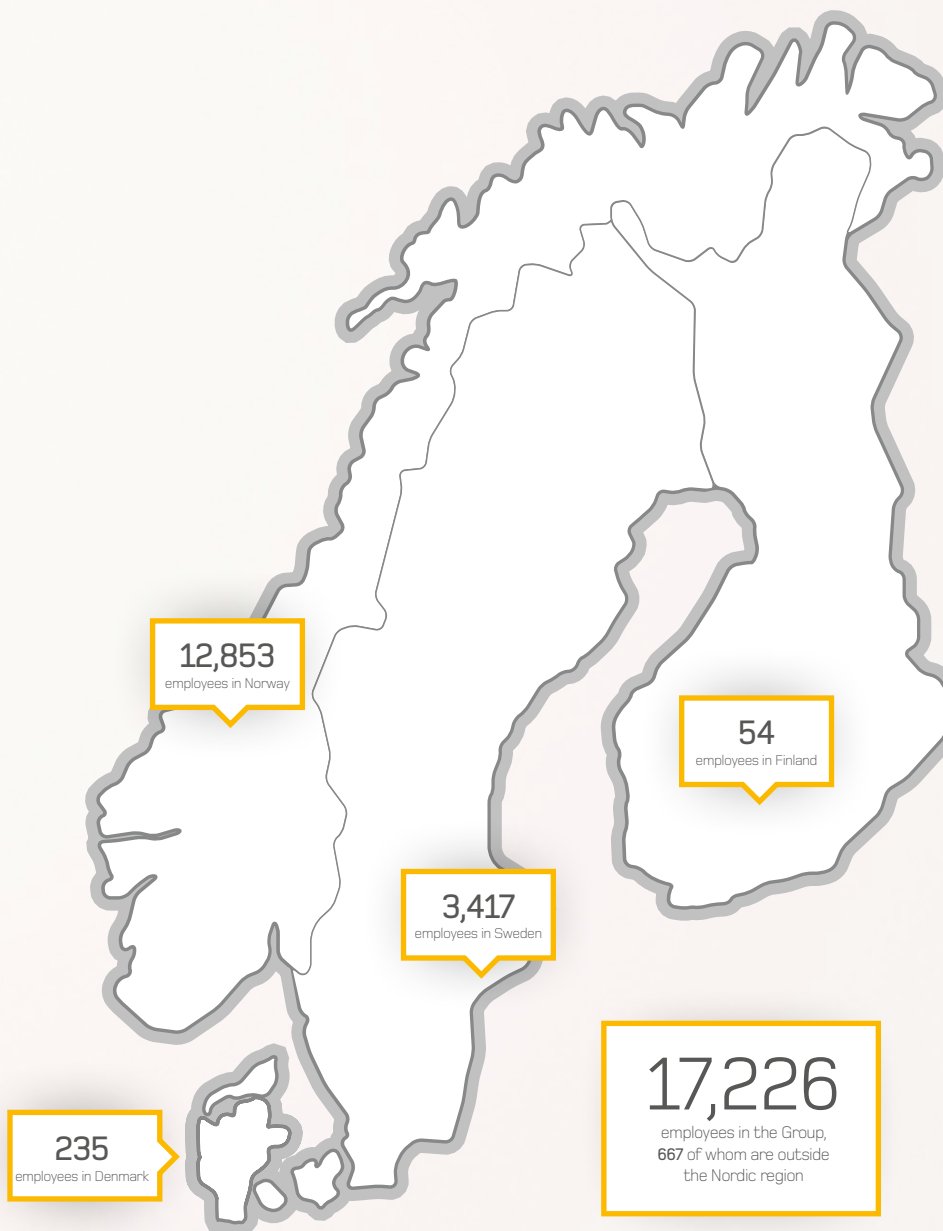
## Posten Norge has two brands in the marketplace



The Posten brand for the entire Norwegian population: Posten delivers mail and packages to the private market in Norway, emphasising security, flexibility and predictability. We offer a variety of delivery methods and good digital self-service solutions.



The Bring brand for all businesses in the Nordic region: Bring handles large and small consignments in the Nordic region and to the rest of the world. New technology and expertise enable Bring to develop future-oriented solutions that improve our customers' competitiveness.



## New strategy

In 2017 the Group developed a new strategy for the coming few years. The guideline for this work was "customer-oriented, simplified and profitable". This is reflected in our new Group structure, our business strategies and our strategic platform: vision, purpose and main goals.

### Vision

We make everyday life simpler and the world smaller.

### Purpose

We aim to simplify and increase the value of trade and communication for people and businesses in the Nordic region.

### Our values

Our values present us as a group that can be relied upon in all respects, a group for which we are proud to work. These values help build our common culture and guide us in all our decisions. Established forms of co-operation between managers, employees, governing bodies, owner and the authorities will reflect our values:

- Integrity • Respect • Co-operation • Openness • Courage

### Future development

In a world where change occurs at an ever-increasing pace, we are committed to innovating in multiple time frames: while we solve challenges today, we also have an eye on the needs of tomorrow and the future.

Get to know us even better at [postennorge.no](http://postennorge.no)

### Main goals

Our main goals mirror our business requirements and ambitions for the business, and were revised in 2017



Engaged and competent employees



Innovative and sustainable development



Satisfied and loyal customers



Cost-effectiveness and profitable growth





A WORD FROM OUR CEO

## A long-term vision in changing times

Change is part of everyday life at Posten and Bring. Our ability to change is part of our DNA – without it, we wouldn't be here today. Posten has transformed itself more in the last 20 years than in the first 350 – and this change in pace seems only to be increasing.

**In a rapidly changing world** the timeframe for strategic plans needs to be shorter than before. To balance this it's important for us to keep an eye on our long-term economic growth. Sustainability for Posten and Bring means exactly this: our long-term viability. In an age of digitisation, one could be forgiven for thinking that technology and capital are the most important things for a company's survival. Our sustainability report, however, shows how we rely on interactions between all of our resources in order to remain a relevant and preferred supplier in the long term. It describes in other words, our employees, relationships and partnerships, networks and expertise, as well as our financial capital and ability to change.

**In 2017 we equipped the organisation** to better meet – and stay ahead of – the changes that are taking place. We also updated our strategy. “Customer-oriented”, “simplified” and “profitable” have been keywords in guiding our work. And we have

a new vision to give us a clear direction: “We make everyday life simpler and the world smaller”. This vision articulates how we should evolve, how we should work for the benefit of our customers and how we should make ourselves more attractive to partners.

**We have a lot to be proud of.** Absenteeism continued to decrease in 2017 as the result of a long-term, goal-oriented exercise. This has been very valuable for individuals, the Group as a whole and society. Every day, 540 more fit and healthy employees now turn up for work than in 2006. This represented a saving of NOK 220 million in 2017. The Group continues to decrease its CO2 emissions. We hope to set a green example in the industry, leading the way with the help of new solutions. In 2017, we set ourselves a new and highly ambitious goal of only using only renewable energy sources in our vehicles and buildings by 2025. We have Norway's largest electric vehicle park, which includes approximately 1,180 electric vehicles, and we continue to

increase our use of biogas vehicles. Last year we opened several new logistics centres which use innovative solutions to elevate their environmental profiles. The hub of our modern logistics network – the Oslo Logistics Centre at Alnabru – has led to approximately 10,000 fewer driven kilometres every single day.

**We are keen to learn** from others as well as from our own experience. The sustainability report provides an annual summary of the work we are doing in this area as we continue to measure, evaluate and learn. This is essential for keeping pace and ensuring our ability to complete the task. Tempo is the keyword for 2018. We shall continue to evolve and change to enable ourselves to create long-term value for all of our stakeholders.



Our sustainability report shows how we rely on the interaction between all of our resources in order to remain a relevant and preferred supplier in the long term.





## SUSTAINABILITY STRATEGY

# Our strategy for creating long-term viability

Sustainability for us is about ensuring the Group's long-term viability.

When it comes to creating value and ensuring long-term viability, the Group's most important resources are our employees, relationships and partnerships, our network and expertise, our ability to change and our financial capital. These resource areas are defined as capital areas in our sustainability report.

To ensure that we report on the most relevant areas for long-term value creation, we have carried out a materiality analysis. Our materiality analysis is based on a broad definition of sustainability and is linked to the Group's strategy and management system. Where previously we discussed environmental and social considerations, this latest analysis addresses the Group's long-term viability and its ability to create value. This change was introduced because important stakeholders, such as the owner, business customers and capital managers, who increasingly ask for more non-financial information.

The Group's Materiality Analysis was carried out in 2015 and forms the basis for 2017 reporting. The analysis was carried out following interviews with twelve key persons in the Group and a working meeting

with the Group's sustainability council. The council contributes to the further development of sustainability reporting and is composed of experts from within the Group who can provide input and agreement on the road ahead.

The capital areas – our resources – provided the basis for defining which critical success factors (GRI aspects) should be included in the materiality analysis. The analysis resulted in thirteen priority areas we believe have the greatest importance for our value creation and for our most important stakeholders. We have also decided to report on supplier management, as this element is of increasing importance for the Group.

Furthermore, we have linked the recommended and recognised reporting template from the Global Reporting Initiative (GRI) to these success factors and carried out an analysis in order to define which GRI indicators are linked to the various aspects that we are reporting on.

The GRI template is an international standard that is not individually customised to Posten. Therefore, we have also included indicators

defined by the Group as being important to us but which are not currently part of the GRI template.

This year, Posten has moved from the GRI G4 reporting standard to the GRI Sustainability Reporting Standards (GRI Standards). The differences include a simpler reporting structure and more consistent, clearer language used in the guidelines for defining individual indicators. Among the advantages of the change is a reduced scope for interpretation of individual indicators, which should result in increased comparability between dissimilar companies. Posten has not changed the scope of its reporting in moving from GRI G4 to the GRI Standards.

In this year's reporting, we have chosen to link our GRI indicators to the UN's Sustainable Development Goals (SDG). The UN has set certain goals to be achieved by 2030, including: eradicating hunger and poverty, reducing inequality in and between countries, strengthening human rights and gender equality, and protecting the planet and its natural resources. It is important that we at Posten also help to support this work.



The Group's stakeholders are demanding a more systematic approach to sustainability and expect Posten, as a major Norwegian public-sector player, to work methodically on this.

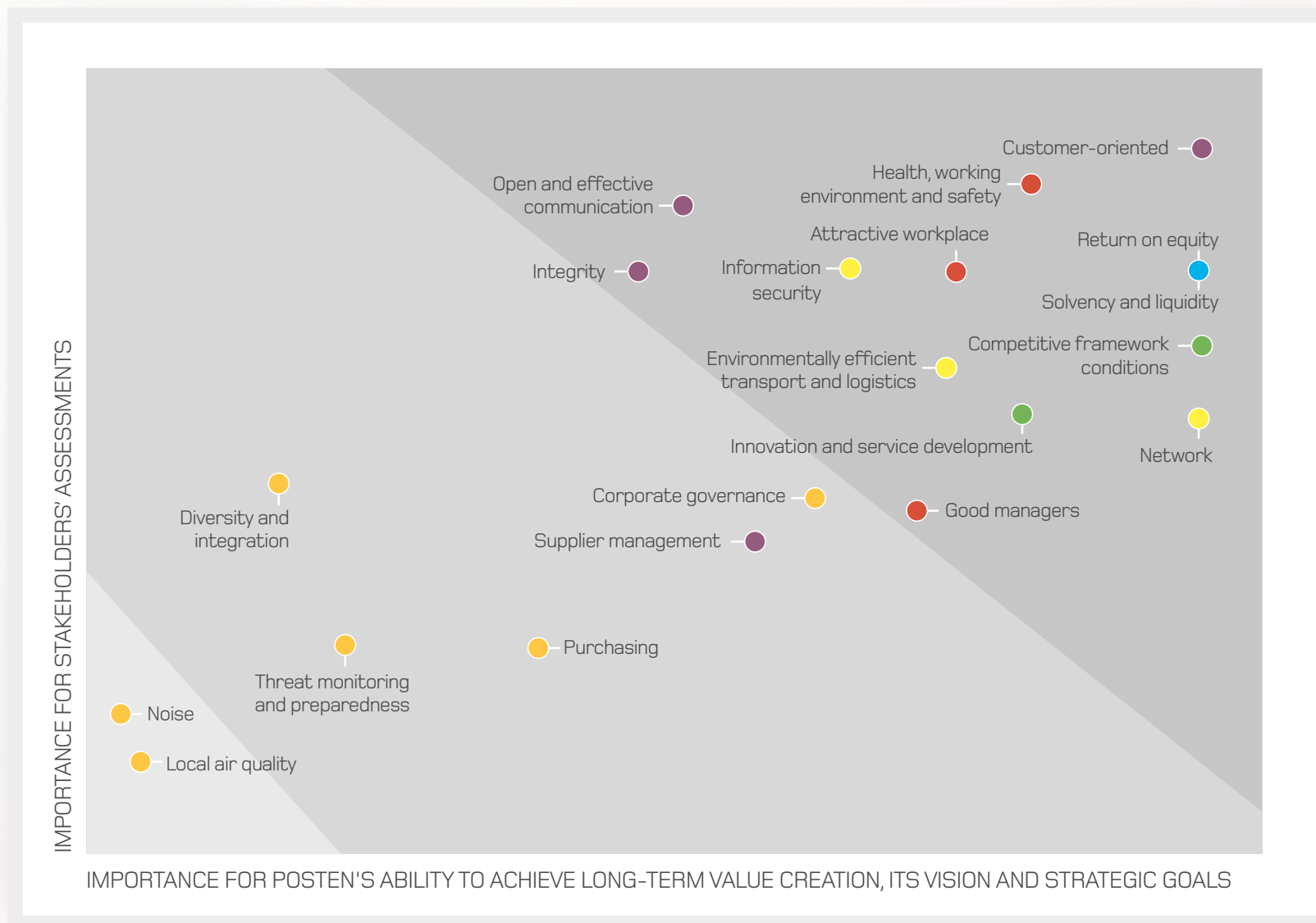


## Materiality Analysis

The area on the right shows the fourteen areas of greatest importance for the company's ability to create value over the long term and of greatest importance for stakeholders.

The critical success factors (GRI aspects) are categorised by our capital areas.

- Our employees
- Our relationships and partnerships
- Our network and our expertise
- Our ability to change and adapt
- Our financial capital



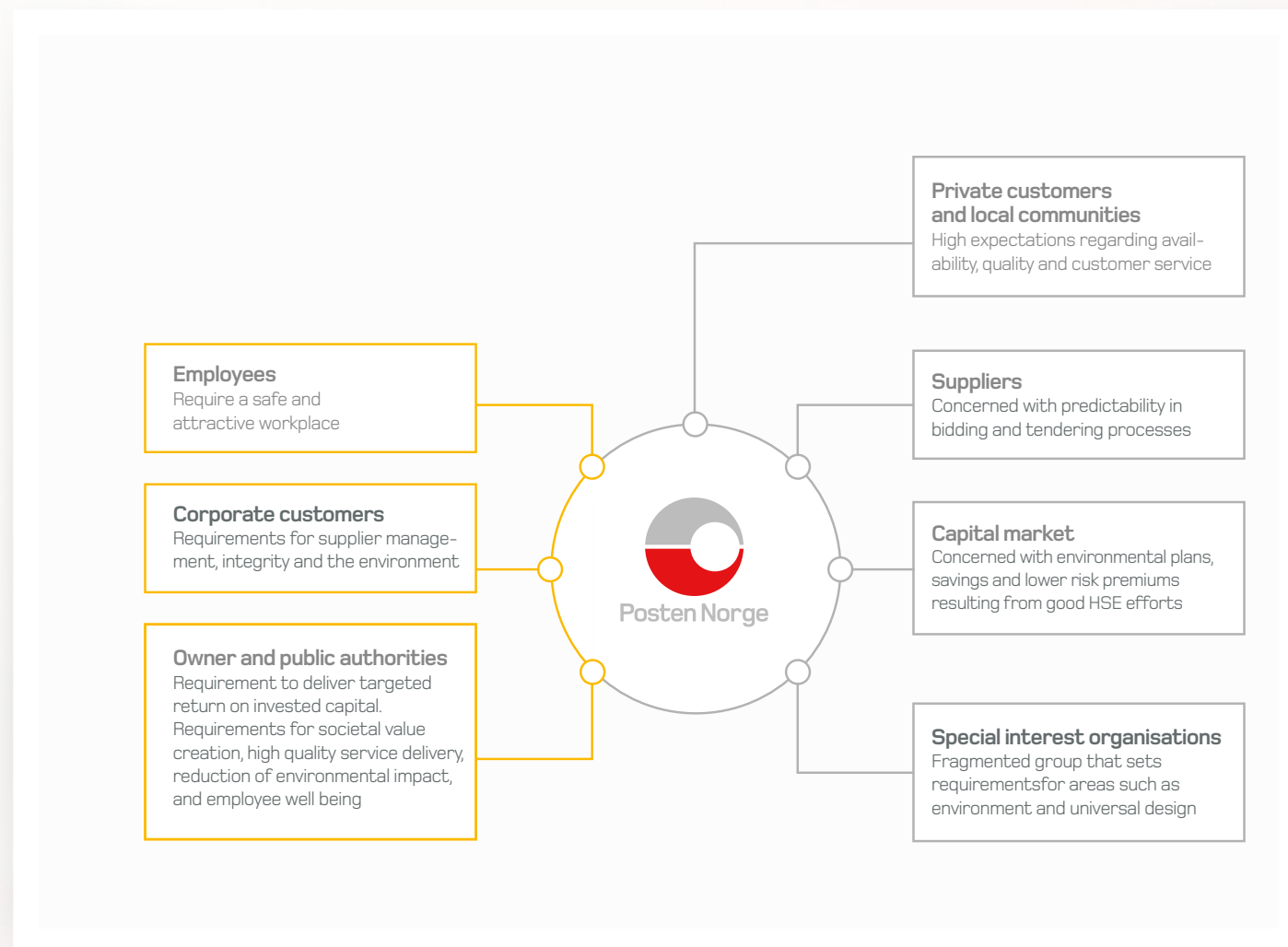
## Our key stakeholders

Defining our key stakeholders has been a central element of the materiality analysis, since these stakeholders are involved in establishing the framework for our work on sustainability. The stakeholders each have their own requirements for and expectations of the Group.

Our main key stakeholders were identified as being the owner and public authorities, business customers, and present and future employees. In addition, private customers and local communities, capital markets, suppliers and interest groups are central to the Group's work on corporate social responsibility and sustainability.

The Group also conducts dialogue with other stakeholders, such as trade unions, trade and employers associations, political parties, supervisory bodies, competitors and the media. We are in dialogue with our stakeholders in various formal and informal arenas. The frequency of these meetings varies according to the needs and requirements of the stakeholders.

In view of the Group working on a new corporate strategy in December 2017, a **new materiality analysis** will be implemented which will be linked to this new strategy. This will form the basis for sustainability reporting in 2018.

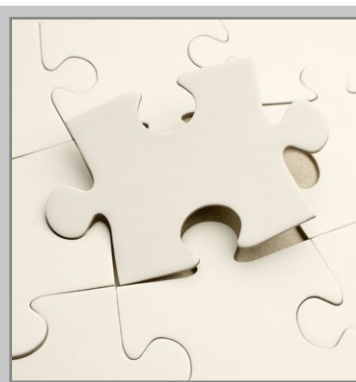


## Our five capital areas

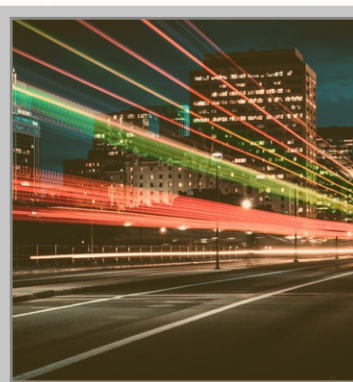
These are our most important resources for ensuring the Group's long-term viability. They also determine which GRI aspects we report on to ensure the good development and management of resources.



Our employees



Our relationships  
and partnerships



Our network and  
expertise



Our ability to  
change



Our financial  
capital



# Our employees

The Group's most important resource is its employees. A health-promoting work environment, the right composition of employees and managers and especially good managers are essential for achieving the financial demands of the owner. There are three GRI aspects under this capital area which we need to report on.

