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HUNGARIAN POST OFFICE LTD.  
ENVIRONMENTAL REPORT  
2004





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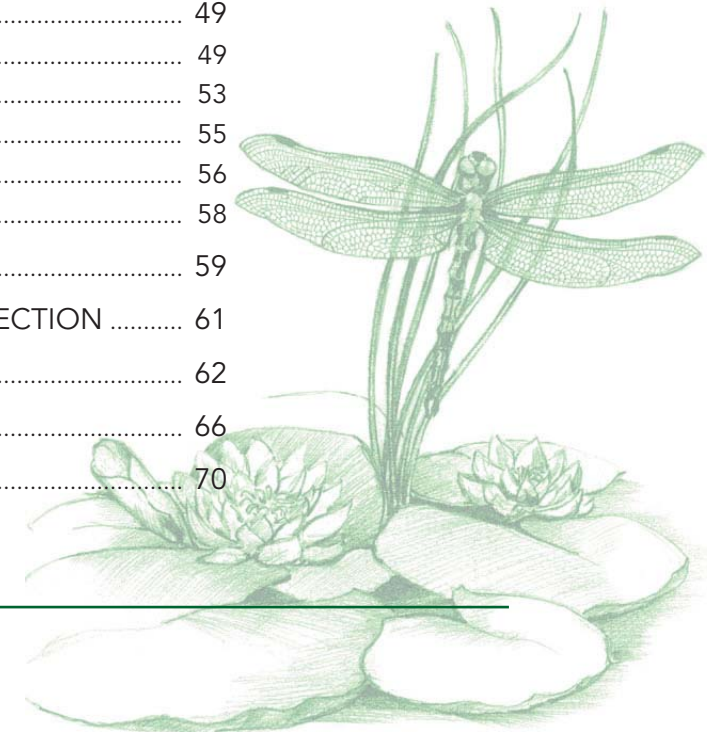
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22 August 2005

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## WELCOME

### Dear Clients, Partners and Colleagues,

2004 is of great significance not only for Hungary but for the Hungarian Post Office Ltd. (Magyar Posta) as well. With our accession to the European Union we have become members of a larger community with different expectations.

The changed environment places increasing numbers of challenges before us, we have to cope with increasing competition, and not only in the business sphere, but also in environmental protection as well. On answering these challenges our aim is for our company to become a more up to date postal company in terms of its point of view and its services that adapts better to EU norms. We desire to retain our clients with good quality, competitive services based on modern technology and to strengthen our market position.

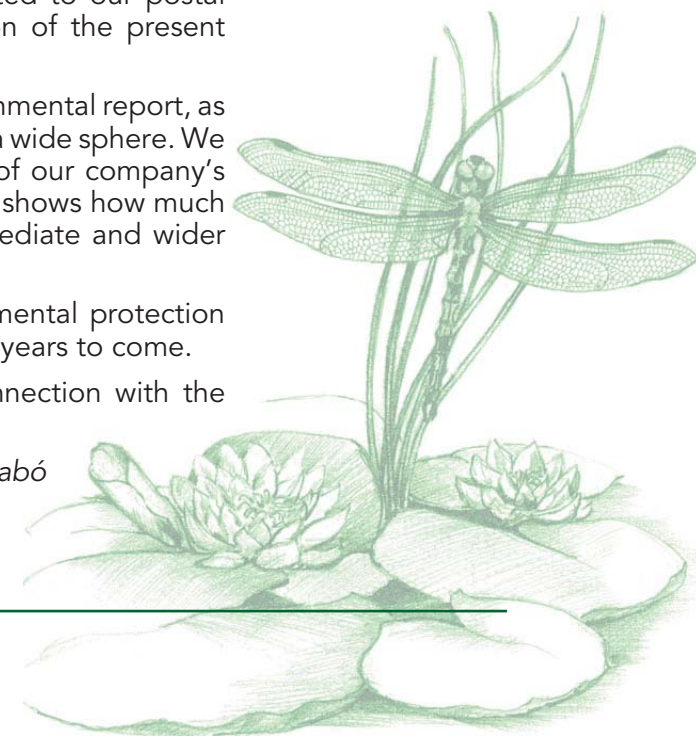
The Hungarian Post Office Ltd. – as it stated in its Environment Policy – recognises the importance and necessity of environmental and nature protection. Adapted to our postal activity and business plans prevention is a key issue, as is the protection of the present environmental and natural balance and the prevention of deterioration.

This is the third occasion on which our company has made a public environmental report, as we feel it important to present the successes we have attained in this field to a wide sphere. We hope that the data and information contained in it give a true reflection of our company's commitment to the protection of the environment and that the publication shows how much Magyar Posta accepts its responsibility towards the protection of its immediate and wider environment.

We trust that as a result of the continual improvement of our environmental protection performance, we will be able to report on even more positive results in the years to come.

We would be grateful to receive any opinions or observations in connection with the published report.

*Dr. Pál Szabó*  
CEO





## OUR COMPANY

The Hungarian Post Office Ltd. (Magyar Posta) started operations on 1 January 1994 with the transformation of the Hungarian Post Company as its legal successor.

### The Company

Headquarters	H-1122 Budapest, Krisztina krt. 6-8.
Core activity	national postal services
Share capital	HUF 11,613,027,000
Founder	Minister of Transport, Communications and Water Management
Party exercising ownership rights, single shareholder	Hungarian Privatisation and State Holding Company
Average staff level	39,780
Turnover from the sales	
of products and services	HUF 154,898 million*
other income	HUF 2,312
Operating expenditures	HUF 144,296 million
Operating profit	HUF 4,339 million

The number of properties used by the Hungarian Post Office Ltd. is 3050, of which 2000 are own property, 937 leased properties and 113 used properties.

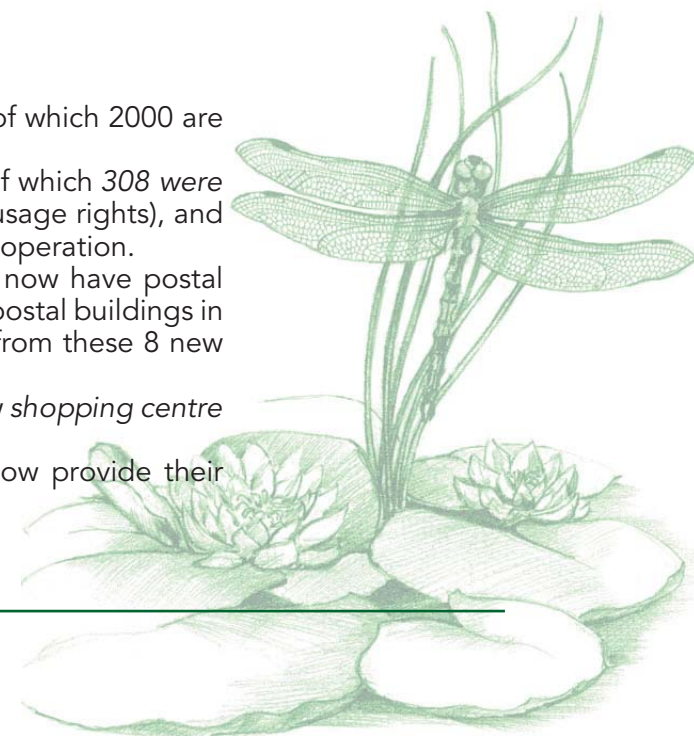
The modernisation of the post office network involved 366 properties, of which 308 were permanently closed (93 sold; 201 returned leased properties; 14 returned usage rights), and 58 continue to operate with local authority support or under local authority operation.

With the construction of new post office buildings 3 large settlements now have postal services; the *Békéscsaba 1* development has been completed, and the new postal buildings in the towns of *Hajdúböszörmény* and *Tolna* have been handed over. Apart from these 8 new post offices have been constructed.

Conforming to consumer habits and the demands of the customers 4 new shopping centre post offices have been set up.

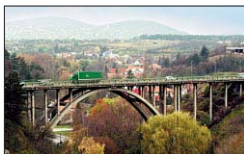
With the reconstruction of 6 out of date post office buildings these now provide their services in a pleasant, customer-friendly environment.

\* 1 EUR 243,70 HUF, 1 USD 200,03 HUF (National Bank of Hungary, 22 August 2005)





## THE ACTIVITIES OF THE HUNGARIAN POST OFFICE LTD.



The new postal act – Act CI of 2003 – was approved by the National Assembly of the Republic of Hungary on 17 November 2003 and entered into force on 1 January 2004, which is in harmony with the postal directive 97/67/EC of the European Parliament and the Council and its amendments. The Hungarian Post Office Ltd. is the universal service provider designated by law.

The most important prescriptions of the *universal service provision* obligation are that the services have to be provided so that they are accessible for everyone in terms of location and time, at a reasonable price, without discrimination and at a determined quality of service.

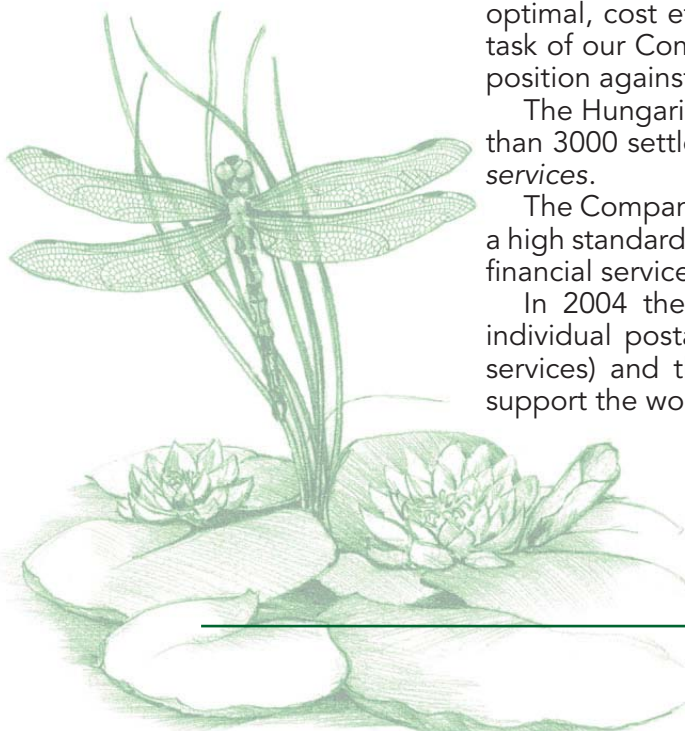
The Hungarian Post Office Ltd. enjoys full legal protection in the sphere of the *reserved services*, in 2004 these included services in connection with domestic and international letter items and direct mail items of a maximum 100 grams. In harmony with the EU postal directive the scope of reserved services is to be gradually reduced and from 2009 the postal market is to be completely liberalised.

The market opening set for 2009 naturally means the loss of the monopoly, which forces optimal, cost effective operation onto postal companies. In the following years the primary task of our Company is to expand and modernise its range of services and to strengthen its position against the competitors entering the market.

The Hungarian Post Office Ltd. provides its universal and reserved postal services in more than 3000 settlements, but over and above this it also currently offers other *business-based services*.

The Company desires to continue to carry out its obligation to provide universal services at a high standard and in the scope of traditional postal services (letter mail newspapers, parcels, financial services) it desires to remain a significant market player.

In 2004 the company structure was reorganised. Business units were formed for the individual postal services (letter mail, newspaper, international, logistics services, financial services) and the internal service-providing functional service centres were set up, these support the work of the business units.





## THE ENVIRONMENT POLICY OF THE HUNGARIAN POST OFFICE LTD.

The Hungarian Post Office Ltd. recognises the importance and necessity of environment and nature protection.

It is conscious of the fact that a basic condition of long-term business development is the sensible use of environmental elements and the avoidance of unjustified loading of the environment.

When making its decisions it endeavours to ensure the balance among social, company and environmental protection interests whilst taking into consideration sustainable development.

Its objective is to comply with the expectations of the European Union with the continuous improvement of its environmental performance.

The Hungarian Post Office Ltd. undertakes the obligation to protect the environment and to improve its condition.

