



postnord

Corporate governance report

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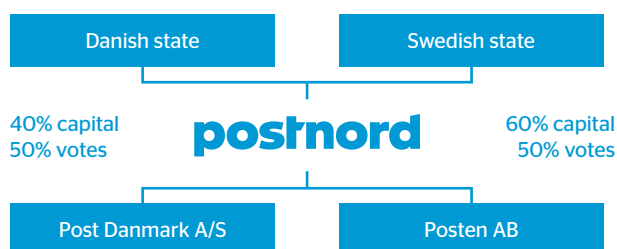
Governance of PostNord

PostNord aspires to generate long-term value for its owners and other stakeholders and to ensure the fulfillment of its universal service obligations. One prerequisite for this is well-functioning corporate governance.

Characteristics of good corporate governance include a clear ownership structure and an effective, well-appointed Board of Directors, as well as efficient processes and carefully prepared risk management. This Corporate Governance Report describes PostNord's corporate governance from this perspective, and has been prepared in accordance with the Companies Act, the Annual Reports Act and the Swedish Code of Corporate Governance ("Code").

Ownership structure

PostNord AB (publ), corporate identity number 556771-2640, is a Swedish corporation owned 40% by the Danish state and 60% by the Swedish state. PostNord AB is the parent company of the PostNord Group. Votes are allocated 50/50 between the Danish and Swedish states.



Key principles and regulations affecting the governance of PostNord

External rules and regulations

- Swedish Companies Act
- Swedish state's ownership policy and guidelines for state-owned companies and Danish state's ownership principles (The State as Shareholder)¹⁾
- Swedish Code of Corporate Governance
- Responsibility of Boards of Directors of state-owned companies (Swedish state)¹⁾
- NASDAQ OMX Stockholm's issuer regulations
- Swedish Annual Reports Act
- International Financial Reporting Standards, IFRS
- Laws and legislation concerned
- UN Global Compact

External postal regulations

- UPU Convention
- EU Postal Directive
- Postal Services Act (Sweden)
- Postal Ordinance (Sweden)
- Licensing terms for Posten AB (Sweden)
- Laws and ordinances on electronic communication (Sweden)
- Post Danmark A/S Act (Denmark)
- Postal Operations and Postal Services Act (Denmark)
- Postal Services and Postal Operations Ordinance (Denmark)
- Individual license for Post Danmark A/S (Denmark)
- Accounting Regulations, based on concession (Denmark)

Internal rules and regulations

- By-laws
- Rules of procedure for the Board of Directors
- Rules of procedure for the Audit Committee and for the Compensation Committee
- Board's instructions to the CEO
- Decision-making procedure for PostNord AB
- Operational governance of PostNord Group, including group policies (see below)
- Financial Accounting Manual
- Framework for internal governance and control of financial reporting
- Compliance program considering competition law, etc.
- Guidelines for compensation and other terms of employment for executives

Group policies

PostNord's group-wide policies include:

- Financial policy
- Environmental policy
- Quality policy
- Work environment policy
- Security policy (including IT and information security)
- Information and insider policy
- Codes of Conduct
- Risk policy
- Acquisition policy
- Media policy
- Credit policy

¹⁾ Document available at www.regeringen.se and www.fm.dk

Governance structure

The principal decision-making bodies within PostNord are:

- The Annual General Meeting.
- The Board of Directors.
- The President & Group CEO assisted by Group and Executive Management.

The owners jointly nominate the Chairman of the Board and other Board members, propose directors' fees and nominate the AGM chairman and external auditors. The AGM is PostNord's highest decision-making body.