## Health, safety and working environment

GRI indicators: 403-1, 403-2, 406-1

## Attractive workplace

GRI indicators: 401-1, 401-2, 405-1, 202-1

## Good managers

Own indicator: Employee satisfaction (not carried out in 2017)



## Health, safety and working environment

GRI indicators: 403-1, 403-2, 406-1

A health-promoting work environment, where none of our employees become injured or ill as a result of their work, continues to be an important goal for Posten. Health, safety and working environment (HSE) are not secondary factors: they are integral to the Group's work. By working systematically and purposefully with HSE, sickness absence has declined, fewer of our employees have become disability, and the number of personal injuries has been markedly reduced. The result is clear: compared to 2006, the number of fit and healthy employees now turning up for work every day has increased by 540.

The Group has been developing and improving its tools, procedures and methods for a number of years in order to reduce injuries and sickness absence. The main key to us achieving such good HSE results can be found in our dedicated and competent employees and managers who place HSE at the top of the agenda every day. We see that when attendance increases and more of our employees are at work, we experience fewer operational challenges. Productivity and quality rise, employee satisfaction improves and we achieve significant cost savings. Sickness absence and injuries are expensive. The decrease in sickness absence and the number of injuries in 2017 resulted in a cost saving of NOK 220 million for the Posten Group, compared with 2006.

### How we work

Development work and the long-term strategic work of HSE are taken care of by a centralised expert unit. Line management receives assistance from the central unit as well as local support from within the subject area. HSE is the first item on the agenda at all management and Board meetings, which helps to put HSE on the agenda across the entire company.

HSE results are reported systematically across the whole Group. Every month, KPIs (key performance indicators) are reported to Group management. These include key figures for sickness absence, injuries, disabilities, near accidents and undesirable incidents. The Group's Board of Directors receives reports and analyses on HSE results at all Board meetings. There is also good three-party collaboration between management, union representatives and safety representatives.

Interaction between relevant stakeholders and the authorities is important for the further development of our HSE work and for solving the major challenges facing the Group. In 2017, Posten continued its active

collaboration with those actors supporting us in our efforts to create a better working environment. Posten continually works to improve and further develop services offered by the occupational health service. Evaluation takes place through monthly reports, weekly status meetings and half-yearly collaborative meetings. The divisions are followed up on a quarterly basis to see whether they make use of the financial support schemes included in the IA agreement (inclusive workplace) for use of the occupational health service and facilitation grants. For many years the Group has followed up inspections undertaken by the Norwegian Labour Inspection Authority very closely, which has added to the improvement of our HSE work, both locally and centrally, and to our HSE system.

### Stakeholders

**Business customers:** Set requirements concerning systematic HSE management and often include the right to audit HSE work in contracts.

**Owner and authorities:** Legal requirements. Expect systematic HSE work.

**Employees:** Crucial for ensuring attractive workplaces and work attendance in a labour-intensive business with a high pace of change.

**Investors and banks:** Concerned with cost savings and lower risk premiums resulting from good HSE work.

### Employee voices are important

**GRI indicator 403-1:** Employee representation in formal HSE committees with representatives from management and employees.

It is important for Posten that employee working conditions are taken seriously and, as such, we rely on feedback from employees. Close collaboration with safety and union representatives is a prerequisite for achieving our goals for the working environment. Collaboration strengthens adaptability and provides an opportunity to develop collective solutions and to embed decisions among the

workforce. Three-party meetings are regularly carried out at all levels of the organisation. 96.1 per cent of the Group's permanent and temporary employees work in sections of the business covered by formal health and safety committees (work environment committee, tripartite collaboration etc.). The committees offer advice and monitor measures which promote health and safety. Posten only has figures on its own employees in this regard.

Posten works systematically and continuously on the prevention and monitoring of substance abuse and gambling addiction.

The responsibility for both prevention and follow-up work lies with managers. To increase the competence of the managers, a training concept has been developed that will enable managers to proactively address risky drug use and gambling. This was the theme of the annual HSE manager training in the Mail Division in 2017. Posten also piloted the use of electronic key cabinets throughout 2017, where a driver must blow into an alcolock to retrieve keys. The aim is to prevent our drivers from operating their vehicles while under the influence of alcohol.

### The number of personal injuries continues to decline

**GRI indicator 403-2:** Type and frequency of personal injuries, occupational diseases, lost working days and absenteeism, and total number of work-related fatalities by region and by gender.

Systematic work over time has yielded good results, leading to a marked decrease in the number of personal injuries at Posten. We have achieved good results by focusing not only on causes, systems and procedures, but also on

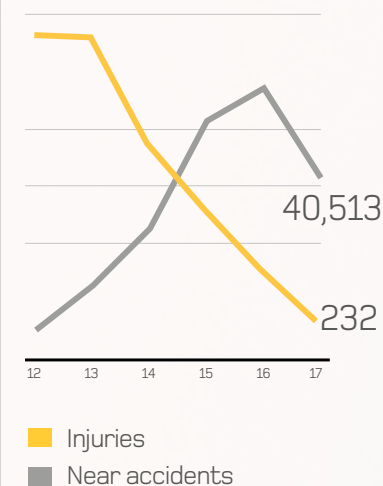
individuals, their attitudes and their behaviour.

Posten records personal injuries based on the Federation of Norwegian Industries' standard. Lost-time injuries requiring medical treatment are included in the H1 ratio, while H2 injuries are all other personal injuries inclusive of H1 injuries. The number of recorded lost-time injuries has shown a clear and positive decline since measuring commenced in 2006. In 2017, the number of personal injuries declined by 17 per cent: a total of 231 personal injuries (H2)

were recorded in the Group, compared with 278 personal injuries in 2016. The number of lost-time injuries requiring medical treatment (H1) was reduced from 122 in 2016 to 108 in 2017. The Group's H2 figure ended at 8.4, which is an improvement on 2016's figure of 8.7. The result is 0.1 higher than the goal set for H2 in 2017. The Group is continuing its commitment to work safety and the reduction of personal injuries by setting an H2 goal of 7.4 for 2018.

### Injuries and near accidents

Figures





In 2017, employees in the Posten Group recorded 40,513 near accidents and adverse incidents. This is equivalent to over 2.5 recordings per employee. The registered near accidents and adverse incidents means we are informed of risks and dangerous conditions and situations in the workplace before someone gets hurt. This gives us an opportunity to implement preventive measures and thus reduce the risk of injury. Other essential tools in Posten's safety work are the group-wide HSE Safety Standard, safety audits of operational units, investigation of all serious incidents and accidents, and safety discussions between managers and employees.

The HSE Safety Standard is a mandatory checklist for all of the Group's managers and comprises control points covering everything from the securing of buildings and goods to those areas most important for creating a safe working environment. The Standard is used every year as the basis for self-evaluation and audits. Self-assessment of the HSE Safety Standard was conducted throughout the Group for the fifth consecutive year, and 448 managers responded when asked whether they meet the requirements of the Safety Standard. Additionally, in 2017, 20 central audits were conducted. Results from

self-assessments and audits showed an increase in the number of units achieving an "Approved" level.

Any serious incident where employees have been injured or where damage could have occurred shall be investigated, and reports are used for training. In 2017, 75 investigations were conducted. All investigation reports conclude with a learning page. This is then supplemented with images, a description of the event and learning elements and is used for notices or for presentations at team and departmental meetings to provide valuable knowledge about how accidents can be prevented.

A robust safety culture concerns attitudes, conscious choices and the proper and systematic use of tools. Individual safety discussions are a group-wide instrument for increasing individual understanding of the risk of injuries and accidents. The discussion should be a dialogue between manager and employee, addressing important safety challenges in the individual's everyday work. The safety discussion is carried out annually for employees within selected job families and is one of Posten's most important tools for building a robust safety culture across the whole Group.

### Injuries, fatalities and sickness absence

	H1 value	H2 value	Fatalities	Sick leave percentage
Posten Group	3.9	8.4	1	5.8%
Posten Norge AS	3.1	5.8	0	6.5%
Mail Division	3.3	8.8	0	6.3%
Logistics Norway Division:	5.4	8.3	1	6.0%
Logistics Nordic Division	3.1	8.6	0	3.7%

### Injuries, fatalities and sickness absence in Posten Norge by gender

	H1 value	H2 value	Fatalities	Sick leave percentage
Women	3.1	6.6	0	8.1%
Men	3.1	5.3	0	5.7%

Another crucial safety measure is the work to disseminate information and knowledge about the treatment of dangerous goods – that is, materials having properties that could pose a danger to human life and health, material worth

and the environment by way of a sudden accident. In 2017, Posten focused on the training of operations personnel, as well as on the update and implementation of improved process descriptions for dangerous goods.

### Sickness absence at a record low level

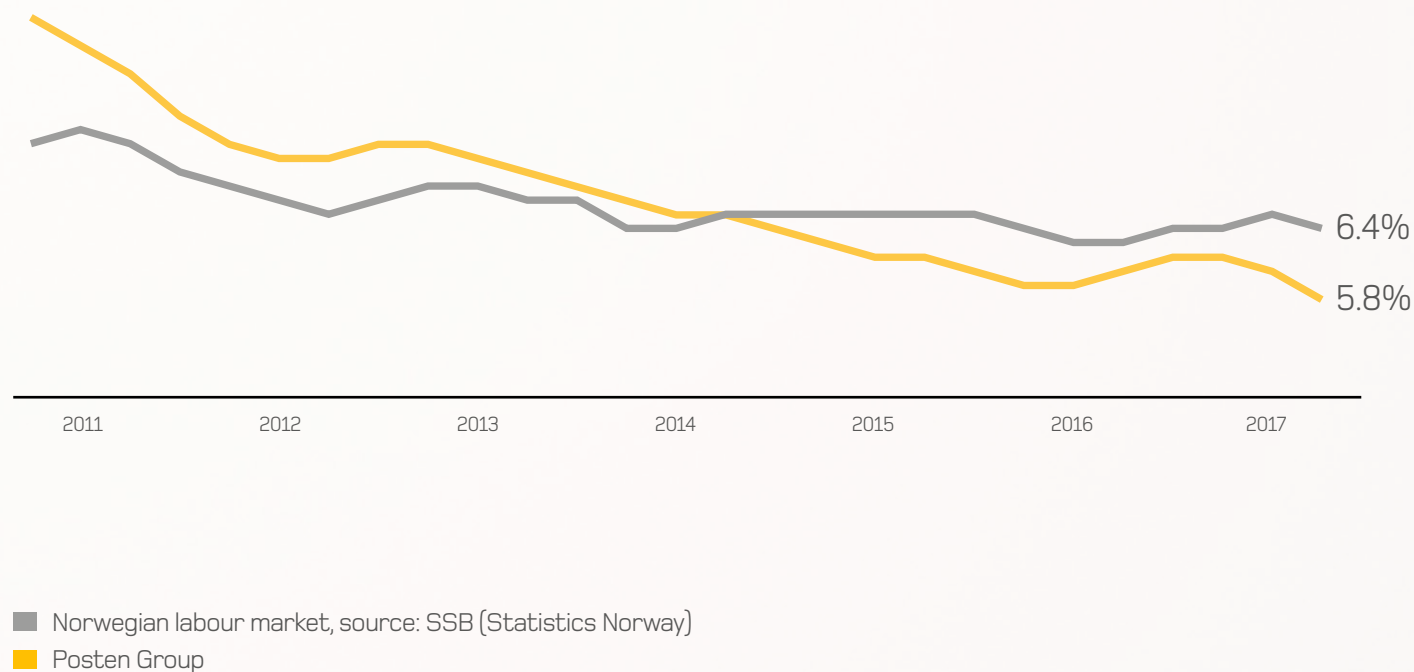
**GRI indicator 403-2:** Type and frequency of personal injuries, occupational diseases, lost working days and absenteeism, and total number of work-related fatalities by region and gender.

Sickness absence in the Group ended at a record low level in 2017.

The 12-month rolling trend started at 6.1 per cent at the start of the year. During the spring months, sickness absence started to improve and eventually ended the year at 5.8 per cent. This is 0.2 percentage points lower than the target for the year, and the lowest annual result measured in the Group. The improving trend in sickness absence in recent years means that the level of sickness absence across the Group is lower than that in the Norwegian labour market. The sickness absence target for 2018 is set to 5.7 per cent. At the same time as the level of sickness absence has declined, the level of disabilities across the Group has remained at a stable low level. The disability percentage ended at 1.1 per cent in 2017, which was the target level set for the year. The 2017 target will be carried into 2018.

### Sickness absence in the Norwegian labour market and the Posten Group

12-month trend as a percentage



The good sickness absence results have been achieved at the same time as the Group has undergone several restructuring and production changes. Throughout the Group, systematic and purposeful work has been ongoing to prevent these changes from leading to an increase in sickness absence. At the same time, health-promoting and preventive work has continued, and efforts to reduce recurring and high rates of sickness absence have been intensified.

For several years now, the Group has prioritised efforts towards employees having the highest sickness absence and has been engaged in getting them back to work. An important part of this work is the "It helps" methodology, which targets employees who have been absent through sickness for 24 shifts or more every year for the past three years. The work of "It helps" has been very effective. The number of employees with this frequency of absence was reduced by 63 per cent at the end of 2017 compared with 2010. There was a 15 per cent reduction in the number of employees with this frequency of absence from 2016 to 2017. In order to get employees with recurring and high rates of sickness absence back to work, Posten

partnerships with the occupational health service and the Norwegian Labour and Welfare Administration's (NAV) working life centres. In addition, much work has been done on management support and the increase in competence levels of managers and HR, with the realisation that close and systematic follow-up by supervisors is key to the success of this work. This will be continued and intensified in 2018, when the themes of this year's HSE management training in our largest divisions will be absence follow-up and mental health.

At the same time as Posten is working to reduce recurring and high rates of sickness absence, we are also focusing on preventive work. We continue our commitment to our health promotion programme, and our managers and the occupational health service continue to focus on proactive and preventive work. Posten is working to raise employees' competence regarding their own health in order to create a health-promoting working environment. The Managing Health course has been developed in partnership with the occupational health service. This course focuses on ergonomics and acquiring coping skills, and is to be conducted

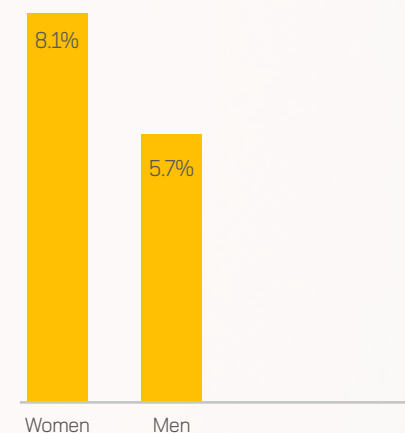
every three years. Participants get basic information about the body, with a focus on muscles, back and neck, as well as the use of support aids.

There is still reason to believe that the systematic use of tools and measures reduces sickness absence. Systematic follow-up with employees on sick leave makes the processes more predictable for all involved parties. The use of Postmodellen ("the Posten Model") – Posten's procedure for sickness absence follow-up – has been and will remain an important tool. In 2018, a revised and improved model will be implemented so that we can achieve our goal of further improvement of group-wide sickness absence.

The table shows an overview of total sickness absence in the Posten Group, by gender.

### Sickness absence

As a percentage according to gender





## Posten is a racism-free zone

**GRI indicator 406-1:** Number of incidents of discrimination and measures initiated in connection with these.

**GRI indicator 405-1:** Diversity in management bodies and among employees.

Integration and diversity is one of the Group's focus areas within corporate social responsibility. This entails the Group having an outward-facing, racism-free profile and taking an active role in integration work internally and externally. In collaboration with Norwegian People's Aid, Posten has been a racism-free zone since 2001. The Group's whistleblowing scheme handled no cases relating to discrimination during 2017.

Posten has set itself ambitious goals for diversity leading up to 2020. The aim is that at least 17 per cent of employees in the Norwegian section of the Group and 9 per cent of employees in managerial, corporate staff and administrative positions should have an immigrant background. Currently, our diversity reflects society in terms of overall composition, and we wish to

continue in this direction. Our 2020 goal is based on a re-evaluation of the population. Diversity in managerial, corporate staff and administrative positions is lower and the goal set is based on a staffing analysis. In 2017, 15.8 per cent of employees in the Norwegian section of the Group had an immigrant background: an increase of 1.3 percentage points since 2016. For positions in management, staff and administration, the proportion was 6.7 per cent. The proportion of managers from an immigrant background has risen from 4.6 per cent in 2016 to 5.2 per cent in 2017. None of the representatives on Posten's Board have an immigrant background.

"You make a difference" is an internal trainee programme targeting employees in our operational processes that have higher education and/or managerial experience they are not applying in their current position. Participants must have a family background from outside of the Nordic region. Four participants were chosen for the programme in 2017. The programme, which lasts for one

year, involves employees being seconded to different parts of the Group and receiving relevant training as necessary. "You make the difference" is an important part of Posten's diversity work, and the programme will continue in 2018.

In 2017, Posten's own mentorship programme for promoting integration among unemployed immigrant women ran for the fifth time with 19 participants. Each of the women receive their own mentor and meet once or twice a month to discuss a variety of topics. The programme is intended to give the women a greater understanding of Norwegian working life and to assist in the job application process. The mentorship programme was conducted in collaboration with Moving Mamas – a social entrepreneurship programme working with unemployed immigrant mothers. For the first time, the participants in the mentorship programme were offered an 80-hour Norwegian course. Five of the participants chose to follow the course.

## Attractive workplace

GRI indicators: 401-1, 401-2, 405-1, 202-1

Creating attractive workplaces for both existing and new employees is extremely important to the Group. We believe that in sum our four main goals contribute in creating an attractive workplace. An attractive workplace invites the more committed and talented individuals. We are committed to developing our existing employees and attracting the skills we need today and in the future.

### How we work

The task of creating attractive workplaces is undertaken by all of Posten's employees and managers working together on a daily basis. It is expressed through employee interaction with our customers, through our digital customer interface and in the way we are presented in the media.

The marketing and communication departments in Communications and Strategy are responsible for strategic brand attractiveness, and work, through their marketing and information channels, to give an impression of Posten as a modern, future-oriented business with its customers and employees close to heart. An active press team works to present talented employees and interesting workplace stories to the media. We realise how individual employees can help to build trust and a good impression of Posten when they express themselves on current affairs.

Media monitoring agency M-Brain analyses Posten's annual media exposure. This helps to establish the basis for evaluating the effectiveness of the Attractive Workplace initiative. Overall for 2017, there were more

positive (32%) than negative (30%) media notices concerning Posten. Highlighted in the media as one of Posten's strengths was the subject of employee wellbeing.

In 2017, the Group formally opened new logistics centres in Narvik, Trondheim and Oslo and marked the occasions by inviting customers, partners and employees. The new logistics centre at Oslo was officially opened by HRH Crown Prince Haakon. Parties were held for employees following the official opening events in Oslo and Trondheim.

In 2017, Bring was a logistics partner to the UCI World Road Championships in Bergen, and many employees took part in logistics deliveries for the cycling championships. In addition, a number of activities were organised to create engagement and a feeling of pride among employees.

Posten is a sponsor of the Norwegian Handball Federation and offers tickets for international handball matches in Norway for both the women's and men's teams. These activities are popular among the workforce.

### Stakeholders

**Employees:** Crucial for attracting and retaining suitable employees. Has an impact on efficiency.

**Business customers:** Can affect the quality of services.



Photo: Birger Mørten

Posten and Bring are proud sponsors of the Norwegian Handball Federation.

In the organisational survey of 2016, employees said that they felt positively about Posten sponsoring handball, and nearly half said that they felt proud to work in the Group because of the sponsorship.

On the basis of the Group's various undertakings as part of the Attractive Workplace initiative and their results, the work is deemed to be effective in achieving overall goals.

## Composition of governing bodies and the workforce

**GRI indicator 405-1:** Composition of governing bodies and distribution of employees by employee category determined by gender, age group, minority group and other diversity indicators.

As of 31 December 2017, no members of the Board are from a minority background. Of the Board's nine representatives, four are female and five male. One representative is in the 30-50 age group and the remaining eight are over 50 years of age.

