

Annual and Sustainability  
Report 2016



**postnord**

## PostNord's financial and non-financial target areas



PostNord is undergoing major adjustments in all parts of the organization. Nevertheless, the outcomes for the Group's Employee Index (MIX) and Leadership Index (LIX) in 2016 were marginally lower than in 2015.

The outcome for 2016 was impacted by the rapid digitization above all in Denmark, leading to major impairment losses. For that reason, the long-term financial target for rate of return was not achieved. The net debt ratio was marginally outside the target range.

Through initiatives to cut emissions from transportation and reduce energy consumption, the Group's carbon dioxide emissions continue to decline. Since 2009, emissions have fallen by around 25%.

During the year, PostNord intensified its focus on both delivery quality and perceived quality. The program of improvement centered on the customers' customers, the recipients. The PostNord listens program was rolled out, with good results.

Sustainability in the supply chain is a priority area, and a new target area as of 2016. The target is that, by 2020 no less than 80% of PostNord's total spend shall be made from suppliers who sign up to and comply with PostNord's Code of Conduct for Suppliers.

### Cover picture

At just 20 years, Kani Mousa was appointed team leader for Team 4 at the Langhus Terminal, Norway. He has now been team leader for two years, and has created a committed and motivated team that actively participates in the dialogue on the role of the unit, and how the team can make a difference in achieving the targets for the unit, the terminal, PostNord Norway and - ultimately - PostNord.

### Sustainability Report according to GRI G4

PostNord reports on its sustainability work for 2016 according to the Global Reporting Initiative's (GRI) G4 Guidelines, Core. The GRI Index on page 85-86 contains an overview of the aspects and indicators that are included within PostNord's sustainability reporting according to GRI. Information on the scope and delimitations of the report is provided on page 78. The Sustainability Report according to GRI comprises pages 2-15, 24-31 and 79-86.

# Corporate governance for long-term value creation

Properly functioning corporate governance is one of the requirements for creating long-term value for owners and other stakeholders. This Corporate Governance Report has been prepared in accordance with the Swedish Companies Act, the Annual Accounts Act and the Swedish Code of Corporate Governance.

## Shareholder structure

PostNord AB (publ), corporate identity number 556771-2640 ("PostNord") is a Swedish public limited company that is owned 40% by the Danish State and 60% by the Swedish State. Voting rights are shared 50/50 between the two governments. The Company is the Parent Company of the PostNord Group.

## Control and organizational structure

The main decision-making bodies at PostNord are the Annual General Meeting (AGM), the Board of the Directors and the President and Group CEO, assisted by the Group Executive Team.

The shareholders nominate the Chair of the Board and other Board members, propose directors' fees and nominate the AGM chair and an external auditor. The AGM is PostNord's highest decision-making body.

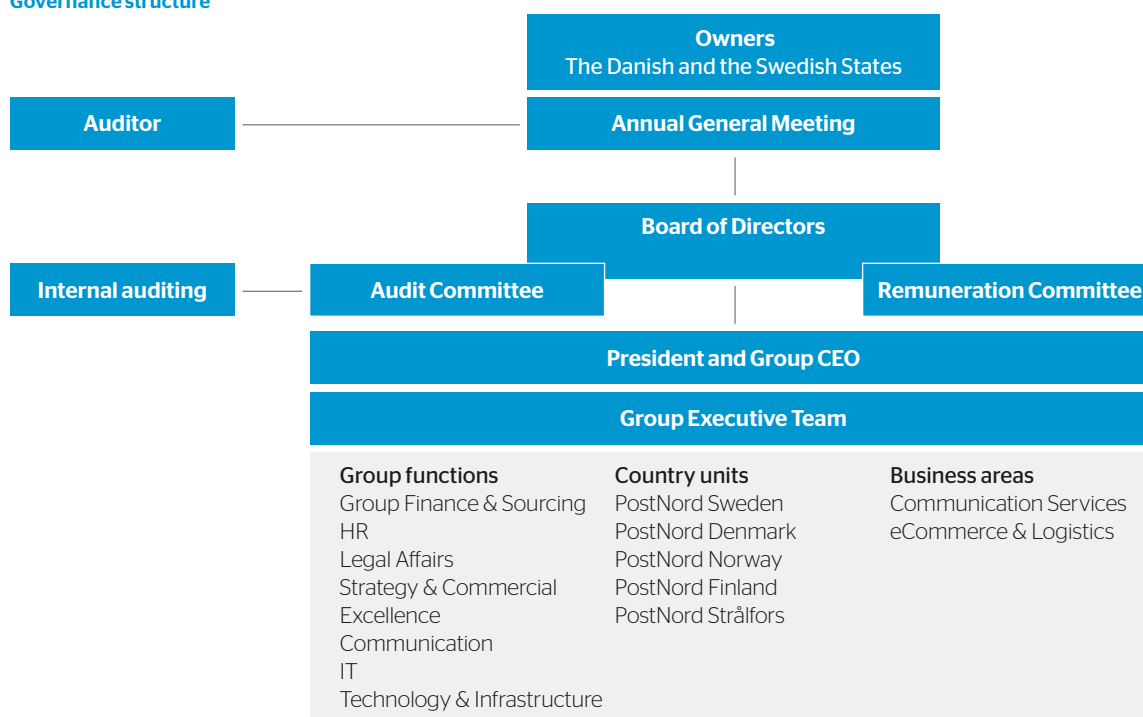
The Board of Directors has the overall responsibility for the organization and administration of the Company through continuous monitoring and control of operations. The Chair of the Board oversees the work of the Board. The Audit and Remuneration Committees assist the Board in its work.

PostNord's President and Group CEO is responsible for and oversees the day-to-day management of the Group based on the Board's guidelines and instructions. The President and Group CEO is assisted by the Group Executive Team.