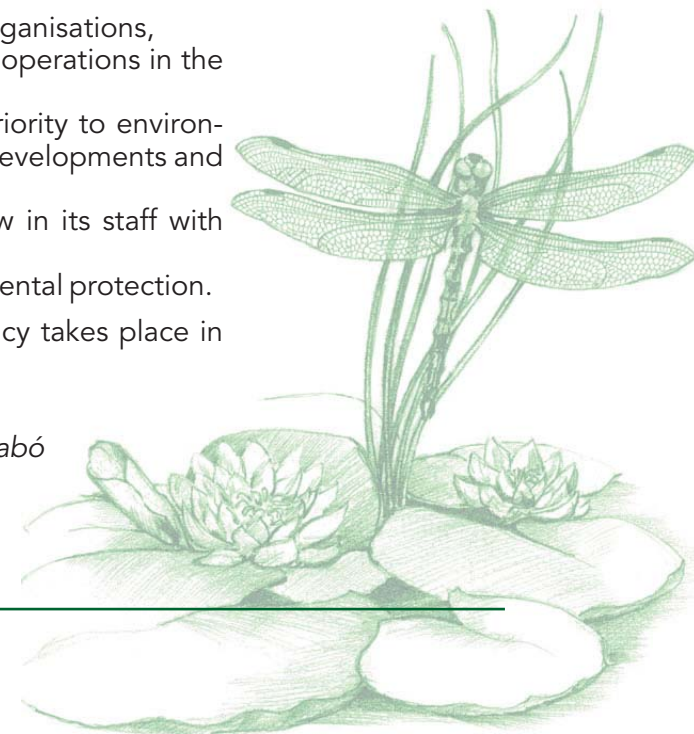
In the interest of this the Hungarian Post

- ensures the observance of legal and authority prescriptions,
- cooperates with the authorities, local governments and professional organisations,
- treats the termination of any environmental pollution deriving from its operations in the past as a special problem,
- takes into consideration environmental protection issues and gives priority to environmentally friendly technologies and products during its procurements, developments and investments,
- promotes the formation of an environmental protection point of view in its staff with regular education, training courses and information,
- regularly publishes its data and information in connection with environmental protection.

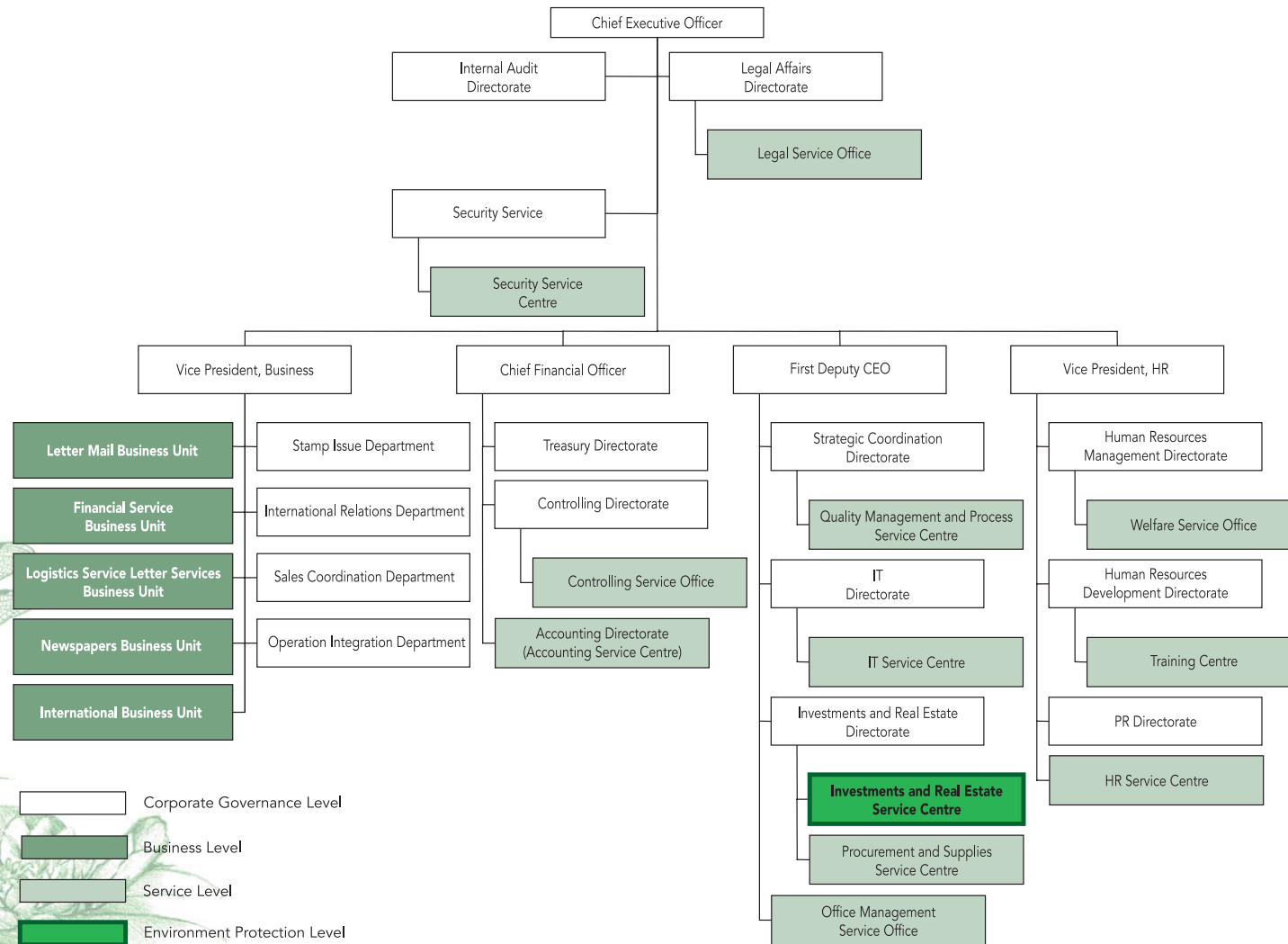
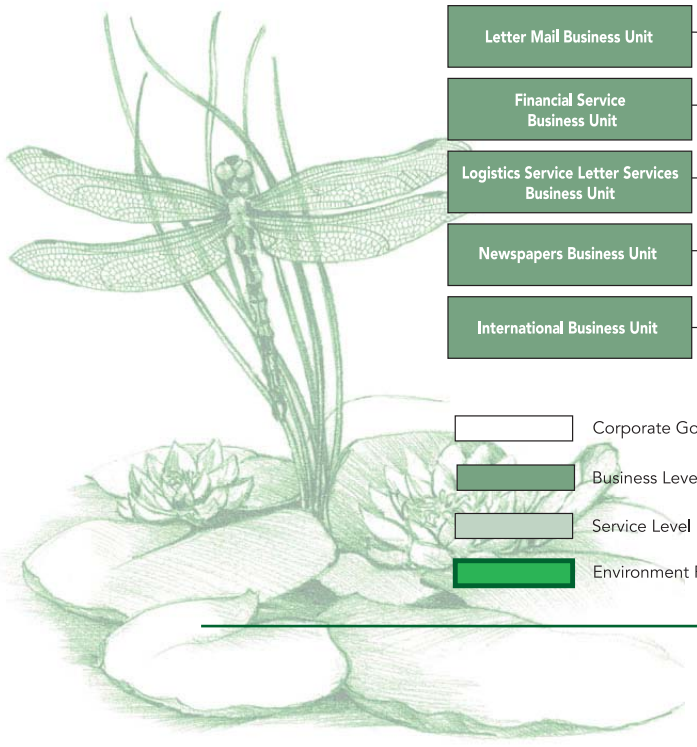
The implementation of the Hungarian Post Office Ltd's environmental policy takes place in harmony with the stipulations of its strategy and quality policy.

Budapest, March 2004

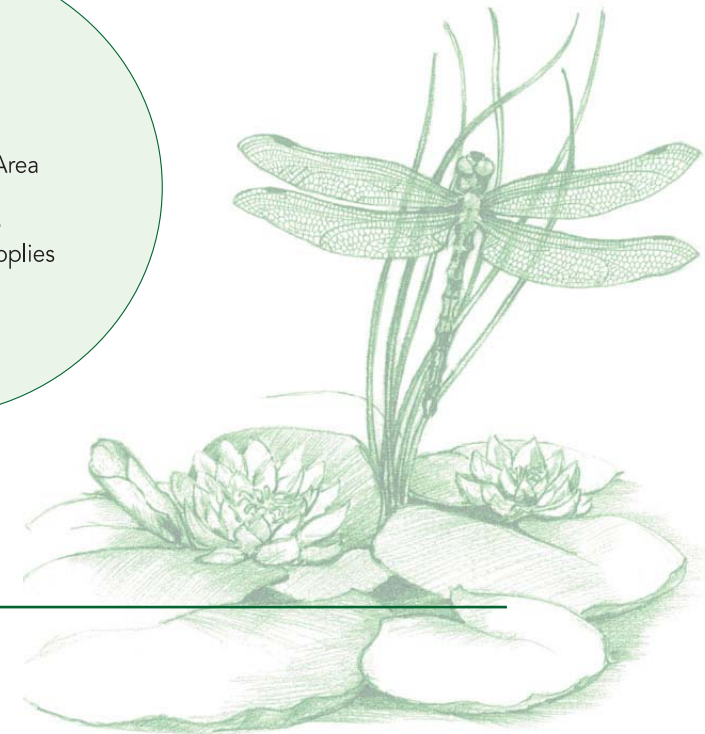
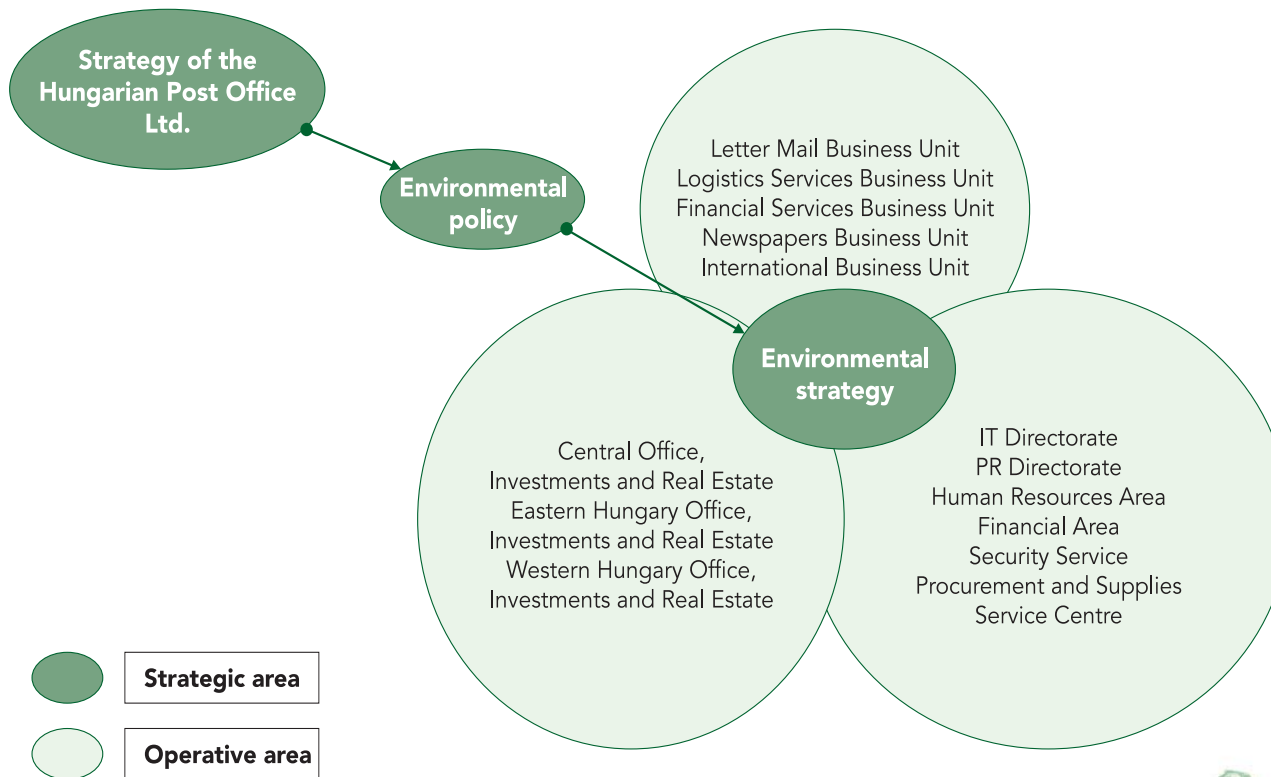
Dr. Pál Szabó  
CEO