At the close of 2017 there were 15,631 permanent employees in the Posten Group. In addition, the Group has 1,595 temporary employees. The Group has employees in 14 countries, though 79.3 per cent of our permanent employees work in Norway. After Norway, the countries where most of our permanent employees work are Sweden (15.6 per cent) and Slovakia (2.1 per cent). Overall, there has been an 8 per cent decrease in the number of permanent employees from 2016 to 2017, with the biggest decline happening in Norway. This is largely due to the discontinuation of postal deliveries

on Saturdays, as well as the transition to a single mail stream.

The proportion of permanent and temporary female employees in the Group stood at 32.9 per cent in 2017, and 28.8 per cent of the Group's managers are women. Four men and five women (including our female CEO) sit in the Group's management team, resulting in a female representation of 55.6 per cent. The proportion of women in the Group as a whole stands at 36 per cent, and among the managers it stands at 30 per cent. Corporate HR and HSE staff monitor the Group's female representation and aim for the gender balance among managers to reflect that of the Group as a whole.

In 2017 Posten took part in Storebrand's FiftyFifty2017 initiative. The programme has focused the spotlight on the unrealised potential that lies in an equal and diverse workplace. Over the course of four workshops held during 2017, more than 100 female managers and management talents from 12 different companies worked together on specific measures to create awareness around an important social challenge. Posten

## Composition of the Board by age and gender

Age range	Men as %	Women as %	Total number
30 to 50	0.0%	100%	1
Over 50	62.5%	37.5%	8
Minority background	0%	0%	0
<b>Total</b>	<b>55.6%</b>	<b>44.4%</b>	<b>9</b>

## Composition of permanent and temporary employees by function and age

Age range	Managers	Employees	Total
Under 30	1.6%	18.3%	17.3%
30 to 50	45.1%	38.6%	39.0%
Over 50	53.2%	43.1%	43.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Composition of full- and part-time employees by gender

Gender	Full-time	Part-time	Total
Men	9,743	1,814	11,557
Women	3,909	1,760	5,669
<b>Total</b>	<b>13,652</b>	<b>3,574</b>	<b>17,226</b>



contributed with ten participants to the programme. The participants also carried out several internal debates and discussed the subject of gender balance in management with the CEO and HR Director of the Posten Group.

In 2017, 47.5 per cent of permanent employees were over 50 years of age, and 40 per cent were in the 30-50 age group. This guarantees the Group access to a stable workforce.

### Employees in the Group

Country	Permanent		Temporary		Total
	Men	Women	Men	Women	
Norway	8,089	4,301	329	134	12,853
Sweden	1,709	731	657	320	3,417
Greece	8	7	0	0	15
The Netherlands	34	10	7	3	54
Belgium	3	1	0	0	4
The United Kingdom	47	20	0	0	67
Denmark	164	66	4	1	235
Hong Kong	1	2	0	0	3
Italy	2	1	0	0	3
Russia	0	4	0	1	5
France	32	11	5	1	49
Finland	32	20	1	1	54
Germany	3	1	0	0	4
Slovakia	304	28	126	5	463
<b>Total</b>	<b>10,428</b>	<b>5,203</b>	<b>1,129</b>	<b>466</b>	<b>17,226</b>

All data on employees is taken from the HR system and is valid as of 31 December 2017. The figures do not include externally paid workers.

### Equal pay and equal opportunities

**GRI indicator 202-1:** Conditions of standard starting salary by gender compared with local minimum wage rates at sites with significant operations.

Nordic countries do not operate national minimum wage systems. Wage levels and starting wages are governed by the relationship between union representatives and the employer. 96.1 per cent of the Group's permanent and temporary employees are employed in a Nordic country. 95 per cent of the Group's permanent employees work in a company that is covered by one or more collective wage agreements. On average, when looking at all employees without managerial responsibility, men and women at Posten Norge AS earn the same. Women in the management employee group earn, on average, 0.6 per cent more than men.

**GRI indicator 401-2:** Benefits for full-time employees that are not offered to temporary or part-time employees, by site of significant operation.

99.4 per cent of employees in the Group work for a company in which the same benefits are offered to temporary employees and permanent employees. Exempt from this are employees of Norwegian companies working less than 20 per cent of normal working hours, who are not covered by pension savings agreements or disability pension agreements. This area is regulated by settlements and agreements or agreed by the individual company.

### Restructuring contributes to increased turnover

**GRI indicator 401-1:** New employments and staff turnover:

The Group has adopted rules of action that govern important aspects of local employment pertaining to recruitment processes, equality, anti-discrimination and intercompany mobility.

In 2017, the Group recruited 3,324 new employees, 77.8 per cent of whom were employed in full-time positions.

### New employees in Norway by age and gender

Number and percentage of employees in each category

Age range	Men	Women	Total
Under 30	244 (23%)	113 (25%)	357 (24%)
30 to 50	238 (7%)	93 (7%)	331 (7%)
Over 50	275 (7%)	173 (7%)	448 (7%)
<b>Total</b>	<b>757 (9%)</b>	<b>379 (9%)</b>	<b>1,136 (9%)</b>

### New employees outside of Norway by age and gender

Number and percentage of employees in each category

Age range	Men	Women	Total
Under 30	753 (79%)	479 (95%)	1,232 (84%)
30 to 50	635 (39%)	213 (38%)	848 (39%)
Over 50	80 (14%)	28 (17%)	108 (15%)
<b>Total</b>	<b>1,468 (47%)</b>	<b>720 (58%)</b>	<b>2,188 (50%)</b>

\* Included in the term "new employees" are employees who have been transferred from one company to another within the Group.

The Group had a staff turnover of 18.4 per cent in 2017. The turnover rate among male employees was 1.9 per cent higher than among female employees. The combined turnover rate for employees in Norway was 15.1 per cent, with the rate among

female employees being 0.8 per cent higher than among male employees. The Group is engaged in continuous restructuring, and we regard this rate of turnover as being necessary to operate staffing management in line with market developments.

### Turnover in Norway by age and gender

Number and percentage of employees in each category

Age range	Men	Women	Total
Under 30	350 (32.6%)	165 (36.9%)	515 (33.9%)
30 to 50	418 (13.1%)	208 (15.6%)	626 (13.9%)
Over 50	480 (11.5%)	317 (11.9%)	797 (11.7%)
<b>Total</b>	<b>1,248 (14.0%)</b>	<b>690 (14.8%)</b>	<b>1,938 (15.1%)</b>

### Turnover outside of Norway by age and gender

Number and percentage of employees in each category

Age range	Men	Women	Total
Under 30	279 (29.2%)	153 (30.2%)	432 (29.6%)
30 to 50	443 (27.2%)	118 (21.0%)	561 (25.6%)
Over 50	198 (35.7%)	35 (21.0%)	233 (32.3%)
<b>Total</b>	<b>920 (29.3%)</b>	<b>306 (24.8%)</b>	<b>1,266 (28.0%)</b>

### Turnover within the Group by age and gender

percentage of employees in each category

Age range	% Men	% Women	Total
Under 30	31.0%	33.4%	31.8%
30 to 50	17.9%	17.2%	17.7%
Over 50	14.4%	12.5%	13.7%
<b>Total</b>	<b>18.8%</b>	<b>17.6%</b>	<b>18.4%</b>

\*Figures include voluntary and involuntary resignations, as well as retirees

## STAKEHOLDER | EMPLOYEES

**MURAT KUTLUAY**, a civil economist with Turkish parents, was working night shifts at the Karihaugen distribution centre when he applied for the "You make a difference" programme – the Group's internal trainee programme for employees with immigrant backgrounds looking for experience in administrative and managerial positions in the Posten Group. Its aim is to increase diversity within the management, corporate staff and administrative functions. The programme manages secondment to various parts of the Group for a period of one year.

### "In what way is Posten's work on sustainability important to you?"

"Posten's diversity work, through its 'You make a difference' programme, led to a turning point in my career. I was seconded to an analyst position in the Finance Department in the E-commerce Division, and then moved to the Sales Development and Marketing Department in the Logistics Division as a temp. I was offered a permanent job there as a senior analyst in April 2017. It was a dream come true. Among other things, I compile sales reports and analyses and really get to put my education to use. I'm so happy with my job. I've always liked the Posten culture – it's very inclusive and welcomes suggestions and input. People are knowledgeable and friendly. You just have to ask. I have many people to thank for giving me such a priceless opportunity."



Posten's diversity work, through its 'You make a difference' programme, led to a turning point in my career.

### **MURAT KUTLUAY**

Senior Analyst in the E-commerce and Logistics Division



## Good managers

Own indicator: employee satisfaction

Good managers are crucial in unlocking potential from our 17,226 employees, thereby enabling them to thrive and perform to the best of their ability. We currently have 1,027 managers with personnel responsibility, all of whom play an important role in implementing the Group's strategy and in the realisation of our goals.

People are motivated by several factors, such as feelings of self-efficacy, autonomy, support and recognition as well as having meaningful tasks to perform. Good managers distinguish themselves by being conscious of these factors and exercising their leadership accordingly. Good leadership results in better performance, better collaboration and lower avoidable turnover, which influence both efficiency and goal achievement. As such, the recruitment and development of good managers is a priority area for achieving the Group's goals.

### How we work

The recruitment and development of good managers are part of the long-term strategic work of organisational development, but the most important development takes place in day-to-day operations, in which managers play an important role. A centralised expert unit in organisational development is developing group-wide structures and content and contributing to the implementation of measures in line management.

Line management, including Group management, are regularly updated on this organisational development work, when progress on key measures is presented. An example of this is the annual reporting of manager capacity and capability.

The Group's managers should practise leadership that balances involvement and control. They should be role models in terms of how they conduct themselves and must bring the Group's values to life. Our managers are characterised by being visible and clear, taking and allocating responsibility, and developing and inspiring employees. The

success of this is measured through the organisational survey. The survey was not conducted in 2017, but will be carried out annually from 2018.

Systematic employee reviews, known as PLUSS reviews, are held between manager and employee at least once per year. Managers are responsible for conducting dialogue with employees on key measures and subjects that affect working processes and the working day in peripheral units.

The Group continues to work systematically on developing management teams and individual managers at different levels as needed. In 2017, 190 employees participated in the Group's various management development initiatives: 16 in the Confident Manager relationship development programme and 67 in the first-line management programme. 40 participated in the Group's middle management programme and 51 in the senior management programme. The senior management programme is carried out as required, based on the implementation of strategy and various

### Stakeholders

**Owner and authorities:** Relevant to Posten's goal achievement.

**Business customers:** Good management can affect the quality of services delivered to customers.

**Private customers and local communities:** Good management can affect the quality of services delivered to customers.

**Employees:** Critical for motivation and performance. Crucial for attracting and retaining suitable employees.

initiatives: previously in 2013/14 and again in 2017/18. Team-building has been carried out in response to requests from the divisions and staff sections.

The Group works to identify leadership talent in order to ensure a good pipeline of managerial candidates. This is achieved through PLUSS reviews, manager reviews, the Group's common CV database and other means. The Group uses a digital application for conducting PLUSS reviews. In addition, ambition and willingness to be mobile organisationally and geographically are mapped.

The Aspiring Managers (Lederspirer) programme aims to recruit first-line managers from among our own workforce. One programme was completed in 2017 with a total of seven participants.

The Group's two-year trainee programme ran for the 18th time. The trainee programme is part of Posten's long-term focus on management development and recruitment of critical expertise. Five Group trainees started in 2017. Four university and university college internships were completed in the autumn of 2017.



Good managers are crucial to bringing out the potential in Posten's employees, helping them to thrive and perform to the best of their ability.

# Our relationships and partnerships

Delivering as agreed, dialogue, high integrity and good supplier management are key to developing, maintaining and strengthening relations with our business contacts and partners. Good relationships with our owner, customers, partners and suppliers are fundamental to profitable growth. There are four aspects in this capital area which we need to report on.

## Customer-oriented

Own indicators: Delivery quality and customer satisfaction

## Open and effective communication

Own indicator: Reputation

## Integrity

GRI indicators: 205-1, 205-2, 205-3, 206-1 and 418-1

## Corporate social responsibility in the supply chain

GRI indicators: 308-1, 308-2, 414-1, 414-2, 102-43, 102-44





## Customer-oriented

Own indicators: Delivery quality and customer satisfaction

Customer orientation is about understanding the customer's business and how we can help strengthen their competitiveness. It's about creating the best possible experience for our customers and their customers in turn. Being a customer should be a simple process regardless of interface and we should deliver as agreed. Development of our value chain, services and digital solutions should be customer-driven.

We hold our customers' brands in our hands every day when we deliver across the entire Nordic region. It is a great responsibility and commitment.

We are constantly looking for improvements and opportunities to develop new solutions, whether large or small, that will make life easier and create increased value for our customers. Our customer promises are: for Posten – "We live to deliver" and for Bring – "Finding new ways".

### How we work

Net Promoter Score (NPS) is the Group's most important metric for listening to and understanding customers as we measure our customers' and their customers' experience of services and enquiries. The measurements include questions relating to loyalty to the brand and satisfaction with the actual point of contact with the customer. The Net Promoter Score allows both business customers and private customers to give feedback to the Group on their overall experience of the company. Results and customer feedback are followed up by line staff and provide the basis for continuous, customer-oriented improvement in the organisation, and are also important means of gauging how the company is meeting customer expectations and needs.

It is important for the Group to have good quality deliveries, not just to fulfil the owner's licence requirements but also to maintain our customers' confidence in us. We therefore measure the quality of letters and parcels on an ongoing basis to monitor

the delivery quality of Posten's distribution network. The measurements contribute to ensuring a robust distribution network across the entire country. The measurement of letter quality takes place in accordance with a European standard using test mailings and is performed by an external company.

The Group does not undertake its own customer surveys concerning social and environmental issues. For the Posten sales team, corporate social responsibility is a topic that is taken up as and when requested by customers. Health, safety, environment and quality are on the agenda at all operational meetings, both internally and externally with customers and suppliers.

Bring's customers are increasing their focus on corporate social responsibility. The E-Commerce and Logistics Division and the International Logistics Division of Posten Norge AS are ISO 9001:2015-certified in the following business areas:

### Stakeholders

**Owner and authorities:** Indicator of quality. Interested in Posten's value-adding function in the districts. Legal requirements relating to coverage and availability.

**Business customers:** Posten increasingly contributes to delivering on its customers' customer promises (interview). Important competitive advantage when choosing Posten as a partner.

**Private customers and local communities:** Affected on a daily basis by Posten's service, reliability and reputation.

**Employees:** Linked to pride, efficiency and contentment.

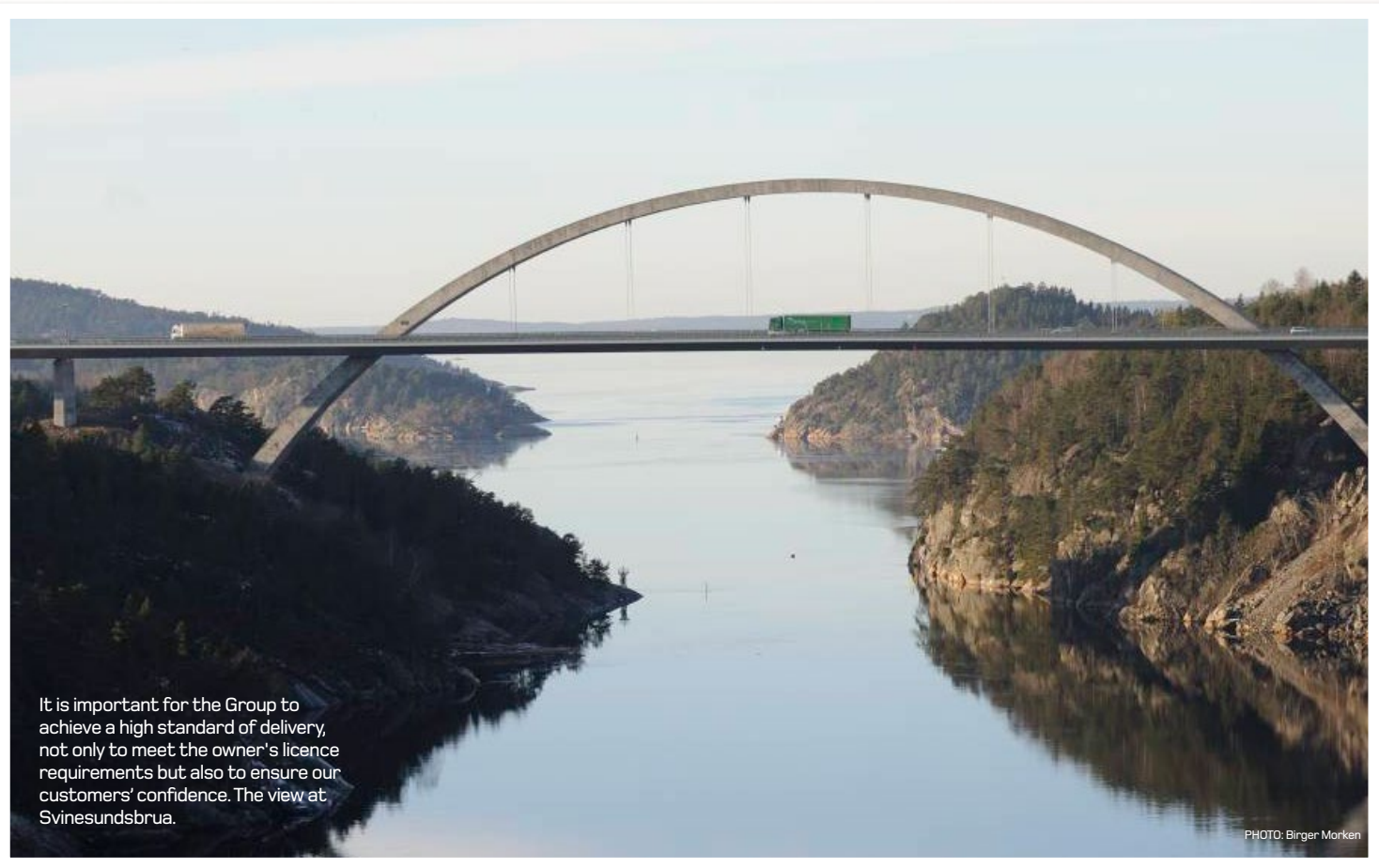


E-Commerce and Logistics Division: National Distribution Centre Network and Transport for Parcels and Goods

International Logistics Division: Subsidiary Bring Cargo AS

- International forwarding: Air, sea, rail and road
- Industry and offshore

Bring Cargo AS is also certified in accordance with Achilles, and Industry and Offshore follows NorSok S006N and the Norwegian Oil and Gas Association's guideline No. 116. The certifications stipulate the requirements within the areas of health, working environment, safety, the external environment and quality.



## Good customer satisfaction

**Own indicator:** Results from customer satisfaction surveys

In 2017, 25 per cent of those who received an NPS invitation gave feedback on their experience following contact with customer services or telesales, on using self-service (Mybring) or upon completion of a delivery.

We work continuously to improve our contact points. Customer expectations of quality and service change over time, and at the same time the Group is undergoing changes that can directly and indirectly affect experience and feedback there and then.

On an overall level, total customer satisfaction with the various contact points in 2017 was on a par with the previous year, with the exception of customer services, which experienced lower levels of satisfaction at times during the year just gone. These periods coincide with the introduction of, among other things, new distribution centres and IT systems. The quality of service experienced by customers in encounters with our delivery drivers remained at a stable, high

level on a par with the previous year's results. Seen in the context of the Group wanting to strengthen customer loyalty and satisfaction, the results do not quite achieve our 2017 targets because individual areas performed at a level lower or equal to the previous year overall.

Units involved at the respective contact points have established or are establishing relevant goals for different levels within the organisation in correlation with source data and insight into relevant developmental factors.

Customer opinion is continuously monitored within those units defined as active contact points, and they are implementing ongoing appropriate measures or addressing general conditions which need to be prioritised. The aggregated results and the plunge in the polls were reported in 2017 to Group management and quarterly to the Board. At the end of 2017, a new KTI (customer satisfaction) evaluation was also carried out at relationship level.

Reporting to Group management will move from quarterly to monthly in 2018 in line with closer KPI monitoring and an increased focus on customer orientation, using overarching KTI activities at relationship level as well as NPS evaluations at contact points. The background to this is that Group management has defined overarching KPI targets in addition to earlier follow-up at contact point level. This also coincides with new strategy and the Group's new main goals in relation to satisfaction and customer loyalty.