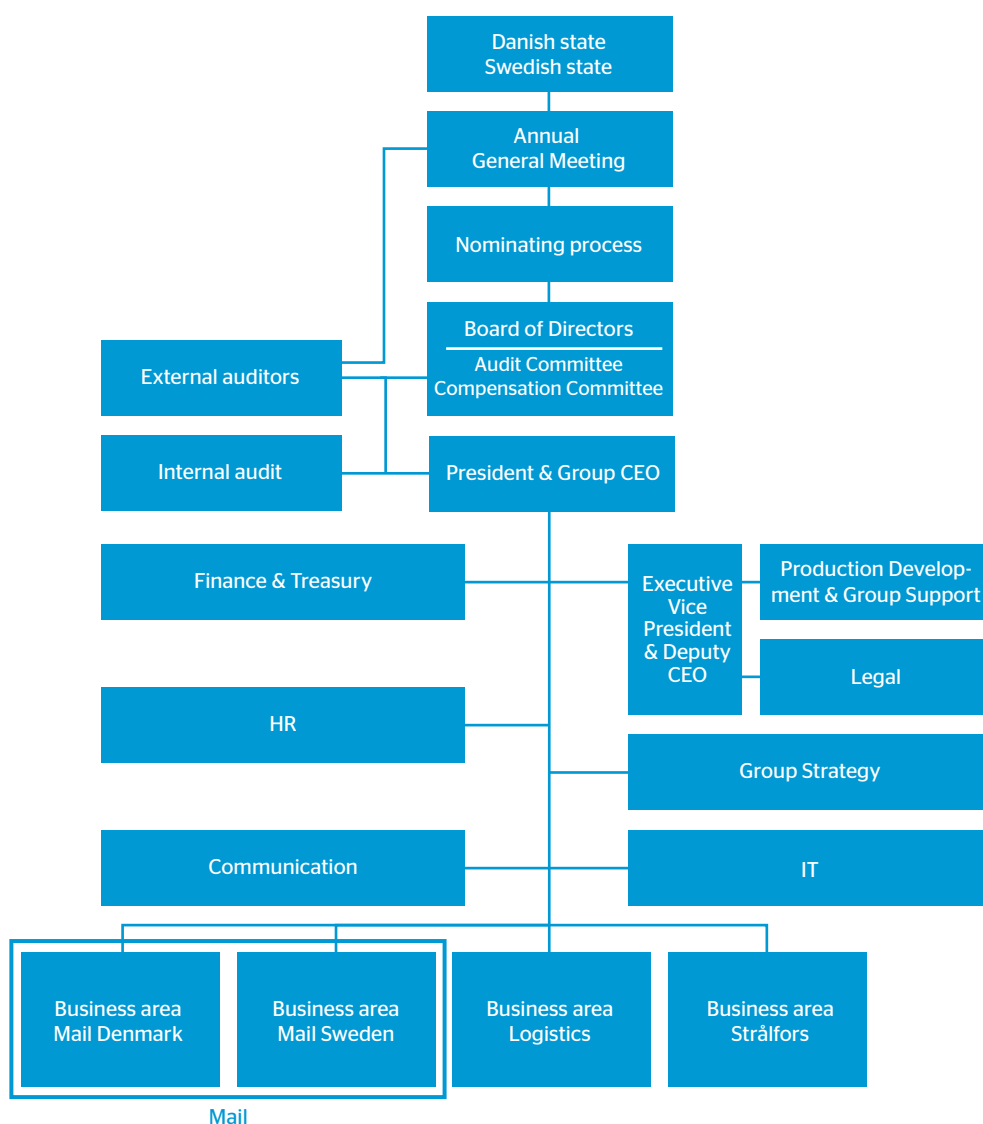
The Board of Directors holds overall responsibility for organization and administration of the company through continuous monitoring and control of operations. The Chairman of the Board leads the Board's work. The Audit and Compensation Committees assist the Board in these efforts.

PostNord's President & CEO is responsible for and leads the day-to-day management of the group based on the Board's

guidelines and instructions. The President & CEO is assisted by Group Management and by an executive management team comprised of members of Group Management.

The company's external auditor is selected by the AGM and examines the Annual Report and Consolidated Financial Statements, the Board's and CEO's administration and the annual reports of subsidiaries, and produces an auditor's report. PostNord's internal audit function evaluates the company's internal governance and control.

The group's operational structure differs from its legal structure. As a main principle, organization and governance are based on the operational structure. Postal concessions, however, are tied to the legal structure/legal entities (Post Danmark A/S, Posten AB); accordingly, formal responsibility for concessions follows the legal structure.



Governance model

The purpose of the governance model is to ensure and support maximum value creation for PostNord and the best possible development of the business. PostNord's governance model is composed of seven main elements. Core group governance includes Formal Governance, Functional Governance and Situation-specific Governance. Together with PostNord's strategy and plans, these determine the scope, conditions and direction for group operations.

The other elements are (1) management by objectives for the Group's top 250 managers, (2) management and operation of group projects and (3) operational management system with associated quality, environmental and work environment certification, as well as monitoring and assessment of operations with the EFQM Excellence Model. Sustainability aspects are integrated into the governance model.

Governance model pursuant to PostNord's operational governance

STRATEGY AND PLANS	Key documents, plans and processes for governance and development of the group's operations: strategy, business plans, operational plans, investment plans, financial plans/budgets.		
FORMAL GOVERNANCE	FUNCTIONAL GOVERNANCE	SITUATION-SPECIFIC GOVERNANCE	
<p>Proceeds from Group Board of Directors, President/Group CEO and assimilated throughout entire organization.</p> <p>Includes:</p> <ul style="list-style-type: none">• Responsibility structure• Formal decision-making procedure• Financial governance and reporting• Governance of legal entities• Internal governance and control• Compliance, including regulations	<p>Prioritized functional areas in which the group has chosen to govern the business functionally.</p> <p>Includes:</p> <ul style="list-style-type: none">• Group functions• Group policies• Group committees• Group support• Shared services	<p>Prioritized, fixed-term initiatives where the group has elected to "directly govern" the business through a specific program, project, etc.</p> <p>Examples:</p> <ul style="list-style-type: none">• Cost reduction program• Significant structural measures	
MANAGEMENT BY OBJECTIVES	<ul style="list-style-type: none">• Goal contract and management by objectives for top 250 managers		
GROUP PROJECTS	<ul style="list-style-type: none">• Governance of group-level strategic / business critical initiative projects• Group-wide project methodology and model		
OPERATIONAL MANAGEMENT SYSTEM	<ul style="list-style-type: none">• Operationalization through the Excellence Model (EFQM)		

Excellence Model (EFQM)

PostNord uses the EFQM (European Foundation of Quality Management) model to monitor and evaluate the operational management system. This model is based and focused on value creation for significant stakeholders – owners, customers, society and employees. The model has a holistic perspective in terms of the management and development of the business and is comprised of five action criteria and four result criteria. The Excellence Model aims to:

