



Contents

2	President & CEO statement
4	PostNord's arena
5	Stakeholder dialogue and materiality analysis
6	Governance and targets
9	Owners
10	Society
11	Capital market
12	Customers
15	External partners
17	Employees
21	Environment
25	Suppliers
26	Sustainability data
29	Accounting principles
32	Attestation Report
	Contact information

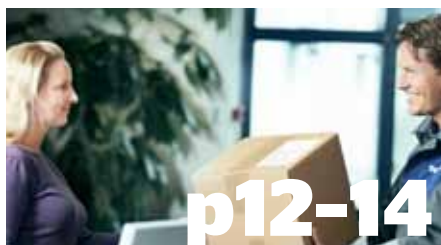


PostNord's
targets

How we are
reducing our
carbon dioxide
emissions



PostNord's role
in society



How we improve
our customers'
competitiveness

About the report

The 2012 Sustainability Report is the group's fourth sustainability report. It is intended for anyone who wants to get a picture of our sustainability work during the past year and our ambitions for the future. The report includes, unless otherwise indicated, the Nordic operations, since most of the group's sales and employees are located in this region. The last report was published on March 15, 2012. Information on the accounting policies applied and their scope is detailed in the Accounting Principles. The Sustainability Report is prepared in accordance with the Global Reporting Initiative's (GRI's) Sustainability Reporting Guidelines, Version 3.0, Application Level C+. The Sustainability Report was adopted by PostNord's Board of Directors on February 21, 2013. Ernst & Young AB has reviewed PostNord's 2012 Sustainability Report and confirmed that it was prepared in accordance with Global Reporting Initiative's Application Level C+. A GRI cross-reference table is available on the group's website at www.postnord.com.



Read more about
PostNord's
performance in the
Annual Report.

Every care has been taken in the translation of this sustainability report. In the event of discrepancies, however, the Swedish original will supersede the English translation.

PostNord offers communication and logistics solutions to, from and within the Nordic region. We have the important universal service obligation of providing postal services in Sweden and Denmark. We are also the leader in business communication in the Nordic countries and one of the largest logistics operators in the region.

Every working day we distribute 11 million letters, 400,000 parcels and 11,000 pallets of goods. We listen to and maintain dialogue with our customers to implement continuous improvement and provide solutions that strengthen our customers' competitiveness.

Our role.

Our responsibility.

PostNord's active work with issues relating to quality and the environment creates value for our customers, owners and other stakeholders, and increases their confidence in us as a provider. Good leadership and dedicated employees are crucial to our ability to generate new business and enhance our ability to continue to deliver high-quality communication and logistics solutions.

PostNord's business is based on transport and we work continually to reduce our environmental impact. If we use less fuel we reduce our costs and enhance our competitiveness - while reducing our environmental impact.

Sustainable enterprise creates sustainable business

We create value for our customers, owners and other stakeholders as we effectively manage and distribute physical and digital mail items. Through an open dialogue with stakeholders, we ensure that we develop our offer and our business in the right direction.

Conversions and investment for the future

PostNord's net sales decreased by 1 percent in 2012 to SEK 38,920m (39,466). Operating profit totaled SEK 364m (1,571) and the operating margin was 0.9 (4.0) percent. The adjusted operating margin¹⁾ was 4.0 (4.7) percent.

PostNord's reported profit for 2012 is marked by the major changes that the group has undergone. Our strategy is to reposition the business in relation to the market trends. The major investments being made in the Swedish terminal structure are crucial in terms of enabling us to address the substantial changes in anticipated letter and parcel volumes.

It is crucial for our continued success that we have managers and leaders who exercise effective leadership in change and that we have committed employees. It is a challenge to continually adapt the business to changing conditions, improve efficiency and reduce costs. But the measures are necessary, and we strive to act effectively and responsibly in all of our conversion efforts.

Delivery precision creates value

High delivery precision and quality throughout the chain are important competitive advantages that are critical to our credibility and ability to do business. Delivery precision is one of the key success factors for our customers, and the quality of our deliveries is therefore essential. It is gratifying to note that the delivery quality for overnight delivery of first-class letters has increased overall in the group.

Reduced carbon dioxide emissions

We use different modes of transport to make on-time deliveries to recipients. Road and air transport account for 88 percent of the group's total carbon dioxide emissions. Reducing carbon dioxide emissions is a priority and we are dedicated to our overall target of reducing carbon dioxide emissions by 40 percent between 2009 and 2020.



An open dialogue

In order for PostNord to live up to the requirements, expectations and preferences that are set for us, we must know about and take on board the issues that are important to our stakeholders. Our key stakeholder dialogues include those with decision makers and opinion leaders - these are particularly noteworthy, since the design of future service requirements as it relates to ongoing market changes is a central issue.

Our customers' confidence in us as a supplier and business partner is critical to our ability to generate value and our dialogue with customers and partners in our service network is paramount. We conduct regular surveys of customer and public perception of us; measurements that help us evolve.

Internal dialogue within the company is important because good leadership and dedicated employees are crucial to developing our business in the right direction. During the year we made extensive efforts to enhance employees' knowledge and understanding of PostNord's market conditions and strategy.

Our responsibility is to change

PostNord supports the principles of the UN Global Compact, and our responsibility also includes areas outside our own business. Our markets are changing and offering new business opportunities. We have a responsibility to ourselves and to our environment to constantly evolve and constantly work on improvements to capitalize on these opportunities and create value.

Lars Idermark
President and Chief Executive Officer

¹⁾ Operating margin before restructuring costs and non-recurring effects.



2012 highlights

- Continued implementation of the Roadmap PostNord 2015 group strategy. The strategy aims to reposition the business in relation to market trends, secure profitability in Mail and generate continued expansion in Logistics.
- Carbon dioxide emissions from PostNord's operations decreased 5% year-on-year.
- SEK 65m was earmarked for the group's Climate Fund.
- Employee index (MIX) and leadership index (LIX) improved to 63 (57) % and 65 (59) %, respectively.
- Delivery quality for first-class letters (overnight) in Sweden and Denmark was 95.4 (94.7) % and 93.5 (94.0) %, respectively.
- Continued investment in the terminal structure. The investments provide greater flexibility, efficiency and profitability, and create opportunities to reduce carbon dioxide emissions.

PostNord's arena

PostNord's stakeholders have different requirements and expectations for the group. These can change rapidly with changing market conditions in the communication and logistics industry.

Understanding how stakeholders view us and our business is a prerequisite for the creation and provision of required services – today and tomorrow.

Environment

PostNord's business requires extensive transport. Environmental requirements are increasing, and reduction of carbon dioxide emissions is a priority issue.
Read more on pages 20-24 and 26

Suppliers

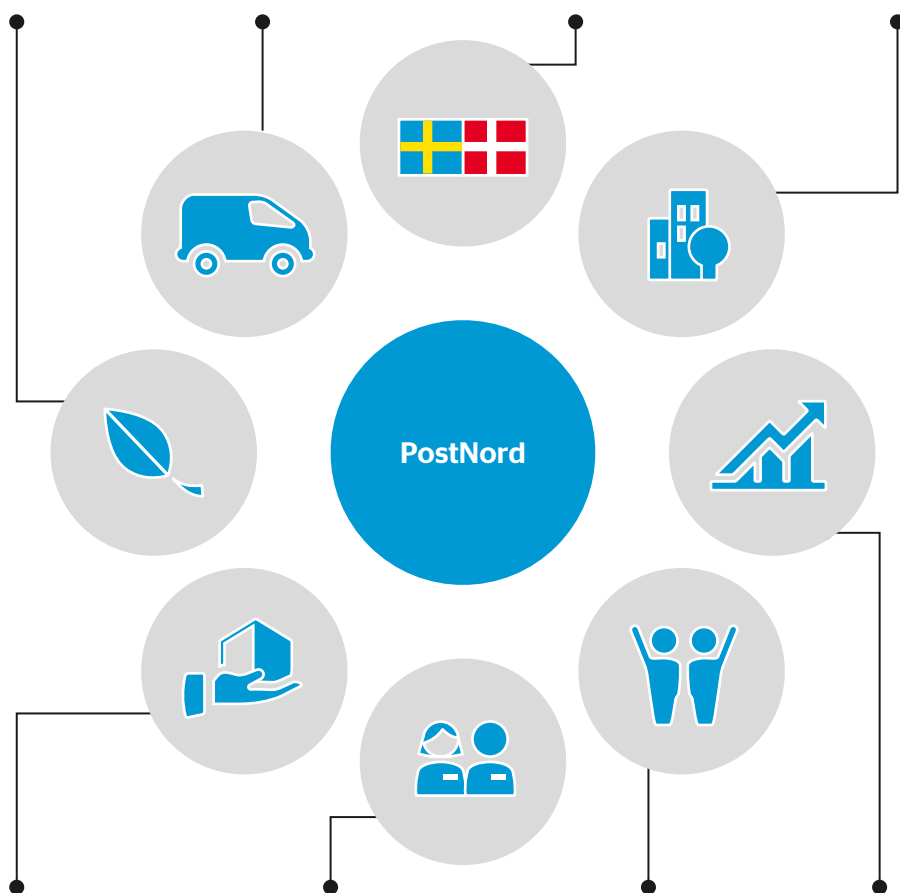
Every year, PostNord procures goods and services for billions. The basic assumption is to only sign agreements with parties that undertake to comply with PostNord's supplier code.
Read more on page 25