## Good delivery quality

**Own indicator:** Delivery quality

We achieved an 85.4 per cent delivery quality for A-mail (overnight forwarding) in 2017. This was 0.4 percentage points above the licence requirements of the owner but 0.7 percentage points lower than the previous year. Other licence requirements linked to domestic quality targets were also fulfilled. For B-mail, we achieved a four-day delivery quality of 96.6 per cent compared with the licence requirement of 85 per cent. For parcels covered by the licence requirement, we achieved a four-day delivery quality of 88.6 per cent, which was also better than the licence requirement of 85 per cent.

From 2018 onwards, A and B mail streams will be merged into one letter stream, with a delivery time of two days. The licence requirement for the new letter stream is 85.0 per cent.

Delivering on our targets for delivery quality is very important to the Group and we will continue to work systematically to maintain and improve the standard in 2018.

## STAKEHOLDER | BUSINESS CUSTOMERS | AGA

**AGA** is northern Europe's largest industrial gas company and operates in the Nordic countries and Baltic states. It has used Bring for its distribution in Norway for 17 years. Drivers delivering gas must both pass a written exam that has been prepared by AGA and participate in annual safety meetings. They wear flame-resistant uniforms and always carry protective glasses and gloves in their vehicle. They are forbidden to use mobile phones inside the vehicle and are not allowed to be accompanied by passengers or animals.

### "In what way is Posten's work on sustainability important to you?"

"Health, safety and environment are priority areas for AGA AS. We are committed to the responsible treatment of both people and the environment. These are important criteria when it comes to choosing a partner for the delivery and distribution of products to our customers throughout the country. Because Bring values this as highly as we do, it is easy for us to understand each other's priorities and choices when working together."



There are stringent safety requirements for drivers delivering gas for AGA.



We are committed to the responsible treatment of people and the environment. These are important criteria when it comes to choosing a partner for delivery and distribution to our customers.

### **GEIR MORTEN HOVEN**

Head of Cylinder Operation  
Norway at AGA

## Open and effective communication

Own indicator: Reputation:

Open and effective communication is crucial in developing a good reputation and creating understanding of the choices that the Group makes, and it also contributes to developing solid relationships with key stakeholder groups. Reputation and ability to change can be negatively affected if the stakeholders' informational needs are not met. Employees, customers, investors, owner and authorities, partners, suppliers and interest organisations require insight into the way Posten operates. Internal communication has a very important role in restructuring processes, and it is a critical success factor for creating understanding and providing energy to realise goals and strategies.

### How we work

Communication work should support the Group's business strategies and goals, as well as foster a good reputation, strong brands, satisfied customers and proud employees. The Communications Department is responsible for group-wide internal and external communication channels and the Group's annual report and sustainability report. The Group has an active press team acting as a contact point for the media.

The Group's marketing department is responsible for the Group's communication with potential and existing customers and endeavours to adhere to the Norwegian Marketing Act in all marketing communication with the Group's customers. The Group's annual marketing plan is quality-assured against this legislation. The Group has a procedure to ensure that all external communication is quality-assured by the central Communications Department.

The overall impression rating of Ipsos's annual profiling survey on major Norwegian companies is used as a measurement parameter for gauging Posten's reputation.

In 2017 we worked actively on both internal and external communication initiatives. Among other things, our CEO has a blog in which she regularly discusses key strategic themes and provides direction for the Group's work. The CEO has also completed 15 trips visiting units in the Group, often combined with customer visits.

The Group has quarterly meetings with its owner, the Norwegian Ministry of Trade, Industry and Fisheries, in which we report on the Group's development, corporate social responsibility and current affairs. Where necessary, the Group has contact with politicians from the Storting to update them, for example, on Posten's situation and development, and we participate in relevant hearings. We have ongoing, or more occasional, contact with industry organisations and interest groups.

In 2017, the Group published a book on Posten's development over the past 20 years entitled "Den store forvandlingen. Posten i en digital tid" ("The great transformation. Posten in the digital era"). The book

### Stakeholders

**Owner and authorities:** Require information about whether Posten is meeting its required rate of return and fulfilling its social responsibility.

**Business customers:** Dialogue is a prerequisite for customer orientation. Require simplicity when dealing with Posten.

**Private customers and local communities:** Require simplicity when dealing with Posten.

**Employees:** Linked to pride in the company and potential restructuring processes.

**Suppliers:** Predictability in tender competitions.

**Investors and banks:** Clear information is crucial for analyses and decisions linked to lending, as well as insurance and pension premiums.



documents part of Norway's industrial and restructuring history through a number of major and minor changes. The internet began a continuous process of change, which has changed Posten more over the last 20 years than during the whole of its first 350 years, and which continues to affect the Group's development. The book has played an important part in creating awareness of Posten's situation and need to change, as well as creating a sense of pride internally in the reorganisation that has taken place. The story of the past has also created increased interest in Posten's future.

One of the ways in which we look after the stakeholder group of investors and bankers is by inviting them to quarterly presentations of the results, which are also streamed live on publication of the half-year and annual results.

Dialogue with business customers is structured through the NPS tool, which continually measures customers' experiences with services and enquiries. In addition, an annual customer satisfaction survey is carried out. Read more about this in the "Customer-oriented" section of the chapter "Our Relationships and Partnerships".

Dialogue with business customers also takes place proactively through the account manager in order to ascertain service requirements and chiefly through customer services, as and when incidents arise. Dialogue with private customers takes place at delivery depots as well as through customer services.

Communication with employees takes place through the Group's joint communication channels and through line management. The Group attaches importance to reaching employees effectively wherever they are. For the past few years we have actively employed social media, and the number of followers is growing constantly. The Group's Facebook page for employees currently has 8,700 followers, and we aim to increase this number going forward. The Group has a separate SoMe strategy providing employees with guidelines for use. All employees help to build Posten's reputation as an employer when they express themselves through social media.

A reader survey was carried out in 2017 for the in-house magazine Vi i Posten og Bring ("We are Posten and Bring"). Readers gave good feedback on the usefulness of the publication and also provided input on

changes that will be followed up in 2018.

The Group implemented some major restructuring processes in 2017 which resulted in a new group structure and the move to a single letter stream. We are committed to ensuring predictability during such processes by explaining them and keeping people updated on their progress. At the same time, we use line management and the intranet to explain the rationale for the end result. A project team continuously evaluates informational need during restructuring processes.

Line management plays a very important role in ensuring open and effective communication. The purpose of our senior management programme in 2017 was to prepare managers for communicating and encouraging ownership in the Group's new direction and strategy. The participants assessed the usefulness of their experience at the end of the programme and the feedback was good.

On the basis of these collective initiatives and associated feedback, Posten considers that the work on open and effective communication helped to achieve the Group's goals in this area in 2017.

## Maintains its good reputation

### Own indicator: Reputation

In 2017, 231 companies, agencies and organisations were assessed on overall impression, as well as on environmental awareness, corporate social responsibility and ethics, finance and profitability, and advertising and information. The survey is based on a selection that is representative of the nation as a whole.

Posten was placed 23rd on overall impression: 60 per cent of respondents had a positive impression compared with 68 per cent in 2016. Posten maintains its positive reputation, but this is a signal from the Norwegian people that the Group needs to work harder to maintain and strengthen its position. Major restructuring of mail operations, such as the discontinuation of Saturday postal deliveries and the merging of A and B mail streams, could be perceived negatively. It could also lead to Posten being perceived as less visible in people's everyday lives. Bring was included in the poll for the second time and also experienced a drop in position. 58 per cent had a positive impression of Bring, placing it at 27th position on the list – a drop of 14 places from last year.

## Integrity

GRI indicators: 205-1, 205-2, 205-3, 206-1 and 418-1

The Group's integrity standard is the collective term used in Posten's company guidelines to describe the areas of corruption and other financial fraud, lawful competitive behaviour, social dumping, privacy and information security.

The Group constantly focuses on maintaining a high standard of integrity. We demand the same from our subcontractors and partners in that they must commit themselves to observing the Group's Code of Conduct for Suppliers. High demands on integrity internally and externally help raise the standards for our entire industry, contributing to good relationships with key partners.

Inadequate compliance with the integrity standard could result in significant loss of reputation and financial consequences. Investments in internal training and knowledge are therefore crucial to ensure compliance. We also make a point of monitoring that our subcontractors and partners adhere to our integrity standard.

### How we work

The overall principles for integrity-related work are outlined in the Group's code of conduct, an integrity handbook and in separate Group policies. These principles are then put into operation via regulations and Group-wide tools, including instructions.

The Group has a clear and pronounced stance on the areas covered by the integrity standard.

The Group distances itself completely from all behaviour that may be affected by corruption legislation, and has a zero tolerance of corruption.

We have clear guidelines relating to marketing behaviour in that we should act as an individual player in all marketing decisions that could affect competition, and in that we should not abuse our position in those markets in which the Group could be deemed to have a dominant position.

Concerning the treatment of personal data, our approach is to demonstrate transparency of how the information is treated, and that it should be handled in a proper and secure manner, and only to

the extent necessary for the purpose of achieving specific objectives that are factually justified.

When it comes to the subject of social dumping, the Group takes the clear position that it should not happen in our business. As an employer, we will ensure compliance with employees' rights in legislation, collective agreements and international conventions. The main risk associated with social dumping is related to the use of subcontractors. As such, we actively audit our subcontractors.

In the acquisition of concerns/companies, on the establishment of joint-owned companies (joint ventures) and on the conclusion of new agreements with partners in countries or industries where there could conceivably be a risk of violation of our integrity standard, an Integrity Due Diligence assessment should, as a rule, be carried out. The Group's Integrity Due Diligence regulations contain specific rules for conducting such an assessment.

The integrity standard is expressed through an integrity programme which was developed by the Group.

### Stakeholders

**Owner and authorities:** Requirements set down in legislation and expressed expectations.

**Business customers:** Set down clear requirements concerning the monitoring of integrity in their invitations to tender and at contract signing.

**Suppliers:** Expect fairness during the processing of tenders and in collaborative relationships.

The integrity programme was adopted by Posten's Board of Directors in October 2011. In 2015, an assessment of the integrity programme was made against best practice and the Board carried out a further review of the programme.

All of the Group's operations are obliged to implement the programme to ensure that its managers and employees safeguard the Group's integrity standard.

Our manuals and policies are accessible tools for all the Group's managers and employees in the ongoing work to ensure integrity. The code of conduct and integrity handbook are available in Norwegian, Swedish and English. The decision whether to translate these into other languages is currently under consideration.

Managers and other key personnel receive regular information and training on the integrity standard to ensure a high level of competence internally within the organisation. The requirements and expectations expressed therein apply to anyone acting on behalf of the Group. This includes all managers, employees (irrespective of whether they are temporarily or permanently connected to the Group's

operations) and the Group's partners, such as consultants, agents, sales representatives and distributors.

The legal director has overall responsibility for ensuring that the integrity standard has the proper content and that it is known within the Group. This involves creating and maintaining Group-wide instruments, such as guidelines, e-learning programmes, manuals and training courses. The instruments should contribute to increased understanding of and compliance with the standard. A network of local resources in each division and subsidiary ensures that there is adequate information about Group-wide measures and that these are implemented locally.

Group management is updated on the status, risk profile and ongoing initiatives in the work related to compliance with the integrity standard every six months.

We regularly assess whether integrity-related work is effective enough, including whether the guidelines are clear enough and whether they are sufficiently well-known within the Group. This assessment is carried out annually, together with the annual risk analysis, and includes measures such as an electronic survey for employees. See more about this below.

The legal director is also responsible for administering and operating the Group-wide whistleblowing scheme. This scheme was established in 2008 and is available to all Group employees regardless of their country or the company with which they are associated. It is not specifically set up to allow employees other than those from within the Group to raise concerns through this channel, but if reports are received from elsewhere, they are treated according to the scheme's guidelines in so far as these are appropriate.

If employees experience, discover or suspect questionable conditions, they are encouraged to notify their immediate superior. Where this is not possible or feels too difficult, any employees of the Group may contact the company's whistleblowing scheme. It is possible to make an anonymous report.

In light of the #Metoo campaign, Posten has also placed the issue of sexual harassment on the agenda. This shall not happen in our workplaces and employees are reminded where they can turn if they wish to raise their concerns. So far there have been no notifications of this type through the Group's whistleblowing scheme.

Managers have a particular responsibility for setting a good example and for creating a culture in which employees are able to share their concerns and dare to speak out regarding any breach of rules or unacceptable behaviour they become aware of.

The scheme is readily accessible to all of the Group's employees and can be contacted by e-mail, phone or post. Procedures have been put in place to ensure proper case handling with regard to both the whistleblower and the matter or person that is the subject of the disclosure. An important part of these procedures is ensuring that the whistleblower will not be subject to retribution following disclosure.

The legal director reports in individual cases to the CEO, and can – when deemed necessary – report directly to the Chair of the Board of Directors. The Group's whistleblowing scheme reports half-yearly to the Board of Directors' audit committee, to the internal control committee and to the CEO. The report details the number and type of cases, the results of each case and the measures and activities initiated and completed. In addition, an annual statement is given to the Group's Working Environment Committee.

## Identification of integrity risks

**GRI indicator 205-1:** Operations assessed as being at risk of corruption.

As part of the process for assessing the risk of violation of the corruption rules and additionally of our integrity standard, last year, as in previous years, an anonymous survey was carried out.

The survey addressed the themes of corruption, competition law, whistleblowing and privacy and was somewhat more detailed than the surveys carried out in previous years.

The survey was sent to 540 individuals, of whom 75 per cent (405 individuals) completed the survey. The respondent group consisted of Group management, level three managers and employees in all four of our corporate staff sections (HR, Economy & Finance, IT and Strategy and Communications).

The Group has also had occasional assignments involving transportation in countries where corruption is more widespread, which in itself could pose a

risk. The Group is aware of this risk and has concentrated efforts on providing guidelines and training to this part of the business.

In 2017, the Group conducted, in collaboration with external advisers, an extensive internal control project concerning integrity in the Group's operations outside of the Nordic region. The project was selected by the Board's audit committee based on a report from the internal control committee, which again based its report on an earlier risk analysis. A focus area for the project was supplier compliance with the Group's ethical standards. In the wake of the project, adequate measures will be taken to improve the existing ethical framework, including the routines for and monitoring of this part of the business. Where it is also relevant to Nordic operations, the corresponding measures will be taken.

The basis for the overall risk assessment relating to compliance with integrity-related themes also includes the experiences and observations of the Group's legal advisors through ongoing consultancy, general and

specific training and other contact with the Group's units and suppliers.

The result of the risk analysis related to corruption and other areas surrounding the integrity standard is included in the Group's overall risk analysis, which is presented to the Board in June and December each year.

The analysis carried out in 2017 indicated that the programme is effective. This shows, for one thing, that the integrity programme is generally well-known within the Group. Furthermore, there were no confirmed corruption incidents in 2017. However, as explained above, some improvements could be made to the ethical framework, and some measures could be taken to reinforce knowledge about the programme.

The analysis further indicates that the most obvious integrity risks within the Group continue to be cross-border transportation, unlawful anti-competitive collaboration and the processing of personal data.



## Communication and training

**GRI indicator 205-2:** Communication of and training in policies and procedures for anti-corruption.

The Group has an integrity programme to help strengthen the Group's ethical standard and understanding of subjects relating to integrity. The integrity programme emphasises the following subjects: corruption and other financial irregularities, lawful competitive behaviour, social dumping, privacy and information security. With these subjects as their basis, various tools have been developed for employees and selected partners. These tools should enable the Group's managers and employees to actively take ownership of and live up to our integrity standard.

The integrity programme is based on the Group's code of conduct adopted in 2006, and in addition to the latter it includes an integrity handbook and an e-learning programme, etc.

The code of conduct and integrity handbook were distributed to all Group employees in 2011 and 2012.

All new employees receive the code of conduct and integrity handbook when they start work at the Group.

Our partners must undertake to comply with the Group's Code of Conduct for Suppliers, which stipulates, among other things, that corruption is not acceptable and that suppliers should actively work against all forms of corruption. We refer to the "Corporate social responsibility in the supply chain" section regarding this.

The Group makes an ongoing evaluation of possible updates to the ethical framework, including the code of conduct and the integrity handbook. These documents will be updated in 2018, after which they will be communicated to the rest of the organisation.

Our e-learning programme on integrity is designed to be suitable for all employees in the Group. It does, however, have a primary target group of those employees most likely to encounter the type of risk dealt with in the integrity programme. The primary target group essentially includes all job categories except for those of postal and distribution centre employee. The vast majority within the primary target group have completed the e-learning programme on integrity.

The e-learning course is on permanent offer to the Group's employees and managers and can be completed individually or in

groups. The latter happens in practice by the manager registering as a course participant in the e-learning portal, and thereafter conducting the course in meetings with their group/unit. We are not currently capable of recording which employees undergo the e-learning programme in a group setting. As such, we have no exact figures for how many individuals actually completed the e-learning course in 2017. In 2018 we will look more closely at setting up a method to record these figures.

Records show that the e-learning course on integrity was conducted 134 times in 2017, on either an individual or a group basis. Of the 134 courses conducted, 27 were completed by employees working for partners participating in the Post i butikk concept – post-office counters located in shops. The relatively low number is partly due to the majority of employees within the target group having already completed this training, and partly due to the primary focus of 2017 being on group education and training in the privacy policy.

Managers, staff employees, sales, marketing and other key personnel need to undergo training that is more advanced than the e-learning course. For this reason,

courses were developed specifically for this target group and designed to be delivered in a classroom setting. These courses are based on the integrity handbook and e-learning course but go into more detail and prioritise discussions about relevant dilemmas that may arise. The main focus of training in 2017 was the forthcoming EU privacy regulations. In total, about 350 people in staff positions and divisions have received training. There will continue to be a focus on training in and awareness of the privacy regulations in the future.

As mentioned, one of the subjects of the integrity programme is lawful competitive behaviour. To ensure that all employees have sufficient knowledge of the competition rules and adhere to them, a separate handbook was created in 2013, entitled: Posten og Brings 10 konkurranserettsbud ("The 10 Commandments of Competition Law at Posten and Bring"). The handbook is available in both Norwegian and English, and it is also accessible on the Group's intranet. The Group makes ongoing assessments of the need for any updates to the competitive behaviour guidelines.

## No incidents of corruption revealed

**GRI indicator 205-3:** Confirmed corruption incidents and implemented measures.

There were no confirmed incidents of corruption within the Group in 2017.

## No fines for non-compliance with competition legislation

**GRI indicator 206-1:** Judicial reactions to anti-competitive behaviour and antitrust and monopolistic practices

The Group received no fines or sanctions for non-compliance with acts and regulations relating to competition law during 2017.

## No complaints for violation of privacy regulations

**GRI indicator 418-1:** Confirmed complaints concerning violation of customer privacy and loss of customer data.

The Group's services necessitate the processing of personal information about customers and third parties. The Group sees compliance with privacy regulations and the protection of personal data as important means of building trust with our customers and mail recipients and of strengthening our position as a trusted third party in a competitive market.

The Group is very attentive to compliance with privacy regulations. It pays particular attention to ensuring that processing is limited to necessary and factual information only and that, at the same time, it practises

transparency in its treatment of personal data. Our privacy strategy supports rapid technological advancement, and we have a continual focus on information security and on the integration and management of privacy into all development phases of IT systems and solutions. During 2017, the Group placed particular emphasis on developing procedures to ensure effective compliance with privacy regulations and on implementing training initiatives.

The Group received no complaints relating to violation of privacy regulations in 2017.

We refer to the information security section in "Our network and expertise" for reporting on indicators which deal with the loss of customer data..

## Future integrity work

Our main focus during 2017 was on anti-corruption and preparations for the new EU privacy regulation, as well as further development of the risk analysis methodology.

Our work with the integrity programme will be continued and fortified during 2018. In the wake of the internal control project undertaken during 2017, adequate measures will be taken to improve the existing ethical framework, including the procedures for and monitoring of this part of the business. We will continue to place great emphasis on developing and optimising procedures and frameworks in order to ensure a systematic approach to compliance with privacy regulations.