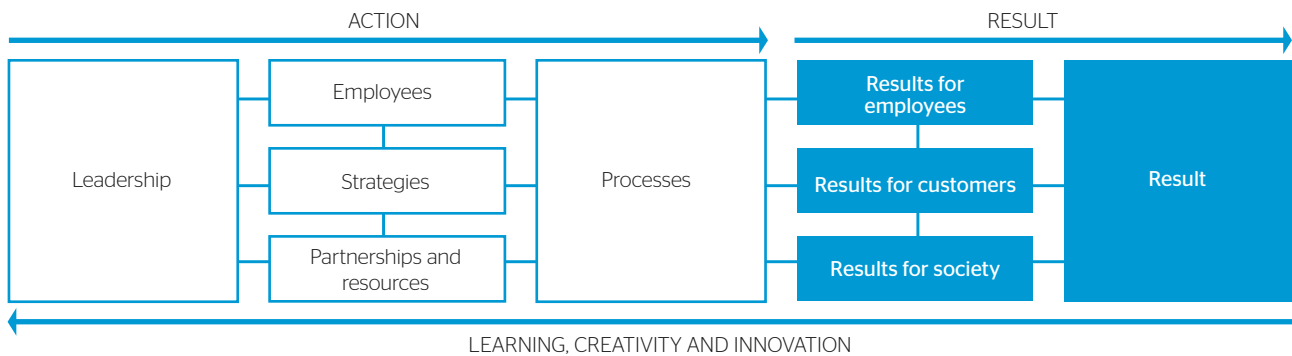
- Ensure a holistic perspective of the business.
- Strengthen competitiveness.
- Create understanding and cohesiveness between action and result.
- Create direction and progress by linking everyday actions and priorities to vision and desired position.
- Create clear customer value.

Deviations from the Code

PostNord applies the Swedish Code of Corporate Governance, with the exception of the following Code provisions:

- Chapter 2 requirement for nominating committee. PostNord does not have a nominating committee, as the nomination and appointment of Board members is performed in accordance with the principles agreed upon by the owners. Nominations are made in cooperation between the owners.
- Chapter 4.5 requirement for board members' independence from owners. The objective of the rule is to protect minority owners. Protection for minority owners is not relevant to the governance of PostNord, which has only two owners. The reporting of board members' independence is therefore not relevant.
- Chapter 9.7 requirement for AGM resolution on share- and share price-related incentive programs. The rules concerning share-related incentive programs are not applicable, as the Danish and Swedish states together own 100% of the company's shares.

Excellence Model



Annual General Meeting

Under the terms of the Companies Act, the AGM is the company's highest decision-making body. The Swedish Ministry of Finance and the Danish Ministry of Transport vote on behalf of the Swedish and Danish states at PostNord's Annual General Meeting. Each state nominates four Board members.

AGM resolutions are normally made by simple majority. In certain issues, however, the Companies Act and PostNord's by-laws stipulate that motions must be seconded by a higher proportion of the shares represented and votes cast. The Board of Directors is responsible for providing notification of time and place of the AGM. A Notice of Annual General Meeting is sent by mail to the shareholders and is advertised and published in PostNord's Annual Report and on the group website. Members of the Swedish and Danish Parliaments and the general public are invited to attend and ask questions at the AGM.

2012 Annual General Meeting

PostNord's 2012 Annual General Meeting was held on April 20, 2012. The AGM resolved as follows:

- To adopt the income statement and balance sheet and consolidated financial statements.
- To distribute a dividend to the owners, in accordance with the Board and CEO's proposal, of SEK 0.184 per share, totaling SEK 368m.
- To discharge the Board of Directors and the CEO from liability for financial year 2011.
- To approve the proposed guidelines for compensation and other terms of employment for executives.
- To approve the proposals concerning Board member and Committee member remuneration covering the period through the 2013 AGM. Board and Committee remuneration shall not be paid to members employed by the Swedish Government Offices. Auditor fees shall be paid upon invoice approval.
- That the Board of Directors shall be comprised of eight AGM-elected Board members and no deputy members.
- To reelect Board members Fritz H. Schur, Mats Abrahamsson, Ingrid Bonde, Gunnel Duveblad, Bjarne Hansen, Torben Janholt and Anne Birgitte Lundholt; to newly elect Jonas Iversen as Board Member; and to reelect Fritz H. Schur as Chairman of the Board.

The complete minutes of the 2012 AGM are published on the group's website: www.postnord.com.

2013 Annual General Meeting

PostNord's 2013 Annual General is planned for April 18, 2013. Information on the meeting time is published on the group's website: www.postnord.com.

Notice of Annual General Meeting is sent in letter format to the shareholders and is published in Post och Inrikes Tidningar (the Swedish Official Gazette) and in Dagens Nyheter. Notification of the time and place of the AGM is also sent to the central offices of the Danish and Swedish Parliaments in conjunction with the issuance of the notice.

AGM minutes are published as soon as they have been verified. The public and members of the Swedish and Danish Parliaments can register via e-mail to attend the AGM at ir@posten.se.

Proposed guidelines for executive compensation

The Board of Directors proposes the following guidelines for executive compensation (summary of proposed compensation policies):

Total compensation for executives shall be well balanced, competitive, reasonable, appropriate, subject to a salary ceiling and shall promote good ethics and a good corporate culture. Compensation shall not market leading in relation to comparable companies, but shall be characterized by moderation.

Individual money purchase pension plans are taken out for the President & CEO and other executives employed pursuant to Swedish labor law with contributions not to exceed 30 percent of fixed monthly salary. Required insurance – in the form of retirement, disability and survivor's pension – is taken out within the scope of this contribution. The retirement age is currently 62 or 65, and shall be 65 in future recruitments. For executives employed pursuant to Danish labor law, full premium-based pensions are applied and the retirement age is determined under Danish labor law.