The Company's external auditor is elected by the AGM and examines the Annual Report and Consolidated Financial Statements, the administration by the Board and President and Group CEO, 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, in which the country organizations are responsible for optimizing marketing and sales activities, production structure and organization across all business areas. The second level is made up of the business areas. The business areas are responsible for marketing and service development in their particular field throughout the Nordic region, across the boundaries of the country organizations. Postal licenses, however, are tied to the legal structure; this means that formal responsibility for compliance with the conditions of the licenses follows the legal structure.

## Governance structure



### Internal and external regulations

PostNord is affected by a number of internal and external regulations, including:

#### External regulations

- The Swedish Companies Act, the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance.
- The Swedish State's ownership policy and guidelines for State-owned companies and the Danish State's ownership principles (the State as shareholder).
- NASDAQ Stockholm's regulations for issuers.
- International Financial Reporting Standards, IFRS.
- The UN Global Compact.

#### Postal regulations

- The UPU Convention, the EU's Postal Directive and national legislation and directives in Sweden (e.g. the Postal Services Act and the Postal Ordinance) and Denmark (e.g. Order on conveyance by post and postal services).

#### Internal rules and regulations

- The Articles of Association, the Board's rules of procedure (including Instruction to the President and Group CEO) and the Audit and Remuneration Committees' rules of procedure
- Delegated authorities for PostNord AB.
- Code of Conduct and Group policies.
- Operational governance.
- Framework for internal governance and control of financial reporting.
- Guidelines for determining terms of employment for senior executives.

### Deviations from the Swedish Code of Corporate Governance

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

- Chapter 2 regarding requirement for a 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 through consultation between the owners.
- Section 4.5, requirement for Board members' independence from owners. The purpose of the rule is to protect minority owners. However, protection for minority owners is not relevant to the governance of PostNord. PostNord only has two owners and an account of the independence of the Board members is thus of no relevance.

### Annual General Meeting

Under the provisions of the Swedish Companies Act, the AGM is the Company's ultimate decision-making body. The Swedish Ministry of Enterprise and Innovation and the Danish Ministry of Transport vote on behalf of the Swedish and Danish States, respectively, at PostNord's Annual General Meeting. Each State nominates four Board members in the Company. The AGM appoints Board and auditor, and resolves on how to distribute the Company's earnings, discharging the Board and CEO from liability, and making decisions on other matters as set out in legislation and the Company's Articles Of Association. The AGM must be held no later than April 30 in accordance with the ownership policy of the Swedish State. Notice of the Annual General Meeting is sent by mail to shareholders and is advertised in the daily press, through information in the 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.

### Annual General Meeting 2016

The 2016 AGM was held on April 28, 2016. The AGM adopted the Group's and Parent Company's income statement and balance sheet and voted to discharge the Board of Directors and President and Group CEO from liability for the 2016 financial year. The AGM also adopted guidelines for remuneration to senior executives and remuneration to Board members and the auditor. Jens Moberg was re-elected Chairman of the Board. The AGM re-elected Mats Abrahamsson, Gunnel Duveblad, Christian Ellegaard, Torben Janholt, Magnus Skåninger and Anitra Steen. As Sisse Fjelsted Rasmussen had declined re-election, Mette Grunnet was elected to the Board for the first time. Accounting firm KPMG AB was re-elected as auditor through the close of next year's AGM, with authorized public accountant Helene Willberg as senior auditor. The complete minutes of the Annual General Meeting are posted on [www.postnord.com](http://www.postnord.com).

### Annual General Meeting 2017

PostNord's 2017 AGM will take place on April 27, 2017 at PostNord's Group headquarters at Terminalvägen 24, Solna, Sweden.

#### Proposed guidelines for remuneration to senior executives

The Board proposes that the AGM adopt guidelines for remuneration to senior executives. The main amendment in the proposals compared to the guidelines that the AGM voted on in 2016 is contained in the following paragraph:

- The guidelines shall be based on the Swedish government's "Riktlinjer för anställningsvillkor för ledande befattningshavare i företag med statligt ägande" (guidelines for employment terms for executives in State-owned companies) from December 22, 2016.
- Severance compensation shall be paid until no later than the agreed pensionable age and never longer than to the age of 65 years. The guidelines adopted at the 2016 AGM are summarized in Note 5.

## Board of Directors

The Board of Directors exercises overall responsibility for the organization and management of the Company via regularly monitoring the business and ensuring appropriate organization, management, guidelines and internal controls. The Board adopts strategies and targets and takes decisions on major investments, acquisitions and divestments of operations.

## Composition of the Board

According to PostNord's Articles of association, the Board shall consist of no less than three and no more than eight members. The Board of Directors 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 members elected by employee organizations and their three deputies. The Swedish State's ownership policy prescribes that the representation of each gender on the Board shall be at least 40%. The female/male distribution of PostNord's Board of Directors was 38%/62% in 2016 (ordinary members).

## The work of the Board

### Work procedures

The Board of Directors adopts rules of procedure annually. These govern matters such as the Chair's duties, information to the Board of Directors and the roles and responsibilities of the President and Group CEO and Board members. There is no division of the work of the Board between Board members, other than that performed by the Audit and Remuneration Committees, both of which are appointed by the Board of Directors in accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance.

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

## Board meetings and issues in 2016

In 2016, the Board met on 11 occasions, including the statutory first meeting and one per capsulam meeting. The CEO described the state of the business and the market situation at each meeting. The CFO reported on the Group's economic and financial position and performance.

The Board also discussed the Group's strategy, acquisitions, employment issues and business plan, and on an ongoing basis addressed reports from the Audit and Remuneration Committees, as well as reports on internal control and financial activities. The Board further focused on quality issues and the challenging situation in the Danish business caused by digitization. The Company's auditor delivered an account of the year's auditing activities and these issues were discussed.

### The Audit Committee

The Audit Committee is tasked with preparing the Board for performing 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 rules of procedure are established by the Board. The Audit Committee has no decision-making power. The Committee also assists the owners in selecting an auditor.

The Audit Committee shall, in addition to reporting to the Board on its work, regularly review the auditor's reports and determine whether the auditors are performing their task independently, objectively and cost-efficiently. The Audit Committee, in consultation with the Group Executive Team, is the instructing body for the internal audit and its monitoring of internal governance and control, and remains apprised of internal audit reports.