In addition to the Group's own solicitors, a network of resource persons within the divisions also assists with communicating and implementing the integrity programme at a local level. These local resource persons are important for ensuring good knowledge of the integrity programme throughout the Group. Our priority will be to maintain and strengthen this network in the new organisational structure during 2018. This also applies to resource persons who deal with reports received through the Group's whistleblowing scheme.

# STAKEHOLDER | SUPPLIER | CARGONET

**CARGONET** is Posten's supplier of rail freight services and Norway's largest carrier of freight on the rail network. CargoNet works actively with Posten on solutions for facilitating and increasing freight on the rail network.

**"In what way is Posten's work on sustainability important to you?"**

"Posten's commitment to sustainability highlights how important it is for us as a supplier of transport services to continually develop our environmentally friendly solutions. Posten's growth on the rail network sets a new standard for the industry."



CargoNet is Norway's largest carrier of freight on the rail network.



"Posten's growth on the rail network sets a new standard for the industry."

**KNUT BRUNSTAD**

Sales Director at CargoNet

## Corporate social responsibility in the supply chain

GRI indicators: 308-1, 308-2, 414-1, 414-2, 102-43, 102-44

The Group is exposed to reputational risk associated with suppliers and subcontractors who largely represent Posten when they perform work for the Group; for example, post-office counters in shops and subcontractors providing transport. The Group's suppliers thus affect the company's ability to deliver its customer promises and other strategic goals. As a major player, the Group has the opportunity to influence industry standards and conditions in a positive manner by working on corporate social responsibility in the supply chain. One goal is for the Group's ethical standards for suppliers to be met through preventive work, risk assessments and checks of its suppliers.

### How we work

The centralised expert unit for HSE and corporate social responsibility ensures systematic group-wide solutions and coordinates work on corporate social responsibility in the supply chain. Suppliers with group-wide agreements are monitored by the purchasing department. Transport suppliers are monitored by the relevant divisions and business areas. Divisional coordinators manage local coordinators in any business contact with transport suppliers and ensure local underpinning.

Group management is regularly updated on the status, risk profile and ongoing initiatives in the work related to compliance with the Group's requirements for suppliers. All suppliers that have signed an agreement with the Group must sign the Ethical Standards for Suppliers document, which gives the minimum requirements placed by the Group on its suppliers, as well as HSE and environmental declarations. The largest road transport suppliers must also sign an environmental transport declaration.

Dialogue with both existing and potential suppliers is central to the Group's purchasing procedures. Posten conducts both written and verbal dialogue in the form of workshops as part of its standard procurement process. When in dialogue with the supplier market, the Group generally emphasises good business practices and compliance with the Group's ethical principles and values. Confidence in the supplier market is a prerequisite for achieving good terms and conditions and meeting the Group's purchasing requirements in a satisfactory manner. This applies both before a contract is concluded and during the contract's term.

### Stakeholders

**Business customers:** Major companies set requirements for systematic monitoring. They expect partners acting on behalf of Posten to comply with their standards.

**Owner and authorities:** Expect acceptable behaviour and zero social dumping. This is important, as suppliers that represent Posten also indirectly represent the owner.

**Suppliers:** Require predictability and control.



## Targeted work against labour market crime

**GRI indicator 414-2:** Substantial actual and potential negative consequences to society in the supply chain, environmental criteria, labour practice criteria and human rights criteria in the supply chain, and implemented measures.

A total of 80 suppliers submitted self-reporting for the first time in 2017 and a further 13 updated existing self-reporting. All of these have been assessed on compliance with the Group's ethical standards for suppliers, including HSE, employee rights, human rights, business practice and the environment. Within priority categories (transport services, cleaning, work clothes and building/construction), 48 per cent \* of suppliers have submitted self-reporting. These vendors account for 61 per cent of the total costs associated with the priority categories. Within the car transport category, which in particular relates to the core business of the Group, 58 per cent have submitted self-reporting. These suppliers account for 70 per cent of the total cost of transport services in the Group.

The Group has also continued its work to combat labour market crime within the transport industry, with a particular focus on the courier and express transport segment.

Unannounced inspections linked to the Group's minimum requirements for ethics and the environment have been carried out at six different locations in the Nordic region. A total of 69 drivers and 18 assistants were checked and interviewed. These were affiliated to 35 different carriers which have contracts with various Group companies. Carriers that were registered as having potentially violated the Group's requirements were followed up with audits.

17 road transport suppliers and one IT supplier were audited in relation to compliance with the Group's ethical standards for suppliers. For 89% of the audited suppliers, improvement plans for compliance with the Group's requirements were agreed. Audits and checks are approved by the Group's council for revisions and inspections. The council comprises the Group Director for HR/HSE, the Director for HSE and CSR,

The Group performs regular checks on its suppliers. Violations of the Group's requirements are closely followed up.



PHOTO: Håvard Jørstad

the Director of Procurement and the Legal Director. The council is presented with risk assessments of the supply chain which it uses to define risk-reducing measures.

New processes for corporate social responsibility in the supply chain were developed in 2017 and these will be implemented in 2018. These include, for instance, new routines for background checks on carriers in advance of contract conclusion.

In 2017, an internal audit of the procedures and practices for purchasing transport services from third parties outside the Nordic region was conducted. The audit resulted in an improvement proposal which is to be implemented in 2018.

### Road transport – the greatest environmental challenge

GRI indicator 308-2: Significant actual and

potential negative environmental impact from labour practices in the supply chain and implemented measures.

A total of 80 road transport suppliers submitted self-reporting relating to compliance with the Group's environmental requirements. 14 road carriers (17%) reported a deviation from the Group's minimum requirements relating to EU emissions standards (minimum Euro 5). No road carriers (0%) reported deviations from the Group's age requirements for light vehicles (maximum age of five years for vehicles under 3.5 tonnes).

The most substantial negative environmental impact identified among the Group's transport suppliers originates from road transport. Road transport accounted for 61 per cent of total emissions in the transport supplier chain in 2017, air transport accounted for 17 per cent, ferry transport 19 per cent and rail transport 3 per cent.

The emissions relate to: emissions of greenhouse gases that contribute to global warming, predominantly carbon dioxide, methane and nitrogen dioxide; emissions of air pollutants that contribute to a poorer local environment, such as nitrogen oxides, particulate matter, carbon monoxide and hydrocarbons; and finally, traffic noise. No contractual agreements were terminated with any suppliers on the basis of environmental impact.

### Criteria for the selection of suppliers

GRI indicator 414-1: Percentage of new suppliers selected based on criteria for social impact, human rights criteria, labour practices and environmental criteria (308-1)

For all 35 acquisitions implemented by Group Procurement in 2017, a requirement in the pre-qualification phase was that all suppliers had to accept the Group's ethical standards for suppliers and complete declarations

concerning the environment and HSE. The Group's guidelines are available at [postennorge.no](http://postennorge.no).

### Majority of suppliers provide transport services

Of our 902 suppliers with a turnover in excess of NOK 2 million in 2017, more than half supply primarily transport services. The operation having the most suppliers and the largest procurement in 2017 was the Logistics Norway Division. Other major categories are support for special transport equipment and IT.

\*All percentage calculations are based on a list of suppliers having turnovers in excess of NOK 2 million per year/during 2017.

# Our network and expertise

Our network is Posten's lifeblood. Knowledge of how we optimally exploit the various networks is decisive for our strategic success. The Group relies on good operating models for optimising its distribution and logistics network and, not least, for enabling a reduced environmental impact on society. At the same time, Posten is becoming increasingly reliant on technology. Technology is a crucial factor in the stable operation and development of our network and value chains. There are three aspects in this capital area which we need to report on.

## Emissions-free and efficient transport, and logistics

GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4

## Network

Self-reporting

## Information security

GRI 418-1





## Emissions-free and efficient transport, and logistics

GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4

The largest source of greenhouse gas emissions in Norway is the transport sector, while at the same time freight forwarding is fundamental to almost all value-adding activities. If Norway is to meet the EU's expectation of a 40 per cent reduction in greenhouse gases in the sectors not subject to quotas by 2030, the major part of the reduction must happen in the transport sector. As one of the Nordic region's largest transport operators, Posten's CO2 impact is considerable.

Consequently, the environment is one of the Group's most important areas within corporate social responsibility, and its two biggest climate challenges are reducing CO2 emissions from heavy goods vehicles and minimising local pollution. Our biggest initiative, therefore, involves phasing out heavy goods vehicles that use fossil fuels and electrifying vehicles used in urban areas.

### How we work

The Group's environmental vision is "to work purposefully towards environmentally efficient operations and sustainable development" and this supports one of the Group's main goals: sustainable and innovative development. The Group is actively working to reduce the extent of its environmental impact and has reduced CO2 emissions continuously over the past eight years. In 2016, the company met its environmental target of a 40 per cent reduction in CO2 emissions by 2020. As a result, the Group decided on a new and highly ambitious environmental goal in 2017 to be using only renewable energy sources in its vehicles and buildings by 2025.

The climate account results shows a 6 per cent reduction since 2016, which equates to a CO2e of 26,565 tonnes. A large proportion of the reduction is due to the discontinuation of unprofitable shipments and Saturday deliveries. More stringent requirements for HVO feedstock and national requirements for increased biofuel use have resulted in increased HVO prices.

This price rise led to us using a fuel mix with less HVO and less pure HVO in Norway in 2017.

The centralised expert unit for HSE and CSR ensures systematic group-wide recycling of good solutions and a unified approach. A group-wide environmental network that consists of environmental resource persons from all business areas also ensures that experience and best practice are shared across the organisation. The expertise we need in specific areas is secured through external partners and suppliers.

A climate reporting system is used for the entire Group to record its total climate impact. The Board of Directors and Group management team are regularly updated on the status and risk profile of environmental work and any ongoing initiatives. Environmental work is also defined in a separate environmental policy and strategy supported by action plans in the business areas. This was updated in 2017 to accommodate new environmental goals. The Group works in accordance with

### Stakeholders

**Owner and authorities:** Obligated through ownership report to make its operations more environmentally friendly.

**Business customers:** Major customers (ASKO, IKEA, oil and gas) are committed to the environment and stipulate requirements.

**Private customers and local communities:** Customers notice environmental efforts, something which is visible in IPSOS MMI's reputation polling. Posten is in 6th place in the section concerning environmental awareness. Customers in Sweden are perceived as being interested in the environment.



yearly environmental action plans in the business areas and the work is followed up through quarterly reports, business reviews, management KPI charts and PLUSS reviews. Goals for the Group and the business areas are drawn up on a yearly basis as well as up to 2020. The environmental goal is also followed up through the senior management KPI chart.

The Group wants to be socially responsible by being an active driver in reducing its own emissions, but it also wants to drive development towards a green shift. Good and close co-operation between businesses, organisations and the authorities is therefore extremely important. The Group has worked together with Zero in Norway and the 2030-secretariat in Sweden for a number of years. It is also a partner in a project to establish the environmentally efficient distribution of goods in Drammen city centre and Stockholm and participates in the international EU project FREVUE together with SINTEF.

The Group is actively working to establish a market for larger electric vans by sharing its own experiences with electric vehicles and through participation in Zero's Emissions-

free Utility Transport project. It also has ongoing dialogue and collaboration with various actors, such as TINE, NHO (the Confederation of Norwegian Enterprise) and TØI (the Norwegian Centre for Transport Research) and has held lectures on the environment on several occasions, both in Norway and Sweden, and in addition has participated in Sweden's Almedalen week. The Group is also participating in Næring for klima, an environmental partnership between Oslo municipality and the business community. Klimatpakten is a similar partnership operating in the City of Stockholm, and the Group is also participating in this. The Group is a member of the International Post Corporation, which promotes international collaboration within the industry and is also a member of Nordic Swan's purchasing club and Grønt Punkt.



## Reducing greenhouse gas emissions and polluting less

**GRI 305-1:** Direct emissions of greenhouse gases (CO<sub>2</sub>e)

2017 has been a challenging year for reducing emissions from heavy goods vehicles. The Group had previously invested in ten tank facilities in order to make use of HVO (hydrogenated vegetable oils). This is a second-generation fuel consisting of vegetable oils and waste certified in accordance with the EU's sustainability criteria. The arguments against first-generation biodiesel (e.g. that using raw materials like oil seed rape and sugar cane takes up valuable land and pushes up food prices in poor countries) do not apply to HVO. The Group refrains from using palm oil or palm-oil based raw materials, which has resulted in a reduced supply of raw materials and increased prices. Requirements for increased biofuel use and reclassification of the raw material PFAD from a waste product to a by-product have made it challenging to obtain sustainable raw materials certified under the EU sustainability criteria. In 2017, the Group used 0.7 million litres of renewable diesel based on waste cooking oil from tank facilities located at our new Alnabru Logistics Centre.

The Group has 93 biogas vehicles in Stavanger, Oslo and Jevnaker, and in 2017 we

also started to use biogas vehicles in Skien. Vehicles that run on bioethanol are being tested in Bergen.

Bring continues its commitment to using renewable diesel in Sweden. The company has 197 cars which used over 8.3 million litres of HVO. Bring has also conducted pilot tests in Sweden to trial HVO in light lorries where the suppliers do not endorse the use of renewable diesel as fuel. These pilot tests have yielded good results, and the fuel works entirely without problems. The project has been extended into 2018.

The Group also has Norway's largest fleet of electric vehicles, with nearly 1,200 electric vehicles consisting of 518 electric mopeds, 511 electric cars and 150 electric carts. Today, over 80 per cent of Norway's population lives in towns and cities, and this figure is expected to rise. The Group's investment in zero-emissions solutions and collocation of these has resulted in 43 central areas in towns and cities across Norway having completely emissions-free mail distribution. This results in better air quality, less noise and reduced greenhouse gas emissions.

In 2017, the Group expanded its electric

vehicle initiative by being the first in the Nordic region to test Maxus, the electric van produced by China-based SAIC Motor. The size of this van allows it to be used in the distribution of parcels and goods. The electric van will be used in Oslo city centre and will help to build a market, thus demonstrating that electricity is a good option in this segment as well. Also, in Helsinki, Finland a smaller electric van is being tested in urban distribution.

In 2017, Bring received the Swedish Confederation of Transport Enterprises' sustainability prize for the Älskade Stad ("beloved city") project. The initiative is a commercially sustainable, industrial collaboration between Ragn-Sells, Bring, Vasakronan and the City of Stockholm. The collaborative goal is to pick up the pace and encourage more sustainable initiatives that benefit from a vibrant urban environment. This initiative uses an electric car to coordinate the distribution of goods and packages with waste logistics in central Stockholm, reducing the transport of both incoming and outgoing waste. The collaboration is scalable and can be expanded in both Stockholm and other cities, and can include more companies.

In 2017, the Group opened several new logistics centres with impressive environmental profiles. The Trondheim logistics centre has several excellent environmental solutions including, for example, high-speed doors to halve energy consumption, solar panels and wind turbines providing approximately 25 per cent of the distribution centre's total energy demand, and a battery bank that stores enough power to charge 80 electric vehicles. The hub of the Group's modern logistics network, the Oslo logistics centre at Alnabru, opened in October. The logistics centre is a collocation of the earlier Posten and Bring distribution centres at Karihaugen and Skårer. It is estimated that the collocation at Alnabru will result in 10,000 fewer kilometres being covered every day, leading to an annual CO<sub>2</sub>e reduction of 4,200 tonnes. In addition, it provides close proximity to customers and the rail freight terminal. The Group also updates its car fleet regularly, which helps reduce local emissions. The average age of the cars in the parent company is approximately two years. 91.3 per cent of the vehicles are Euro 6 standard, and 8.5 per cent are Euro 5 standard. The Group has introduced speed reduction in 684 lorries, and this is being introduced as standard in all new vehicles.

## Reporting

The Group has made no changes to emissions factors between 2016 and 2017.

The Group has previously reviewed the re-reporting system to improve the quality of the data reported.

In 2015, the Group reviewed the emissions factors used in climate reporting and changed from reporting on CO2 to reporting on CO2 equivalents (CO2e). CO2e gases are CO2 (carbon dioxide), N2O (nitrous oxide) and CH4 (methane). This covers all emissions from sources defined in the Greenhouse

Gas (GHG) Protocol, except for refrigeration gases, which are not part of CO2e. Other greenhouse gases that are not part of the GHG protocol are not reported.

All emissions presented in the Group's climate accounts in 2017 are presented as tonnes of CO2 equivalents. The calculation of emissions is based on a mixture of consumption figures, data from various transport systems relating to subcontractors and estimates where data is inaccurate.

## 2017 RESULT

### The consolidated climate accounts show great progress

The annual climate account shows a 6 per cent reduction since 2016, which equates to a CO2e of 26,565 tonnes. A large proportion of the reduction is due to the discontinuation of unprofitable shipments and Saturday deliveries, and to the use of renewable diesel. There is an increase for rail and boat, but a reduction for air and road.

The table shows the consolidated climate accounts for the Group in metric tonnes of CO2e from 2015 to 2017. Scope 1 is GRI indicator 305-1, Scope 2 is GRI 305-2 and Scope 3 is GRI 305-3.

## Consolidated climate accounts for the Group in metric tonnes of CO2e (Table 4)

[tonnes CO2e]	2015	2016	2017*
<b>Scope 1</b>	<b>128,595</b>	<b>109,949</b>	<b>103,164</b>
Road	127,981	109,404	102,892
Buildings	613	546	272
<b>Scope 2 (location-based)</b>	<b>15,604</b>	<b>15,127</b>	<b>13,002</b>
<b>Scope 2 (market-based)</b>	<b>48,431</b>	<b>2,449</b>	<b>2,089</b>
District heating	2,514	2,449	2,089
<b>Scope 3</b>	<b>349,525</b>	<b>328,617</b>	<b>309,197</b>
Road	219,141	216,458	187,306
Rail	5,492	4,655	8,985
Air	62,630	56,005	51,203
Water	56,760	47,355	57,689
Business travel	5,503	4,143	4,015
<b>Total (location-based)</b>	<b>493,724</b>	<b>453,693</b>	<b>425,363</b>
<b>Total (market-based)</b>	<b>526,551</b>	<b>441,015</b>	<b>414,450</b>
Outside of Scopes**	35,892	50,703	49,210

\*) Sources for emissions factors are the Department for Environment, Food & Rural Affairs' (DEFRA) collection of emissions factors from 2015. Emissions factors are tank-to-wheel (TTW). Location-based electricity is the Nordic production mix of 2015. The consolidation method according to the GHG protocol is "organisational control" \*\*) "Outside of scopes" is the direct CO2 effect of the combustion of biofuel. Emissions included in "Outside of scopes" are quickly absorbed by bioenergy sources during their lifetime. "Outside of scopes" is included to ensure comprehensive accounting for those emissions arising from the combustion of biofuels.

## Significantly reduced emissions from own vehicles (Scope 1)

### GRI 305-1: Direct emissions of greenhouse gases

The Group reduced its direct emissions by 6 per cent (6,785 tonnes CO<sub>2</sub>e) from 2016 to 2017. The cessation of operations in Sweden contributed to a 5,536 tonne reduction of CO<sub>2</sub>e. The one million litre reduction of fuel consumption in the Mail Division is a consequence of the discontinuation of newspaper and Saturday deliveries. The reduced availability of pure HVO for Logistics Norway led to an increase in emissions.

## Reduced emissions from electricity consumption (Scope 2)

### GRI 305-2: Energy – indirect emissions of greenhouse gases.

The Group reduced its electricity consumption in buildings by 13 per cent in 2017. This includes electricity used for the Group's 1,179 electric vehicles. The reduction was mainly due to reduced electricity consumption in the Logistics Nordic Division, where three cold storage facilities in Denmark were closed towards the end of 2016.

Since 2015, new EU requirements stipulate that reporting of greenhouse gas emissions from electricity consumption must be reported in two ways: by location and by market. The requirements must be in accordance with the GHG protocol. Using the location-based method, the

Group has reduced its indirect emissions by 13 per cent. In 2015 and 2016 in Sweden, energy mapping was carried out in accordance with legislative requirements. Using the market-based method, Posten has no emissions from electricity, since it purchased electricity with Guarantees of Origin for the Group's entire electricity consumption in 2017, as it did in 2016. Electricity having a Guarantee of Origin has been produced using renewable energy sources. The Group has purchased hydro-electric power with Guarantees of Origin for the whole of its operations in Norway, Sweden and Denmark.