# THE ORGANISATION OF THE HUNGARIAN POST OFFICE LTD.



## THE PROCESS OF ENVIRONMENTAL PROTECTION OPERATION OF THE HUNGARIAN POST OFFICE LTD.



## THE PERFORMANCE OF ENVIRONMENTAL PROTECTION OBJECTIVES AND TASKS SET IN 2003

Objective: The regulation of the internal process of Environmental Protection			
Task	Deadline	Implementation	Remark
Amendment and issue of the Envir. Protect. Regul. of Magyar Posta	15 November 2004	In process	Expected to be published in March 2005
Objective: Waste management development			
Task	Deadline	Implementation	Remark
PILOT program to sell waste on PEP*	31 December 2004	Not implemented	–
Rationalisation of waste collection sites	15 November 2004	In process	To be contained in the Environmental Protection Regulations, to be implemented by the first quarter of 2005
Setting up an IT supported, comprehensive waste registration system – FM module for energy environmental protection	31 December 2005	In process	FM system – facility management system
Objective: Achievement exemption from product fee			
Task	Deadline	Implementation	Remark
Increasing the collection and utilisation of packaging waste	Continuous	Continuous	At present the Magyar Posta not been able to achieve exemption from product fee, but the collection and utilisation ratio of packaging waste is continuously increasing
Objective: Continuous neutralisation of soil and ground water contamination			
Task	Deadline	Implementation	Remark
Post Office in Heves damage neutralisation	31 December 2004	Implemented	2003–2004
Budapest district 14, Egressy út site – damage neutralisation	31 December 2004	Implemented	1999–2004
Transportation site in Miskolc – fuel tank removal	31 December 2005	In process	From 2004
Transportation site in Békéscsaba – fuel tank removal	31 December 2005	In process	From 2003
Transportation site in Eger – fuel tank removal	31 December 2005	Implemented	2003–2004
Objective: Reduction of the emission of air pollutants			
Task	Deadline	Implementation	Remark
Implementation of heating modernisation investments	Continuous	Continuous	We have also implemented several heating modernisation investments in 2004 to the burden of the planned environmental protection investment budget.
Objective: Reduction of the risk of soil loading – the protection of underground waters			
Task	Deadline	Implementation	Remark
Implementation of sewerage connection investments	Continuous	Continuous	We have also implemented several sewerage connection investments in 2004 to the burden of the planned environmental protection investment budget.
Termination of facilities, cesspits replacing public utilities	Continuous	Continuous	During 2004 several facilities were terminated in unison with the sewerage connections

\* the Postal Electronic Open Marketplace

## ENVIRONMENTAL EFFECTS

The following environmental effects occur during the provision of postal services and the supporting supplementary activities:

1. Materials and energy use
2. Air pollution
3. Sewage emission
4. Waste creation
5. Soil and ground water pollution

### 1. Materials and energy use

#### Materials

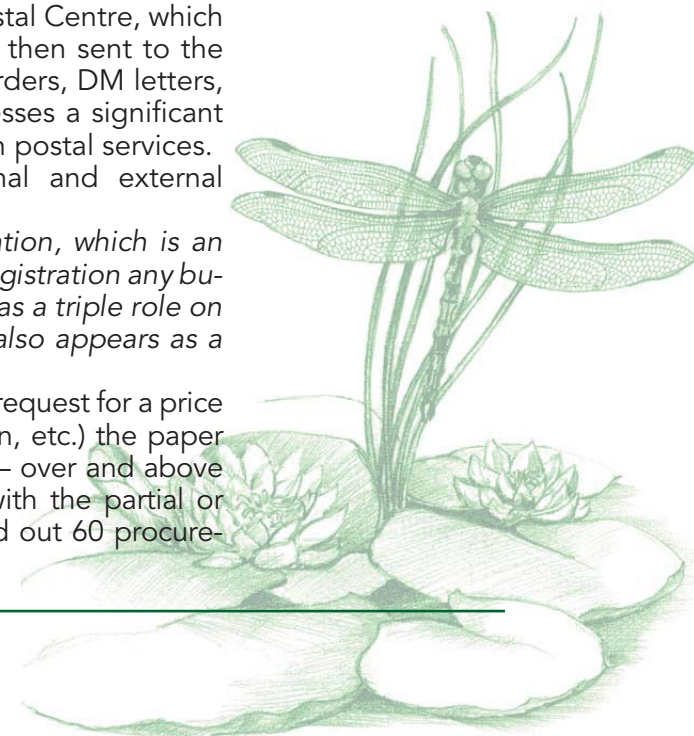
Due to its service and operation the use of paper by Magyar Posta is exceptionally high. We use paper during postal services and office administration (documents, printed forms), and when packaging postal items (newspapers, commercial packages).

One of the large paper users (envelope, letter paper) is the Electronic Postal Centre, which produces letters for clients from data sent electronically, which letters are then sent to the addressees via the postal delivery network (invoice letters, postal money orders, DM letters, etc.). Apart from the Electronic Postal Centre the Printing Plant also processes a significant amount of paper, among other things, to produce the printed forms used in postal services.

Wherever possible Magyar Posta uses recycled paper in its internal and external correspondence.

*Since 2002 the Postal Electronic Open Marketplace has been in operation, which is an Internet B2B horizontal marketplace providing e-commerce services. After registration any business unit can connect to the system and then trade freely. Magyar Posta has a triple role on the marketplace: its basic task is the operation of the marketplace, but it also appears as a buyer and a supplier as well.*

In general procurement activities require multiple exchanges of data (e.g.: request for a price offer, confirmation, order, transportation documentation, invoice, notification, etc.) the paper usage of which is significant. With the realisation of electronic procurement – over and above saving time and money – a clear increase in efficiency can be obtained with the partial or complete disappearance of paper documents. In 2004 Magyar Posta carried out 60 procurement procedures via this system.



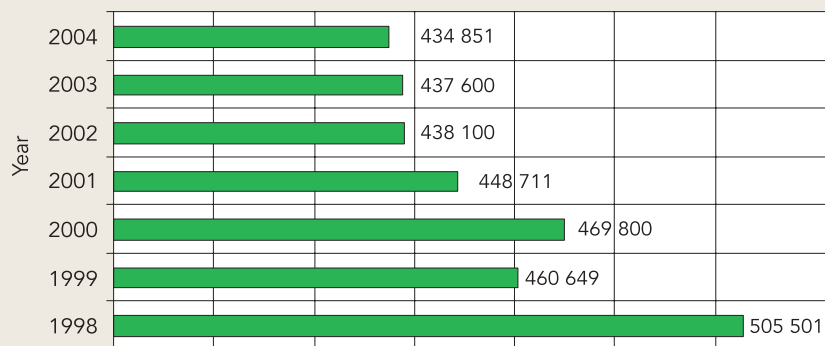


### Water use

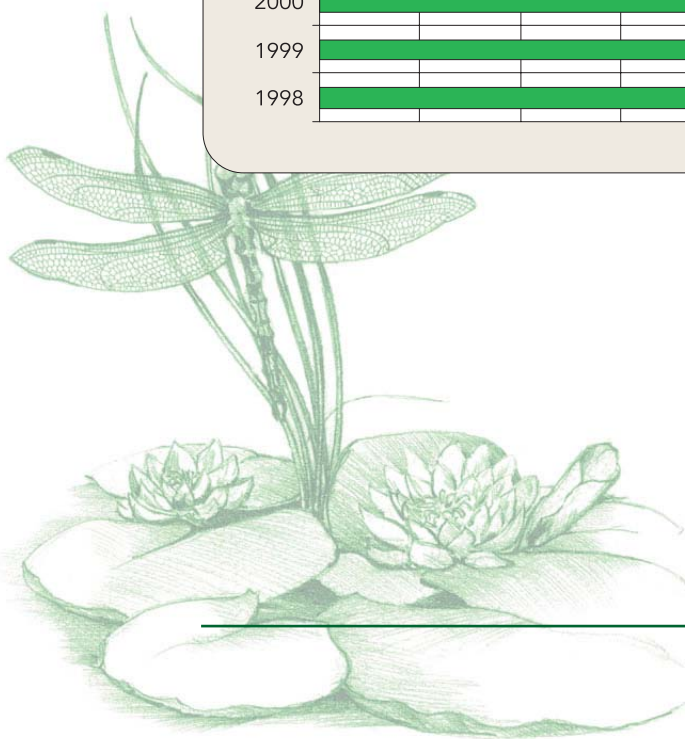
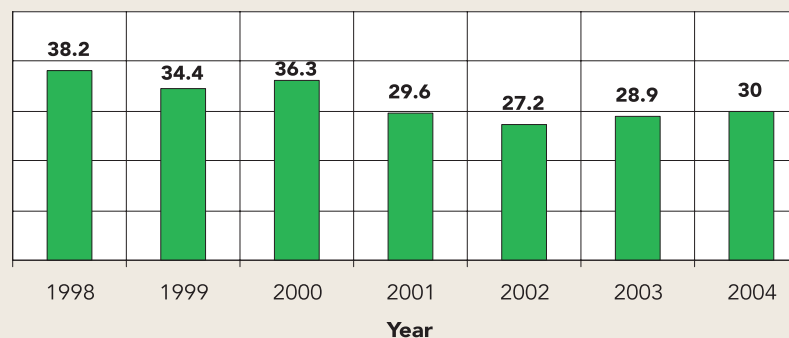
The water used during the activities of Magyar Posta serves the hygiene and social needs of the employees, for which drinking water quality is required; therefore, water use of technological purpose does not take place. The water used comes from subterranean water sources, there is no use from living water.

Magyar Posta also pays special attention to the reduction of water consumption (procurement of low water consumption equipment, appropriate maintenance).

Development of total water use between 1998–2004 (m<sup>3</sup>)



Development of specific water use between 1998–2004 (l/person/day)



## Energy use

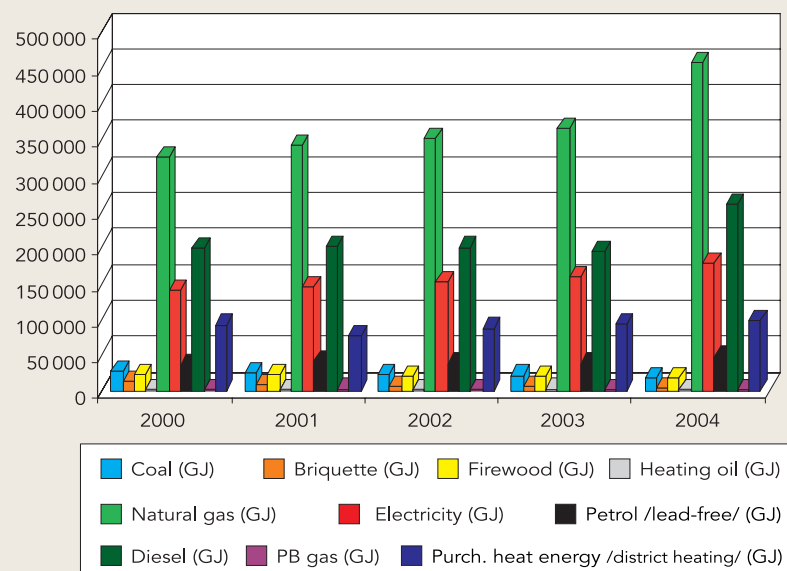
Magyar Posta uses three types of energy during its operations:

- electrical energy for lighting, the operation of electrical machines and equipment (IT equipment, air-conditioning, postal technological machines, equipment) – purchased energy,
- fossil fuel for heating (gas, heating oil, coal, briquettes),
- vehicle fuel (petrol, diesel) for the operation of the vehicle fleet carrying out the transportation.

Apart from this certain facilities Magyar Posta uses purchased energy (district heating) for heating and the hot running water of social use.

Of the fuels the most used is natural gas, the use of which increases from year to year as a consequence of energy rationalisation investments. The high output (above 140 kW) heating installations run on natural gas.