The Committee is made up of at least three Board members and meets at least four times per year. The Company's external auditor participates in meetings at which the annual accounts, annual report and auditor's report are presented, as well as when needed for assessment of the Group's financial position. The Chair of the Committee is responsible for regularly apprising the Board of the Committee's activities.

## Board of Directors attendance, 2016

Director	Board meetings	Audit Committee	Remuneration Committee
Jens Moberg	11/11	-	2/2
Mats Abrahamsson	11/11	-	2/2
Gunnel Duveblad	11/11	7/7	-
Christian Ellegaard	11/11	7/7	-
Sisse Fjelsted Rasmussen <sup>1)</sup>	2/3	1/3	-
Mette Grunnet <sup>2)</sup>	5/8	3/4	-
Torben Janholt	10/11	-	2/2
Magnus Skåninger	11/11	7/7	-
Anitra Steen	8/11	-	2/2
Kristofer Björklund <sup>2)</sup>	7/8	-	-
Lars Chernitz	11/11	-	-
Ann-Christin Fällén <sup>1)</sup>	3/3	-	-
Johan Lindholm	10/11	-	-

<sup>1)</sup> Resigned at AGM in April 2016.

<sup>2)</sup> Elected at AGM in April 2016.

During 2016, the Committee's members were Gunnel Duveblad (Chair), Christian Ellegard, Sisse Fjelsted Rasmussen, Mette Grunnet and Magnus Skåninger. Sisse Fjelsted Rasmussen resigned as a member of the Committee at the 2016 AGM, whereupon she was replaced by Mette Grunnet. The Committee met a total of seven times. The topics discussed include the following:

- The Group auditor's report on the year-end report and interim report and on audits of the end-of-period accounts.
- The Committee's new rules of procedures and the EU's Audit Regulation.
- Monitoring of the Company's financial reporting and process, as well as recommendations and proposals as regards ensuring the reliability of the financial reporting.
- Monitoring of the financial control system, with respect to the efficacy of the Company's internal controls, internal auditing and risk management.
- Assessment of external auditors.
- Auditing and monitoring of the impartiality and independence of the external auditors.
- Proposals and recommendations for the AGM's resolution on election of auditors.

*The Remuneration Committee*

The Remuneration Committee is tasked with preparing and presenting proposals to the Board regarding remuneration and other terms of employment for the Company's management, as well as determining principles for remuneration to external directors serving on the Boards of Group subsidiaries. The Remuneration Committee has no power of decision-making.

The Remuneration Committee is made up of at least three members. The Chair of the Board of Directors chairs the Committee. The Committee shall meet when warranted. The Chair of the Committee is responsible for regularly apprising the Board of the Committee's activities.

During 2016, the members of the Committee were Jens Moberg (Chair), Mats Abrahamsson, Torben Janholt and Anitra Steen. The Committee met in total on two occasions. The topics discussed include the following:

- Remuneration and other provisions for senior executives.
- Pension provisions for senior executives.
- Remuneration to members of the Group Executive Team.
- Evaluation of goal attainment and potential, together with succession planning for senior managers.

**President and Group CEO and Group Executive Team**

The Board of Directors is responsible for appointing and dismissing the President and Group CEO. The CEO appoints, and is assisted by, the Group Executive Team.

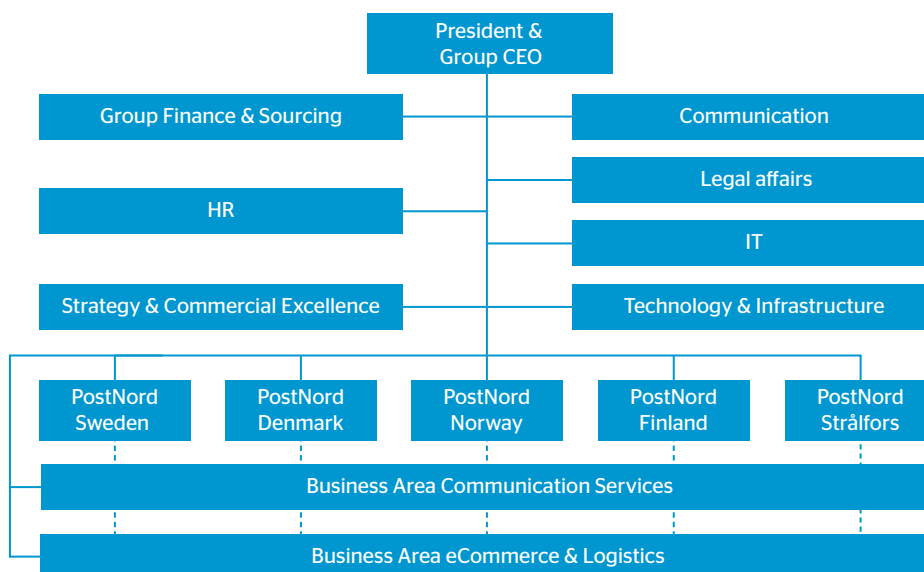
The President is responsible for day-to-day administration of the Company according to the Board's guidelines and directions. The relationship between the Board of Directors and the CEO is governed by the Board's rules of procedure and the instructions to the CEO.

The CEO is accountable to the Board for the day-to-day running of the business and is responsible for implementing the strategic direction set by the Board. Alongside the Board, the Group Executive Team is the Group's decision-making body and is jointly responsible for ensuring that the Group's business develops in line with the strategic direction established by the Board of Directors. The CEO oversees the work of the Group Executive Team.

*Remuneration at PostNord*

Decisions on terms of employment and remuneration for the President and Group CEO are taken by the Board of Directors. The Board addresses remuneration issues via the Remuneration Committee. Salaries and wages for PostNord employees shall be in line with the market. For further details on remuneration for senior executives, see Note 5, Employees, personnel expenses and

**PostNord - organization from 2016**



remuneration to senior executives, in the consolidated financial statements. Guidelines on remuneration to senior executives adopted by the 2016 AGM are available in their entirety at [www.postnord.com](http://www.postnord.com) under Corporate Governance.