## Emissions of greenhouse gases (Table 1)

Scope 1 [tonnes CO <sub>2</sub> e]	2015	2016	2017
<b>Group</b>	<b>128,595</b>	<b>109,949</b>	<b>103,164</b>
Road	127,981	109,404	102,892
Buildings	613	546	272
<b>Logistics Norway Division</b>	<b>91,276</b>	<b>79,330</b>	<b>83,159</b>
Road	91,157	79,263	83,147
Buildings	119	67	12
<b>Logistics Nordic Division</b>	<b>19,420</b>	<b>14,840</b>	<b>7,698</b>
Road	19,041	14,488	7,470
Buildings	379	351	228
<b>Mail Division</b>	<b>17,899</b>	<b>15,779</b>	<b>12,307</b>
Road	17,784	15,652	12,275
Buildings	115	127	32
Outside of scope	29,005	44,201	35,664

## Indirect emissions of greenhouse gases from electricity consumption (Table 2)

Scope 2 [tonnes CO <sub>2</sub> e]	2015	2016	2017
<b>Group (location-based)</b>	<b>15,604</b>	<b>15,127</b>	<b>13,002</b>
<b>Group (market-based)</b>	<b>48,431</b>	<b>2,449</b>	<b>2,089</b>
Electricity (market-based)	45,917	0	0
District heating	2,514	2,449	2,089



### Stable emissions from subcontractors (Scope 3)

**GRI 305-3:** Other indirect greenhouse gas emissions

Emissions from the Group's subcontractors have reduced by 6 per cent (19,420 tonnes CO<sub>2</sub>e).

The Logistics Norway Division increased its emissions from subcontractors by 3 per cent from 2016 to 2017. Transport by boat has increased as a result of higher

volumes from international business.

The Logistics Nordic Division reduced its emissions by 19 per cent from 2016 to 2017. The reduction is due in part to the discontinuation of unprofitable operations, which constitutes 11 per cent of the division's total reductions. The remaining 8 per cent reduction from subcontractors is due to increased consumption of renewable diesel.

### Indirect emissions of greenhouse gases through our subcontractors (Table 3)

Scope 3 [tonnes CO <sub>2</sub> e]	2015	2016	2017
<b>Group</b>	<b>349,525</b>	<b>328,617</b>	<b>309,197</b>
Road	219,141	216,458	187,306
Rail	5,492	4,655	8,985
Air	62,630	56,005	51,203
Water	56,760	47,355	57,689
Business travel	5,503	4,143	4,015
<b>Logistics Norway Division</b>	<b>215,217</b>	<b>197,836</b>	<b>203,018</b>
Road	112,665	111,265	102,962
Rail	5,371	4,536	8,940
Air	57,859	51,600	45,723
Water	38,211	29,429	44,275
Business travel	1,111	1,006	1,119
<b>Logistics Nordic Division</b>	<b>131,546</b>	<b>128,002</b>	<b>117,130</b>
Road	105,583	104,186	83,445
Rail	121	120	45
Air	4,771	4,405	5,480
Water	18,549	17,926	13,414
Business travel	2,523	1,365	1,207
<b>Mail Division</b>	<b>2,257</b>	<b>2,329</b>	<b>2,316</b>
Road	893	1,007	899
Business travel	1,364	1,322	1,417
<b>Outside of scope</b>	<b>6,887</b>	<b>6,502</b>	<b>13,546</b>

### Towards a more climate-efficient organisation

**GRI 305-4:** Greenhouse gas emissions intensity

The Group's turnover in 2017 was at roughly the same level as in 2016, while the level of emissions per NOK earned decreased. This

implies a more efficient organisation in terms of greenhouse gas emissions.

The table shows the Group's greenhouse gas emissions intensity over the last three years. All emissions are included (Scopes 1-3) in the calculation of emissions intensity.

### The Group's greenhouse gas emissions intensity (Table 3)

Relative target *	2015	2016	2017
CO2 emissions (grammes) per NOK earned	19.5	17.8	16.8

\* Market-based, Scope 2 is used in the calculation of greenhouse gas emissions intensity

### The Group continues its environmental commitment in 2018

In 2018, the Group will actively phase out fossil fuels, replacing them with sustainable renewable diesel, and continue to electrify vehicles used in towns and cities, in line with our environmental goal to use only renewable energy sources in vehicles and buildings by 2025. Other important focus areas will therefore include: seeking out low-and-zero-emissions vehicles; piloting and testing new technological solutions as they become available; and utilising the latest technology in our vehicles.

The Group has discontinued its Environmental Fund and replaced it with a central support fund for piloting low-

and zero-emissions vehicles. The further development of new distribution centres will be important for the collocation and optimisation of our routes. This will reduce energy consumption and kilometres covered.

The Group has 45 units certified under Eco-lighthouse (Miljøfyrtårn), and important tasks in 2018 will include recertifying units and certifying new distribution centres.

Our employees are our most important asset in environmental work, and the Group will continue training in environmental driving and provide general environmental skills in the Step-by-Step e-learning programme in 2018.

## STAKEHOLDER | PRIVATE CUSTOMERS AND LOCAL COMMUNITIES | ALNA COMMUNITY

In connection with the establishment of the Oslo logistics centre, Posten has worked with the **ALNA COMMUNITY** to make the immediate area more attractive.

### "In what way is Posten's work on sustainability important to you?"

"As the host district for Posten's logistics centre in Oslo, we see it as important that the new centre contributes to fewer kilometres being travelled in Oslo. We also regard it as very positive that Posten has facilitated several good environmental measures, such as the pedestrian and cycle route through the grounds of the distribution centre, which is important for both employees and the general public. There are also future plans to link the pedestrian and cycle route to walks continuing on to Alna Park and Groruddalen.

"The collaboration has also resulted in the establishment of a park with water features up towards Lower Kalbakkvei, which is a considerable upgrading of the area. The Kjelsrud beck (Kjelsrubbekken), which was previously closed during Posten's ownership, has now been opened up. In addition, Posten and the City of Oslo worked together to remove a large industrial refuse tip before setting up the park. All in all, this has significantly lifted and softened the landscape around the distribution centre."



As the host district for Posten's logistics centre in Oslo, we see it as important that the new centre contributes to fewer kilometres being travelled in Oslo.

### KNUT RØLI

Leader of Alna District Council

## Network

Self-reporting

Customer requirements for transport and logistics are continually growing. The emergence of e-commerce has led to an influx of new solutions, in terms of both delivery forms and user-friendly technology. Online trading results in increased volume and seasonal fluctuations that can challenge the network's capacity. At the same time, letter volumes continue to decline. All of this requires continual adjustments to structures and processes. There is also ongoing pressure on price – customers want the lowest possible transportation costs.

### How we work

Posten lives to deliver. This means managing and operating a large transport network that runs from customers via distribution centres and depots to recipients throughout the Nordic region. Consignments vary enormously in size and weight – from letters weighing a few grammes to heavy goods weighing several tonnes. The Group's approximately 17,000 employees are responsible for large values in terms of distribution centres and transportation means. In addition, a large number of small and large local carriers operate on behalf of the Group throughout the Nordic region. Considerable expertise is required to structure and manage such a large network. The network has to operate cost-effectively, it should be environmentally friendly, and it should provide both our own employees and those working for partners with a good working environment and a high level of security.

The Group has just updated its corporate strategy and, in connection with this, we have evaluated the work relating to our network. This work is considered to be constructive in achieving the Group's objectives. Based on this, our network

continues to be a central theme in the new strategy.

### Fewer and larger distribution centres

During the last few years, the Group has been working on a significant investment programme for renewing the distribution centre structure. In order to make optimum use of resources, separate goods and parcel distribution centres have been collocated. In addition, the total number of distribution centres has been reduced to ensure capacity utilisation and efficiency. New distribution centres were opened in Oslo, Trondheim and Narvik during 2017, and Gøteborg and Stokke are next in line for 2018. Further new distribution centres, including Bergen, Stavanger and Copenhagen, are in the planning stage. The fall in letter volumes and the change to a two-day stream means that the operations of the letter distribution centres will be restructured and consolidated into fewer locations.

### New technological foundation

The Group is using the New Posten and Bring programme to renew its technological

### Stakeholders

**Owner and authorities:** Implicit interest through required rate of return.

**Business customers:** Implicit interest if the optimisation of the network affects price, customer service or quality. Expect it to be easy to deal with Posten.

**Employees:** Linked to their individual working days and workplaces.

**Suppliers:** Could affect the working day and expectations.

**Investors and banks:** Could be implicitly relevant to credit risk.



foundation – for both managing the network's resources and developing the customers' tools for managing their own logistics. The MyBring customer portal undergoes continuous improvement and has extended functionality. On the receiving end, both the website and Posten's tracking app undergo continuous refinement. Employees within the Group have new tools to make their working day more efficient and to improve resource utilisation and work processes. As part of the programme, all work processes are reviewed to clean up unwanted process deviations and exploit new technology. At the same time, service categories and transport terms and conditions are simplified and orientated towards the customer.

### Depending on the people

In spite of major investment in buildings and technology, the quality of a network will always depend on the people who run it – on their work effort, motivation and expertise. A major reorganisation of the network is taking place and all of the Group's employees are actively involved in and implementing the changes. Both logistical expertise and adaptability will continue to be important success factors for years to come.



New digital tools – such as digital collection messages – make the employee's working day more efficient.

## Information security

GRI indicator: 418-1

Information security involves making sure that information processed by the Group is safeguarded against all forms of confidentiality breach and access denial, and that the information is complete and correct. The combined threat to Posten must be understood and necessary measures implemented to ensure that the risk remains at an acceptable level. In addition, we must ensure that there is sufficient expertise and capacity within the organisation, including among our contractual partners, such that the consequences for the business are minimised should any security incidents occur.

The Group will increase profitability through innovation and customer efficiency. The digital shift will lead to information becoming increasingly exposed to risk, especially through mobile data handling, increased use of cloud services and increasingly complex value chains. In addition, cybercriminals have changed their operating method: rather than attacking computers, they now attack persons considered to be the weakest link in the information chain.

Therefore, it is important to ensure that the information security risk is kept within an acceptable level.

Information security breaches can impact our customers and employees and have major consequences for the business in the form of increased costs and loss of reputation and income. Therefore, information security should support and safeguard the operation of the business, public trust and our reputation in the public space by preventing and limiting the impact of undesirable security incidents.

### How we work

The overarching principles for the work on information security are embodied in a separate Group policy, with the corresponding corporate rules, procedures and guidelines. The documents are based on the recognised framework of the ISF's Standard of Good Practice (SoGP) and ISO/IEC27002.

Posten's information security strategy is based on active risk management. The aim is to establish and maintain a level of security that safeguards personal information, products and services while taking reasonable account of risk, costs and operational matters. The information security work is ongoing, with as much of a focus on employee knowledge of and attitudes to information security as on the technology used to streamline information processing.

The Group's expert unit on information security is responsible for setting the standard and conditions and for being an active advisor and driver in the establishment of adequate information security for all information processing within the Group. This applies to processing carried out internal to the orga-

### Stakeholders

**Owner and authorities:** Expect the implementation of effective information security under the Norwegian government's Action Plan for Information Security in Government Administration and compliance with regulatory requirements, including the information security requirements of personal data regulations.

**Business customers:** Assume and require satisfactory information security, including secure and efficient information flow, predictability and absence of downtime.

**Private individuals:** Customers and employees expect personal information to be handled in accordance with the regulations in a safe and secure manner that supports their work activities.

nisation as much as to processing in systems, applications and networks.

This responsibility also involves setting security requirements for our suppliers, working actively on employee awareness and participating in decision-making processes that affect information security. In addition, we continually monitor the prevailing threat level surrounding cyber security. We perform security tests on our infrastructure, carry out security audits of suppliers and our own internal processes, conduct risk analyses and implement measures to maintain adequate information security.

Daily responsibility for information security lies with line management and in the business area that has the closest relationship to the information being processed. This is where the best conditions are for determining protection requirements and assessing the consequences of absent information, confidentiality breaches and undesirable changes to data. The manager is responsible for information processing in the services and work processes that the department owns, develops and manages.

During 2017, we carried out awareness campaigns aimed at the Group's IT users on the topics of information security, online financial fraud and the secure processing of e-mail. The campaigns took the form of five to ten nano-learning sessions of a two-to-three-minute duration. We consider that there was good and active participation among the users.

Group management receives quarterly updates on the status and risk profile of information security and any ongoing initiatives within the organisation. In addition, it is updated at every Group management meeting on events relating to information security. At the end of each year, we present an annual report to Group management summarising the events that the company has been exposed to in the current year, how we assess the threat level and the actions that are being planned going forward.

We consider that the information security work in the Group is effective. We justify this in that there were no serious security incidents in 2017 that had consequences for our customers or business operations – this in spite of the fact that we are continually

exposed to both viruses/malware and phishing scams.

### No complaints of loss of customer data

**GRI indicator 418-1:** Total number of confirmed complaints concerning breach of customer privacy and loss of customer data.

The Group received no complaints concerning breach of customer privacy or loss of customer data during 2017. Nor have we identified any cases of leaks, thefts or loss of customer data.

We also refer to the section on integrity in the chapter "Our relationships and partnerships" regarding that part of the GRI indicator which pertains to breach of customer privacy.

### Increased digitisation without increased risk

Our aim for the future is to support the business needs of innovation and rationalisation through improved digitisation and the use of new technologies, without compromising the risk level. For example, information security must constantly adapt to changing demands

for mobile access and more stringent privacy requirements. In order to achieve this, we need to successfully implement integrated information security, which is supported by the framework we use (SoGP). Systematic work on risk assessments and the understanding of acceptable risk is a prerequisite for this to succeed.

In addition, the information security and legal departments have established a joint project to adapt themselves to the new privacy regulation, the EU's GDPR, which will enter into force from May 2018. The work involves establishing policies, procedures and guidance to comply with the GDPR, identifying changes that need to be made in IT systems and working out control routines. The work has as much emphasis on information security as on privacy.



# Our ability to change

In a world where development takes place at an ever-increasing rate, Posten is dependent on increasing its pace of change in order to achieve long-term value creation. Developments in the markets in which we operate are driven by increased consumer power and digitisation. This results in changing customer behaviour and increased competition, which in turn create a need for changing framework conditions and multi-dimensional innovation. There are two aspects in this capital area which we have chosen to report on.

## Competitive framework conditions

Self-reporting

## Innovation and service development

GRI indicator: 404-2





## Competitive framework conditions

Self-reporting

In order to ensure good framework conditions for the business, it is important for Posten to work proactively and with a long-term perspective with regard to central government. It is particularly important to create an understanding of the need for restructuring and adaptation of the services offered within the mail segment. Changing relevant framework conditions can often take a long time. There are financial and strategic risks associated with framework conditions that are not tailored to the competition situation and changing customer demands.

### How we work

Posten's social mission is to ensure the provision of high quality, reasonably priced nationwide postal services. This has been set down in the company's Articles of Association.

The Norwegian government's Ministry of Trade, Industry and Fisheries is responsible for management of the state's ownership in Posten Norge AS, while the Ministry of Transport (SD) is responsible for postal legislation, including the system for government procurement of statutory postal services that are not commercially profitable.

The Norwegian Communications Authority (Nkom) supervises Posten to make sure it is fulfilling its obligations as set out in the Postal Services Act, regulations and licence. The Group must also deal with other relevant authorities that are of significance to our operations, including our corporate social responsibility activities.

Posten has its own regulatory unit that is responsible for working with national and

international framework conditions. This includes:

- Dialogue with SD on overarching framework conditions
- Dialogue with SD and Nkom concerning specific matters
- Reporting to Nkom, including delivery times and annual product accounts
- Active participation in the Universal Postal Union and industry organisations at EU level
- Membership and participation in Spekter and NHO Logistics and Transport
- Consultation responses and other contributions on political matters of importance to the Group

Posten must act as a credible and constructive voice of opinion on all questions relating to regulatory and other matters that directly affect the business in order to maintain its role as a socially responsible company and obligatory provider in the Norwegian postal market.

### Stakeholders

**Owner and authorities:** Expect good, constructive input on relevant processes.

**Suppliers:** Posten's framework conditions affect suppliers' framework conditions.

**Private customers and local communities:** Framework conditions could have consequences on the further development of the service.

**Business customers:** Framework conditions could have consequences on the service offer.

**Employees:** Could have an impact on their working day.

## Posten has implemented a number of structural changes

In recent years, Posten has implemented a number of structural changes and measures that have contributed to maintaining earnings on postal services in spite of a significant decline in letter volumes. In 2016, Saturday postal deliveries were discontinued, and as of 1 January 2018, A-mail and B-mail were merged into a new service with a two-day delivery period. Political acceptance and changes to regulatory requirements were necessary prerequisites for these much-needed reorganisations. However, they will not be sufficient to compensate for the negative effect on profit caused by the future decline in letter volumes. If regulatory requirements are not tailored to the restructuring which Posten believes is necessary to ensure satisfactory profit development, the extra costs will have to be financed through the government procurement of unprofitable business services.



# STAKEHOLDER | INTEREST ORGANISATIONS | ZERO

**ZERO** is an independent, non-profit environmental foundation that works to drive zero-emission solutions and curb investment in solutions that cause emissions.

**“In what way is Posten’s work on sustainability important to you?”**

“Posten has been working systematically and with dedication on sustainability for a long time, and it has thus become one of the most knowledgeable companies in Norway on climate-friendly transport. We need that knowledge! When Posten takes the initiative and tries out new types of vehicles and fuels, it contributes experience that benefits the whole industry. As we know, the industry needs to halve its emissions from transport in just a few years. Posten’s knowledge of solutions for sustainable transport will also be useful to national and local governments in the next few years as they reinforce climate policy to achieve national and global climate goals.”



Photo: Tone Okeneas

Posten’s trialling of new types of vehicles and fuels benefits the whole industry, according to environmental organisation ZERO.



When Posten takes the initiative and tries out new types of vehicles and fuels, it contributes experience that benefits the whole industry.

**KARI ASHEIM**

Department head for transport at ZERO



## Innovation and service development

GRI indicator: 404-2

In recent years the Group has been through major changes due to digitisation, increased consumer power, a more complex competition situation and a different market dynamic.

Reduced mail volumes have resulted in the merging of A and B streams into a single mail stream. For the same reason, the government has also proposed reducing Posten's mail delivery to every other day from 2020. At the same time, the trend of increased parcel volumes continues, partly due to a rise in online commerce. When we combine this with a rise in international trade, we have the background for the desired and necessary changes.

For us at Posten, this represents an opportunity of enormous scope, while simultaneously presenting us with some challenges. We keep asking ourselves how we can meet our customers' needs in an even better way tomorrow. We need to take advantage of the digital universe for the benefit of our customers – using new business models, customised services, more efficient operations, good platforms and, not least, a good digital customer interface. Much of the change that our customers and partners experience is a natural and expected development: Posten is changing because people are changing.

### How we work

In order to ensure our position in rapidly changing markets, we must, in addition to acquiring new expertise, undergo a cultural shift. Digitisation must lie at the root of our efforts in solving tomorrow's challenges. For this reason, the Group set up a unit for digital innovation in 2017. The new unit will serve as a centre of excellence for innovation and digital business development and ensure that Posten has a technologically forward-looking, customer-oriented architecture. The unit will help us to develop more efficient processes for getting new ideas to the market more quickly.

The Board is committed to raising the Group's innovative capabilities and digital vigour to enable us to develop new growth areas and solutions for both senders and recipients. In 2017, the Group developed

a digital strategy which states that digitisation should be Posten's principal tool in its journey towards increasingly customer-orientated simplification. A clear digital strategy is essential for creating future competitive strength.

In order to support the digital strategy, the Group has created a digital forum, with representation from all divisions in the Group. The digital forum has the task of monitoring Posten's digital position, deciding its direction and the momentum of any selected initiative.

No formal evaluation of the work on this subject was carried out during 2017, but in 2018 consideration will be given to creating one or more KPIs.

### Stakeholders

**Owner and authorities:** Interested in return on equity (continuation requires adaptability) and also interested in good restructuring processes.

**Business customers:** Interested in Posten fulfilling relevant customer needs at all times. Increasingly demand new, preferably customised, services where digital applications are important.