In new employment contracts, the notice period should not exceed six months in cases where the employer terminates the contract. Previous employment contracts with a notice period of 12 months in cases where the employer terminates the contracts will remain in force. In cases where the employment contract is terminated by the employee, the notice period should be six months. If the employer terminates the contract, the employee may receive severance pay equal to a maximum of twelve months' salary. Income earned from subsequent employment or comparable business activities during the period of notice should be deducted from the aforementioned severance package.

Executives should not receive variable salaries. According to other principles included in the government's guidelines for employment terms for executives in state-owned companies, variable salaries may be paid to other employees.

Board of Directors

The Board of Directors holds overall responsibility for the organization and management of the company through regularly monitoring the business and ensuring appropriate organization, management, guidelines and internal controls. The Board decides on strategies and targets and makes decisions on major investments, acquisitions and divestment of operations.

Composition of the Board

The Board is appointed by the AGM, which has determined that the Board shall be composed of eight AGM-elected Board members and no deputies. The Board also includes three employee representatives and their three deputies. The Swedish state's ownership policy prescribes that each gender shall have at least 40% board representation. The female/male distribution of PostNord's Board of Directors was 38%/62% in 2012 (ordinary members).

Board's actions

Working methods

The Board of Directors annually establishes rules of procedure regulating matters such as the Chairman's duties, information to the Board and the roles and responsibilities of the CEO and Board members. There is no other division of Board tasks among Board members other than the committees presented in this report.

The Chairman of the Board is elected by the AGM, supervises the Board's work and is responsible for ensuring that this work is well-organized and carried out effectively. This includes the regular monitoring of the company's operations in dialogue with the CEO and making certain that other Board members receive the information and documentation necessary to ensure high quality discussions and Board decisions. The Chairman leads evaluation of the Board and CEO's work. The Chairman also represents the company in issues of ownership.

The CEO and other company officials participate in Board meetings in reporting or administrative capacities. Palle Juliusen served as secretary to the Board of Directors through October 1, 2012; Jørn Schmidt filled this role after that date.

Board meetings 2012

Date of meeting	Main topic	Additional key issues
02-22-2012	2011 annual financial statements	PostNord AB financial strategy
03-19-2012	Acquisition of Green Cargo Logistics AB	
04-20-2012	Statutory Board meeting	
05-09-2012	Interim Report	Contract re outsourcing IT workplaces, etc. Review of Board's liability insurance
06-15-2012	Personnel issues	
08-28-2012	Interim Report	Co-location of parcel and pallet terminal in Sweden PostNord's group strategy
11-06-2012	Interim Report	Financial policy Information and insider policy
12-10-2012	2013-15 business plan	Principles for CEO and executive compensation

Board attendance 2012

Board member	Number of Board meetings	Number of Audit Committee meetings	Number of Compensation Committee meetings
Fritz H. Schur	8/8	-	1/1
Mats Abrahamsson	8/8	-	1/1
Ingrid Bonde	7/8	-	1/1
Gunnel Duveblad	8/8	8/8	-
Bjarne Hansen	6/8	7/8	-
Torben Janholt	7/8	-	1/1
Anne Birgitte Lundholt	8/8	8/8	-
Jonas Iversen ¹⁾	6/8	7/8	-
Richard Reinius ²⁾	0/8	0/8	-
Ann-Christin Fällén ³⁾	3/8	-	-
Alf Mellström	8/8	-	-
Kjell Strömbäck ⁴⁾	2/8	-	-
Lars Chemnitz	8/8	-	-

¹⁾ Elected to the Board and Audit Committee in April 2012.

²⁾ Resigned from the Board and Audit Committee in February 2012.

³⁾ Elected to the Board in May 2012.

⁴⁾ Resigned from the Board in May 2012.

Board meetings and issues in 2012

The Board held eight meetings in 2012, including one statutory meeting. The Board's duties include the production of interim, year-end and annual reports. The Board dealt with these issues in 2012. The CEO presented the financial and market situation at all Board meetings. The Board also dealt with group strategy, acquisitions, employment issues and business plans during 2012. During the year the Board regularly dealt with Audit and Compensation Committee reports and reports on internal control and financial affairs. The company's auditor reported on the year's audit work and the Board discussed these issues.

The Board also dealt with issues regarding PostNord's sustainability work and its goals in this area, based on owner sustainability initiatives. Board members participated in seminars and discussions on sustainability with the Swedish owner.

Audit Committee

The Audit Committee is tasked with preparing the Board to perform its duties of supervising and assuring the quality of the group's financial reporting. The Committee supervises the effectiveness of the company's internal governance and control as well as risk management systems and processes with regard to financial reporting. The Committee's formal work plan is established by the Board. The Audit Committee has no decision-making authority.

The Committee also assists the owners in selecting auditors. The Audit Committee, in addition to reporting to the Board on its efforts, regularly reviews the auditors' reports and determines whether the auditors are performing their task independently, objectively and cost-efficiently. The Audit Committee is the principal of the internal audit and its monitoring of internal governance and control, and remains apprised of internal audit reports.

The Committee is comprised of at least three Board members and meets at least four times per year. The company's external auditors participate in meetings(s) at which the year-end report, annual report and auditor's report are presented, as well as when they are needed for assessment of the group's financial position. The Committee chair is responsible for continually apprising the Board of the Committee's activities.