*Evaluation of the work of the Board of Directors and the President and Group CEO*

The Board of Directors is required to ensure, in accordance with the Board's Rules of Procedure, that the work of the Board is reviewed once a year via a systematic and structured process in order to develop the work procedures and efficiency of the Board and its members.

Areas to be further evaluated include, for example, whether the right issues are addressed by the Board, the integrity of supporting documentation and how accurately decisions and discussions are recorded in the Board minutes. In 2016, external consultants were engaged in connection with the Board's review. The review took place in the form of surveys addressed to the Board and the President and Group CEO. The findings of the review were presented by the external consultant at the Board meeting in December and were discussed by the Board.

In addition, the Chair of the Board communicated the findings to the Company's owners at a meeting. The Board continuously 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.

*Remuneration to the members of the Board of Directors*

Remuneration for Board members was determined by the 2016 AGM. Remuneration for each elected Board member for the period through the next AGM is SEK 275,000, while the Chair's remuneration is SEK 650,000. The fee for the work of the Audit Committee is SEK 50,000 for members and SEK 62,500 for the Chair. The fee for the work of the Remuneration Committee is SEK 25,000 for members and SEK 37,500 for the Chair. Board and Committee member remuneration is not paid to members employed by the Government Offices of Sweden.

**Auditors**

PostNord's 2016 AGM appointed KPMG AB as the Company's auditor, with authorized public accountant Helene Willberg as senior auditor. The auditors meet with the Board at least once per year and also participate in a number of Audit Committee meetings. In 2016, the Board met with the auditor at one Board meeting. No member of Group Management attended the meeting. The Board members have thus had the opportunity to ask the auditor questions. See also Note 7, Fees and reimbursement of expenses to auditors.

## Our values

*Reliable*

PostNord keeps its promises and delivers everywhere, securely, at the right time and to the right place.

*Business partner*

PostNord is a professional business partner to its customers and helps them solve their communication and logistics challenges.

*Accessible*

PostNord is always close to its customers, listens to them and takes an active interest in the challenges they meet.

*Sustainable*

PostNord creates value for its customers and owners, is a socially responsible company and works actively to reduce the environmental impact of its activities.

## Our mission

PostNord connects people and businesses reliably, efficiently and on time.

## Our vision

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

PostNord adheres to several external regulations, including the OECD's Guidelines for Multinational Enterprises ([oecd.org](http://oecd.org)), the UN's Guiding Principles on Business and Human Rights ([ohchr.org](http://ohchr.org)) and the UN Global Compact ([unglobalcompact.org](http://unglobalcompact.org)). PostNord signed up to the Global Compact in 2010. The Global Compact is based on ten principles, which in turn are based on the UN Universal Declaration of Human Rights ([un.org](http://un.org)), the ILO Declaration on Fundamental Principles and Rights at Work ([ilo.org](http://ilo.org)), the Rio Declaration on Environment and Development ([unep.org](http://unep.org)), and the UN Convention against Corruption ([unodc.org](http://unodc.org)). These regulations are reflected in PostNord's Code of Conduct.

The Code of Conduct incorporates the Group's shared principles and policies in for example quality and security, human rights, diversity and equal opportunity and sustainability in the supply chain, social commitment and sponsorship, environmental conservation and business ethics, including conflicts of interest and competition. The Code is discussed at annual employee performance meetings and at recruitment. PostNord also observes a Code of Conduct for Suppliers based on the principles in the Code of Conduct and applicable to all purchasing categories throughout the Group. Both codes are available on the Group's intranet and [postnord.com](http://postnord.com).





### Governance for accountability and sustainability throughout the business

One of the Group's strategic priorities is to integrate sustainability aspects into everything that is done, in order to position the Group as one that is engaged in a sustainable business, i.e. it is a responsible business that benefits all its stakeholders. Operations are controlled and followed up using non-financial and financial targets set by the Board of Directors and the owners. This means that social, economic and environmental parameters must be taken into account in strategic and operational activities.

As well as complying with the law, directives and general regulations in the sector, PostNord must observe the Swedish State's ownership policy and guidelines for State-owned businesses. This includes a requirement to have a carefully considered and well-established policy and strategy, together with strategic targets for sustainable enterprise. Like other State-owned companies, PostNord's performance is measured against both financial and non-financial targets.

Control of PostNord's work on sustainability emanates from the Group Executive Team, in which the Chief Group Human Resources and Sustainability has overall responsibility for sustainability issues. Outcomes for the strategic sustainability targets (lower carbon dioxide emissions, women in management positions and sustainability in the supply chain) are followed up quarterly through reporting to the Group Executive Team and the Board. Work on strategic environmental issues falls within the responsibilities of the Chief Group Human Resources and Sustainability. The Group's environment working group consists of representatives of the sustainability section and the Group's country organizations. The function of the working group is to ensure that work on strategic environmental issues is carried out and to share experiences and best practice in the Group.

The responsibility for driving forward Group-wide efforts in sustainability in the supply chain falls to Group Sourcing. The function is responsible for the strategic control and follow-up on the Group's work in sustainability in the supply chain. During the year, a Supply Chain Sustainability Manager was appointed to head the work of developing, updating and following up the Group-wide plan for managing sustainability in the supply chain.

### Code of Conduct

PostNord's Code of Conduct, which was adopted by the Board in 2014 and updated in spring 2016, specifies requirements for the ways that the Group must act in the areas that are most important to PostNord in ensuring sustainable enterprise. The Code supplements applicable law and external regulations and is the starting point for all relevant intra-Group rules. The Code applies to all Group employees and relevant parts of the Code are also to be incorporated into agreements with business partners. Ultimate responsibility for compliance lies with PostNord management, but all employees are responsible for following applicable rules, including both legislation and other mandatory external and internal rules. PostNord's managers have a specific responsibility for acting as role models and ensuring that their employees are aware of and understand the rules that apply to the business. The Code has been supplemented by discussion material for workplace meetings.