The development of energy use – in thermal equivalent (GJ)



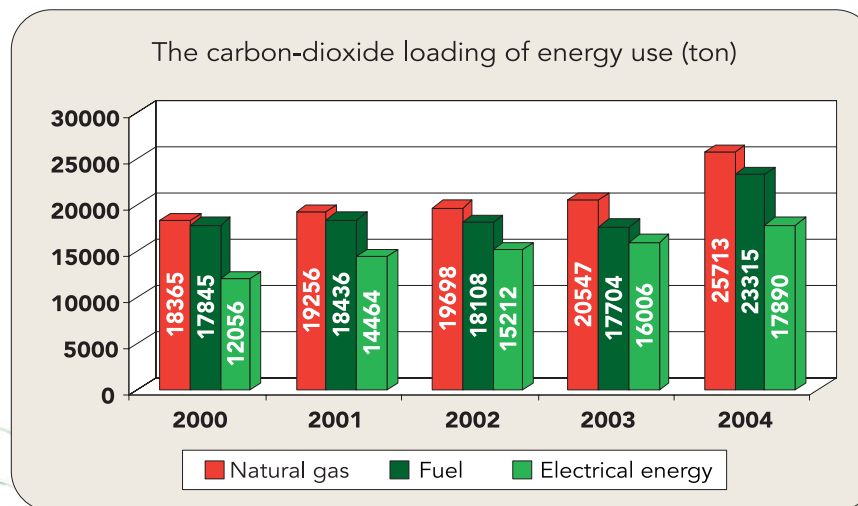
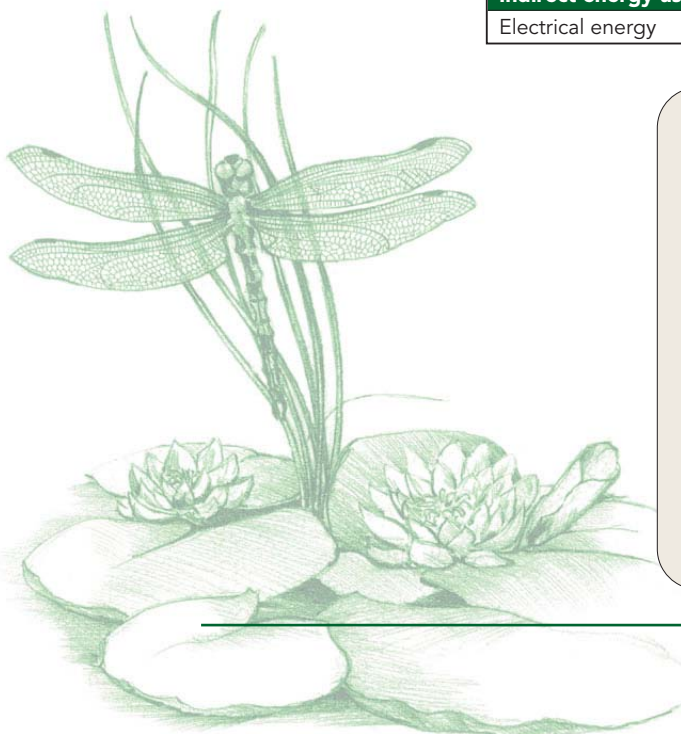


With the termination of rail transportation of postal items, the increase in the size of the vehicle fleet has involved an increase in the consumption of fuel.

The development of postal technology (e.g.: the installation of processing machine lines), and the installation of air-conditioning into buildings has involved the increase of Magyar Posta's use of electrical energy.

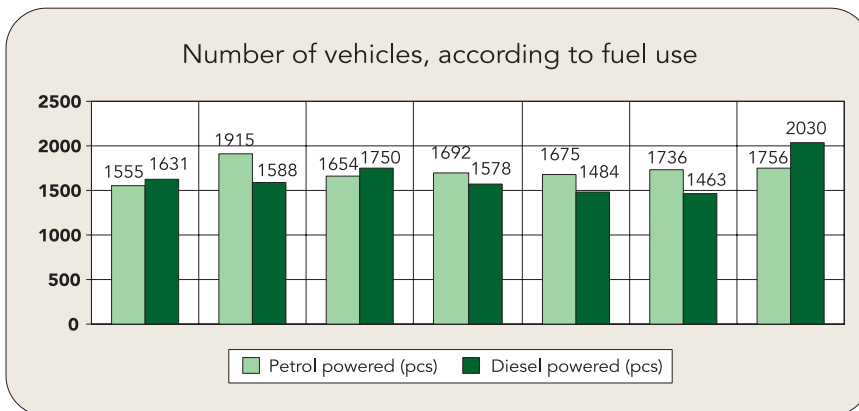
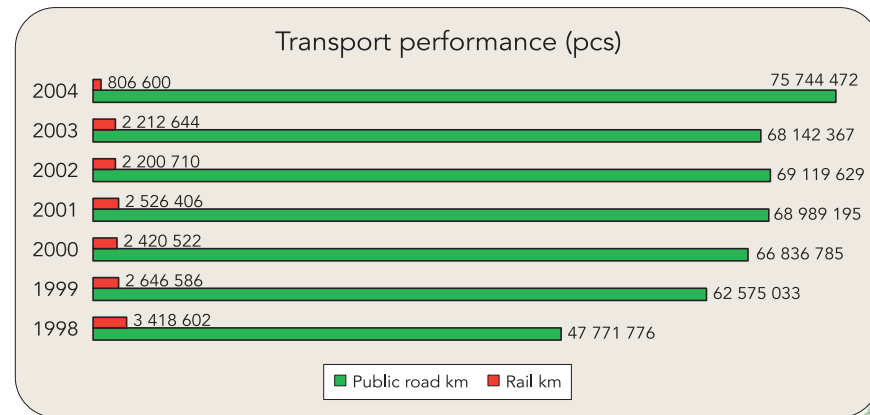
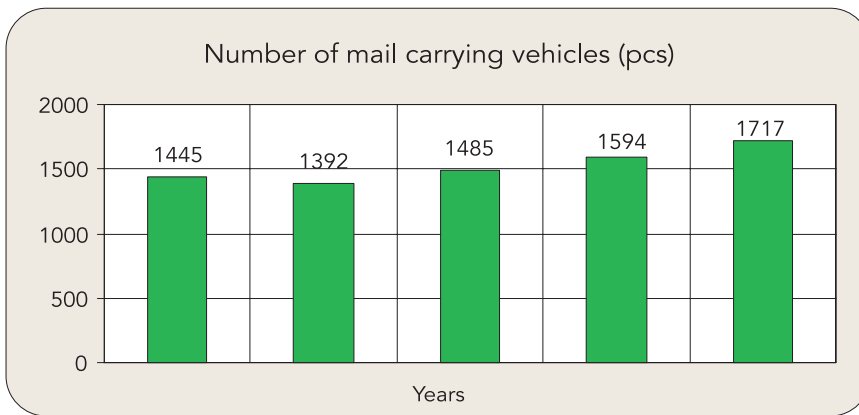
With respect to the above the amount of use of natural gas, fuel and electrical energy has been converted to carbon-dioxide emission on the basis of greenhouse gas indicators published in 2000 by the UNEP (United Nations Environmental Programme). According to the directing calculations the carbon-dioxide emissions originating from energy use has developed in the following way between 2000–2004.

Energy use	Carbon dioxide loading (tons)				
	2000	2001	2002	2003	2004
<b>Direct energy use</b>					
Natural gas	18365	19256	19698	20547	25713
Fuel	17845	18436	18108	17704	23315
<b>Indirect energy use</b>					
Electrical energy	12056	14464	15212	16006	17890



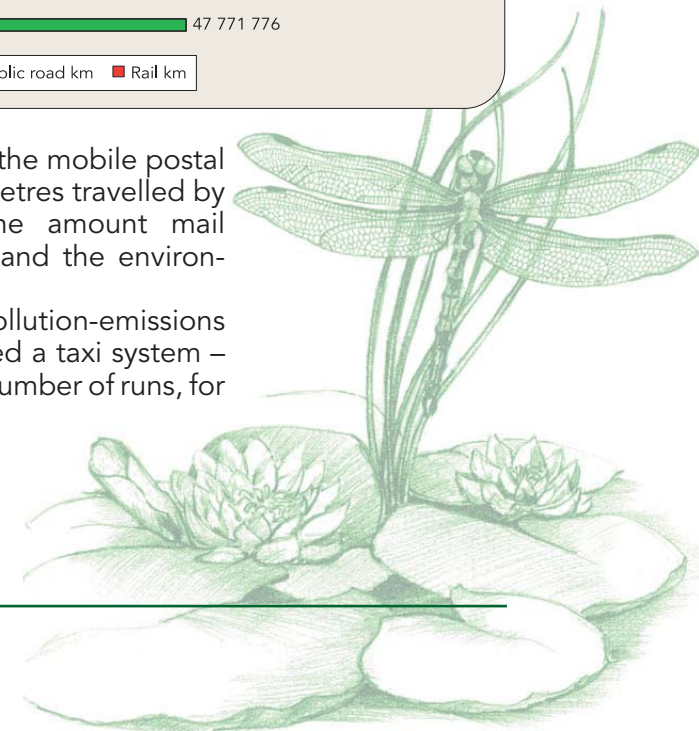
## 2. Air pollution

From the point of view of environmental protection transportation is the most damaging environmental effect in the operations postal companies. In recent years the transportation of postal items by rail has gradually decreased. As a consequence of the transformation of the national postal delivery and processing system, in 2004 transportation by rail was completely replaced and now delivery and forwarding postal items of the backbone network takes place on public roads.



With the introduction of the mobile postal service the number of kilometres travelled by has increased, as has the amount mail carrying runs of fuel used and the environmental loading as well.

In order to moderate pollution-emissions Magyar Posta has introduced a taxi system – as a solution to reduce the number of runs, for non-mail carrying vehicles.





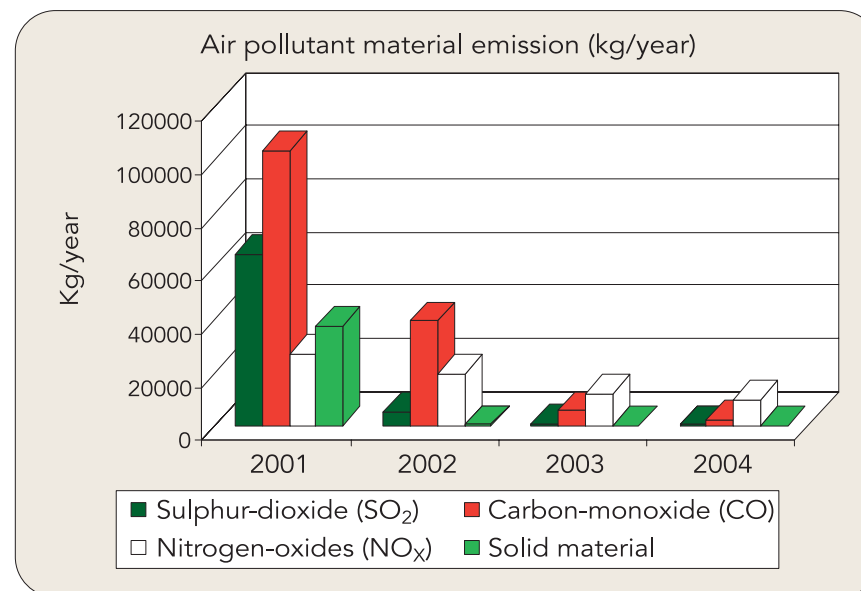
In 2002 as an experiment 9 electric vans were put into operation, these carry out delivery tasks in environmentally sensitive, historically protected town quarters. The development of the number of kilometres travelled:

2002	6,526 km
2003	18,401 km
2004	19,715 km

Magyar Posta is not planning to increase the number of these small vehicles or expand their use. Although their emissions are not significant heating units with a nominal output of over 140 kW do have a role in air pollution. With respect to the change of the number of postal properties (site termination or the opening of new premises) the number of point sources may change from year to year. In 2004 116 fixed installation air-pollution point sources were in operation at 59 postal properties. The units linked to the point sources all use gas.

The amount of pollutants emitted every year is determined by specialists using measurements and calculations. Magyar Posta endeavours to reduce air pollution in the areas of heating partly through the implementation of heating modernisation investments and partly through proper maintenance of the existing equipment.