Audit Committee members were Gunnel Duveblad (chair), Bjarne Hansen, Anne Birgitte Lundholt, Richard Reinius (resigned in February 2012) and Jonas Iversen (as of April 2012). The Audit Committee met eight times in 2012 and dealt with topics including:

- Implementation of reviews of internal audit of full-year report, semi-annual report and quarterly reports.
- Group auditor's reporting on year-end audit.
- Supervision of financial reporting and effectiveness of PostNord's internal governance and control.
- Supervision of risk management systems and processes.
- Procurement of external audit.

Compensation Committee

The Compensation Committee is tasked with preparing and presenting proposals to the Board regarding compensation and other benefits for corporate management and remuneration principles for external directors serving on the boards of group subsidiaries. The Compensation Committee has no decision-making authority.

The Compensation Committee is comprised of at least three members. The Chairman of the Board chairs the Committee. The Committee shall meet when warranted. The Committee chair is responsible for regularly apprising the Board of the Committee's activities. Compensation Committee members were Fritz H. Schur (chair), Mats Abrahamsson, Ingrid Bonde and Torben Janholt. The Compensation Committee met three times in 2012 and dealt with topics including:

- Compensation and other provisions for executives.
- Pension provisions for executives.
- Specific issues regarding compensation for members of Group Management.

Compensation at PostNord

Decisions on compensation for the President & CEO are made by the Board of Directors. The Board deals with compensation issues through the Compensation Committee.

Salaries and wages for PostNord employees shall conform to market conditions. For details on executive compensation, see Note 5, Employees, Personnel Expenses and Executive Compensation, in the consolidated financial statements.

Guidelines on executive compensation adopted by the 2012 AGM are outlined in the group's 2011 Annual Report and can be read in their entirety on the group's website.

Evaluation of Board and CEO actions

The Board conducts an annual evaluation of its own actions. The evaluation is carried out via a questionnaire and through discussions between the Chairman of the Board and Board members. Areas evaluated include the manner in which important decisions are prepared, discussed and managed; whether the right issues are brought up by the Board; the integrity of supporting documentation; and how well decisions and discussions are recorded in the minutes. Verbal and written feedback is provided to Board members.

The Board regularly evaluates the CEO's work by monitoring the business's progress toward set targets. A formal evaluation is performed once per year and is discussed with the CEO.

Board members' remuneration

Remuneration for Board members was determined by the 2012 AGM. Remuneration for each elected Board member for the period through the next AGM is SEK 250,000, while the Chairman's remuneration is SEK 600,000. Members of the Audit Committee are paid SEK 50,000, while the chair receives SEK 62,500. Members of the Compensation Committee are paid SEK 25,000, while the chair receives SEK 37,500. Board and Committee member remuneration is not paid to members employed by the Swedish Government Offices.



PostNord Board of Directors

1. Fritz H. Schur

Born 1951.
B.Sc. in Economics and Business Administration.
Chairman of the Board since April 2009.
Chairman of Compensation Committee since 2009.
Chamberlain and Consul-General. CEO or chairman of the board of Fritz Schur Group companies.
Chairman of the board of DONG Energy A/S, F. Uhrenholt Holding A/S, SAS AB and C.P.Dyvig & Co. A/S. Vice-chairman of Brd. Klee A/S. Board member of WEPA Industrieholding SE.

4. Bjarne Hansen

Born 1940.
BSc (Shipping). PMD (Harvard Business School).
Board member since August 2009. Member of Audit Committee since 2009.
Partner, WingPartners IS.
Chairman of the board of Billund Lufthavn A/S, Bel Air Group A/S and subsidiaries, PMG Construction A/S and Wrist Group A/S.
Board member of F. Uhrenholt Holding A/S, Bacher Work Wear A/S, Wrist Marine Supplies A/S, O.W. Bunker and Trading A/S, Ove Wrist A/S, Monali Aps, K/S Torvegade and K/S Alliance Bulk.
Director, Rosenborg Partners Aps. Director, Bjarne Hansen Aps.

2. Gunnel Duveblad

Born 1955.
Systems Engineer.
Board member since August 2009. Chair of Audit Committee since 2009.
Chairman of the board of Team Olivia AB, Contex Holding A/S and Stiftelsen Ruter Dam.
Board member of inter alia HIQ International AB, Sweco AB and Aditro AB.

5. Ingrid Bonde

Born 1959.
Master of Business Administration.
Board member since August 2009. Member of Compensation Committee since 2009.
CFO and Deputy CEO of Vattenfall AB.
Board member of the Center for Business and Policy studies (SNS).

3. Mats Abrahamsson

Born 1960.
PhD (Tech).
Board member since August 2009. Member of Compensation Committee since 2009.
Professor at Linköping University.
Board member of Dixma Consultant AB.

6. Torben Janholt

Born 1946.
Bachelor of Commerce.
Board member since August 2009. Member of Compensation Committee since 2009.
CEO of J Lauritzen A/S.
Board member of A/S United Shipping & Trading Company, Danmarks Rederiforening, European Community Shipowners' Association. Chairman of the board or board member of several Lauritzen Group companies.

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PostNord Board of Directors, *cont.*

7. Anne Birgitte Lundholt

Born 1952.
BSc (foreign trade) and Master of Political Science.
Board member since April 2009. Member of Audit Committee since 2009.
Chairman of the board of Naviair, FOF Danmark and Bornholms Erhvervsfond. Board member of Svaneke Bryghus A/S.