### Anti-corruption

PostNord shall be a good player in the community, and so it is especially important that the business should be characterized by good business ethics. PostNord has a zero tolerance policy on corruption. The Code of Conduct includes rules, for example, on handling of conflicts of interest, sponsorship and partners, and suppliers. All forms of market activity and business entertainment must comply with generally accepted principles and applicable industry practice, provided that these involve more stringent requirements than those set out in law.

A Group-wide instruction supplementing the Code of Conduct specifies the circumstances in which third-party business entertainment may be offered and accepted by PostNord. The rules apply to all employees and are based on parts of the Swedish Code of Business Conduct, administered by the Swedish Anti-Corruption Institute (IMM). Implementation is supported by material for a training program. Typically, purchasers and salesmen are more susceptible to becoming involved in corruption. PostNord offers special training in topics such as anti-corruption legislation, aimed at employees in these categories. During the year, the Group Executive Team, large sections of our sales force and many middle-managers underwent training in the new instruction and associated legislation.

### Competition on equal terms

The Code of Conduct emphasizes how important it is to respect PostNord's special compliance program regarding competition law. During the past year, large numbers of PostNord sales personnel, along with employees with special duties within the compliance program relating to competition law, received training in competition law. This training is given on a regular basis.

### General compliance work

PostNord is in the process of drafting a new instruction, which is to form part of the implementation of PostNord's general compliance program. The instruction aims to establish a more standard structure for, and enable systematic follow-up of, internal rules intended to bring about not only compliance with legislation and other external rules but also effective risk management in sensitive areas. It supplements an earlier adopted in-house document hierarchy.

### Follow-up of compliance

One of the ways in which compliance at PostNord is followed up is via PostNord's special reporting (whistle-blower) procedure, which allows anonymous reporting in the event of suspicions of certain types of violation. The system is accessed via the intranet and postnord.com. During the year, no case arose in which a subsequent investigation indicated any serious breach of PostNord's Code of Conduct. PostNord also checks systematically on compliance with legislation in the working environment and environmental sectors. In addition, PostNord was not in 2016 subject to any judgments with binding effect in cases where PostNord has been found to have committed serious breaches of the law. Furthermore, PostNord was not subject to any fines in connection with violations of environmental legislation or other external environmental regulations. The same applies to anti-corruption and competition law.



### Certified management system

PostNord's business management system incorporates governing documentation and process descriptions. The business management system is linked to the above-mentioned document hierarchy. The system is certified under the standards on Occupational Health and Safety (OHSAS 18001), Quality (ISO 9001) and Environment (ISO 14001) for Group functions, business areas and the Swedish and Danish parts of our business. PostNord Norway and PostNord Strålfors operate their own business management systems for quality and environmental issues. Certification is a competitive advantage that many customers request. This involves regular internal evaluations and external audits, which form an important element of the work on internal improvement.

### Diversity and workplace equality

PostNord bases its diversity and equality policy on the view that differences among people make a workplace more dynamic and attractive. PostNord's managers shall serve as role models in this work and actively promote equality and diversity. PostNord's owners also set requirements in terms of driving change towards a balanced gender distribution in senior executive positions. PostNord operates Group-wide guidelines for equality and equal opportunity in the Nordic region. The objective is to underpin a common strategic direction, level of ambition and long-term structured program to promote equality and diversity. The manager concerned is responsible for the equality issue in the recruitment process and for equality and diversity activities in general, with support from the HR function.

To live up to high demands and to bring diversity issues into focus at PostNord, the "Move - Change for Diversity" program is currently in progress. The objective of an active diversity and equality program is to help ensure that both organization and management groups better reflect the world outside and the customers of the business.

### Competence provision

PostNord has an overarching competence provision plan for the 2015-2020 period. The plan is reviewed annually. An assessment of competence requirements based on the Group's strategy and business plan is in progress as part of the annual business planning process. Where necessary, the findings will lead to an action plan.

### Environment

The Group's environmental aspects are regularly reviewed and assessed. Instructions on practical management of PostNord's environmental impact are part of the business management system, for example actions to be taken in incidents that may affect the environment, chemicals handling and waste management. The instructions are based on the precautionary principle. When businesses are established or relocated, or when new products and services are developed, environmental impact assessments are performed, for example with a view to minimizing environmental risks. The Group's environmental work is evaluated internally through internal controls and evaluations for example.

### Suppliers

PostNord's sustainability requirements for suppliers are detailed in PostNord's Code of Conduct for Suppliers, which is also based on the requirements in the Group's Code of Conduct. Also, where necessary, PostNord makes product- or service-specific demands in addition to the Code of Conduct for Suppliers. In November 2016, the Code was updated with the addition of PostNord's Code of Conduct for Suppliers of Overland Transport. The aim is to simplify and clarify PostNord's requirements for all suppliers, including the specific requirements that PostNord makes of suppliers of overland transport services. The Code of Conduct for Suppliers is available at [www.postnord.com](http://www.postnord.com).

### Cooperation on security

To ensure that letters and parcels are delivered on time to the right recipient, PostNord works systematically on both preventing and countering crime, and ensuring resilience to disruptions and breakdowns. In 2016, further resources were invested in raising security awareness and strengthening security provision in our production facilities and fleet. The total number of criminal acts against the Group, including theft and fraud, was reduced in 2016. Cybercrime, in the form of ransomware mail with PostNord's logotype, continues to target individual citizens. This has led to the establishment of regular information sharing with public authorities in an effort to prevent, detect, prosecute and communicate. PostNord's business continuity management program adheres to the ISO 22301 standard and continuous efforts are made to review and adapt our capacity to maintain deliveries in the event of disruptions and breakdowns of various types. In 2016, crisis management exercises were carried out at all levels of the Group and with good results.