Owners

PostNord is owned 60% by the Swedish state and 40% by the Danish state. The overall mission from the owners is that PostNord should create value and ensure the execution of a universal service obligation.
Read more on page 9

Society

PostNord is an important corporate citizen. With a long-term, stable and profitable business, opportunities are created to meet and exceed demands for environmental compatibility and social responsibility.
Read more on pages 10-11



External partners

PostNord currently has 4,879 distribution points, of which 4,363 are managed by external partners. These play an important role in PostNord's ability to offer customers good service.
Read more on page 15

Employees

With nearly 40,000 employees, PostNord is one of the largest employers in the Nordic region, and this carries great social responsibility. Being an attractive and stimulating workplace is part of our vision.
Read more on pages 16-19 and 27-28

Customers

Our customers need to be able to reach their recipients. On time, securely and effectively.
Read more on pages 12-14

Capital market

PostNord finances its operations partly through external loans. Capital market confidence is therefore important to PostNord.
Read more on page 11

Stakeholder dialogue and materiality analysis

In order to live up to the demands and expectations placed on us, we need to understand the issues that our stakeholders regard as important. Dialogue with stakeholders provides valuable knowledge that helps us to continuously develop the group's offer and operations.

PostNord conducts various surveys and dialogues with internal and external stakeholders to better understand and act on the expectations placed on the company. Through this dialogue, PostNord is better able to understand and manage trends, markets, opportunities and risks.

Stakeholder dialogues are conducted in different formats and with varying frequency. Dialogue responsibility is allocated to different parts of PostNord's operations, depending on the nature of the issues. Below is a summary of PostNord's stakeholder dialogues in 2012, divided by stakeholder group, type of dialogue and issues in focus.

Stakeholder	Dialogue	Important issues	Regular measurement of stakeholder perceptions of PostNord	Other monitoring	Read more on page
Owners	AGM, discussions, meetings.	Value creation and financial stability, sustainable business, performance of universal service obligation stipulated by law and license conditions.		Interim financial statements, annual report including corporate governance report, sustainability report, presentations, other reporting.	9
Capital market	Phone conferences, meetings and other correspondence.	Financial stability, cash flows, ownership structure, sustainable business, transparency.	Price of PostNord's outstanding bonds.	Interim financial statements, annual report including corporate governance report, sustainability report, presentations.	11
Society	Discussions, meetings and correspondence with regulatory authorities, politicians and opinion leaders, dialogues and collaborations with industry organizations, interest groups (e.g. rural), sports and cultural organizations, organizations for sustainable development and social responsibility.	Quality, security, simplicity, reliability, availability, consideration of customer needs, value of products and services, good management of the company.	Measurements (twice yearly) of the public perception of the business (corporate image) in Sweden and Denmark.		10-11
Customers	Communication through the sales organization, customer service, customer ombudsman/appellate authority, drivers and mail carriers as well as through PostNord's service network of 4,879 distribution points.	Availability through good geographic coverage and scope, high sales competence and good customer service, reliability, security, environment, focus on solutions for customers.	Measurements (twice yearly) of customer satisfaction and private and corporate customers' perceptions of PostNord and PostNord's operations. Customer perception of PostNord's partners is included in the surveys.	Measurements of delivery quality for letters and parcels, measurements of environmental impact of operations.	12-14
External partners	Continuous ongoing dialogue with external partners through various channels.	The function of cooperation with contacts at PostNord's external partners, delivery reliability, information from PostNord in support of customer service.	Annual measurement of partners' satisfaction (NPI).	Mystery shopper measurements.	15
Employees	Performance reviews, workplace meetings, employee dialogue, communication via internal channels, dialogue with trade unions, Senior Management Meetings.	Customer focus, clear information on group's development and direction, good working conditions.	Annual employee survey (FOCUS).	Monitoring of leadership quality, employee commitment, sick leave and gender equality.	16-19, 27-28
Suppliers	Procurement, purchasing negotiations and other dialogue in relation to purchasing and quality monitoring meetings.	Transparency in procurement processes, ability to pay, delivery quality.		Measurements of contract fidelity and compliance with supplier code.	25

Governance and targets

PostNord shall create long-term value for its owners and other stakeholders and to ensure the provision of universal postal service on a commercial basis. Sustainability issues are integrated into PostNord's governance model and several of PostNord's group targets are related to sustainability.

Roadmap PostNord 2015

Declining mail volumes necessitate major changes in the group. Meanwhile, the logistics market is growing and holds potential for a strong regional operator like PostNord to further increase market share in the Nordic countries. An enhanced market position in logistics is also important in terms of meeting competition in the logistics industry.

PostNord's strategy is to develop the company in line with our mission, vision and core values. The strategy involves a repositioning of the group's operations in line with market changes in order to ensure profitability of Mail and continue the development of Logistics. The strategy was implemented according to plan during 2012.

Sustainability issues are integrated into PostNord's strategy and governance by objectives.

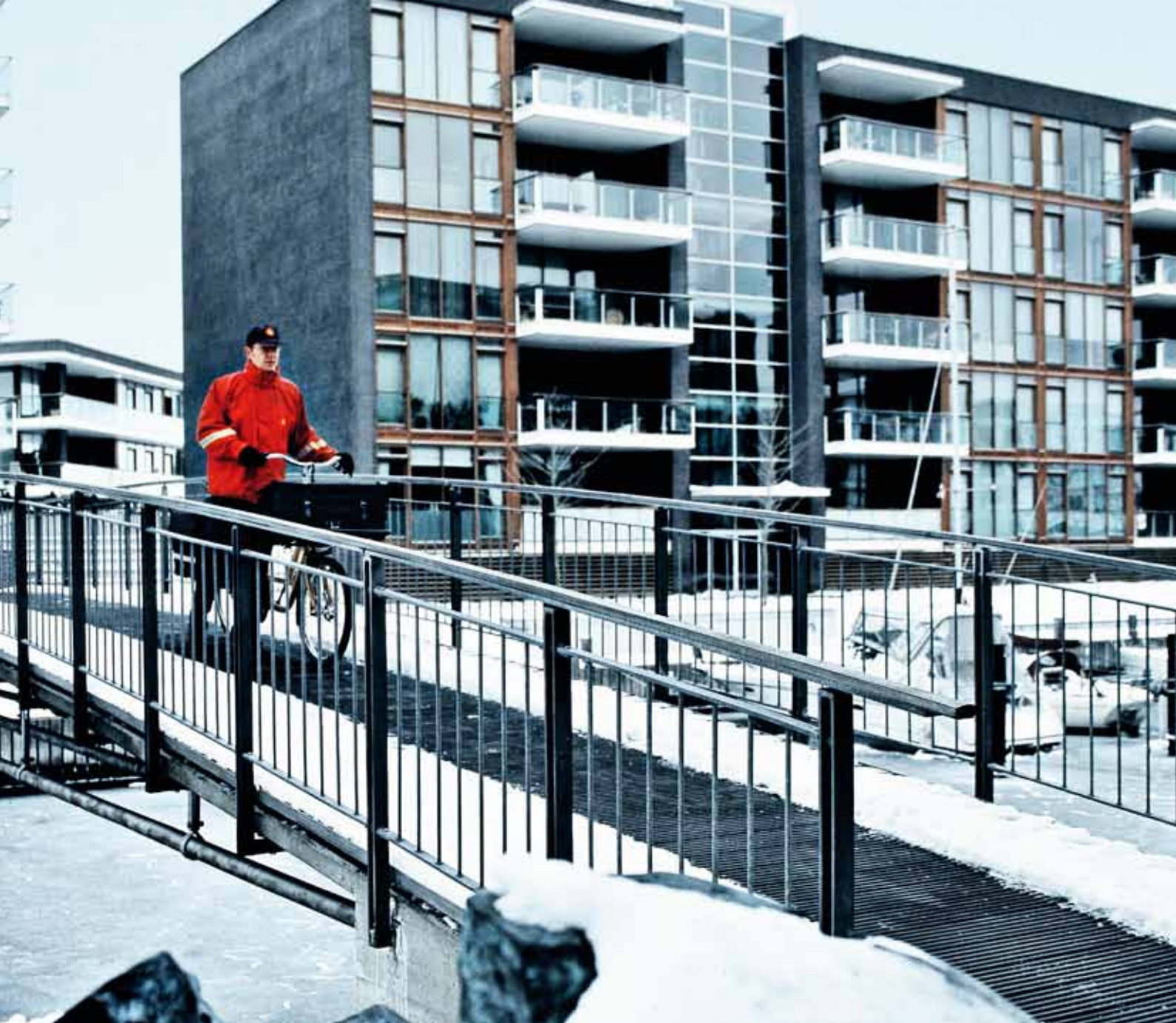
Governance model

PostNord's governance model aims to secure and sustain maximum value creation and to develop the business in the best possible way. PostNord's governance model consists of seven main elements. The principal corporate governance includes formal governance, functional governance and contextual governance, which together with PostNord's strategy and plans set the parameters, conditions, and direction for the group's operations.