8. Jonas Iversen

Born 1965.
Master of Business Administration.
Board member since April 2012. Member of Audit Committee since April 2012.
Investment Manager at the Division for State Owned Enterprises at the Ministry of Finance in Sweden.
Chairman of the nomination committee of SAS.

Employee representatives

9. Lars Chemnitz

Born 1957.
Union representative appointed by 3F.
Board member since January 2010.

10. Alf Mellström

Born 1956.
Union representative appointed by Union of Service and Communication Employees (SEKO).
Board member since August 2009.
Employed by Posten since 1978.

11. Ann-Christin Fällén

Born 1955.
Union representative appointed by Union of Civil Servants (ST).
Board member since May 2012.
Employed by Posten since 1977.

Deputy employee representatives

Peter Madsen

Born 1953.
Union representative.
Deputy employee representative since January 2010.
Employed by Post Danmark since 1990.

Isa Merethe Rogild

Born 1949.
Union representative.
Deputy employee representative since August 2009. Board member of Post Danmark A/S since 1995. Employed by Post Danmark since 1966.

Johan Lindholm

Born 1979.
Union representative appointed by SEKO.
Deputy employee representative since April 2012. Employed by Posten since 1998.

Richard Reinius resigned as Board member and member of the Audit Committee in February 2012. Kjell Strömbäck resigned as employee representative in May 2012.

Group Management

The Board of Directors is responsible for appointing and dismissing the CEO. Group Management is appointed by and assists the CEO. The CEO leads the work performed by Group Management and Executive Management. The CEO is responsible for the day-to-day management of the company and the group in accordance with the Board's guidelines and instructions.

The relationship between the Board and the CEO is regulated by the rules of procedure and the Board's instructions to the CEO. The President/CEO is personally accountable to the Board for the day-to-day operation of the business and responsible for carrying out the strategic direction determined for the business. Lars Idermark has been PostNord's President & CEO since March 1, 2011.

PostNord has three general management levels: Executive Management, Group Management and Business Operation Management.

Executive Management

To enable the best and most efficient implementation of decisions, PostNord's President/CEO has established an executive management team to support the fulfillment of its commission. PostNord's Executive Management is comprised of the:

- President/CEO
- Deputy CEO
- CFO
- HR Director
- Head of Group Strategy

Group Management

Group Management is jointly responsible for ensuring that the group's business is developed to the maximum possible extent and is in line with the direction established by the Board of Directors. Group Management is also jointly responsible for implementation of the decisions taken by Executive Management. PostNord's Group Management is comprised of:

- Executive Management and
- CIO
- Head of Group Communications
- Head of Group Support & Shared Services
- Head of business area Mail Denmark
- Head of business area Mail Sweden
- Head of business area Logistics
- Head of business area Strålfors AB

Collectively, Group Management is comprised of the decision makers within the group who have decisive influence on and responsibility for the group's overall operations, both line responsibility and functional responsibility. All aspects and perspectives of the business are thereby included in Group Management.

Business Operation Management

The heads of the business areas are responsible for running the daily operations within their respective areas, in line with the directives, instructions and goals established by the group. They have full responsibility for the business within their respective areas, including financial responsibility and personnel responsibility.

Auditors

Ernst & Young AB is the appointed auditor, with authorized public accountant Lars Träff as the managing auditor. The auditors meet with the Board at least once per year and also participate in a number of Audit Committee meetings. In 2012, the Board met with the auditors during one board meeting, during which Board members were able to present questions to the auditors.

See also Note 7, Audit Fees and Reimbursement of Expenses.



PostNord Group Management

1. Lars Idermark

Born 1957.

Master of Business Administration.
President & CEO since 2011.

Previous positions: President & CEO of KF, CEO of the Second AP Fund, Executive Vice President and Deputy CEO of FöreningsSparbanken AB/Swedbank, Executive Vice President & CFO of Föreningsbanken AB, President & CEO of LRF Holding AB. Chairman of the Board of Swedbank AB. Board member of Chalmers University of Technology Foundation.

4. Johanna Allert

Born 1975.

Master of Engineering.

Senior Vice President and Head of Operations Development including Group Support & Shared Services since 2011.

Member of Group Management since 2011. Formerly Head of Development, group function Operations Development.

2. K. B. Pedersen

Born 1948.

Trained at the Danish Post and Telegraph Service.

Executive Vice President and Deputy CEO since 2011.

Member of Executive Management. Member of Group Management since 2009.

Previous positions: Executive Vice President and Head of group function Operations Development, Deputy CEO of Post Danmark A/S and P&T.

Board member of bpost and chairman of e-Boks A/S.

5. Henning Christensen

Born 1962.

Engineer.

Senior Vice President and Head of business area Mail Denmark since 2012. Member of Group Management since 2012.

Previous positions: Head of Production and Transport (PRT) at Breve Danmark A/S, Deputy Director of Mail Production & Transport at Post Danmark and Mail Center Director at Københavns Postcenter.

3. Henrik Rättzén

Born 1965.

Master of Business Administration.

Senior Vice President and CFO since 2012.

Member of Executive Management and Group Management since 2012.

Previous positions: Nordic CFO at Codan Trygg-Hansa, partner at KPMG.

Board member of Movestic Livförsäkrings AB.

6. Joss Delissen

Born 1963.

Master of Business Administration.

Senior Vice President and Chief Information Officer since 2009.