### Information security and privacy protection

As a major player in communication services, the Group also has a responsibility regarding information security, for example in the form of handling personal data, card information and other sensitive private information, as well as in terms of standing firm against threats and risks to information security. Handling of personal data is a major element of PostNord's services, and PostNord bears a major responsibility as a processor of personal data. For example, personal data is used for sorting and delivering mail items, and when sending out invoices on behalf of customers. PostNord also manages the personal data of its employees as personal data controller. During the year, work on the information security framework went ahead according to plan, with a continued focus on long-term work on security-enhancing measures. This work includes a number of parameters in which we need to intensify our focus going forward and further strengthen collaboration with our strategic suppliers. In 2016, no complaints were received from public authorities or other bodies regarding how personal data was handled, and no known cases of identified leaks, thefts or losses of personal data occurred.

**Board's report on internal governance and control of financial reporting**

*Organization*

The Board of Directors is ultimately responsible for ensuring the Company has an effective system of internal governance and control. The Board's rules of procedure define internal governance and control of financial reporting as a process through which the Board, the President and Group CEO and employees ensure beyond reasonable doubt that the financial reporting is reliable. The Audit Committee is tasked with preparing the Board to perform its duty of assuring the quality of the Company's financial reporting. 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 work is performed through measures such as regular meetings with PostNord's management and external auditors and examination of accounting principles applied and certain particular accounting issues that are brought to the Committee's attention. The duties and powers of the President and Group CEO are governed by instructions adopted by the Board of Directors.

PostNord's operational governance is based on the Group's set financial and non-financial goals. Details are available in a summary document, Operational Governance for the PostNord Group. The document describes the organization and deals with issues such as general internal division of roles and responsibilities. The governing principles consist most importantly of management by goals and decentralized profit center responsibility. The document is linked to the Group's delegated authority procedure. PostNord's principles of internal governance and control are based on the framework developed by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission.

The Group's operational structure differs from its legal structure. As a main principle, organization and governance are based on the operational structure.

The PostNord Group runs its business in the form of a matrix organization. The matrix organization comprises country organizations (CO), Sweden, Denmark/Germany and Norway/Finland, together with two business areas (BA), BA Communication Services and BA eCommerce & Logistics. The organization also includes Strategy & Commercial Excellence and Group functions.

*Governing documents*

PostNord's delegated authority procedure and other governing documents, guidelines etc. are intended to facilitate and ensure compliance. The delegated authority procedure, which applies to all companies in the Group, is mandatory and governs the right of decision within the Group. The delegated authority procedure is based on the division of responsibilities, adopted by the Group Board of Directors in its rules of procedure, between the Board of Directors and President/Group CEO. Its aim is, through delegation of authority, to ensure effective internal governance and control. The Group Board of Directors' rules of procedure define the matters that require decision by the Board of Directors. The President's areas of authority extend to everything that is not subject to decision by the Board, under the law or the Board's rules of procedure (or specific Board decisions). See also page 25.

*Risk assessment*

Management and managers in the country structure, the business areas and Group functions are responsible for identifying and managing risks in their respective areas of responsibility, within the framework of the Group's organization-wide risk management process and via regular follow-up and business review in the Group's units. Risks associated with financial reporting are identified and evaluated along with other types of risks. Financial reporting risks are also addressed by the Audit Committee and the Board, which evaluate and monitor the management of these risks on a regular basis. See also Risks and Risk Management, page 24.



### Control activities

Governing documents and processes concerning accounting and financial reporting are updated by the Group's Finance function in the event of amendments to legislation, accounting rules, reporting requirements, etc. The year-end accounting and reporting process includes controls for accounting principles, valuation and disclosure requirements. The control activities also include checks for compliance with decision-making and authorization rules, verification, reconciliation, manual and programmed checks and the division of duties and responsibilities in processes and routines. To a large extent, finance and payroll administration services are outsourced. Quality is ensured through the monitoring of internal control activities and reporting on compliance with agreed service levels and quality criteria. The Group's Finance function is responsible for consolidated reporting and consolidated year-end accounts. This responsibility includes analyses of the financial results of country organizations, the business areas and Group functions.

### Information

The Swedish State's ownership policy specifies guidelines for external reporting applicable to State-owned companies. As PostNord has issued listed bonds, the regulations governing listed companies are applied. The Group's governing financial reporting documents are updated continuously and are published via the Group's intranet, among other channels. The Board and Audit Committee receive and review all quarterly reports and the Group's annual report and sustainability report before publication. Information to the Group's external stakeholders is communicated through press releases and PostNord's website. Financial reporting is also addressed directly to the Danish and Swedish owners.

### Follow-up

- PostNord's business activities are reported and evaluated monthly, based on business objectives for the units with profit center responsibility. PostNord's financial situation is discussed at each Board meeting.
- Self-monitoring enables early detection and management of any risks and errors. The Board's independent audit and control function is conducted by the Group Internal Audit function, which is tasked with evaluating PostNord's processes for governance, risk identification and risk control.
- The Audit Committee receives regular reports from the Group's external and internal auditors and follows up to ensure that measures are taken on the basis of the auditors' observations and recommendations.
- The Group's companies and Group functions conduct an annual self-assessment of the internal governance and control of financial reporting. Results are compiled by the Group's Finance function and presented to the Audit Committee and to the Group's country organizations and Group functions.
- In 2016, certain sections of the reports that the Group's companies and units presented in the self-assessment were subject verification via a limited review by the Group's external auditors.



# Board of Directors



**Jens Moberg**

Born 1962.  
 Graduate Diploma in Business Administration.  
 Chair of the Board since April 2013.  
 Chair of the Remuneration Committee since April 2013.  
 Previous experience includes positions at IBM Denmark and subsequently at Microsoft Corporation, most recently as Corporate Vice President.  
 Chair of the boards of Grundfos Holding, LE34, Hertufsholm Skole og Gods and VisioLink.  
 Board member of Axcel and Poul Due Jensens Fond.  
 Own and closely-related parties' holdings of PostNord bonds: 0.