**Private customers and local communities:** Interested in Posten fulfilling relevant customer needs at all times. Increasingly demand new services and business models.

**Employees:** Interested in good restructuring processes in connection with, e.g., needs and expectations concerning internal and external mobility. Innovation could affect the number of jobs.



## Innovation on the agenda

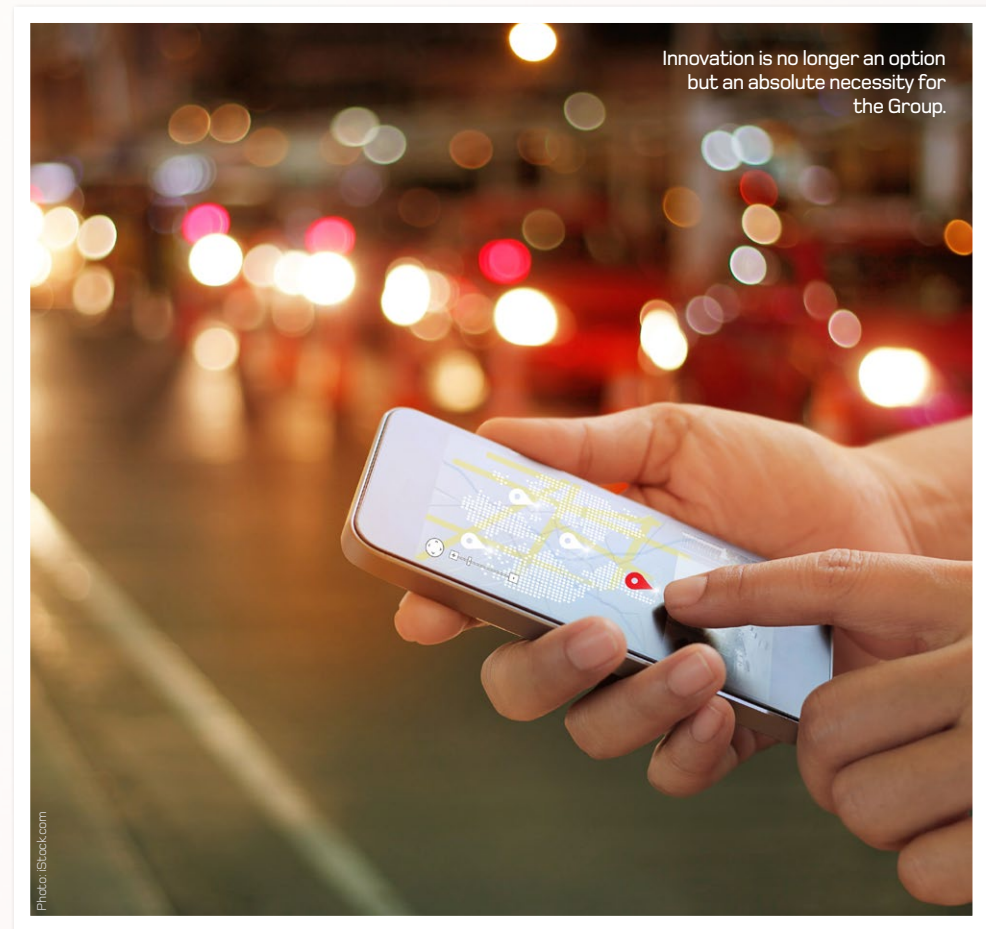
To an even greater extent than in previous years, the changes mean that the Group needs to consider innovation in several dimensions. It is no longer sufficient to think only about productivity improvements or working smarter with existing services and processes. To ensure success in the future we have to challenge, refine and change. In several industries, new competitors enter and change the dynamics of the market practically overnight. This has happened, most obviously, within personal transport, accommodation and banking/finance, etc. The threat that lies in reactivity is now clearer than ever. We consider a number of the changes we are experiencing to be permanent shifts. Innovation is therefore no longer an option but an absolute necessity.

During 2017, we continued to enjoy good collaboration with the Center for Service Innovation at the Norwegian School of Economics (see [csi.nhh.no](http://csi.nhh.no)). Posten has also become a main partner of StartupLab and a member of Open Innovation Labs. These collaborations will continue in 2018.

## Future challenges

Areas that will impact our industry in the future include: network and platform economies; self-driving vehicles; the analysis of large volumes of data for new insights; opportunities for home delivery arising from smart homes; and the exponential growth of the Internet of Things. We constantly challenge ourselves to deliver even better services to our customers based on the business models of the future. The Group will continue to work on developing the mail and logistics services, both alone and with our customers and partners.

We have a policy agreement whereby realignment assistance is agreed between the parties should an employee become redundant as a result of essential downsizing and it is not possible to offer new work. Realignment assistance is mainly the provision of job-seeking courses. In larger exercises where it is not possible to offer new work internally, agreements are entered into with outplacement companies for additional assistance. The offer does not apply to minor part-time positions. Participation is voluntary.



## Equipping our employees with a better aptitude for change

**GRI indicator 404-2:** Programmes for employee competence raising and realignment.

Development opportunities for employees help to make the Group a more attractive employer. At the same time, they prepare employees for coping with changes to their working day and taking on new tasks.

In addition to skills development in the workplace, training courses are offered through the Group's own learning portal, the Academy. 50,245 individual e-learning courses were completed during 2017. This figure includes learning which is customised to Posten's partners in Post i Butikk in Norway and external carriers.

It is the Group's ambition to have the greatest number of employees as possible in Norway with certificates of apprenticeship. The apprenticeship scheme is used to recruit young people with a relevant vocational education into transport and logistics. In 2017,

the last survey showed that 1,095 permanent employees had certificates of apprenticeship and 78 apprentices were in training.

For employees in job realignment programmes, the Group can offer retraining based on individual assessment. The Group also offers educational scholarships. The scholarship scheme should help to motivate employees to strengthen their formal competence. In 2017, 34 educational scholarships were awarded.

The Group has also developed its own concept for the statutory basic training on the working environment. The training comprises three mandatory parts: two e-learning courses and a two-day meeting. The training provides participants with an understanding of how we work on HSE at Posten and an understanding of better collaboration between various actors in HSE work. 107 managers, union representatives, safety representatives and HR/HSE employees completed the basic training in the working environment during 2017.

The Group's employees in Norway have, since 2015, been offered a basic Norwegian course in reading, writing and oral skills. The purpose of the course is to strengthen employees' language skills, which will assist with the mastering of tasks and increase wellbeing. It also improves safety in the workplace and helps employees become better qualified for job realignment. Seven employees completed the Norwegian course in 2017.

We have a policy agreement whereby job realignment assistance is agreed between the parties should an employee become redundant as a result of essential downsizing and it is not possible to offer new work. Realignment assistance is mainly the provision of job-seeking courses. In larger exercises where it is not possible to offer new work internally, agreements are entered into with outplacement companies for additional assistance. The offer does not apply to minor part-time positions, and participation is voluntary.

## Our financial capital

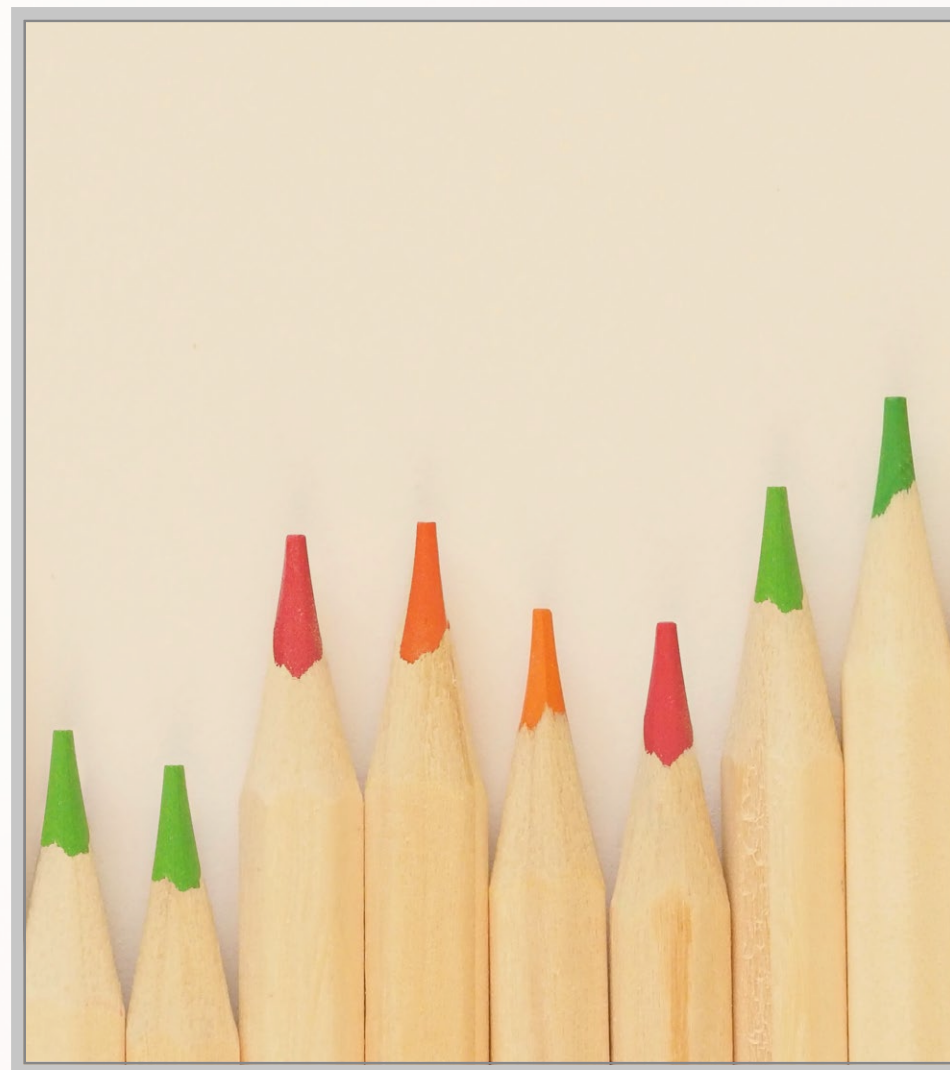
Our financial capital forms the basis of our ability to develop the Group and to create long-term value for our owner. Satisfactory financial performance, solvency and liquidity are vital in order to gain access to new capital. There are two aspects which need to be reported on in this capital area.

### Return on equity

Self-reporting

### Solvency and liquidity

Self-reporting



## Return on equity

Self-reporting

Good return on equity is relevant to meeting the requirements and expectations of the owner, banks and investors. Return on equity is important for access to capital markets and provides financial flexibility and the operational ability to realise ongoing strategies and investment programmes.

### How we work

Posten has a separate unit with specialist expertise in finance which ensures that the Group has the financial flexibility to operationalise its strategies and achieve its objectives.

The Group's investment committee is responsible for ensuring the quality of all significant investments made by the Group. Investment decisions are based on thorough analysis and should meet the given criteria to

ensure the necessary return on equity.

Regular meetings are conducted with lenders to discuss investment plans and financing needs, etc. In addition to the Group's presentation of annual and half-year results, relevant banks and investors are also invited to attend an annual meeting to review Posten's results, strategies and future prospects.

### Positive development and good prospects

It is important for Posten to have sufficient financial latitude to implement its investment plans and operations in a demanding market. All Posten managers and employees have a simultaneous responsibility for ensuring a satisfactory return on equity by contributing to continuous operational improvements.

Posten's investment in new distribution centres will, together with the Group's ongoing improvement programme, lead to more standardised work processes, better customer experiences and increased profitability.

Ongoing and future investments combined with improvement initiatives will contribute to more efficient operations and increased returns on equity.

As of 31 December 2017, Posten's equity was approximately NOK 6,400 million, with an equity ratio of 37.6 per cent. The return on equity in 2017 was below owner requirements, but development is positive. The reason for higher equity returns in 2017 was mainly better results from operations, as well as capital gains.

### Stakeholders

**Owner:** Sets out requirements for return on equity.

**Investors and banks:** Relevant to raising capital.

**Employees:** Relevant to job security.



## STAKEHOLDER | THE CAPITAL MARKET | NORDEA

Posten is **NORDEA'S** customer within a wide range of financial services.

### "In what way is Posten's work on sustainability important to you?"

"Nordea is working systematically on sustainability in all parts of the organisation and with our customers, on both the investment and financial sides. Sustainability will remain an important subject to be emphasised in our future dialogue with and assessments of customers. Posten is an important customer for us and has come a very long way by thinking about sustainability in every part of its business strategy. Nordea would like to support Posten's good sustainable business models by being able to provide sustainable financing solutions. Posten is a well-known and cherished brand name for many in Norway, and its work and demands in relation to sustainability therefore send a very important signal to its partners and to the Norwegian people. In addition, the high demands it places on sustainability in all parts of its own and on its subcontractors' operations contribute to the faster development of products and services with higher sustainability and green standards. Posten is an important pioneering example and a driving force behind the green shift in Norway, and this is also important to Nordea."



"Posten is an important pioneering example and a driving force behind the green shift in Norway, and this is also important to Nordea."

#### THINA SALTVEDT

Senior Adviser in Nordea's Sustainable Finance Department

## Solvency and liquidity

Self-reporting

Solvency and liquidity are important for meeting the requirements of the owner, banks and investors, as well as for ensuring the Group's ability to realise its operational goals.

### How we work

The Finance Department is responsible for the Group's liquidity management and solvency. The Group shall have satisfactory liquidity and loan reserves at all times, and

the investment programme is continuously monitored to ensure that capital requirements do not conflict with this objective.

### Good solvency and liquidity

Posten has good solvency and liquidity and considerable financial flexibility. Good capital discipline has helped to ensure that the Group is able to realise its long-term

strategies and further develop the Posten and Bring brands in a constantly evolving market.

### Stakeholders

**Owner:** Expects good solvency and liquidity.

**Investors and banks:** Relevant to raising capital.

**Employees:** Relevant to job security.



Refer to the accounts and notes in the **Annual Financial Report** for a complete overview of our financial capital.

## STAKEHOLDER | OWNER AND AUTHORITIES | THE GOVERNMENT

**THE NORWEGIAN GOVERNMENT** owns the Group through its Ministry of Trade, Industry and Fisheries.

### “In what way is Posten’s work on sustainability important to you?”

“Posten is a meaningful company for the Government as its owner, for companies and private individuals in Norway and for its employees. Sustainability in economic, social and environmental contexts is important for the Government as owner because it helps to safeguard and develop the Government’s long-term shareholder values. Structured and professional management of sustainability work contributes in our opinion to the company’s business development in that both risks and opportunities are mapped and managed. When good sustainability assessments are integrated into business strategy, we believe they contribute to increased wealth creation.

“The Government as owner has expressed expectations towards factors we believe can contribute to sustainable development in state-owned companies. This includes expectations as to how companies work with climate and the environment and human and employee rights, as well as against corruption and for transparency of cash flows. Companies that do good work integrating relevant sustainability themes into strategies and operations are usually identifiable as having a good understanding of how their business affects their surroundings and the ability to work purposefully on sustainability. They will also set goals for desired outcomes and report openly on them.”



The Government as owner expresses expectations as to how Posten should work on issues such as the environment and employee rights, etc.



“Sustainability in economic, social and environmental contexts is important for the Government as owner because it helps to develop the Government’s long-term shareholder values.”

### HEGE SJO

Director in the Ownership Department at the Ministry of Trade, Industry and Fisheries



## MARKET REPORT

# Weak growth in the marketplace

The post and logistics market is in flux, but last year did not bring about any radical technological shift, in spite of several interesting and important changes. Recognised trends have established themselves and now characterise the market.





Declining letter volumes are affecting the postal business, and positive but weak economic development in Norway means that growth in the logistics market is also weak. Economic development was strong in Sweden during 2017, and internationally too, the prospects for growth are better than they have been for some time.

### Postal services in flux

The digitisation of society is reducing the demand for traditional postal services. In the last few years, customers in both the public and private sectors who send out administrative mail have continued to develop their digital solutions. This has resulted in an accelerated decline in the volume of Norway's letter post. Volume has fallen by 60 per cent since the peak year of 1999, and in 2017 volume fell by 13 per cent.

As of 1 January 2018, A and B mail streams were combined into one stream with a two-day delivery period. By removing the need for overnight delivery of mail, a significant volume that was previously forwarded by air has been transferred to ground-based transportation, thus reducing costs and CO2 emissions. The change was

absolutely necessary to allow Posten to continue providing good and competitive postal services to the whole population.

Elsewhere in Europe too, postal services are changing in line with declining volumes. The Danes, for example, have drastically cut the number of delivery days. Posten is also considering a reduction in the number of days but is dependent on changes in regulatory conditions to implement the change. In order to ensure future profitability in the mail segment, it is necessary to inject some flexibility into the regulatory conditions to allow prompt readjustment of supply to demand.

For those involved in marketing, written communication is still in a strong position. Customer newsletters, brochures and marketing leaflets still function well on paper and are maintaining a steady volume level.

### Growth in the Western economy

The global economy continued to grow stronger through 2017. The euro area seems to have passed a cyclical low point, and the economic upturn appears to be somewhat stronger than initially assumed. Reduced unemployment has strengthened consumer

confidence in the economy, and increased capacity utilisation has led to increased demand for investment.

Growth is strong in the Swedish economy. Production rose throughout 2017, which, together with reduced unemployment, is providing good overall opportunities for growth. The Swedish krone remains relatively weak, meaning that Swedish exports are very competitive. Any fragility in the Swedish economy is related to weak and falling house prices, which, during a prolonged fall, can result in a ripple effect on the rest of the economy.

Economic growth in Norway is weaker than in Sweden. The driving forces that have helped to curb the recession are expected to have a more neutral role going forward. Weak growth is expected, with increased oil investment and increased international growth being important contributors. This means that economic growth, although weak, will probably be positive.

### Increased competition

There is a clear relationship between economic growth in the logistics market and the economy overall. The logistics market in



Economic growth has resulted in slightly higher volumes, but strong competition has led to price pressures.

Norway has been challenging during 2017 as well. Economic growth has resulted in slightly higher volumes, but strong competition in the market has led to price pressures. There is slightly more activity and growth in the Swedish market, but here too competition between major Nordic players and international networks is contributing to increasing downward pressure on prices. The eventual outcome will be that prices fall so much that this forces more cost-effective logistics networks, which will also impact Posten.

The competitive situation in the Nordic market is also characterised by ongoing consolidation, in which three international corporations and the former postal companies are the dominant players. These five players account for over 40 per cent of the total logistics market.

One market trend is that more customers want their entire logistics solutions coordinated and simplified through fewer suppliers and centralised warehouses, especially in Southern Sweden and, to a somewhat lesser degree, in central Eastern Norway. The ongoing globalisation process is leading to ever larger international product streams, which is resulting in stronger competition from low price actors. Retail companies from Central Europe see opportunities for growth in the

Nordic region, and structural changes are occurring in both the logistics industry and commerce, where traditional boundaries, in terms of what individual actors take responsibility for, are changing. For this reason it is becoming increasingly important to capture volumes heading for the Nordic region that originate from outside of our immediate vicinity. This is especially true with regard to the parcel and freight segment.

### E-commerce is growing

The growth in parcels is strongly influenced by the growth of online shopping in the Nordic region. Within the logistics market, online trade is demonstrating the strongest growth, with a large part being in cross-border trade. Online trade will continue to grow sharply in the years to come, and new industries will offer various forms of online solutions.

A comprehensive analysis of the Norwegian e-commerce market from online payment company DIBS Payment Services indicates a growth rate of over 20 per cent in online goods and services. 85 per cent of Norwegians shop online and 54 per cent have done so using their mobiles. Within the goods segment, the report shows that 28 per cent of all online purchase are made on a

mobile. The largest proportion of consumers continues to be those purchasing clothes and shoes, but in terms of turnover, spending is higher in electronics.