The other elements are comprised of governance by objectives for the group's 250 top executives; management and implementation of group projects; business management systems and related certification for quality, environment and safety; and monitoring and evaluation of activities supported by the EFQM (European Foundation of Quality Management) Excellence Model. This model is based and focused on value creation for all key stakeholders: owners, customers, society and employees. The model has a holistic perspective in terms of the management and development of the business. Read more about PostNord's governance in the Corporate Governance Report in PostNord's Annual Report.

Risks and risk management

PostNord's risk management is an integral part of the company's operational governance. Risks and risk management are described in PostNord's Annual Report.



Mission

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

Values

- Reliable
- Accessible
- Business partner
- Environmentally sound

Vision

We deliver world-class communication and logistics solutions to satisfied customers.

- We develop strong, profitable international logistics and information logistics operations through ownership, partnership and collaboration.
- We are an attractive, stimulating workplace with committed, motivated employees.
- We are an environmentally sound choice for our customers.

We measure what matters

PostNord's corporate targets include both financial and non-financial targets. PostNord's dividend policy is to pay 40% of net

profit to the owners, while taking into account implementation of group strategy and the group's financial position and targets.

Targets and performance

	Targets	Performance 2012
FINANCIAL TARGETS		
CAPITAL STRUCTURE	Equity/Assets ratio of at least 35%.	39 (47)%
RETURNS	Return on equity exceeding 10% over a business cycle.	2 (10)%
OTHER TARGETS		
CUSTOMERS	World-class communication and logistics solutions to satisfied customers.	
Customer value	Improve customer value index (KVI).	71 (70)
Corporate image	Improve corporate image index (TRIM index).	35 (34)
ENVIRONMENT AND QUALITY	Reduce the group's climate impact. High-quality communication and logistics solutions.	
CO₂ emissions¹⁾	Reduce emissions by 40% 2009–2020.	372,981 (393,516) tons.
Delivery quality, Sweden	Meet the Swedish state's requirement that at least 85% of first-class letters will be delivered the following business day and 97% within three days. <i>Internal 2012 targets:</i> Delivery quality, 1 st -class letters (overnight), 95.0% ²⁾ . Delivery quality, parcels, 97.0%.	95.4 (94.7) % of 1 st -class letters were delivered within one day. 99.9 (99.9) % of 1 st -class letters were delivered within three days. Delivery quality for parcels was 96.8 (97.5)%.
Delivery quality, Denmark	Meet the Danish state's 93% quality requirement for all services falling under the delivery obligation. <i>Internal 2012 targets:</i> Delivery quality, 1 st -class letters (overnight), 95.0% ²⁾ . Delivery quality, parcels 97.0%.	93.5 (94.0) % of 1 st -class letters were delivered within one day. Delivery quality for parcels was 96.6 (97.9)%.
EMPLOYEES	An attractive and stimulating workplace with committed, motivated and healthy employees and managers.	
Employee commitment and leadership	Improve employee index (MIX) and leadership index (LIX).	MIX: 63 (57) LIX: 65 (59)
Workplace equality	40% female managers by 2015.	29 (29)%
Sick leave	Reduce sick leave levels.	4.9 (5.0)%

¹⁾ Figures include Nordic countries and non-Nordic operations of Strålfors. Historical figures have been adjusted for comparison purposes.

²⁾ PostNord is internally governed by a total quality target for 1st-class letters. In 2012, 95.0 (94.5)% of the group's 1st-class letters were delivered on time. The target for 2012 was 95.0%.

Two states – two owners



The 2009 merger of Posten AB and Post Danmark A/S created a new group with better opportunities to address and take advantage of market trends. PostNord's owners, the Danish state and the Swedish state, have clearly expressed their belief that business and sustainability go hand in hand.

PostNord is an important corporate citizen

PostNord plays an important role in the societies in which it operates. The overall target of PostNord's two owners is that PostNord will create value and fulfill the universal service obligation. PostNord's subsidiaries, Posten AB and Post Danmark A/S, are commissioned to fulfill the universal service obligations in Sweden and Denmark, respectively. Read more about the universal service obligation on pages 58–59 of PostNord's Annual Report.

PostNord's business and role in society, however, are much more comprehensive than this commission. In addition to postal services, PostNord's operations include a broad range of various communication and logistics services in the Nordic countries and other markets.

Sustainability in focus

The Swedish state's ownership policy was revised in August 2012, clarifying that sustainable enterprise should be integrated into corporate governance to ensure long-term value creation. State-owned enterprises must conduct business through a long-term and responsible use of resources. Sustainable enterprise for the Swedish government includes the areas of environment, human rights, working conditions, anti-corruption, business ethics, equality and diversity. Boards of directors are required to formulate long-term overall sustainability targets related to activities, as well as strategies for achievement. The Ministry of Finance monitors the boards' work. Board members and representatives of PostNord participated in seminars and discussed sustainable enterprise with the Swedish owner during the year.

The Danish government has clear expectations for responsible growth and believes that a business approach to social responsibility promotes the company growth and competitiveness while achieving positive social and environmental effects. In March 2012 the Danish government published an action plan for corporate social responsibility ("Ansvarlig vækst") for 2012–2015. In June it published the document "Forretningsdrevet samfundsansvar" with examples of companies that have linked business with sustainability.

2012 Annual General Meeting

PostNord maintains regular dialogue with its owners. One formal opportunity for this is PostNord's open AGM. Quality was a focus area during this year's meeting, a topic emphasized by CEO Lars Idermark in his speech.

PostNord's service and quality were also issues in focus during the question and answer session, since local problems have arisen in some areas of the Swedish postal distribution. In response to the questions asked, the CEO and Head of business area Mail Sweden stressed the importance of delivery quality and that the company is very anxious to deal with arising problems.

Gender equality in senior positions was another issue discussed. In his response, the chairman emphasized PostNord's goal to have 40% female managers within the group by 2015.

Business and sustainability go hand in hand

The conversion currently underway within PostNord is aimed at adapting the operations and capitalizing on the opportunities created by ongoing market changes. The conversion, which includes cost reductions in the Mail business, is important for PostNord's ability to continue to create value and meet the owners' requirements.

Like our owners, we are convinced that business and sustainability go hand in hand. The large terminal investments that PostNord is making in Sweden are an example of how economic, social and environmental responsibility are linked in the group. Another example is the EFQM Excellence Model, which has been implemented throughout the group since 2012. The model is based on and focuses on creating value, both financially and for customers, the owners, society and employees.

Summary of owner-related group targets

Type of target	Target	Outcome 2012
Return on equity	10% over a business cycle	2 (10)%
Equity/Assets ratio	At least 35%	39 (47)%

Dividend

PostNord's dividend policy is to pay 40% of net profit to the owners, while taking into account implementation of group strategy and the group's financial position and targets. In 2012, dividend of SEK 368m were distributed to the owners. The Board proposes a dividend to the 2013 Annual General Meeting of SEK 103m, corresponding to 40% of net profit.

PostNord creates value in society



PostNord has an important role to play in society. We strive to be a reliable, available and environmentally sound market participant, employer and operator. The group's ability to develop its offer and the business is dependent on its reputation and on continued delivery of high quality.

Economic, social and environmental responsibility

A long-term, stable and profitable business creates opportunities to meet and exceed demands for environmental compatibility and social responsibility. Correspondingly, an environmentally sound and socially responsible business strengthens our competitiveness. For example, high quality levels, reduced fuel consumption, employee satisfaction and low levels of sick leave provide economic, environmental and social benefits for both PostNord and society.

Central social function

PostNord plays a major role in the communities of which we are a part. We want to strengthen our customers' competitiveness by solving their communication and logistics needs – today and tomorrow. Our Danish and Swedish Mail businesses offer a variety of other services, in addition to fulfilling the universal service obligations. PostNord's Logistics business provides logistics services for flows to, from and within the entire Nordic region. Strålfors offers communication solutions that create strong, personal customer relationships for companies with large customer bases. Read more about PostNord's businesses in the group's Annual Report.

Changed arena for PostNord

Increasing digitization is rapidly changing conditions for all postal and logistics operators. The accelerating pace of change

is a challenge but also creates opportunities for companies that can quickly adapt their business. We are implementing extensive changes to address changing conditions from digitization, declining letter volumes and rising parcel volumes.

Every stage in mail processing has changed and continues to change – from drop-off by businesses and private individuals, through our mail terminals, to distribution by mail carriers. Major changes to a process as complex as mail management, presents challenges. For major changes, dialogue is conducted with politicians and other representatives of society. Read more about the group's universal postal service obligation in PostNord's Annual Report.

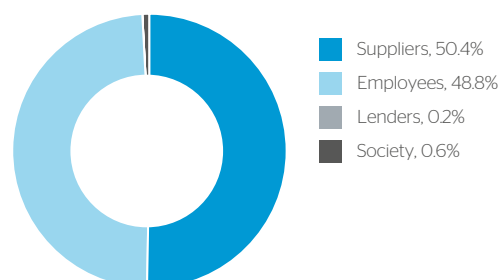
A part of social development

PostNord distributes approximately 11 million letters, about 400,000 parcels and 11,000 pallets of goods to the Nordic region's 25 million inhabitants and two million businesses – every business day. While major adaptations are being made due to changing demand, demographics changes are also taking place, including an ageing population and continued urbanization.