On the basis of the act on the environmental loading fee<sup>1</sup>, the Magyar Posta pays an *air-loading fee* for the annual amount of pollutant materials emitted by the air-polluting point sources. In 2004 this fee was HUF 394 thousand.



<sup>1</sup> Act LXXXIX of 2003 on the environmental loading fee

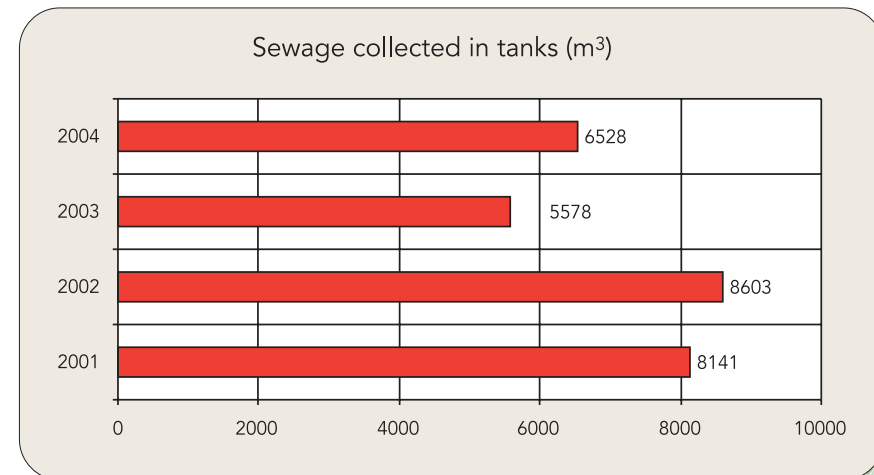
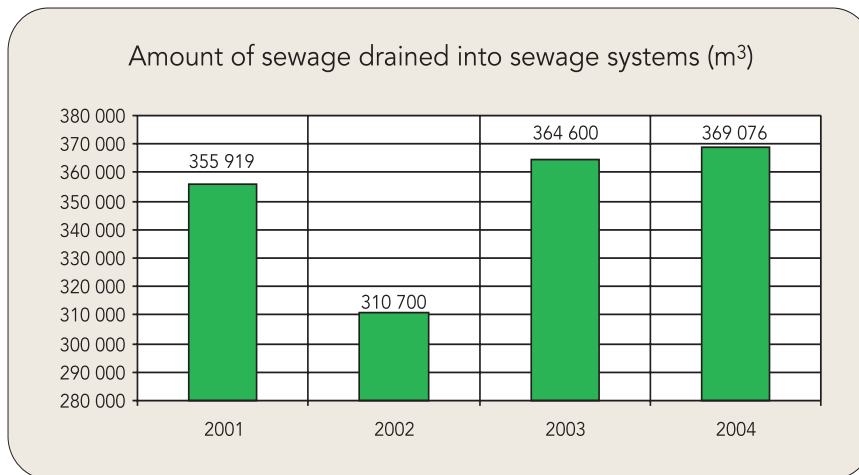
### 3. Sewage emission

The most of the sewage emitted at postal premises is communal in nature, a smaller proportion is waste water of technological nature (oil catchers and kitchen grease catcher facilities).

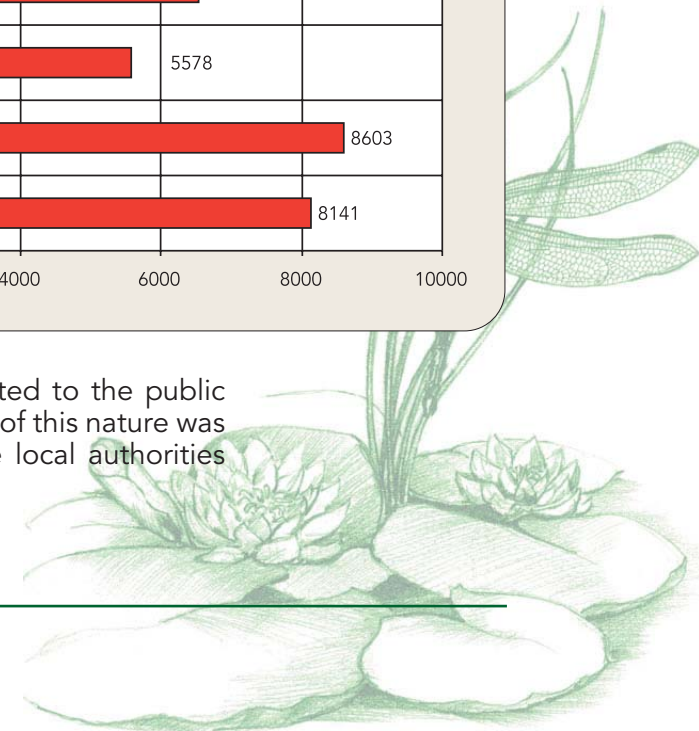
*The amount of sewage emitted in 2004:*

Drained into public sewage systems:	369,076 m <sup>3</sup>
Collected in tanks:	6,528 m <sup>3</sup>

For several years, one of the special areas of postal environmental protection investments implemented from own resources is the improvement of the water supply and public sewer services at postal properties, as a consequence of which the number of properties with public utilities has increased.



A Soil loading fee has to be paid if the postal property is not connected to the public sewage system in the settlement and the sewage is drained into a tank. Tax of this nature was paid in the case of 76 properties to a total of HUF 111 thousand to the local authorities concerned.



#### 4. The creation of waste

In the area of Magyar Posta's operations settlement solid and liquid wastes, dangerous and non-dangerous wastes are created during the following activities:

- the post office service and the related transportation and postal item processing,
- the internal services (warehousing, administration, training, property operation, maintenance of machines and equipment, the operation of IT systems, printing service, medical services, kitchens, the operation of holiday centres),
- civil defensive and security activity, and
- scrapping of tangible assets and stocks that have become superfluous.

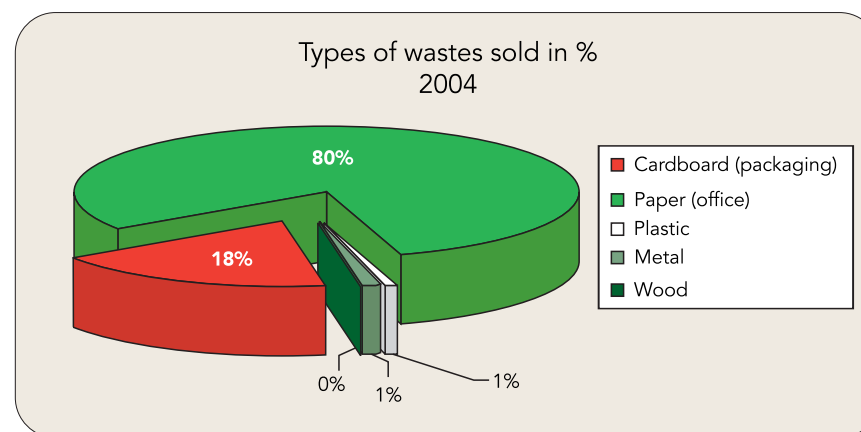
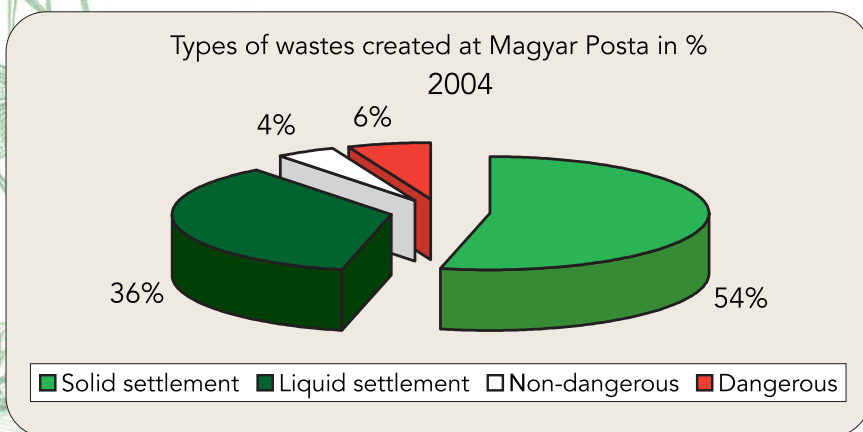
In 2004 at 36 postal sites, more than 361 tons of office waste paper was collected selectively, so reducing the amount of solid settlement waste and the costs of waste removal. At several premises it became necessary to amend the solid settlement waste removal contract.

More than 90 tons of packaging waste was created: paper: 78 tons, plastic: 12 tons.

Recyclable and reusable waste was sold (paper, cardboard, plastic sack seals, plastic (PP) sacks and (PE) foil, batteries, metal, wood, electronic equipment, toner cartridges, ink cartridges) to waste collectors and processors.

Magyar Posta's income from the sale of waste was HUF 3.8 million in 2004.

In 2004 1,052 tons of dangerous waste were created due to the Company's activities.



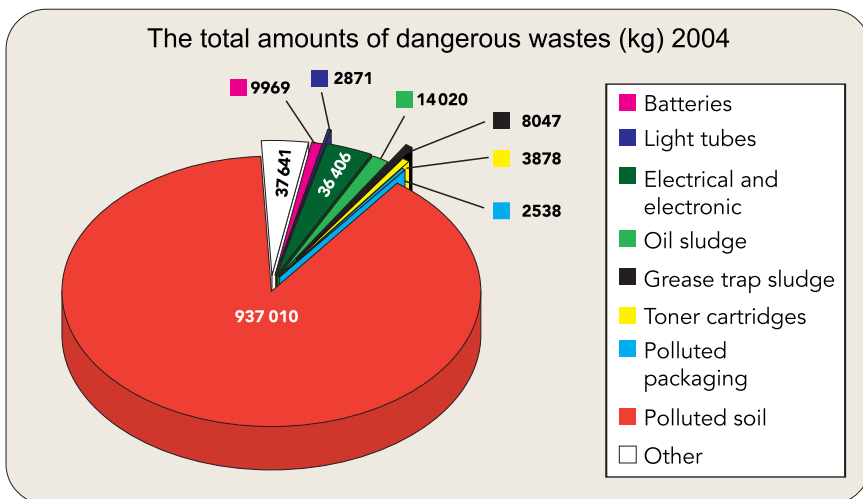


The dangerous wastes were removed by the business enterprises (Ltds) called Netta Kft., Design Kft., Új Depónia Kft. and Terra-V Kft. for further processing, the annual cost for this was HUF 4.7 million.

Most of the electric and electronic waste was transported to the dismantling plant of Enviroinvest Waste Ltd., where the dismantling, sorting and preparation of the equipment for further processing takes place using employees with reduced working ability.

According to the relevant legal acts data was provided to the authorities regarding Magyar Posta's annual waste amounts.

Magyar Posta's combined waste management plan for 2004-2008 has been prepared. The plan contains the waste management objectives for the given period and the action program for their implementation.



## 5. Soil and groundwater pollution

In the interest of reducing environmental risks Magyar Posta is carrying out the scheduled removal of its underground oil and fuel tanks that are no longer in use. In 2004 this took place at the *transport sites in Miskolc and Eger*.

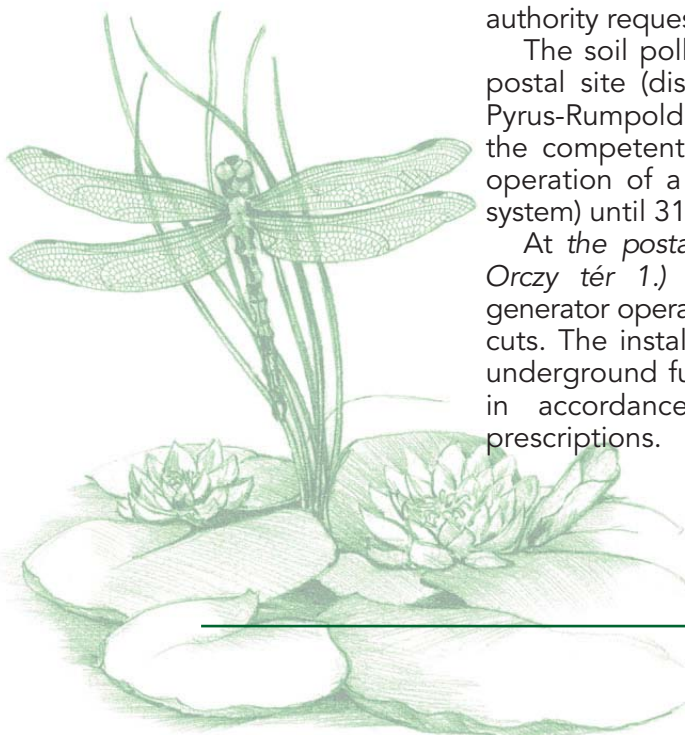
Hydrocarbon pollution was detected in the groundwater in connection with the removal of the 2x10 cubic metre and 1x25 cubic metre fuel tanks at the *transport site in Hatvan*. A detailed report was made, which was submitted to the competent environmental protection authority. Further work can be carried out in the following year based on the authority prescriptions.