Member of Group Management since 2009.

Previous positions: CIO of Posten AB and various positions at Unilever, most recently as Director of Solutions Architecture.



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7. Andreas Falkenmark

Born 1955.

Master of Laws.

Senior Vice President and Head of business area Mail Sweden since 2009. Member of Group Management since 2009.

Previous positions: President of Posten Meddelande AB, CEO of NK Förvaltnings AB, CEO of Duka AB, CEO of Coop Sverige AB, CEO of Observer Northern Europe.

10. Henrik Højsgaard

Born 1965.

Studied economics.

Senior Vice President and Head of business area Logistics since 2009. Member of Group Management since 2009.

Previous positions: President of Posten Logistik AB; shipbroker in Denmark, the UK and Hong Kong; head of TNT International Express in Denmark; CEO of TNT International Express in Sweden; and President & CEO of Keolis Nordic AB.

8. Annemarie Gardshol

Born 1967.

Master of Engineering.

Senior Vice President and Head of Group Strategy since 2012. Member of Executive Management and Group Management since 2012.

Previous positions: executive positions at Gambro within strategy, global marketing and most recently as Senior Vice President for R&D; management consultant at McKinsey & Company.

11. Per Mossberg

Born 1953.

BSc (Econ.)

Senior Vice President and Head of Group Communications since 2009. Member of Group Management since 2009.

Previous positions: Head of Corporate Communications at Posten AB; partner at JKL AB; Executive Vice President of Telia AB; Senior Vice President at Trygg-Hansa SPP AB, Nobel Industrier and Bofors AB; and CEO of Näringslivets EU-fakta and Näringslivets Ekonomi-fakta.

9. Finn Hansen

Born 1956.

Master of Science.

Senior Vice President and Head of Group HR since 2013. Member of Group Management since 2009. Member of Executive Management since 2013.

Previous positions: Head of business area Breve Danmark, Deputy Director of Distribution, Deputy Director of Mail Production and Transport, various management positions at Post Danmark A/S.

12. Per Samuelson

Born 1957.

Master of Business Administration.

Senior Vice President and Head of business area Strålfors since 2009. Member of Group Management since 2009.

Previous positions: CEO of Strålfors; lecturer at Stockholm School of Economics and IFL; various positions within the Perstorp and PLM groups, most recently as divisional manager and member of PLM's group management. Board member of BTJ Group AB, Chamber of Industry and Commerce of Southern Sweden, Priveq Advisory AB and Aniagra.

Palle Juliussen resigned as Head of Group HR and Director of Legal Affairs in October 2012. Subsequently, group function Legal reports to K. B. Pedersen.

Internal governance and control of financial reporting

Framework

PostNord's framework for internal governance and control is based on the framework developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). Internal governance and control constitute an integrated part of the business.

The group utilizes a "three lines of defense" model to illustrate the way in which responsibility for internal governance and control has been organized. The first line of defense is the management of PostNord's business operations, which are responsible for identifying and managing operational risks within their own areas of responsibility.

PostNord's group functions – a number of governance and control functions – constitute the second line of defense and are authorized to issue group-wide rules and guidelines within their own functional areas of responsibility and are responsible for monitoring compliance thereto. These rules and guidelines are meant to ensure that applicable laws and regulations are observed and that the business is managed in such a way as to achieve established goals. The second line of defense may also conduct its own inspections and take steps to identify and manage any risks and errors that may have gotten by the first line of defense.

The third line of defense is the independent review and control function comprised of the group's internal audit, tasked

with examining the effectiveness and reliability of the group's internal governance and control.