In Denmark, the group has made concentrated efforts to develop its offer in care and welfare distribution, a growing market. Post Danmark worked closely with IT suppliers, municipalities and regions during the year to develop a comprehensive logistics solution for using telemedical equipment in the home. In one of Denmark's first procurements in this field, Post Danmark won a contract from KMD covering a complete distribution solution, from stock-keeping and distribution to installation, testing and training in the user's home.

Sweden is a sparsely populated country, and in rural areas, mail is normally distributed to a mailbox cluster located on a nearby main road. Approximately 770,000 Swedish households and businesses are served by one of the over 2,000 mail carrier routes (rural mail carrier routes). Residents and businesses with rural delivery may, unlike those living in urban areas, have their packages delivered by the mail carrier free of

Distributed value



Read more on page 26.

charge. This makes things easier for, for instance, e-retailers in sparsely populated areas. PostNord's e-commerce service offer also means that our company improves the accessibility of home shopping via the Internet.

Security

Drug smuggling, theft and fraud are serious social problems. Police and the Customs Department are responsible for law enforcement and are the only ones allowed to open mail in cases of suspected violations. PostNord works closely together with these authorities and PostNord's employees are instructed to contact their line manager and call the police if they suspect, for example, that a consignment contains drugs.

PostNord actively works to improve security for the group's customers and employees. Barring functions for some transported electronics goods, personal alarms, special locks on vehicles and safety training for employees are examples of measures to prevent theft and fraud.

Investment for the future

PostNord is currently implementing one of the largest investment programs in the Nordic region. The group plans to invest SEK 7 billion during the period 2013–2015. Investments include reinvestments in vehicles and equipment and investment in a new terminal structure in Sweden. The terminal investment is an investment in the future to strengthen PostNord's competitiveness. The new terminal structure provides greater geographic concentration, and all the new terminals are equipped with state-of-the-art technology, allowing for more automated and cost-effective production and improved flexibility and scalability. This is necessary since major changes are foreseen in letter and parcel volumes. The terminals' geographic location also allows for more integrated rail transport, which reduces the group's carbon dioxide emissions. The terminals in Hallsberg and Rosersberg are planned to meet Green Building certification requirements. In addition, Rosersberg will see the installation of a 2,000 square meter solar park on the terminal's roof.

The terminal investment involves new establishments in some areas and closures in others. PostNord strives to maintain an open dialogue with social stakeholders, agencies, employees and unions affected by these projects.

Community involvement and collaboration

PostNord focuses its community involvement and collaboration on a few major projects, preferably in the areas of sports and culture and the support of children and young people. In this way, we obtain long-term continuity and benefit from our collaborations. We are proud of our brands and are pleased to show them in contexts that matter to PostNord's customers and employees. Some of the collaborations of the group are as follows:

Many of the group's employees use a bicycle in their daily work. In Denmark, for example, up to 70 percent of letters are delivered by mail carriers on bicycles. It is therefore natural for PostNord to promote cycling through cooperation with the Danish Cycling Union and the Swedish Cycling Association. The Post Danmark Rundt cycle race is one activity under this initiative.

Soccer has broad support among people regardless of age, gender, race or social class. Hundreds of thousands of people – participants and spectators alike – are passionate about the sport. Posten sponsors the Swedish Football Association.

The written word is becoming increasingly important in the digital world. More and more people create their image of the world by reading rather than by listening. Posten wants to inspire everyone to read and write more. Considering the clear link between the written letter and our operations, we have chosen to partner with the August Prize, Sweden's biggest literature prize after the Nobel Prize.

Post Danmark and Posten each issue special stamps, where part of the price of the stamp goes to selected non-profit organizations that are chosen annually. The selected organizations are highly reputed and should work in aid, health or the environment. For 2012 the collected money went to Hjerteforeningen in Denmark and Cancerfonden in Sweden.

The group also has a commitment to children and young people in need of support. In Denmark we support Julemærkefonden in its work to help vulnerable children to achieve good self-esteem, and in Sweden we work with the Mentor Foundation, which works closely with the business community to get young people to opt out of violence and drugs.

In addition to these efforts, PostNord has participated in several regional, national and international initiatives for sustainable development, climate issues and service and accessibility issues.

Read more about PostNord's community involvement at www.postnord.com

Capital market confidence



PostNord's activities are funded in part by external borrowing. In 2012, PostNord established a commercial paper program and a bond program. At year end, external financing, in the form of interest-bearing debt, amounted to SEK 4,312m. Most investors in PostNord's bond program are institutional investors such as pension funds and insurance companies. The bonds are listed on NASDAQ OMX Stockholm. The establishment of the bond program in particular means that the capital market is a stakeholder that has grown in importance for the group.

For investors and analysts that are now monitoring PostNord's creditworthiness due to the group's external borrowing, it is important that disclosure is accurate, relevant and timely. Investor confidence and assessment of PostNord's credit rating is a prerequisite for PostNord's future access to external capital to implement planned changes.

We create value for our customers



PostNord strives to resolve customers' communication and logistics needs in a timely, secure and efficient manner. By meeting and preferably exceeding the expectations placed on us, we increase our customers' competitiveness. At the same time, we create value for PostNord.

Delivery quality is crucial

PostNord provides services to both individuals and businesses. The group's core customers are companies and organizations with large information and/or logistics flows, companies with large customer bases and the need for customization of their message.

Successful quality work is an essential part of our offer and crucial for PostNord's credibility and ability to do business. High quality is one of our main competitive advantages and an important factor for many customers when choosing a partner. PostNord maintains high delivery quality for letters and parcels, and we work hard to maintain and improve it. Where there are quality deficiencies, we try to remedy them as soon as possible. Efficient production processes and employee pride and involvement are vital to maintaining and improving quality levels.

Delivery quality for letters and parcels

In both Sweden and Denmark the governments regulate PostNord's quality levels for letters. In Sweden, at least 85% of first-class letters must be delivered the next business day (overnight delivery). At least 97% of letters should be delivered within three business days. In Denmark, the quality requirement for both letters and parcels is 93% relative to the respective service's delivery terms. For commercial reasons, PostNord normally maintains a level of delivery quality that exceeds the state's requirements (see table on page 8). Read more about the terms of the universal service obligation in PostNord's Annual Report.

Responsiveness means more satisfied customers

Our daily contact with customers, combined with measurements and surveys, is a prerequisite for creating better customer offers, finding the right business opportunities and identifying and dealing with the challenges that arise in operations. We constantly adjust and develop our offer,

correct what is not working fully and work to meet customer needs and wishes. Read more about dialogues and systematic measurements in the following section.

Customer dialogue in the business

Focus on solving customer needs

Within and between different parts of the group, there is an exchange of experiences and collaborations with the specific purpose of anticipating, understanding and resolving existing or new customer needs. Mail carriers and drivers, for example, are able to identify customer needs in their daily work. Business opportunities are created through sales units' focus on solving customer needs and sales and client manager dialogues with other group units.

Dialogue with corporate customers takes place mainly through the sales force and account managers, with regular follow-up meetings being one component. Corporate customers have communicated, for example, that they expect PostNord to be a proactive supplier, have good expertise, provide advice and act as a cohesive unit, regardless of which part or parts of the group the customer has contact with.

Customer services - business leads and problem solvers

PostNord has a number of Customer Service functions that meet thousands of customers every day - both individuals and businesses. Dialogue takes place via the web, phone and email. New business opportunities are created when Customer Service connect customer needs with salespeople, who deal with the business leads. Of course, Customer Service employees do much more than generate new business - on a daily basis they face customers with diverse needs and wishes. Customer Service is the group's main channel for questions, complaints and comments. Comments on overdue mail or missing parcels are examples of matters that our Customer Service functions handle.

Our partners meet our customers

PostNord's external partners are an important link in the mail and parcel service offered by PostNord to Nordic consumers. Our external partners are responsible for 4,363 of the group's total 4,879 distribution points. Collaboration with external partners is strategically important for PostNord, as they are in many cases the face of PostNord as seen by our customers and therefore play a key role in our daily interaction with customers. PostNord conducts a continuous dialogue with external partners to ensure that services and offers are constantly improved. Read more about PostNord's distribution point network and external partners on page 15.

» It is important that we monitor both the technical and the customer-perceived quality of our deliveries. If a piece of mail does not reach the right recipient at the right time it is obviously of little comfort that we generally have few complaints relative to the number of items we distribute every day. We really take problems seriously and it is extremely important that the cooperation between customer services and production works.

Lena Jansson, customer ombudsman.

Customer ombudsmen for continuous improvement

PostNord has a customer ombudsman in Sweden and an appellate authority in Denmark. The aim is to develop the way we interact with small business owners and individuals who are not satisfied with previous meetings or decisions. There is a large range of issues, but three areas dominate the dialogues: problems with the delivery of letters and parcels, comments on service and treatment, and review of complaints. The influx of customer feedback helps with our improvement efforts, since the customer ombudsman creates a link to, for example, production, service owners, customer services and those responsible for the group's partners.