At the postal site in *Heves* the soil pollution neutralisation took place according to schedule and 3 observation wells were installed, these serve to keep a track of the condition changes following the damage neutralisation. The changes in the condition of the groundwater have to be examined annually until 31 December 2009.

In connection with the removal of 3x25 cubic metre fuel tanks at transport site in *Békéscsaba*, (Kétegyházi út 8.) it turned out that there was soil and groundwater pollution. The removal of the tanks was authorised by the Regional Technical Safety Authority, the environmental protection authority requested a detailed report on the pollution, this will be made in 2005.

The soil pollution neutralisation being carried out since 1999 at the Budapest transport postal site (district 14, Egressy út 35-51.) has been completed by the enterprise called Pyrus-Rumpold Rt. in accordance with the damage neutralisation plan, this was accepted by the competent Environmental Protection Authority, which prescribed the installation and operation of a monitoring system for the damage neutralisation (groundwater monitoring system) until 31 December 2008. The monitoring wells were constructed in 2004.

At the postal site in *Budapest (district 9, Orczy tér 1.)* there is a diesel electricity generator operating to bridge over electricity cuts. The installation of double walls of the underground fuel tank has been carried out in accordance with the relevant legal prescriptions.





## ENVIRONMENTAL PROTECTION FINANCIAL DATA

### Environmental protection investments

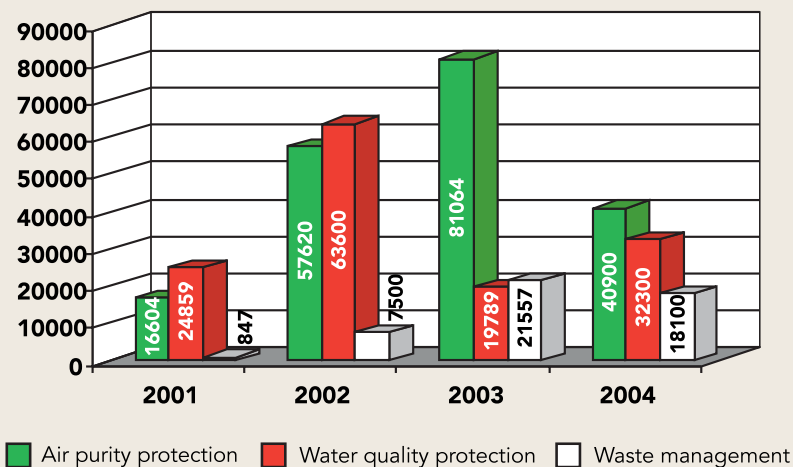
Magyar Posta has been regularly providing resources for environmental protection tasks since 1999, in 2004 this amount was HUF 91,300 thousand.

Environmental protection investments affect three areas: air purity protection, water quality protection and waste management.

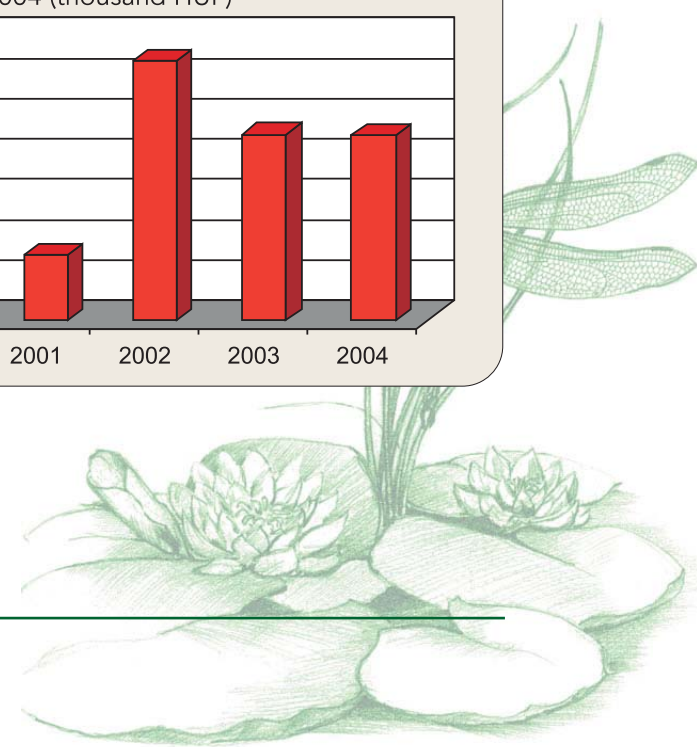
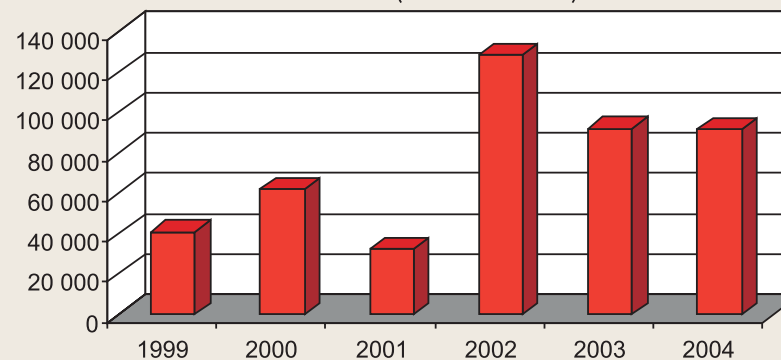
The distribution of environmental protection investment finances per area in the period between 2001–2004 developed according to the appended diagram.

As a consequence of the implemented investments the mains water and sewage system facilities at postal properties improve by a significant degree, and we made another step towards our energy efficiency and waste management objectives.

Environmental protection investment amounts grouped according to types 2001–2004 (thousand HUF)



Development of environmental protection investments between 1999–2004 (thousand HUF)



## The costs of environmental protection tasks and waste sales income

In the interest of conforming with the prescriptions of the environmental protection acts Magyar Posta's environmental protection expenses in 2004 were HUF 16,700 thousand.

Magyar Posta's annual income from the sales of wastes was HUF 3,751 thousand in 2004.

Cost type	thousand HUF
Dangerous waste costs	4 693
Oil and fuel tank removal	2 214
Water quality protection tests	790
Air pollution measurements	6 290
Object of art cleaning-maintenance	963
Other environmental protection costs	657
Environmental protection membership fees	720
Environmental protection authority fees	321
Costs of selective waste collection	76

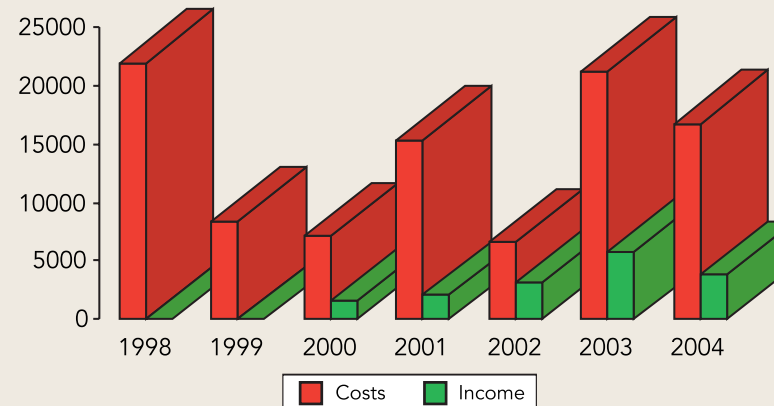
Income type	thousand HUF
Paper waste	2 428
Batteries	77
Office technology waste	179
Electronic waste	86
Plastic waste	34
Other environmental protection income	55
Waste wood	53
Waste metal	839

## Provisions

Magyar Posta created a special environmental protection provision for 2004 of HUF 52,827 thousand with respect to 4 sites\*, for soil and groundwater pollution rehabilitation, of which HUF 24,938 was actually used.

\* Budapest district 14, Egressy út 35-51., transport sites in Hatvan and Békéscsaba and the post office in Heves.

The development of environmental protection expenses and income between 1998–2004 (thousand HUF)



## CONNECTION BETWEEN THE FM SYSTEM AND ENVIRONMENTAL PROTECTION

The real estate stock of the Magyar Posta consists of more than 2,000 real estates in its own possession and about 1,200 leased real estates. The total net floor area of the buildings is more than 800 thousand km<sup>2</sup>.

The database management software performing the data registration of the thousands of real properties is regarded as out-of-date now. The most significant elements of property costs, apart from depreciation, include rental charges, building repairing – maintenance costs, energy and other public utility costs, cleaning and other caretaker costs. The rationalisation of these costs and income may have significant results in the economic management of Magyar Posta.

As the presently operating system is unsuitable for providing data and information on the basis of which its costs could be reduced, in the interest of the more efficient operation of the Post's real assets it is necessary to set up a centralised information – evaluating-planning – controlling system that can monitor the technical-economic processes of the complex property structure in a comprehensive way. Modern applications suitable for performing such management tasks are the *Facility Management Systems*.

Last year, in the course of a public procurement procedure Magyar Posta selected the speed-icon Facility Management (sFM) system to support the performance of its special economic tasks.

In the course of 2004-2005 four modules of the sFM system adapted to Magyar Posta were set up and put into operation:

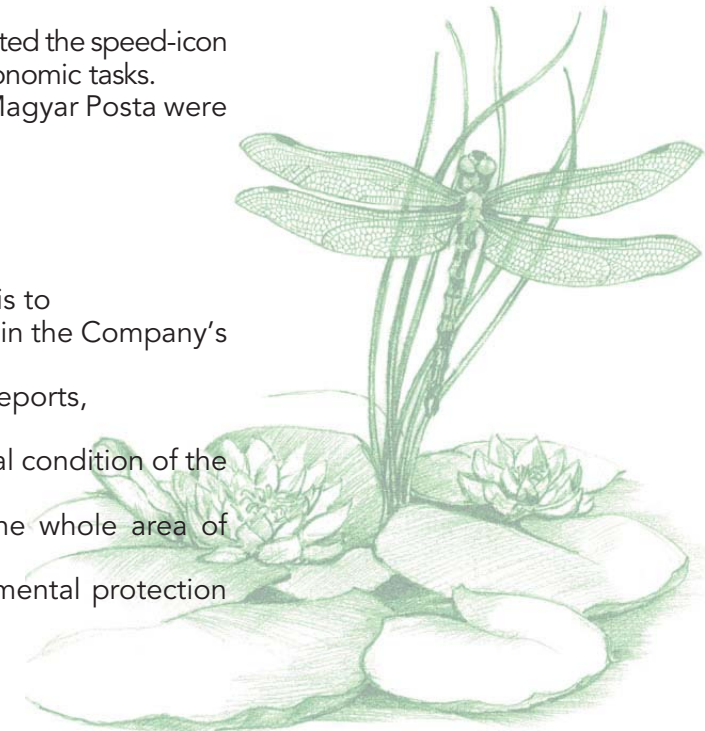
- Property registration and regional management module
- Asset registration, stocktaking and movement management module
- *Energetics and environmental protection module*
- Maintenance and HelpDesk module

The aim of setting up and operating the environmental protection module is to

- ensure the fulfilment of the provisions stated in legal prescriptions and in the Company's Environmental Protection Regulations,
- provide correct, up-to-date data with background analysis for official reports,
- support the environmental economy processes of Magyar Posta,
- provide a comprehensive picture of the current, complex environmental condition of the postal properties.