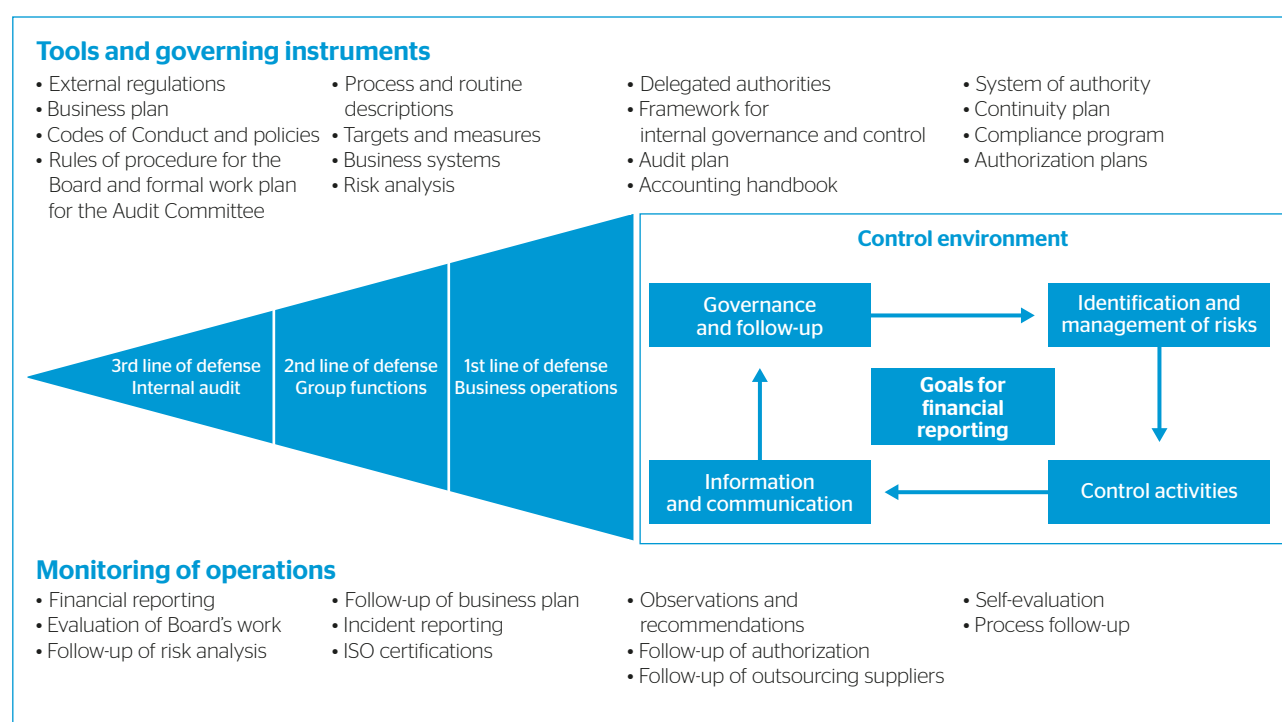
Control environment

A good control environment is ensured by, among other things, clearly defining and communicating details about the organization, decision-making paths and allocation of authority within the group.

The Board's work and responsibilities are governed by the Board's rules of procedure. The Audit Committee is responsible for preparing the Board to monitor and assure the quality of the group's financial statements. The Committee oversees the effectiveness of the company's internal governance and control as well as risk management systems and processes concerning financial reporting. The Committee's work helps ensure that reporting is accurate and reliable through measures including regular discussions with PostNord's management and external auditors and the examination of accounting principles applied and accounting issues that are brought to the Committee's attention.

The duties and powers of the President & CEO are governed by instructions established by the Board of Directors. Decision-making authority within the group is governed by delegated authorities, which is based on the delegation of responsibilities established by the Board in its rules of procedure.

Internal governance and control at PostNord



The delegated authorities set forth the decision-making authority delegated by the CEO to the managers who report to him. These managers may then further delegate their decision-making authority within their respective areas of responsibility.

Documents of importance are jointly signed by authorized signatories designated by the Board.

The internal audit function is tasked with examining the effectiveness of internal governance and control. This is performed regularly in accordance with an annual audit plan adopted by the Audit Committee. The function reports to the Board and to the CEO.

PostNord applies the ownership policy of the Swedish state, and this constitutes a major portion of the control environment. In addition, the group has Codes of Conduct and various policy documents that are also part of the control environment.

Identification and management of risks

In 2012 PostNord's operations were guided by the governance model presented on page 46. The Board's rules of procedure define internal governance and control of financial reporting as a process through which the Board, the CEO and employees ensure the reliability of financial reporting with a reasonable degree of certainty. Internal governance and control is based on analyses conducted by group companies and units of risks that the company's established targets will not be attainable. Risk analysis results are dealt with on a regular basis by the Audit Committee and the Board, which evaluate and monitor financial reporting risks. See also Risks and Risk Management, page 31.

Control activities

The group conducts control activities to eliminate or limit the occurrence or effects of identified risks.

These activities include rules covering decision-making and authorization, verification, compliance, manual and programmed controls, and the effective division of duties and responsibilities in processes and routines. Governing documents and processes concerning accounting and financial reporting provide additional assurance of accurate and reliable reporting. These documents and processes are updated by the group's Finance & Treasury function when amendments are made to legislation, accounting rules, reporting requirements, et cetera.

The Shared Services unit delivers accounting, finance administration, customer invoicing, supplier payments and payroll services to the group's central operations. In Sweden, these services are delivered via partners. Shared Services ensures that outsourced services are delivered with high quality to the consuming units. Delivery quality is ensured through

the monitoring of partners' internal control activities and reporting on the achievement of agreed service levels and quality criteria to the cooperation forum.

The group's Finance & Treasury function is responsible for group accounts and consolidated financial statements and for the group's common business system, SAP. This responsibility includes regular analyses of the financial results of the business operations and group functions. The financial statement and reporting processes include controls for reporting, valuation, disclosure requirements and application of accounting principles.

Information and communication

The Swedish state's ownership policy specifies guidelines, which PostNord follows, for external reporting applicable to state-owned companies.

The group's Financial Accounting manual and supplementary internal guidelines for accounting and closing procedures are regularly updated and are communicated to relevant employees, for example via the group's intranet.

The Board and the Audit Committee receive financial reports on the group's position and earnings trends on a regular basis, and examine all quarterly accounts and group annual reports before they are published.

Information to the group's external stakeholders is communicated through press releases and PostNord's website. Financial reporting is also made directly to the Danish and Swedish owners.

Governance and monitoring

PostNord's business activities are reported and evaluated monthly based on business objectives. PostNord's financial situation is discussed at each Board meeting. Board committees play important roles in terms of compensation, financial reporting and internal governance and control.

The Audit Committee receives regular reports from the group's external and internal auditors. The Audit Committee monitors that action is taken to improve internal governance and control in view of the auditors' observations and recommendations.

All companies and group functions conduct an annual self-assessment of the internal governance and control of financial reporting. Results are compiled by PostNord's unit for financial reporting and tax, and self-assessment results are presented to the Audit Committee, the Board, business operations and group functions.

Based on the self-assessment responses received for 2012, the internal governance and control of financial reporting is deemed to function satisfactorily within the group.

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