Systematic measurements

Customer satisfaction

PostNord monitors customer satisfaction and customers' perception of us and our offer using measurements of KVI (Customer Value Index). These measurements include both private and corporate customers. The measurements are carried out twice a year and include all of PostNord's activities with a focus on the Nordic countries.

In this year's measurements the KVI was 71 (70). PostNord scores the highest rating on the competence of its sales staff and understanding of the industry and company-specific aspects, as well as geographic coverage. The measurements also point out areas that customers consider the group needs to improve; for example, customers say that PostNord as a business partner could be faster in developing customer-

specific solutions. The metrics also show that the group's prices and terms, as well as invoicing, have potential for improvement.

Corporate image

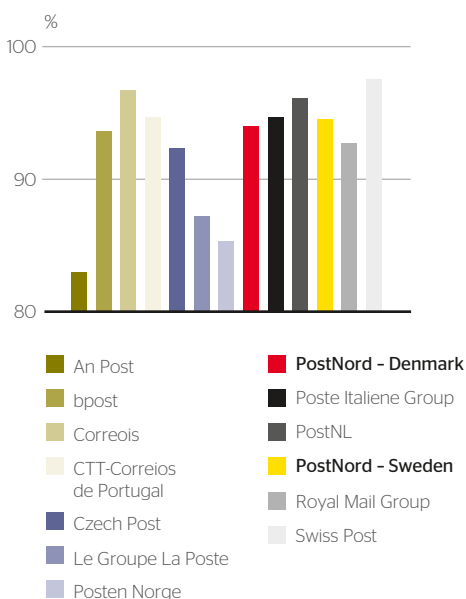
Most of PostNord's revenue comes from businesses, but the business customers' recipients are often individuals. PostNord's reputation among individuals in society therefore plays an important role. In Sweden and Denmark, where Posten and Post Danmark are responsible for postal service, reputation is especially important. Corporate image surveys are conducted on a weekly basis during the year. In the surveys, individuals in Sweden and Denmark answer questions about how they perceive Posten and Post Danmark. Corporate image index in 2012 was 35 (34).

The studies show that Post Danmark and Posten in Sweden essentially have the same basic strengths: dependability and reliability. Perceptions are also the same in terms of development areas. This is mainly a question of how the public perceives the company's responsiveness to customers and how easy it is to get in touch with the company, areas of improvement that are a focus for PostNord.

Mail habits of Swedish and Danish people

In Sweden and Denmark, surveys are conducted of individuals' habits and attitudes to communication from companies, agencies and organizations where the recipient is the customer. This year's survey shows that physical letters are appreciated by many. For example, six out of ten Danes believe that the sender gives the best impression by sending letters rather than, for

International comparison, quality of 1st-class letters (2011)



Overview, customer-related group targets:

Type of target	Target	Outcome 2012
Customer value	Improve customer value index (KVI).	71 (70)
Corporate Image	Improve Corporate Image index (TRIM index).	35 (34)
Delivery quality, Sweden	Meet the Swedish state's requirement that at least 85% of 1 st -class letters will be delivered the following business day and 97% within three days. <i>Internal 2012 targets:</i> 1 st -class letters (overnight), 95.0% ¹⁾ . Parcels, 97.0%.	95.4 (94.7)% of 1 st -class letters delivered within one day. 99.9 (99.9)% of 1 st -class letters delivered within three days. Delivery quality for parcels was 96.8 (97.5)%.
Delivery quality, Denmark	Meet the Danish state's 93% quality requirement for all services falling under the delivery obligation. <i>Internal 2012 targets:</i> Delivery quality, 1 st -class letters (overnight), 95.0% ¹⁾ . Delivery quality, parcels 97.0%.	93.5 (94.0)% of 1 st -class letters were delivered within one day. Delivery quality for parcels was 96.6 (97.9)%.

¹⁾ PostNord is internally governed by a total quality target for 1st-class letters. In 2012, 95.0 (94.5)% of the group's 1st-class letters were delivered on time. The target for 2012 was 95.0%.

example, e-mails or text messages. Most recipients prefer to receive annual account statements and bills in physical form. The ability to choose the form in which companies and agencies distribute information is one of the trends that emerged in this year's surveys. In order to adapt products and services to customer demand for physical and digital communication, it is crucial to be aware of trends in recipients' habits and opinions.

Studies of the Nordic e-commerce market

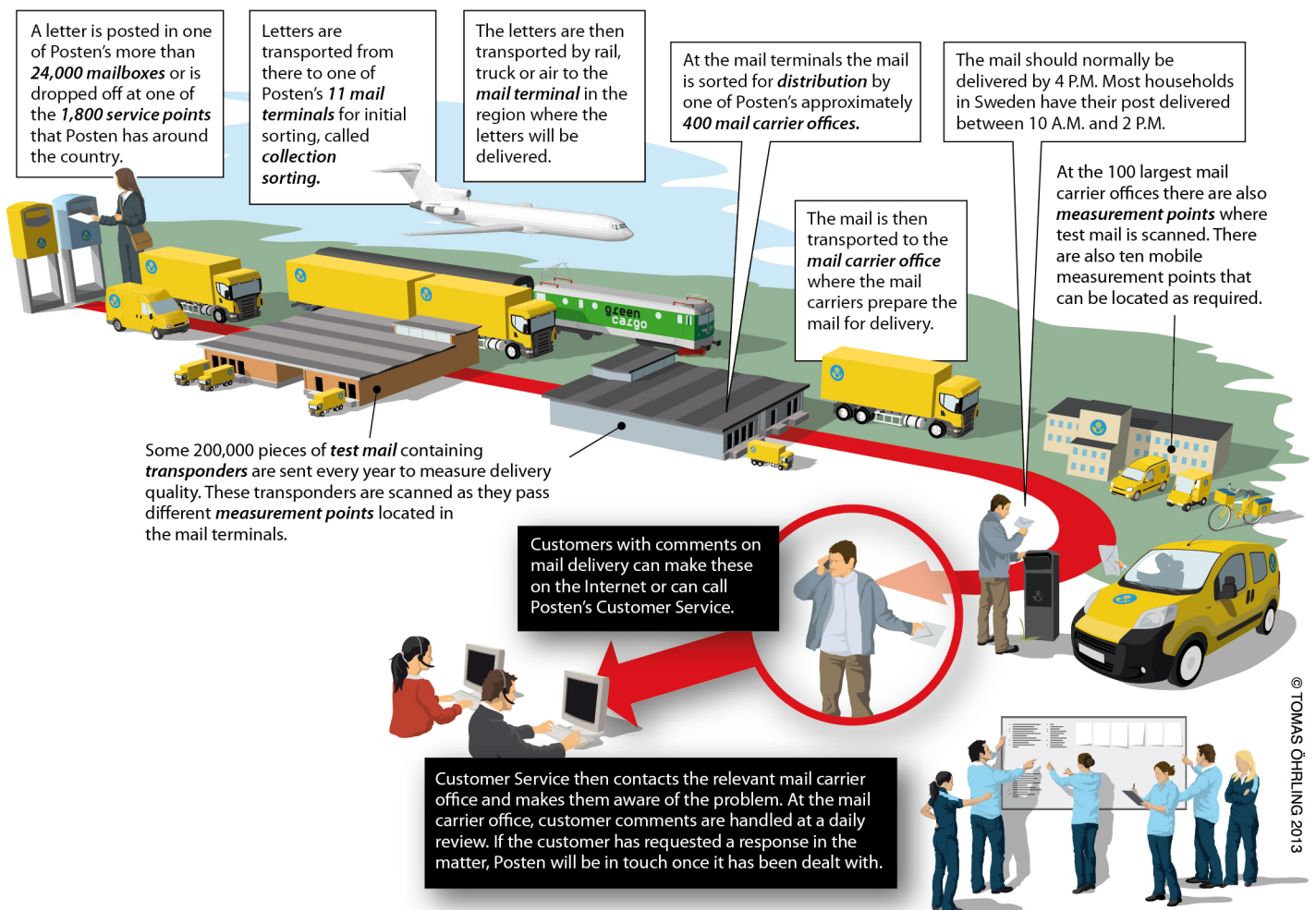
For several years, PostNord has conducted studies of the Nordic e-commerce market. A study conducted in 2012, "E-commerce in the Nordic region" shows that "simplicity" is the main reason for shopping online, and customer demand for short delivery times is increasing. Half of the consumers surveyed said they want their products delivered within three days when they shop online in their own country. Delivery precision is therefore also a key competitive advantage in relation to the e-commerce market.

Activities during the year

Our customer dialogues and various surveys give us information that helps us develop. Several initiatives are underway within the group to further develop our offer in close dialogue with the customer.

Certification is a competitive advantage and is sometimes required when submitting tenders to customers. During the year, PostNord continued the work started in 2010 to create a group-wide certification program for quality, environmental efforts and occupational safety. As of 2013 business area Mail Denmark is also part of the certification program, which also includes business area Mail Sweden and the Swedish arm of business area Logistics. Another initiative focused on during the year is the improvement of reporting of received customer feedback to more quickly implement improvements.