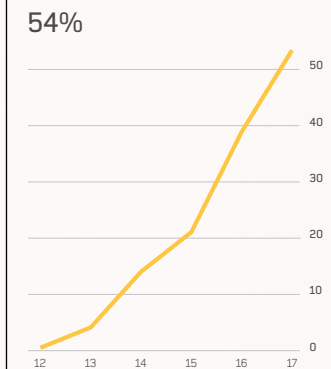
One trend in the market is that more and more sellers have both a physical outlet and an online shop, and an increasing number are connecting the two sales channels. For example, some sellers allow customers to order goods online in the physical shop if the desired item is not in stock, or to return goods purchased online to a physical shop. The market, however, is characterised by intense rivalry among existing actors, strong bargaining power amongst consumers and a strong threat from potential new entrants. Development is likely to move towards fewer but larger providers, and consumers will increasingly expect fast, simple and flexible delivery. The letter box is a very attractive option when it comes to e-commerce, and the quantity of small packages arriving that way is growing, compensating slightly for the fall in letter volumes.

### Innovation and digitisation having an effect

The mail segment realised the ramifications of digitisation and declining letter volumes

### E-commerce volume

growth (in per cent)



long ago. In recent years, the logistics segment has also noticed changes arising from the growth in e-commerce. In the future, innovation and digitisation are expected to further affect the market in the form of new developments that will impact our business models. Last autumn, Tesla launched its new electric truck, which should have sufficient range to be able to operate within the normal driving- and resting-time parameters. Other actors are experimenting with electric trucks that are charged through power rails in and along the road surface.

Several car manufacturers and other players are busy designing self-driving cars. Within the transport industry we are seeing the possibilities of a convoy with a manned leading car followed by several self-driving cars. This creates savings by both freeing the driver up to perform other tasks and reducing the distance between cars, which in turn provides less air resistance and lower CO2 emissions.

Many companies are also experimenting with drones, both as independent parcel carriers flying directly from warehouses and as assistants to parcel carriers where the drone can fly from the car to the most remote delivery addresses. Some types of

deliveries, such as small, high-value parcels or those requiring fast delivery, will also be suitable for delivery with drones.

New technology offers opportunities for innovative thinking, both large and small scale. The Group is following development closely and will focus on innovation and digitisation across its entire business portfolio. Areas such as AR (augmented reality), VR (virtual reality), robotics and AI (artificial intelligence) will be involved. The initiative is part of creating growth and profitability through new services and the improvement of existing services.

### Focus on infrastructure and the environment

The Nordic countries are experiencing population growth with relatively high birth rates compared with the rest of Europe, combined with high net immigration rates. Urbanisation is also continuing and an ever-increasing proportion of the population is concentrated around the major cities and regional hubs.

In spite of substantial public investment in cities, the infrastructure is failing to keep pace with the increase in road traffic, which in turn is creating more and more environmental and noise-related problems. There

is therefore a strong focus on expanding railways. Passenger transport is being prioritised, meaning that the transfer of freight from road to rail is moving slower than desired.

At the same time, car manufacturers continue to develop and produce more environmentally friendly cars. In the Nordic countries, longer and heavier articulated vehicles (25 metres/60 tonnes) are being used on approved roads, which reduces the number of heavy goods vehicles on the roads as well as costs, fuel consumption and exhaust emissions.

In order to facilitate distribution in cities, several companies have set up projects with those cities for testing new transport methods. New, innovative vehicle solutions are being tested and the value chain is being challenged and restructured to accommodate, for example, smaller distribution warehouses to reduce the use of delivery vehicles. It is important for logistics companies to work closely with customers, the authorities and expert communities in order to identify good, future-oriented solutions for guaranteeing distribution in the cities.



New technology offers opportunities for innovative thinking, both large and small scale. The Group is following development closely and will focus on innovation and digitisation across its entire business portfolio.

## Overview of reported indicators in 2017

The GRI Standards template includes two levels at which we can report: Core or Comprehensive. We have chosen to report at the Core level. In total, we report on 29 indicators. Of these, 21 are GRI indicators and 8 are our own.

We also report profile information. This includes general information about the Group and our operations. Most of this profile information can be found in the Annual Financial Report or on Postennorge.no. In the auditor's report, the auditor confirms that the profile information has been reported.

GRI – General Standard Disclosures			
General Standard Disclosures	Title	Page number or link	External at-testation
<b>Organisational profile</b>			
102-1	Organisation's name	This is Posten Norge	Yes
102-2	Activities, brands, products and services	<a href="http://www.PostenNorge.no/om-oss">www.PostenNorge.no/om-oss</a>	Yes
102-3	Location of head office	Nordic map – <a href="http://PostenNorge.no/om-oss">PostenNorge.no/om-oss</a>	Yes
102-4	Location of operating sites	Nordic map – <a href="http://PostenNorge.no/om-oss">PostenNorge.no/om-oss</a>	Yes
102-5	Ownership and legal information	<a href="http://www.PostenNorge.no/om-oss/organisasjon/selskapsform-og-styring">www.PostenNorge.no/om-oss/organisasjon/selskapsform-og-styring</a>	Yes
102-6	Market presence	<a href="http://www.PostenNorge.no/om-oss/organisasjon/divisjoner-posten-norge">www.PostenNorge.no/om-oss/organisasjon/divisjoner-posten-norge</a>	Yes
102-7	Organisation's size	<a href="http://www.PostenNorge.no/om-oss/organisasjon/divisjoner-posten-norge">www.PostenNorge.no/om-oss/organisasjon/divisjoner-posten-norge</a>	Yes



<b>GRI – General Standard Disclosures</b>			
<b>General Standard Disclosures</b>	<b>Title</b>	<b>Page number or link</b>	<b>External at- testation</b>
102-8	Information about employees and other workers	Our employees; Supplier management	Yes
102-9	Supply chain	Sustainability Report, PostenNorge.no/om-oss	Yes
102-10	Significant changes in the organisation and its supply chain	Note 23 in Annual Financial Report	Yes
102-11	Precautionary principle/approach	Corporate governance (item 10) in Annual Financial Report	Yes
102-12	External organisations and initiatives	United Nations Global Compact, Global Reporting Initiative G4, Zero, SINTEF, Næring for Klima, International Post Corporation, Nordic Swan Purchasing Club and Grønt Punkt	Yes
102-13	Membership of associations	Our network and expertise	Yes
<b>Strategy</b>			
102-14	Statements from the top decision-maker	A word from our CEO; the Board's annual report in the Annual Financial Report	Yes
<b>Ethics and integrity</b>			
102-16	Values, principles, standards and behavioural norms	This is Posten and Bring; Sustainability Report; Our relationships and partnerships; Integrity	Yes
<b>Management</b>			
102-18	Management structure	PostenNorge.no/om-oss; corporate governance in the financial report; independent attestation report	Yes
<b>Stakeholders</b>			
102-40	List of stakeholder groups	Key stakeholders	Yes
102-41	Collective agreements	Our employees; Equal pay and equal opportunities	Yes

<b>GRI – General Standard Disclosures</b>			
<b>General Standard Disclosures</b>	<b>Title</b>	<b>Page number or link</b>	<b>External attestation</b>
102-42	Identification and selection of stakeholders	Key stakeholders; Sustainability Report	Yes
102-43	Approach to stakeholder engagement	Key stakeholders	Yes
102-44	Key themes and concerns taken up	Key stakeholders	Yes
<b>Reporting practices</b>			
102-45	Units included in Group accounts	PostenNorge.no/om-oss/organisasjon/konsemstruktur	Yes
102-46	Report content and delineations	Our strategy for creating long-term viability	Yes
102-47	List of material themes	Our strategy for creating long-term viability	Yes
102-48	Repetition of information	Our network and expertise; Our employees	Yes
102-49	Changes in reporting	Sustainability Report	Yes
102-50	Reporting period	1 January to 31 December 2017	Yes
102-51	Date of last report	Norwegian edition of online report, 17 March 2017; English edition of online report, 8 May 2017	Yes
102-52	Reporting cycle	Annual reporting	Yes
102-53	Contact point for questions regarding the report	rapport@posten.no	Yes
102-54	Reporting in accordance with GRI Standards	Sustainability Report; GRI Content Index	Yes
102-55	GRI Index	Sustainability Report; GRI Content Index	Yes
102-56	External audit	Independent attestation report	Yes

# GRI overview: Our employees



GRI – Specific Standard Disclosures					
DMA and Indicators	Title	Page number or link	Exclusion(s)	External attestation	Sustainable Development Goals
<b>Health, safety and working environment</b>					
<b>GRI 103 Management approach 2016</b>					
103-1	Explanation and delineation of themes			Yes	
103-2	Management approach			Yes	
103-3	Evaluation of management approach			Yes	
<b>GRI 403 Health, safety and working environment 2016</b>					
403-1	Employee representation on formal HSE committees with representatives from management and employees		Information on workers who are not employees is not available: reporting can only include own employees. An assessment will be made as to whether this is sufficient.	Yes	

GRI – Specific Standard Disclosures					
DMA and Indicators	Title	Page number or link	Exclusion(s)	External attestation	Sustainable Development Goals
403-2	Type and frequency of personal injuries, occupational diseases, lost working days and absenteeism, and total number of work-related fatalities by region and gender		<p>a) The Group does not report the frequency of occupational diseases or lost working days as data is not available.</p> <p>b) Injury and accident statistics are broken down by gender for employees in Norway only as the same level of detail is not available from other operations. Assessment is ongoing concerning reporting needs.</p> <p>c) The Group does not have access to full HSE statistics for workers who are not Group employees: working hours for these are not available from the HR system. Assessment is ongoing as to whether the current data base is sufficient.</p>	Yes	3, 5
<b>GRI 406 Non-discrimination 2016</b>					
406-1	Number of incidents of discrimination and measures initiated in connection with these			Yes	8
<b>Attractive workplace</b>					
<b>GRI 103 Management approach 2016</b>					
103-1	Explanation and delineation of themes			Yes	
103-2	Management approach			Yes	
103-3	Evaluation of management approach			Yes	



<b>GRI – Specific Standard Disclosures</b>					
DMA and Indicators	Title	Page number or link	Exclusion(s)	External attestation	Sustainable Development Goals
<b>GRI 202 Market presence 2016</b>					
202-1	Conditions of standard starting salary by gender compared with local minimum wage rates at sites of significant operation.			Yes	8
<b>GRI 401 Employments 2016</b>					
401-1	New employments and staff turnover			Yes	5
401-2	Benefits for full-time employees that are not offered to temporary or part-time employees, by site of significant operation.			Yes	8
<b>GRI 405 Diversity and equal opportunities 2016</b>					
405-1	Diversity in management bodies and among employees		The percentage of employees with an immigrant background is reported for permanent employees in the Norwegian part of the Group only as data is not available from other operations. An assessment will be made concerning the need to make changes in the future.	Yes	5, 8
<b>Good managers</b>					
<b>GRI 103 Management approach 2016</b>					
103-1	Explanation and delineation of themes			Yes	
103-2	Management approach			Yes	

**GRI – Specific Standard Disclosures**

DMA and Indicators	Title	Page number or link	Exclusion(s)	External attestation	Sustainable Development Goals
103-3	Evaluation of management approach			Yes	
<b>Own indicator</b>					
PN-1	Employee satisfaction		The Group did not complete the organisational survey in 2017; therefore data on employee satisfaction is not available. It is scheduled to be conducted in 2018.	Yes	

# GRI overview: Our relationships and partnerships



GRI – Specific Standard Disclosures					
DMA and Indicators	Title	Page number or link	Exclusion(s)	External attestation	Sustainable Development Goals
<b>Customer orientation</b>					
GRI 103 Management approach 2016					
103-1	Explanation and delineation of themes			Yes	
103-2	Management approach			Yes	
103-3	Evaluation of management approach			Yes	
<b>Own indicator</b>					
PN-2	Delivery quality			Yes	
PN-3	Customer satisfaction			Yes	
<b>Open and effective communication</b>					
GRI 103 Management approach 2016					
103-1	Explanation and delineation of themes			Yes	
103-2	Management approach			Yes	

<b>GRI – Specific Standard Disclosures</b>					
DMA and Indicators	Title	Page number or link	Exclusion(s)	External attestation	Sustainable Development Goals
103-3	Evaluation of management approach			Yes	
<b>Own indicator</b>					
PN-4	Reputation			Yes	
<b>Integrity</b>					
<b>GRI 103 Management approach 2016</b>					
103-1	Explanation and delineation of themes			Yes	
103-2	Management approach			Yes	
103-3	Evaluation of management approach			Yes	
<b>GRI 205 Anti-corruption 2016</b>					
205-1	Operations assessed for corruption risk		The Group's risk analysis cannot fully respond to 205-1 at this moment in time, as data broken down by operation is not available. As assessment will be made as to whether changes can be made within the current framework to respond to 205-1 in the future.	Yes	16



<b>GRI – Specific Standard Disclosures</b>					
DMA and Indicators	Title	Page number or link	Exclusion(s)	External attestation	Sustainable Development Goals
205-2	Communication of and training in anti-corruption policies and procedures		The Group does not currently have reporting systems that allow it to fully report on the total number and percentage of employees who have received information and participated in training; data sorted by employee category, business partner and region is not available. Assessment is ongoing concerning data collection and reporting needs.	Yes	16
205-3	Confirmed corruption incidents and implemented measures				16
<b>GRI 206 Anti-competitive behaviour 2016</b>					
206-1	Judicial reactions to anti-competitive behaviour and antitrust and monopolistic practices			Yes	
<b>GRI 418 Privacy 2016</b>					
418-1	Confirmed complaints concerning violation of customer privacy and loss of customer data			Yes	
<b>Supplier management</b>					
<b>GRI 103 Management approach 2016</b>					
103-1	Explanation and delineation of themes			Yes	
103-2	Management approach			Yes	
103-3	Evaluation of management approach			Yes	

GRI – Specific Standard Disclosures					
DMA and Indicators	Title	Page number or link	Exclusion(s)	External attestation	Sustainable Development Goals
<b>GRI 308 Environmental assessment of suppliers 2016</b>					
308-1	New suppliers that were assessed on environmental criteria		The Group is reporting only on suppliers with turnovers in excess of NOK 2 million in 2017; data on other suppliers is not available. No fundamental distinctions are made between new and existing suppliers. Assessment is ongoing concerning data collection and reporting needs.	Yes	
308-2	Negative environmental impact in the supply chain and measures implemented		Data is unavailable on the number of suppliers found to have a significant negative environmental impact or on the number of suppliers where improvements have been agreed. Assessment is ongoing concerning data collection and reporting needs.	Yes	
<b>GRI 414 Social assessment of suppliers 2016</b>					
414-1	New suppliers that were assessed on social criteria		The Group is reporting only on suppliers with turnovers in excess of NOK 2 million in 2017; data on other suppliers is not available. No fundamental distinctions are made between new and existing suppliers. Assessment is ongoing concerning data collection and reporting needs.	Yes	8
414-2	Negative social impact in the supply chain and measures implemented		Data is unavailable on the number of suppliers found to have a significant negative social impact or on the number of suppliers where improvements have been agreed. Assessment is ongoing concerning data collection and reporting needs.	Yes	8

# GRI overview: Our network and expertise



GRI – Specific Standard Disclosures					
DMA and Indicators	Title	Page number or link	Exclusion(s)	External attestation	Sustainable Development Goals
<b>Environmentally efficient transport and logistics</b>					
<b>GRI 103 Management approach 2016</b>					
103-1	Explanation and delineation of themes			Yes	
103-2	Management approach			Yes	
103-3	Evaluation of management approach			Yes	
<b>GRI 305 Emissions 2016</b>					
305-1	Direct emissions of greenhouse gases (CO <sub>2</sub> e)			Yes	12, 13, 14, 15
305-2	Energy – indirect emissions of greenhouse gases			Yes	12, 13, 14, 15
305-3	Other indirect greenhouse gas emissions			Yes	12, 13, 14, 15
305-4	Greenhouse gas emissions intensity			Yes	12, 13, 14, 15

**GRI – Specific Standard Disclosures**

DMA and Indicators	Title	Page number or link	Exclusion(s)	External attestation	Sustainable Development Goals
<b>Network</b>					
<b>GRI 103 Management approach 2016</b>					
103-1	Explanation and delineation of themes			Yes	
103-2	Management approach			Yes	
103-3	Evaluation of management approach			Yes	
<b>Information security</b>					
<b>GRI 103 Management approach 2016</b>					
103-1	Explanation and delineation of themes			Yes	
103-2	Management approach			Yes	
103-3	Evaluation of management approach			Yes	
<b>GRI 418 Privacy 2016</b>					
418-1	Confirmed complaints concerning violation of customer privacy and loss of customer data			Yes	



# GRI overview: Our ability to change



GRI – Specific Standard Disclosures					
DMA and Indicators	Title	Page number or link	Exclusion(s)	External attestation	Sustainable Development Goals
<b>Competitive framework conditions</b>					
GRI 103 Management approach 2016					
103-1	Explanation and delineation of themes			Yes	
103-2	Management approach			Yes	
103-3	Evaluation of management approach			Yes	
<b>Innovation and service development</b>					
GRI 103 Management approach 2016					
103-1	Explanation and delineation of themes			Yes	
103-2	Management approach			Yes	
103-3	Evaluation of management approach			Yes	
GRI 404 Employments 2016					
404-2	Programmes for employee competence raising and realignment			Yes	3, 8

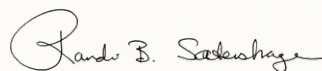
# GRI overview: Our financial capital

GRI – Specific Standard Disclosures					
DMA and Indicators	Title	Page number or link	Exclusion(s)	External attestation	Sustainable Development Goals
<b>Return on equity</b>					
GRI 103 Management approach 2016					
103-1	Explanation and delineation of themes			Yes	
103-2	Management approach			Yes	
103-3	Evaluation of management approach			Yes	
<b>Solvency and liquidity</b>					
GRI 103 Management approach 2016					
103-1	Explanation and delineation of themes			Yes	
103-2	Management approach			Yes	
103-3	Evaluation of management approach			Yes	

Oslo, 15 March 2018




Idar Kreutzer (Chair of the Board)



Randi B. Sætershagen (Vice-chair of the Board)



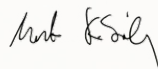
Tove Andersen



Odd Christian Øverland



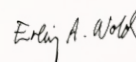
Anne Britt Berentsen



Morten Karlsen Sørby



Ann-Elisabeth Wirgeness



Erling A. Wold



Lars Nilsen



Tone Wille (CEO)

# Independent attestation report



Statsautoriserte revisorer  
Ernst & Young AS

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Medlemmer av Den norske revisorforening

## Independent assurance report – Posten Norge sustainability report 2017

We have performed an independent verification of Posten Norge's sustainability report for 2017 (the Report). We have assessed if the information being presented in the Reporting is based on relevant criteria from the guidelines for sustainability reporting from the Global Reporting Initiative Standards option "core" (GRI Standards). Controlled information is shown in the company's overview of reporting on GRI indicators (the GRI index). The GRI index also includes information related to the UN's Sustainable Development Goals. This information is not verified by EY.

### Management's responsibility

Posten Norge's management is responsible for the selection of the information and collection of the data for presentation and for the preparation of the Report in accordance with the criteria of GRI Standards.

### Our Independence and Quality Control

We have complied with the independence requirements of the Norwegian Law on Auditors and Auditing and other ethical requirements from the Code of Ethics of the Norwegian Institute of Public Accountants which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply International Standard on Quality Control (ISQC1) "Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements" and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's tasks and duties

Our task is to issue an independent report to the Board of Directors on the Report based on our work. Our work is conducted in accordance with ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". The standard requires that we plan and perform procedures to obtain limited assurance that the information in the Report is prepared and presented in accordance with relevant criteria for sustainability reporting in accordance with GRI Standards and does not contain material errors.

Our work has consisted of the following procedures:

- Review of Posten Norge's process for the preparation and presentation of the Report to provide us with an understanding of how corporate social responsibility is ensured in practice within the business
- Interviewed those in charge of reporting to develop an understanding of the process for the preparation of the Report
- Verified on a sample basis the information in the Report against source data and other information prepared by Posten Norge
- Assessed the overall information in the Report against the criteria in GRI Standards including a review of the consistency of information against the GRI index, with the exception of the information related to the UN's Sustainable Development Goals.

In our opinion, the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

### Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the Report, in all material respects, is not prepared and presented in accordance with the GRI Standards, and that the information in the Report contains material misstatements. Indicators covered by our assurance report are listed in the GRI index.

Oslo, 15 March 2018  
Ernst & Young AS

Eirik Tandrevold  
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)



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