The majority of the data and information stored in the module cover the whole area of environmental protection.

As a result of uploading and using the system Magyar Posta's environmental protection activity will become more efficient and transparent.



## ENVIRONMENTAL PERFORMANCE INDICATORS

*The company's reference data*

	Unit	1998	1999	2000	2001	2002	2003	2004
Number of employees	number	44 133	44 161	44 500	43 664	44 109	41 527	39 780
Total cost	million HUF	71 916	82 849	91 357	108 543	126 860	133 481	144 147
Total investment	million HUF	9 078	14 338	18 739	11 964	16 395	11 153	19 228

*Physical operation indicators – input*

Indicator	Unit	1998	1999	2000	2001	2002	2003	2004
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**Energy**

Total energy consumption	GJ	895 807	874 445	854 487	864 473	879 000	901 601	1 079 179
Total energy cost	th. HUF	1 911 761	2 321 645	2 742 226	2 687 982	2 698 345	2 925 864	3 709 599
Specific energy cost total postal	th. HUF /GJ	2,13	2,65	3,20	3,11	3,07	3,25	3,44
Proportion of fossil energy carriers	%	72,24	72,69	73,0	71,72	73,00	72,00	72,91

**Water**

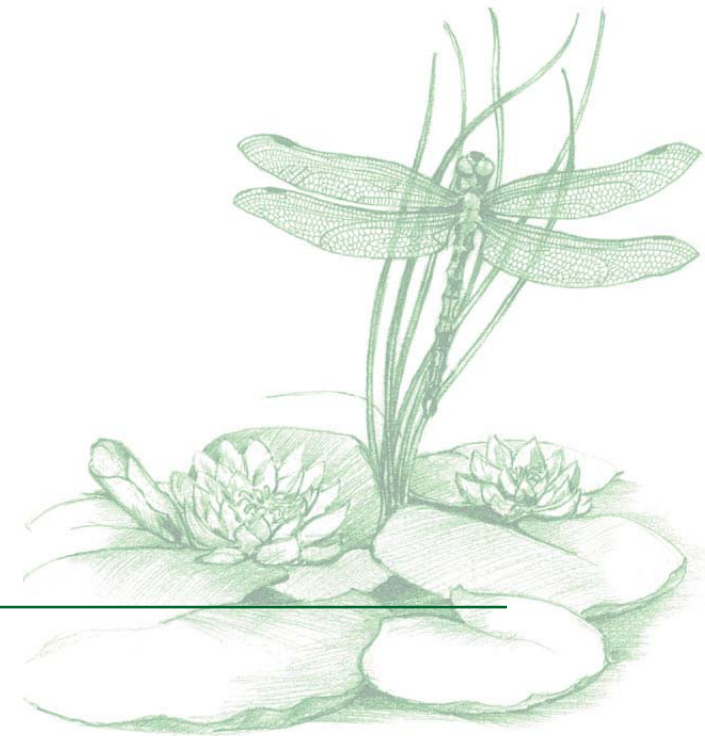
Total water consumption	cubic metres	505 501	460 649	469 800	448 711	438 100	437 600	434 851
Water consumption cost	th. HUF	86 524	98 061	113 802	120 698	82 443	75 451	83 913
Specific water consumption	litres/person/day	38,2	34,4	36,3	29,6	27,2	28,9	30,0

**Transportation**

Transportation by road	100 km	591 904	625 750	668 368	689 892	691 196	681 424	757 445
Railway transportation	100 km	34 186	26 466	22 564	22 911	22 007	22 127	8 066
Proportion of means of transportation	%	5,8	4,2	3,4	3,3	3,2	3,3	1,1
Total fuel consumption	tons	4 478	5 480	5 575	5 766	5 660	5 535	8 270
Average fuel consumption of vehicles (fleet)	liters/100 km	9,5	10,9	10,4	10,0	10,2	10,2	10,9

*Output indicators – emissions*

Indicator	Unit	1998	1999	2000	2001	2002	2003	2004
Total amount of dangerous wastes	tons/year	56	111.3	65.2	114.4	61.6	172	1,052
Amount of solid municipal wastes	tons/year	–	–	–	20,348	14,130	9,116	9,944
Amount of collected paper wastes	tons/year	–	–	–	202	293	627	665
Amount of waste water disposed through the sewer network	cubic metres	–	–	–	355,919	310,700	364,600	369,076
Waste water collected in tanks	cubic metres	–	–	–	8,141	8,603	5,578	6,528
Total emission of air pollutant materials into the air	tons/year	452	304	265	235	64	18	12
Carbon monoxide (CO)	tons/year	162	133	116	104	39	5	2
Nitrogen oxides (NO <sub>x</sub> )	tons/year	89	29	27	27	19	12	9
Sulphur dioxide (SO <sub>2</sub> )	tons/year	132	89	76	65	5	1	1
Solid materials	tons/year	66	51	44	37	1	0	0
Soot	tons/year	3	2	2	2	0	0	0



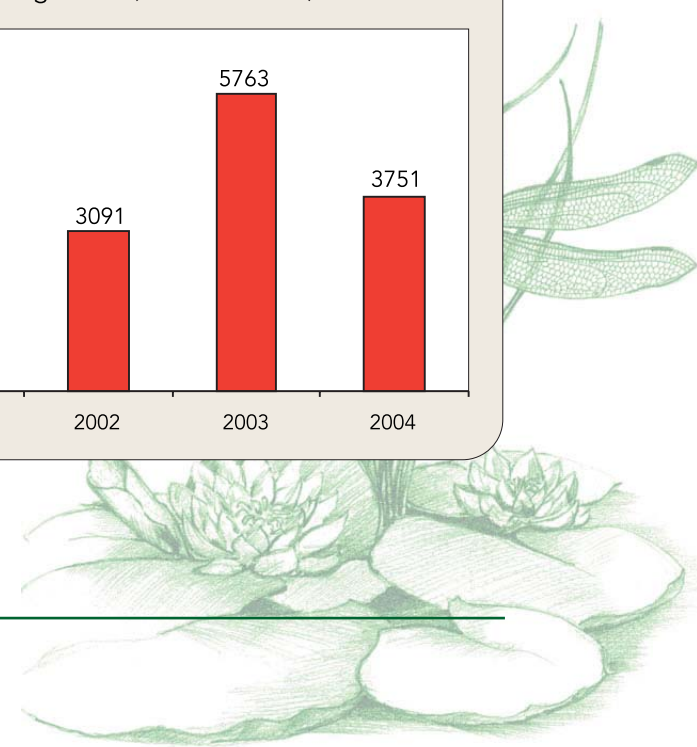
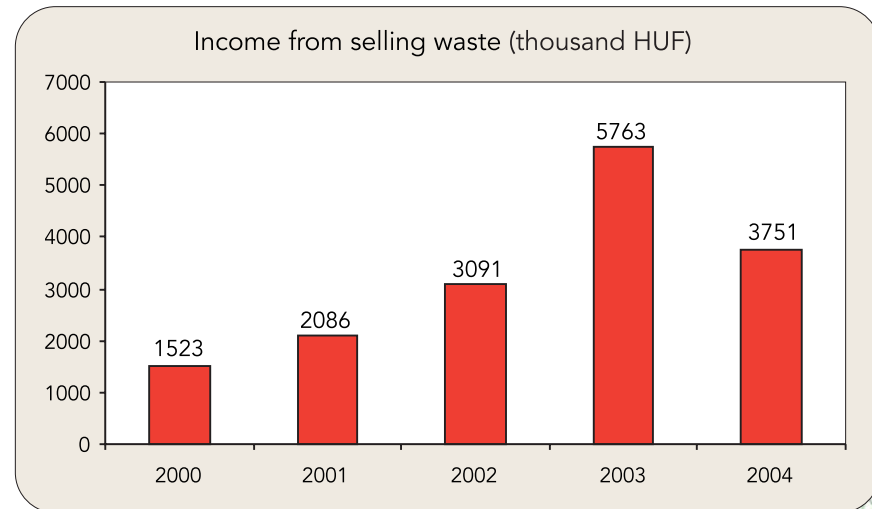
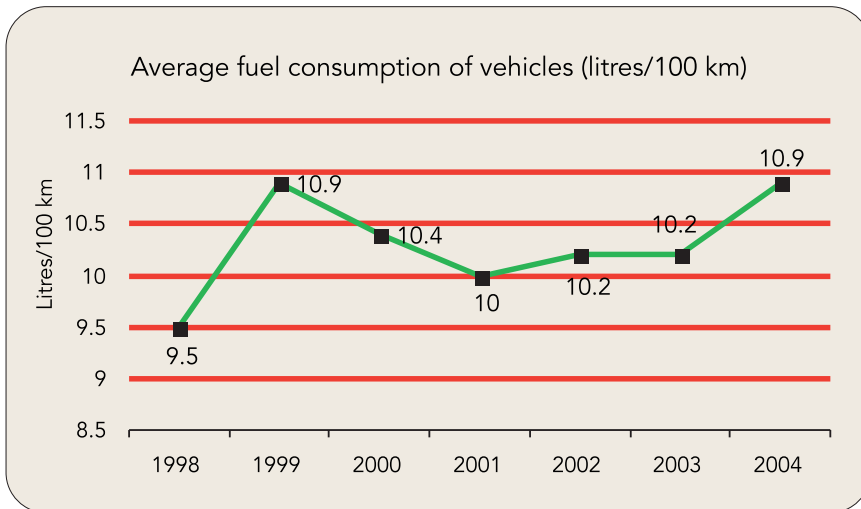
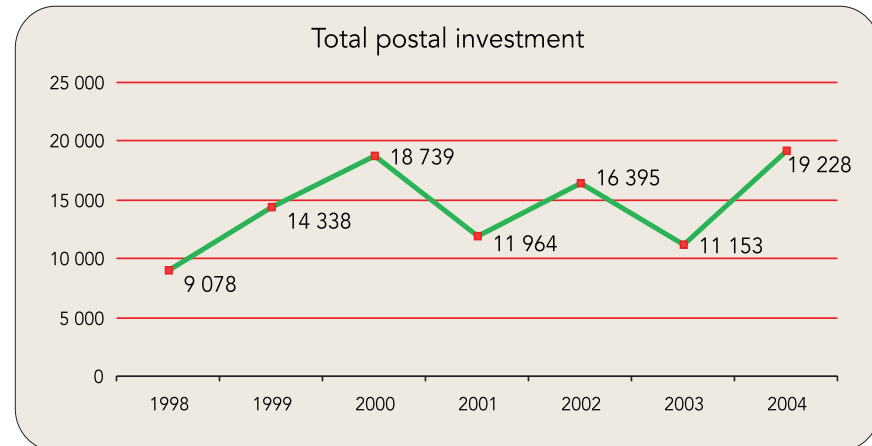
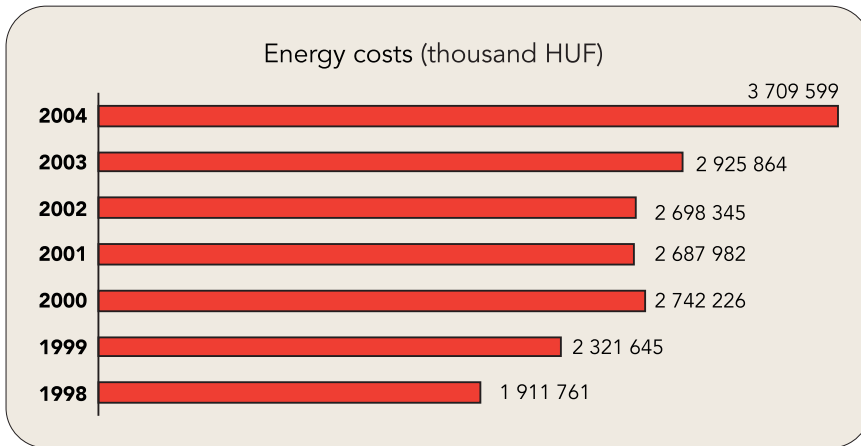
*Financial performance indicators*

Indicator	Unit	1998	1999	2000	2001	2002	2003	2004
Environmental protection investments	th. HUF	0	40,809	62,195	27,270	128,720	92,000	91,300
Proportion of investments	%	0	0.29	0.33	0.23	0.79	0.82	0.47
Environmental protection operation costs (without solid or liquid settlement waste management)	th. HUF	22,023	8,418	7,099	15,403	6,600	21,261	16,727
Proportion of operation costs	%	0.03	0.01	0.008	0.014	0.005	0,016	0.012
Cost of transportation and management of dangerous wastes	th. HUF	2,860	5 026	1,876	6,676	3,133	8,703	4,694
Cost of management and disposal of solid settlement wastes	th. HUF	–	–	–	96,829	118,891	123,402	129,331
Cost of disposal of waste water through the sewer network	th. HUF	–	–	–	50,525	58,274	55,745	71,818
Transportation, management of waste water collected in tanks	th. HUF	–	–	–	11,186	8,310	11,088	9,783
Income from selling wastes	th. HUF	–	–	1,523	2,086	3,091	5,763	3,751

*Internal environmental protection training*

Indicator	Unit	1998	1999	2000	2001	2002	2003	2004
Number of environmental protection training courses	number	0	0	10	8	9	16	7
Number of persons taking part in internal environmental protection training courses	persons	0	0	284	268	168	307	137
Proportion of persons taking part in internal environmental protection training courses	%	0	0	–	1.0	0.4	0.82	0.66







## TRAINING AND COMMUNICATION

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### Internal environmental protection training

As a result of the co-operation between Magyar Posta's Training Centre and its environmental protection department an environmental protection special training module was set up in 1999, and since the year 2000 it has been a part of advanced-level corporate training.