Examples of mail flow in PostNord's Swedish operations



© TOMAS ÖHRLING 2013



Partners – part of the offer

PostNord currently has 4,879 distribution points, of which 516 are run by the company and 4,363 by external partners. Our partners are mainly well established retail chains with national coverage. During the year, PostNord expanded the number of distribution points by 261.

PostNord's face outward to customers

PostNord's cooperation with external partners is strategically important – our partners are part of PostNord's interaction with customers. Because customers' impressions are influenced by accessibility and the capacity for trade to reach all the way to the end consumer, the structure of the operators' drop-of and distribution networks is a competitive advantage. We therefore set high standards for our own service points as well as those for our external partners.

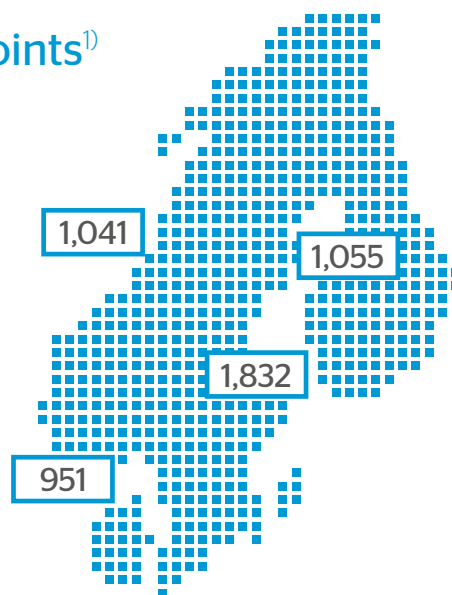
In Sweden, there is annual certification of all partners to ensure that they have the right skills for addressing customers. In 2012, 93% of Swedish partner outlets completed the certification. In cases where partner outlets do not have certified staff, an action plan is drawn up and monitored.

We regularly measure customers' perception of PostNord's external partners as well as our partners' perception of the cooperation with PostNord. Customer perceptions of PostNord's partners are included in the group's KVI customer survey.

PostNord conducts continuous dialogue with partners to ensure the development of services and offers. Mystery shopper surveys are conducted annually with multiple partners. The aim is to identify areas for improvement and adapt the training they receive. PostNord discusses the results of these metrics with partners, both centrally and with local merchants.

Annual surveys of partners' perception of the cooperation with PostNord are also conducted for the Swedish distribution points. The results of the survey are compiled in a partner satisfaction index. The index aims to evaluate how our partners perceive their collaboration with PostNord.

4,879 Nordic distribution points¹⁾



¹⁾ Number of distribution points in Sweden per January 14, 2013; Denmark per December 31, 2012; Norway per January 9, 2013; and Finland per December 21, 2012.



Efforts for healthier employees

The HälsoSAM project has been run in the Swedish Mail business to reduce short-term sick leave. There were two targeted interventions in metropolitan areas, where short-term absenteeism is highest. One for young employees with extensive short-term sick leave, and a broader effort in cooperation with occupational health services, where health coaching talks and individual health plans were important elements.

In parallel with the HälsoSAM project, we conducted an extensive training effort for managers, “Talking in practice”, where managers had the opportunity to develop their ability to conduct good conversations and become clearer as employers in difficult situations. In one of the units involved in the HälsoSAM project, the leadership index improved by 22 percentage points and the employee index by as much as 39 percentage points, while short-term sick leave fell by 17%.

» It's about paying attention to sick leave and making it clear that this is followed up. In my experience, sick leave can be reduced simply by talking about it.

HälsoSAM highlighted short-term sick leave and the importance of being visible.

*Malin Schiller, production manager,
Gothenburg (Masthugget distribution area).*

Committed employees



Committed and motivated employees are crucial to PostNord's success. Being an attractive and stimulating workplace is part of our vision. As one of the largest employers in the Nordic region, we also have a responsibility to act as a role model.

Leadership moves us forward

Good leadership is essential for employees to feel involved and engaged in efforts to achieve established targets. The introduction of a team-based approach is an effort to increase engagement and stimulate employees' desire to constantly innovate and improve. PostNord's managers and leaders are responsible for creating the right conditions for teamwork based on commonly agreed principles. We regularly monitor leadership and employee commitment.

PostNord has defined the behaviors that should characterize every manager's and leader's daily leadership. He or she should:

- deliver value by understanding and reacting to customer needs, prioritize and take overall responsibility
- involve people by demonstrating trust, delegating and creating conditions for good results
- take responsibility by developing the business, taking full ownership and implementing continuous improvement
- be clear in their expectations, their feedback and their communication.

During the fall, all management teams met to reflect on these criteria and how they can be translated into daily operations.

An important area of focus in the coming years is to develop managers' ability in leadership during change. Change management expertise is a prerequisite for the successful implementation of the important changes that PostNord is working with.

Professional development of group employees is equally important to ensure that the needs of the business are met. Professional development for the individual employee is agreed between managers and employees at an annual performance review.

The group's 250 senior managers meet regularly at Senior Management Meetings (SMMs), where the CEO, Group Management and managers discuss PostNord's strategy and the challenges and opportunities facing the group. Two such meetings were held in 2012.

Systematic leadership development

In order to develop and secure long-term leadership for PostNord there is a common process for leadership planning, the Management Planning Process, based on group strategy and targets. The process involves the development of talent, development and evaluation of managers and succession planning.

Talents are identified at each management level, for which special development efforts are implemented. For certain strategic positions, there are targeted group-wide development programs.

In addition to development programs for managers PostNord's first development program for young talent, Young Professionals, was completed during the year. Twenty-six participants from Denmark and Sweden participated. The program is targeted to specialized talent between 25 and 35 years with an academic background who have not yet held a manager role. A new round of the program will start in 2013.

Diversity and equality enrich

PostNord's employees represent nearly 70 nationalities and speak around 50 different languages. This is a diversity that both challenges and enriches our workplaces. We believe all people have equal value and the group has zero tolerance for discrimination. Codes of conduct and a special document describing the group's approach to diversity reflect the group's positions. Managers play a key role in implementation and compliance, and ensure that the zero tolerance policy is established among all group employees.

Goal for gender equality

PostNord should offer men and women equal opportunities at work and prevent unfair pay differentials. Gender-based wage differential is a diversity variable that the group focuses on and wage surveys are conducted regularly. In 2012, the pay differential within the group was 3.3 (3.9)%. Read more on page 28.

In order to accelerate gender equality between women and men, PostNord has a target of 40% female managers and leaders within the group 2015. At year end, the share of female managers was 29 (29)% while the distribution between women and men was 35/65 (35/65)%.

Selections made under the group's recruitment processes must take underrepresented gender into account when candidate qualifications are otherwise equal. The group's development program for managers and young talent includes a minimum target of 50% female participants.

PostNord also has a scholarship, the Marianne Niverts Scholarship, which aims to encourage female leadership and to bring more women into leadership positions. The prize money should be used for "individual development efforts". The scholarship was established in 2009 and is awarded annually during 2010–2014. In 2012, the scholarship was awarded to Britt Koch Frykmann, Sales Manager in business area Mail Denmark, and to Caroline Öfverstedt, Head of Retail Business Development in business area Mail Sweden.

Activities for health and work environment

Protecting employee health is important for both individuals and businesses – we need healthy and well employees who are able to assist our customers and contribute to PostNord's success. Many professional roles at PostNord are physically demanding. Mail carriers, employees at our parcel terminals and drivers are examples of physically demanding jobs. Stress is also a challenge for employees in several areas of work.

PostNord has a corporate policy for health and safety and has been working with structured health promotion for many years.

In 2012, we focused on reducing stress to increase well-being and job satisfaction. An analysis of the work factors that create stress has been conducted and courses in stress management will be offered during 2013 to managers and employees.

Initiatives during 2012 to improve health and safety include:

- The "From Night Owl to Eagle" (Fra Natteravn till Örn) project implemented for 800 night workers at the Copenhagen letter and parcel center. The aim was to draw attention to the various risks of night work and to help employees to achieve better diets and sleep habits.

- Our Swedish "health promoters" who conducted two theme days with inspirational programs and tools to take back to their own workplaces. Our Danish equivalents – health ambassadors – conducted wellness weeks with inspirational activities for a better diet and more daily exercise.
- Active efforts at the Copenhagen letter and parcel center with aids for deaf employees. Examples of aids are a sign language interpreter and sign language training for new employees.
- Implementation by business area Logistics of a standard introduction for production organization employees that includes ergonomic and safe work practices.
- Implementation of a group-wide safety standard for improved clarity and security. Compliance with the Minimum Security Requirement (MSR) standard will be fully satisfied by the end of 2014.

In 2012, sick leave at PostNord was 4.9 (5.0)%. One of PostNord's strengths as an employer is that we implement health promotion interventions at an early stage, including health profile assessment, health education or exercise on prescription.

Open communication

PostNord seeks and encourages open communication, both between managers and employees and between colleagues. As a complement to the daily dialogue, we annually conduct an employee survey, FOCUS, in which employees express their views on their own employment and leadership. 87 (86)% of the group's employees responded to this year's survey. The results of the survey are expressed as an employee index (MIX) and a leadership index (LIX).