**Mats Abrahamsson**

Born 1960.  
 PhD (Tech).  
 Board member since August 2009.  
 Member of Remuneration Committee since 2009.  
 Professor at Linköping University.  
 Board member of Dixma Consultant AB.  
 Own and closely-related parties' holdings of PostNord bonds: 0.



**Gunnel Duveblad**

Born 1955.  
 Systems Engineer.  
 Board member since August 2009.  
 Chair of Audit Committee since 2009.  
 Previous positions include CEO of EDS Northern Europe and managerial posts at IBM.  
 Chair of the board of HIQ International AB, Team Olivia Group AB, Global Scanning A/S and Stiftelsen Ruter Dam.  
 Board member of Dustin Group AB and Sweco AB.  
 Own and closely-related parties' holdings of PostNord bonds: 0.



**Christian Ellegaard**

Born 1969.  
 MBA.  
 Board member since April 2013.  
 Member of Audit Committee since April 2013.  
 Former Member of corporate management at Berendsen Plc, CEO of Facility and various positions within the Berendsen Group, including CEO in Denmark.  
 Member of the board of Det Danske Madhus A/S since November 2016.  
 Own and closely-related parties' holdings of PostNord bonds: 0.



**Mette Grunnet**

Born 1967.  
 BSc Economics and Executive MBA.  
 CEO, Primo Holding A/S.  
 Board member since April 2016. Left the Board on February 14, for health reasons.  
 Chairman of the Board of Genua A/S.  
 Member of the Boards of SPEKVA A/S, Frederiksen Scientific A/S, Spillehallen.dk A/S, Jysk-Fynsk Kapital A/S, FASTERHOLT A/S and Inter Primo A/S.  
 Previous CEO of Ureflex A/S and Chairman of the Boards of Troldglas A/S, Spekva A/S, Kabooki A/S, Copy Stop Systems Aps, RFID-sec Aps, OTV A/S and Compass A/S, member of the boards of Global Industries A/S and Tops-pin Aps.  
 Own and closely-related parties' holdings of PostNord bonds: 0.



**Torben Janholt**

Born 1946.  
 Bachelor of Commerce.  
 Board member since August 2009.  
 Member of Remuneration Committee since 2009.  
 Previous positions include CEO of J Lauritzen A/S, Chair of the board of Otto Suenson A/S, Director of A/S United Shipping & Trading Company, Bunker Holding A/S, Uni Tankers A/S and Torm A/S.  
 Own and closely-related parties' holdings of PostNord bonds: 0.



### Magnus Skåniger

Born 1971.

Masters degree in Political Science and Business Economics. Certified European Financial Analyst (CEFA).

Board member since April 2014.

Member of Audit Committee since April 2014.

Director and head of the Division for State-Owned Enterprises at the Ministry of Enterprise and Innovation, Sweden

Previous posts include Executive Director EY, Director PwC and budget department at the Ministry of Finance.

Own and closely-related parties' holdings of PostNord bonds: 0.



### Anitra Steen

Born 1949.

Bachelor of Arts.

Board member since April 2013.

Member of Remuneration Committee since April 2013.

Previous positions include CEO of Systembolaget, Director-General of the National Tax Board, State Secretary at the Swedish Ministries of Education and Finance.

Chair of the boards of Akademiska Hus AB and AFA Försäkring. Board member of Oral Care Holding SWE AB and Attendo AB.

Ordinary member of the Swedish Press Council. Own and closely-related parties' holdings of PostNord bonds: 0.



### Employee representatives

#### Kristofer Björklund

Born 1973

Union representative appointed by the Union of Civil Servants (ST).

Board member since April 2016.

Employed by Posten since 2003.

Own and closely-related parties' holdings of PostNord bonds: 0.



#### Lars Chemnitz

Born 1957.

Union representative appointed by the Union of Service and Communication Employees (SEKO).

Chair of the Danish postal workers union, 3F Post.

Member of the Board since January 2010.

Own and closely-related parties' holdings of PostNord bonds: 0.



#### Johan Lindholm

Born 1979.

Union representative appointed by the Union of Service and Communication Employees (Seko).

Board member since April 2015.

Deputy employee representative since April 2012.

Employed by Posten since 1999.

Own and closely-related parties' holdings of PostNord bonds: 0.

### Employee representatives, deputies

#### Peter Madsen

Born 1953.

Union representative appointed by the Union of Service and Communication Employees (SEKO).

As a union representative, he represents 3F.

Deputy employee representative since January 2010.

Employed by Post Denmark since 1990.

Own and closely-related parties' holdings of PostNord bonds: 0.

#### Ulf Sjödin

Born 1956.

Union representative appointed by the Union of Civil Servants (ST).

As a union representative, he represents Saco.

Deputy employee representative since April 2015.

Employed by PostNord since 1997.

Own and closely-related parties' holdings of PostNord bonds: 0.

#### Sandra Svensk

Born 1977.

Union representative appointed by the Union of Service and Communication Employees (SEKO).

Deputy employee representative since April 2015.

Employed by PostNord since 1995.

Own and closely-related parties' holdings of PostNord bonds: 0.

# Group Executive Team



**Håkan Ericsson**

Born 1962.  
BSc Economics.  
President and Group CEO since October 1, 2013.  
Member of Group Executive Team since 2013.  
Previous positions: President of Carlson Wagonlit Travels, CEO of Loomis Cash Handling, Executive Vice President at SAS, Managing Director of DHL European freight operation, and senior positions in the Danzas, ASG and Fraktarna logistics groups.  
Own and closely-related parties' holdings of PostNord bonds: 0.



**Johanna Allert**

Born 1975.  
Master of Science Industrial Engineering.  
Chief Technical Officer since 2014.  
Member of Group Executive Team since 2011.  
Previous positions: Head of Group Operations Development function, including Group Support & Shared Services.  
Own and closely-related parties' holdings of PostNord bonds: 0.



**Gunilla Berg**

Born 1960.  
BSc Economics.  
Chief Financial Officer (CFO).  
Member of Group Executive Team since September 29, 2014.  
Previous positions: Vice President and CFO of the Teracom, SAS and KF Groups.  
Board member at Alfa Laval AB and Atlas Copco AB.  
Own and closely-related parties' holdings of PostNord bonds: 0.