Since then a total number of 1,164 employees have taken part in this training organised on 50 occasions.

By order of the National Professional Training Institute the environmental protection department took part in preparing the study material of the environmental protection education and attitude forming at postal secondary vocational schools.

### Intranet

In 2001 an environmental protection block was set up on Magyar Posta's Intranet, in which visitors to the site can find general and special postal environmental protection information.

### Issuing stamps for the environment

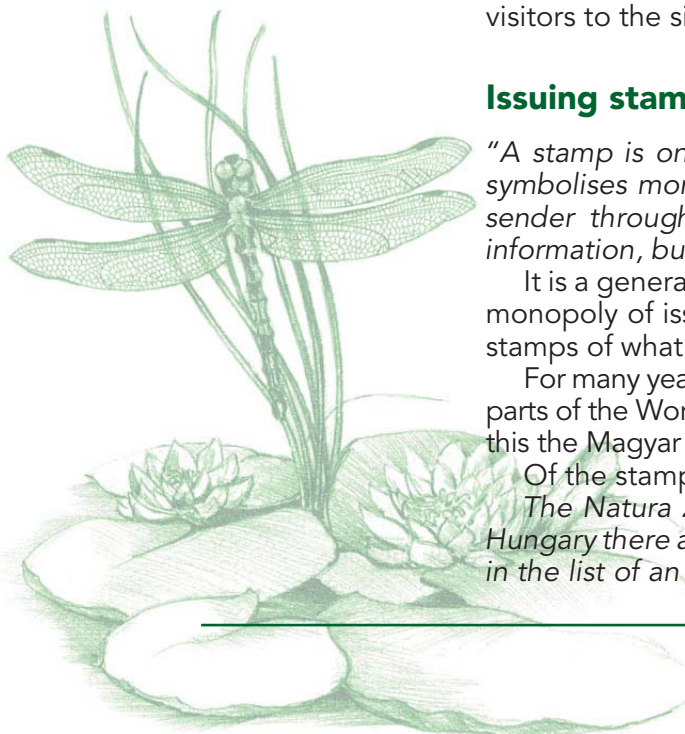
*"A stamp is one of the most fantastic things: it is a miniature picture light as a feather, it symbolises money, it is invalidated when stamped, it represents the route leading from the sender through the post to the address, it is a tool of communication, it carries extra information, but the stamp itself is carried by the postal item."* (László Beke, art historian)

It is a general practice all over the world that the postal company of a given country has the monopoly of issuing stamps. It is the same in Hungary. Magyar Posta decides when to issue stamps of what topic, what number of copies and what nomination.

For many years the natural values of Hungary, the treasures of our built-in environment forming parts of the World Heritage have been outstanding topics on stamps issued by Magyar Posta. By this the Magyar Posta intends to call people's attention to that these values must be preserved.

Of the stamps issued in 2004 the following belong to this topic:

*The Natura 2000 network is the network of protected areas of European significance. In Hungary there are 46 types of habitat, nearly 200 animal and 36 plant species that are included in the list of an annex of one of the European Union's directives. In the case of habitat types*



and species occurring only in Hungary – such as Pannonian loesslands, sand grass, the Hungarian pulsatilla – it is especially important to register areas of an appropriate size as protected areas, as the preservation of these habitats and species first of all depends on people's environmental protection activity.

By issuing this series of stamps and this block the Magyar Posta is continuing to introduce the fauna of Hungary on stamps. On the denominations typical Hungarian species can be seen in an environment characteristic of their habitat (lesser mole rat, Hungarian lizard, great white sturgeon, bearded tit).

In 2004 the Abbey of Pannonhalma and Hortobágy will be shown on the stamp series introducing the World Heritage sites.

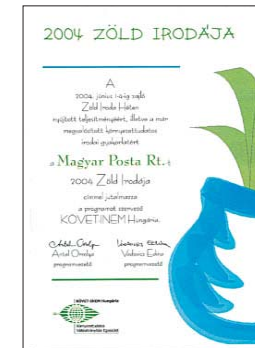




## "Green Office Program"

In June 2004, in line with the European Green Week the Environmental-Friendly Office Program was organised by the non-profit organisation called KÖVET-INEM Hungária, in the scope of which companies were invited to apply for the title "Green Office of 2004".

The environmental protection branch of Magyar Posta prepared the application material in respect of Magyar Posta's office block in Budapest, district XIII. Lehel út 10/a, with which it won the competition in the category of large concerns and received a certificate of the "Green Office of 2004".



## Connection with domestic professional organisations

For years Magyar Posta has been a member of the non-profit organisation called KÖVET-INEM Hungária and a sponsoring member of the Association of Environmental Protection Service Providers and Manufacturers. Both professional organisations provide significant help for Magyar Posta's environmental protection specialists in performing their work efficiently.

## International relations

The Universal Postal Union (UPU) is a worldwide forum of outstanding significance of international postal co-operation.

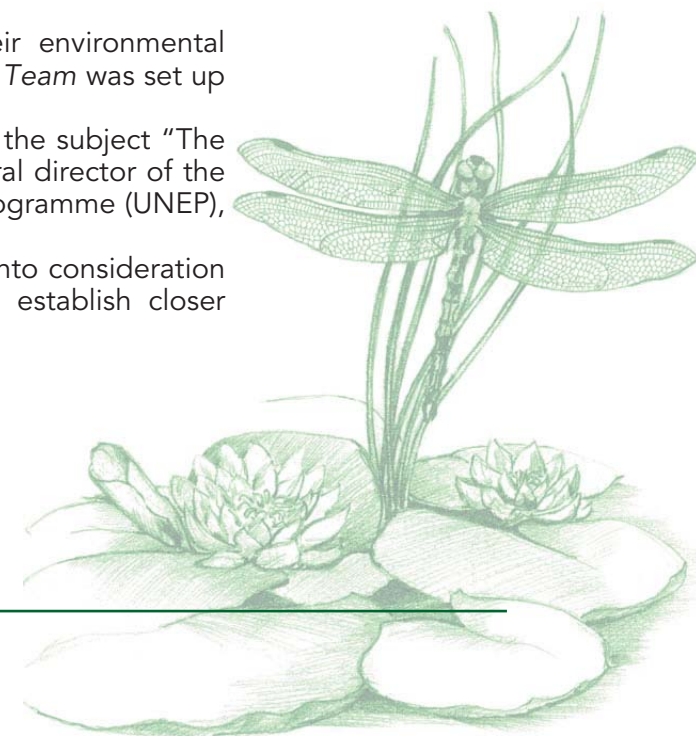
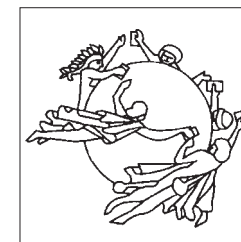
It was established in 1874 with 22 member countries, including Hungary. Presently the Union, which has been operating as a special institute of the UN since 1947, has 190 member countries.

Inspired by the "Earth" summit held in 1992 the UPU started to show increasing concern for matters of environmental protection, because postal companies had become aware of the fact that they could contribute significantly to our planet's environmental protection, if they accept and encourage a strict environmental protection practice.

Furthermore the UPU offers support for our clients to achieve their environmental protection objectives. For this reason the *Environmental Protection Project Team* was set up and directives on environmental protection were accepted.

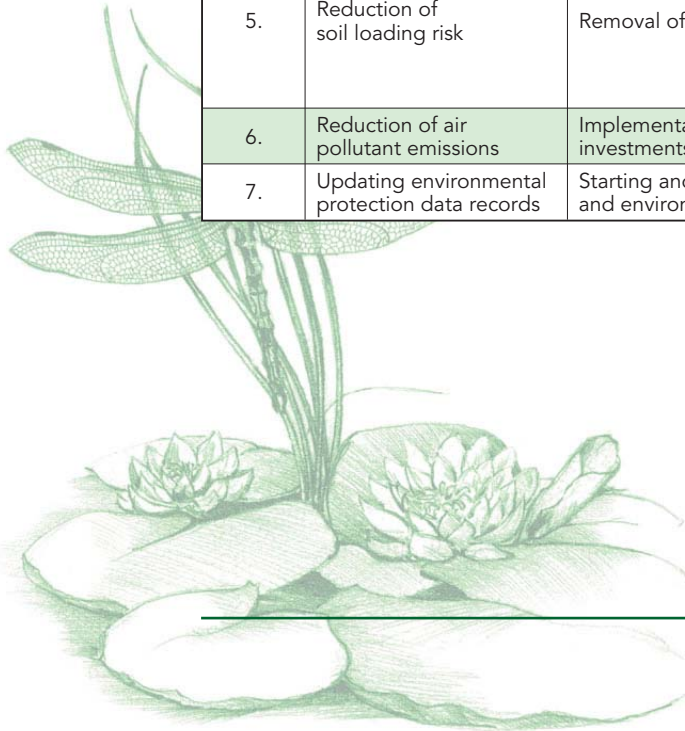
Since 1993 the UPU has sponsored four international symposiums with the subject "The Post and Environmental Protection". In 1995 Mr Thomas E. Leavey, general director of the UPU signed a co-operation treaty with the United Nations Environment Programme (UNEP), which initiates numerous joint activities between the two organisations.

Magyar Posta determines its environmental protection practice taking into consideration the recommendations of the UPU. In the future it is also planning to establish closer co-operation.



## ENVIRONMENTAL PROTECTION OBJECTIVES AND TASKS

Sn.	Objective	Task	Person responsible	Contributing	Deadline
<b>Long-term environmental protection objectives</b>					
1.	Improvement of environmental performance	Introduction of Environment System oriented Management	Investments and Real Estate Directorate	Strategic Coordination Directorate, Procurement and Supplies Service Centre	Continuous
2.	Realisation of the objectives determined in the environment policy	Introduction of "green" procurements	Investments and Real Estate Directorate	Organisational units, Procurement and Supplies Service Centre	Continuous
3.		Environmental protection qualification of suppliers	Investments and Real Estate Directorate	Procurement and Supplies Service Centre	Continuous
4.		Recommendations for the reduction of pollutants on the basis of the environmental protection analysis of the logistics network.	Investments and Real Estate Directorate	Logistics Services Business Unit	Continuous
<b>Short-term environmental protection objectives</b>					
5.	Reduction of soil loading risk	Removal of unused fuel tanks	Investments and Real Estate Directorate	Procurement and Supplies Service Centre Central Office Investment and Real Estate West Hungarian Office Investment and Real Estate East Hungarian Office Investment and Real Estate	31 December 2005
6.	Reduction of air pollutant emissions	Implementation of heating modernisation investments	Investments and Real Estate Directorate	Procurement and Supplies Service Centre	To be planned annually
7.	Updating environmental protection data records	Starting and maintaining the sFM energy and environmental protection module	Investments and Real Estate Directorate	IT Directorate	31 December 2005



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