The 2012 survey shows a clear year-on-year improvement. MIX improved by six percentage points to 63 (57)% and LIX improved by six percentage points to 65 (59)%. The LIX index is closely linked to the MIX index, and managers are therefore important in the future work to increase employee engagement. As in previous years, the results show that two of the group's areas of improvement are increasing customer focus in the operations and increasing the degree of involvement in the group's future. All managers should discuss the survey with

their employees and each unit should develop action plans based on the outcome of the year's survey. 68 (61)% of employees responding to this year's FOCUS survey indicated that they had worked with action plans based on last year's results. The survey also shows that 79 (74)% of employees report that they had a performance review.

Increased commitment to PostNord's future

Last year's FOCUS survey clearly revealed that employees felt they did not have sufficient knowledge about PostNord's overall targets. During the year a program of internal mobilization was implemented. Mobilization efforts are concentrated on providing information to employees to create awareness of and insight into the change process that is underway and to involve them in generating understanding and ownership. As part of the program, two rounds of employee dialogue were conducted to give all employees an opportunity to discuss PostNord's group strategy, Roadmap PostNord 2015, with their managers, and the impact this has on their own workplace.

This year the FOCUS survey showed that the mobilization program and dialogues have had a positive effect, although there is still room for improvement in terms of knowledge and understanding of the group's strategy and targets. In 2013 the internal dialogue will focus on PostNord's values of availability, reliability, business partner and environmental soundness.

Responsible transition

PostNord is implementing extensive changes to align the Mail business in particular in relation to market developments. PostNord's ambition is to act both effectively and responsibly in all conversions of the company's operations.

The average number of employees in the group decreased by 2,001 during the year and amounted to 39,713 (41,714). 39,150 (41,063) are employed in PostNord's Nordic operations.

The transition program offered by PostNord in conjunction with redundancy or for employees who leave the company for medical reasons includes education, training, outplacement support and coaching.

Union cooperation

PostNord's management and the unions that represent our employees realize the importance of cooperating closely to best meet the future challenges facing the group. PostNord collaborates with the unions at both the group level and in each business area.

Employee participation rights are based on each country's labor law legislation and are regulated at the national level. The Collaboration and Employee Participation agreement specifies that the unions should receive early information and have the opportunity to influence negotiations and collaboration in order to increase understanding and participation in the changes taking place. Collective agreements are signed in each country. All employees are covered by collective agreements.

Summary of group targets related to employees

Type of target	Target	Outcome 2012
Employee commitment	Improve employee index, MIX	63 (57)
Leadership	Improve leadership index, LIX	65 (59)
Sick leave	Reduce sick leave	4,9 (5,0)%
Equality	40% female managers and leaders by 2015	29 (29)%

A man in a red jacket is sitting on a bicycle. He is wearing a red jacket with white reflective stripes and a small yellow logo on the chest. He is smiling and looking towards the camera. The bicycle has a green mail carrier basket attached to the front. The background shows a residential area with a house and some greenery.

Investment in electric vehicles

Many of the group's employees use bicycles in their daily work. PostNord is conducting tests of the latest generation of electric vehicles for both collection and delivery of mail in Sweden and Denmark. Of the group's approximately 5,000 electric vehicles, more than 80% are small electric vehicles such as bicycles and mopeds. We are also testing larger electric vehicles because there is a need to be able to cover longer distances with heavier loads.

In recent years PostNord has also invested in approximately 1,200 large, custom-designed electric bicycles with high load capacity for the Danish operations. The investment in electric vehicles is an important component of PostNord's efforts to achieve the long-term target of reducing the group's carbon emissions by 40% between 2009 and 2020.

» The investment in electric vehicles is an essential element in the development of PostNord's vehicle fleet. Electric vehicles reduce the group's impact on the environment and are also quieter, which is

positive for both the working environment and society at large. And because mail distribution with electric vehicles is more eco-friendly, I think this increases motivation for many mail carriers.

*Martin von Horsten,
Distribution Manager at Post Danmark.*



Environmental work improves competitiveness

Being the environmentally sound choice wfor customers is part of our vision. PostNord’s operations require various types of transportation. We work hard to reduce our own environmental impact, and therefore also that of our customers.

Environmentally sound solutions

PostNord improves our customers’ competitiveness by providing efficient and secure communication and logistics solutions. To fulfill our mission with the required level of delivery precision, we use most modes of transportation in our operations. We strive to do all of our work in the most environmentally efficient way possible, and we work hard towards our long-term target of reducing carbon dioxide emissions by 40% by 2020.

Many corporate customers have their own ambitious environmental targets and look beyond their own operations. In addition to efforts to reduce their own environmental impact, customers place demands on their suppliers. This particularly applies to the purchase of logistics services. For example, many customers demonstrate interest in and impose requirements for specific environmental data for the services they buy, environmental and quality certificates, the use of alternative vehicle fuels and training drivers in fuel-efficient driving. We are able to demonstrate the environmental impact of the services customers purchase from us as well as the steps we are taking to reduce environmental impact. This represents a competitive advantage for us and for our customers.

Reducing the environmental impact of our transport

In order to be the environmentally sound choice for our customers, we must reduce PostNord’s environmental impact. Since transportation accounts for the largest part of our environmental impact, we focus on reducing the consumption of fossil fuels. Most of PostNord’s deliveries are transported by road, at least for part of the route. Reducing carbon dioxide emissions from road and air transport is therefore one of PostNord’s top priority initiatives in terms of achieving the long-term emissions target.

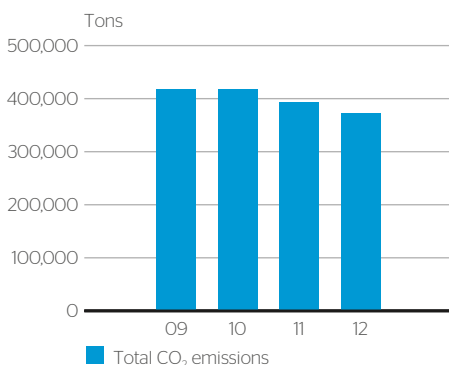
Road transport accounts for 83% of the group’s total carbon dioxide emissions. Part of PostNord’s mission is to provide the universal service obligation, which means that we need to provide overnight delivery of mail throughout Sweden and Denmark. In Sweden, for reasons of geography, it is necessary to use airplanes for some of these transports. Air transport accounts for 5% of the group’s total carbon dioxide emissions.

Overall long-term targets

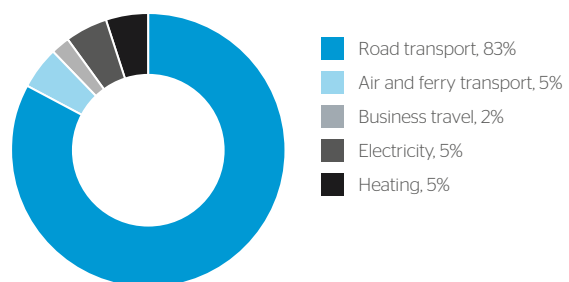
Our long-term environmental target is to reduce carbon dioxide emissions by 40% during the period 2009-2020. The target has been broken down into short-term comparative targets – grams of CO₂/letter and grams of CO₂/parcel – and is measured and monitored at all levels of the organization. In practice this means that we measure liters of diesel/10 km and kWh/m² in production on a monthly basis.

In 2012, PostNord’s carbon dioxide emissions fell by 5% to 372,981 (393,516)¹⁾ tons. Compared to base year 2009, the group’s emissions have now been reduced by 11%. The lower carbon dioxide emissions from transport are mainly due to efficiency improvements in transport design and switching to fuel-efficient vehicles. In Sweden, most of our fuel suppliers

Total CO₂ emissions, 2009-2012¹⁾



CO₂ emissions by category



¹⁾ Emissions data includes completed acquisitions. Previously reported values have been adjusted.

» With better knowledge of environmental issues we become more confident in talking to customers and other stakeholders about our environmental work. Demonstrating that PostNord is the environmentally sound choice for customers is an important part of our vision.

*Göran Dahlberg,
Sales Manager, Mail Sweden.*

have offered diesel with higher blends of biofuel since the turn of the year. As these fuels are made available, this will help reduce carbon dioxide emissions. In Denmark, biofuel has also been blended with diesel and gasoline since the summer of 2011. With regard to the group's premises and buildings, energy efficiency and the increased use of green electricity have helped reduce emissions.

PostNord's Climate Fund

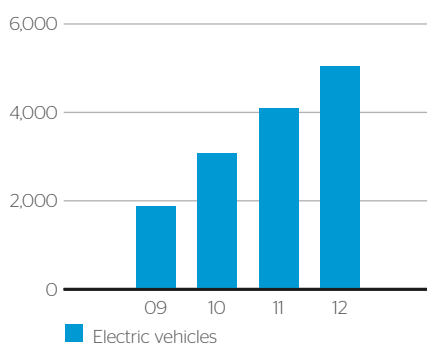
PostNord's Climate Fund, established in 2009, helps the group achieve its goal of reducing carbon dioxide emissions. The size of the Climate Fund is equivalent to what it would cost to offset the entire group's carbon dioxide emissions. For 2012, SEK 65m was earmarked for environmental and climate improvement measures through the Climate Fund. Managers, leaders and employees throughout the business offer proposals on how the funds can be used. Since the Climate Fund was introduced in 2009, approximately 80 different environmental and climate improvement projects have been initiated.