**Björn Ekstedt**

Born 1965.  
MBA, MSc in Industrial Management and Engineering.  
Chief Information Officer (CIO) since March 2016.  
Member of Group Executive Team since 2016.  
Previous positions: CIO at Sandvik AB, a number of executive IT-positions at Sandvik AB and Vattenfall AB, Chief Controller and Colonel at the Swedish Armed Forces and a number of senior military positions in the Air Force.  
Own and closely-related parties' holdings of PostNord bonds: 0.



**Andreas Falkenmark**

Born 1955.  
Master of Laws.  
Head of Business area Communication Services since 2016.  
Member of Group Executive Team since 2009.  
Previous positions: Head of Business area PostNord Mail & Communication, Head of Business area Meddelande Sverige; CEO of NK Förvaltnings AB; CEO of Duka AB; CEO of Coop Sverige AB; and CEO of Observer Northern Europe.  
Own and closely-related parties' holdings of PostNord bonds: 0.



**Annemarie Gardshol**

Born 1967.  
Master of Engineering.  
CEO of PostNord Strålfors Group since 2015.  
Member of Group Executive Team since 2012.  
Previous positions: Head of e-Commerce & Corporate Clients, Chief Strategy Officer (CSO) and executive positions at Gambro and as a management consultant at McKinsey & Company.  
Board member of SCA AB.  
Own and closely-related parties' holdings of PostNord bonds: 0.



**Finn Hansen**

Born 1956.  
Master of Science.  
Chief Group Human Resource and Sustainability since 2013.  
Member of Group Executive Team since 2009.  
Previous positions: Head of Business area Breve Danmark, Deputy Director of Distribution, Deputy Director of Mail Production and Transport and various management positions at Post Danmark A/S. Own and closely-related parties' holdings of PostNord bonds: 0.



**Anders Holm**

Born 1957.  
Market economist.  
Head of PostNord Sweden since 2014.  
Member of Group Executive Team since 2014.  
Previous positions: Head of Posten Logistik AB in Sweden, Sales and Marketing Director at Posten Logistik AB in Sweden, and various positions at UPS, most recently as Nordic CEO.  
Own and closely-related parties' holdings of PostNord bonds: 0.



**Peter Kjaer Jensen**

Born 1969.  
MBA.  
Head of PostNord Denmark since June 1, 2016.  
Member of Group Executive Team since 2014.  
Previous positions: Head of business area PostNord Logistics and Various managerial positions at Maersk Line, Maersk Logistics and Damco International A/S.  
Own and closely-related parties' holdings of PostNord bonds: 0.



#### Tim Jørnsen

Born 1966.  
Economist.  
Head of e-Commerce & Logistics since January 1, 2017.  
Member of Group Executive Team since 2016.  
Previous: Executive VP Posten Norway/ Bring Nordic logistics operations outside Norway and also MD Palletways Europe and UPS Nordic and other leading positions within UPS UK, Brussels and Europe.  
Own and closely-related parties' holdings of PostNord bonds: 0.



#### Kristina Lilja

Born 1967.  
Master of Laws.  
General Counsel and Board Secretary.  
Member of Group Executive Team since January 1, 2015.  
Formerly VP and legal counsel at Husqvarna and positions as corporate lawyer or general counsel at companies including Hi3G Access (3), IFS and Cybercom.  
Own and closely-related parties' holdings of PostNord bonds: 0.



#### Per Mossberg

Born 1953.  
B.Sc. Economics.  
Chief Communications Officer since 2009.  
Member of Group Executive Team since 2009.  
Previous positions: Head of Corporate Communications at Posten AB; partner at JKL AB; Executive VP (Communications) at Telia AB; Senior VP (Communications) at Trygg-Hansa SPP AB, Nobel Industrier and AB Bofors; and CEO of Näringslivets EU-fakta and Näringslivets Ekonomifakta. Chair of the Board, Sveriges Kommunikatörer.  
Own and closely-related parties' holdings of PostNord bonds: 0.



#### Robin Olsen

Born 1970.  
Master of Engineering, Master of Management.  
Head of PostNord Norway & Finland since 2014.  
Member of Group Executive Team since 2014.  
Previous positions: Head of PostNord Logistics in Norway and CEO of Tollpost Globe AS.  
Own and closely-related parties' holdings of PostNord bonds: 0.



#### Jan Starrsjö

Born 1960.  
BSc of Economics.  
Head of Strategy & Commercial Excellence since 2016.  
Member of Group Executive Team since 2016.  
Previous positions: VP Sales PostNord Mail Sweden and other executive positions within Posten AB.  
Previously also: CEO for a venture capital firm and a IT services firm and management consultant at McKinsey & Co.  
Own and closely-related parties' holdings of PostNord bonds: 0.



**postnord**

**postnord**

**postnord**

**postnord**



### Contact persons

Per Mossberg, Chief Communications Officer  
Tel +46 10 436 39 15

Gunilla Berg, CFO  
Tel +46 10 436 28 10

### Financial calendar

Annual General Meeting	April 27, 2017
Interim report January-March 2017	April 28, 2017
Interim report January-June 2017	July 20, 2017
Interim report January-September 2017	October 27, 2017



Swan marked printed matter.  
Photographers: Peter Phillips, June Witzoe and others.  
Production: PostNord in partnership with Hallvarsson & Halvarsson.  
Printed by: Strålfors 2017.

**We deliver!** PostNord is the leading supplier of communication and logistics solutions to, from and within the Nordic region. We ensure postal service to households and businesses in Sweden and Denmark. With our expertise and strong distribution network, we develop options for tomorrow's communication, e-commerce, distribution and logistics in the Nordic region. In 2016, the Group had around 33,000 employees and sales of just over SEK 38 billion. The Parent Company is a Swedish public limited company with Group headquarters in Solna, Sweden. Visit us at [www.postnord.com](http://www.postnord.com)