Activities during the year

Increasing the number of electric vehicles

PostNord is steadily increasing the proportion of electric vehicles. Today we have 5,050 electric vehicles – mainly smaller vehicles such as electric mopeds, electric bicycles and club cars. During the year, we conducted tests with normal-sized electric cars in Denmark and Sweden, with mostly good results. Improved battery performance is a prerequisite for future large-scale use on longer routes. Competitive pricing is also an important factor. During the year we also continued to purchase large, custom-designed electric bicycles with high load capacity for our Danish mail operations since mail carrier routes have become longer and the vehicles are loaded more heavily.

Electric vehicles, 2009-2012



New terminals reduce environmental impact

The build-up of new terminals continued in Sweden during the year. The new terminals will have a distinct environmental profile, including a greater integration of rail transport that will help reduce carbon dioxide emissions. Read more on page 11.

Testing alternative fuels for heavy vehicles

PostNord's Logistics business continued to test hybrid electric trucks and trucks that run on bio-DME¹⁾ biofuel. The drivers are generally satisfied – especially with the DME truck. However, fuel availability is currently a limiting factor since DME is only available in a few Swedish locations. In 2013 we will also test trucks that run on liquefied methane in combination with diesel.

Monitoring eco-driving

In both the mail carrier and logistics operations, we have projects to monitor fuel consumption at the driver level. For example, PostNord conducted a contest in which several mail carriers and truck drivers from Sweden and Denmark competed the areas of pre-driving checks, eco-driving, precision driving and a theory test. The winner in the mail carrier vehicle category then participated on behalf of PostNord in our trade association International Post Corporation's (IPC) contest in Montpellier in France, where PostNord's team came in second place.

Increased fill rate and route optimization

Route optimization and increased fill rate are two examples of ongoing logistics improvements. Driving the smartest possible routes and constantly striving for high fill rates in the vehicles and trucks is a way to create cost efficiency while achieving a lower environmental impact per piece of mail.

Greener air transport

Together with our supplier of air services, we started a project during the year focused on reducing fuel consumption and environmental impact. Using "Green Flights", flying at higher altitudes and other measures have already reduced fuel consumption by nearly 11%.

¹⁾ DME stands for dimethyl ether; when produced from biomass this fuel is called bio-DME. DME can also be produced from natural gas. The DME being tested by PostNord is manufactured from black liquor, an energy-rich, viscous by-product of the pulp industry.

Energy efficiency in facilities and properties

Ten percent of the group's environmental impact is associated with energy consumption in our facilities and properties. A range of efficiency measures are being implemented to reduce energy consumption. Some are technical in nature and some measures deal more with behavioral change. The first category includes replacement of light fittings with lower energy ones, energy measures related to machinery, overhaul of heating and ventilation and replacement of doors. The "Grön Adfærd" project in Denmark is an example of a successful effort to change behavior.

Web-based environmental diploma

New group-wide web-based environmental training was implemented during the year. All managers, leaders, specialists and administrators in the company will undergo training to enhance their knowledge of general and group-specific environmental issues.

Waste disposal

The waste generated in the group's operations consists primarily of paper, cardboard and wood. The group works actively to minimize waste and increase recycling. In 2012, 76 (73)% of waste was sent for recycling and 24 (26)% for energy recovery. See also page 26.

Noise

PostNord cares about the surroundings, and we therefore prioritize reduction of the noise from our operations. Despite this, people are sometimes disturbed by PostNord's activities. Complaints to municipalities can lead to a requirement to conduct noise measurements and possibly take other action. During the year the group continued to work to reduce noise nuisance for local residents from the businesses in Huddinge and Halmstad, Sweden.

Chemicals

The operations of Strålfors include graphic services. The Strålfors graphics business is regularly reviewed to investigate how the operation could reduce its use of chemicals and solvents. For example, replacing isopropanol in the dampening solution with other chemicals with a lower concentration of solvent reduces the emissions of volatile organic compounds (VOCs). During 2012, Strålfors continued its work to minimize VOC emissions.

Environmentally licensed operations

PostNord runs operations in Sweden, France and Poland that require registration under national law. Read more in the Environment section of PostNord's Annual Report.

How we reduce our environmental impact

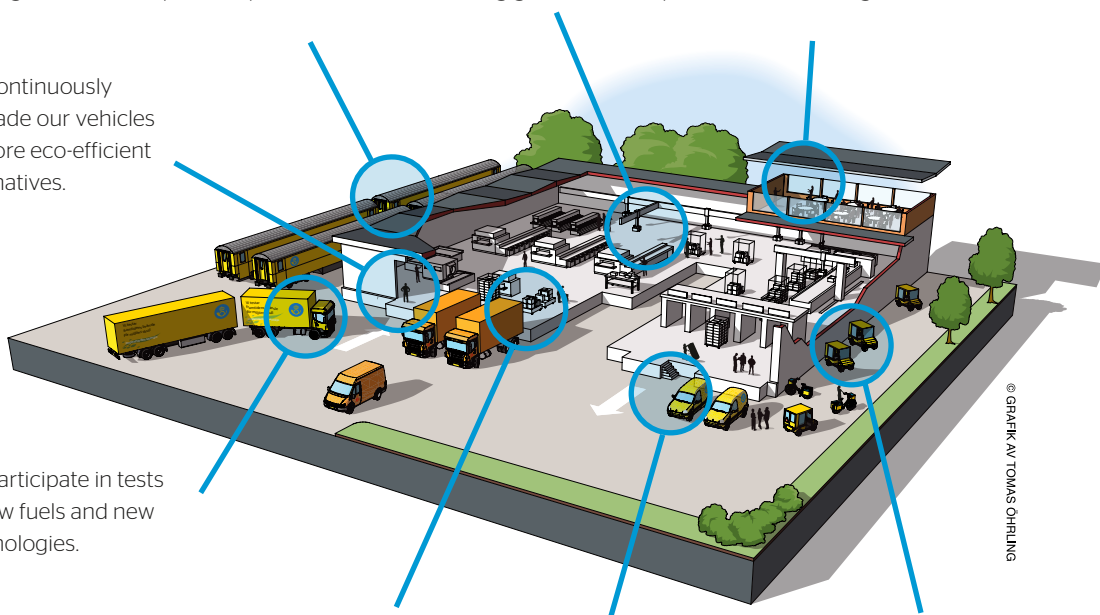
We transport more than 65% of mail volumes in Sweden by rail between sorting terminals. In Norway, the majority of goods are transported by rail.

We are improving the energy efficiency of our facilities and buying green electricity.

We collaborate with our customers and suppliers to develop new smart communication and logistics solutions throughout the chain.

We continuously upgrade our vehicles to more eco-efficient alternatives.

We participate in tests of new fuels and new technologies.



We fill our trucks as much as possible and optimize routes.

Our drivers know how to drive fuel efficiently and safely.

We have one of Europe's largest electric vehicle fleets among postal operators.



Employee-led energy saving campaign

One project carried out with funds from the Climate-Fund during the year is “Grøn Adfærd” (Green Behavior), an extensive campaign in our Danish operations aimed at conserving energy. Workplaces that conserved the most energy received an award. The campaign involved 14,000 employees, of which

280 served as climate ambassadors. The employees were able to reduce energy consumption in a total of 270 buildings by approximately 20%. A result of -10% has been maintained following completion of the campaign.

» It's not often that a campaign reduces energy consumption by 20%. This campaign proves that a strong company with dedicated

employees can make a big difference to the environment.

Thomas Nissen, Head of Facility Management.

Responsible procurement

Each year PostNord purchases goods and services worth billions, mostly for transport and services. During the year we continued to work on developing group-wide processes for procurement and monitoring of suppliers.

Group-wide processes

PostNord has adopted a joint procurement process, currently being implemented, to take advantage of the group's potential synergies and cost savings.

One example of a step towards group-wide processes is the shared contract catalogue for procurement agreements that PostNord set up in 2011. The ambition is that the catalogue will eventually include all of the group's procurement agreements.

Procurement process efficiency is monitored through contractual fidelity targets set by the group. Contractual fidelity monitors that purchases are made from suppliers with which the group has signed an agreement, so that the purchases are as cost effective as possible.

Qualification of new suppliers

As part of the contracts awarded under LUF/FSVD¹⁾, potential suppliers of goods and services are asked to conduct a self-assessment in which they rate themselves on factors such as the environment and quality. Purchasing managers then conduct a supplier evaluation, together with the client, before contracts are signed.

The qualification process of our transportation providers ensures that the supplier meets the general codes of conduct as well as the group's specific requirements for transport. PostNord complies with EURO classification for supplier's vehicle fleets, tires and fuel. EU standards are applied for machinery, and specific requirements are set for noise levels.

PostNord buys promotional clothing through agents in Sweden who in turn make their purchases from contracted production units, primarily in Asia and Eastern Europe. The Swedish Environmental Management Council has drawn up

requirements for procurement of textiles and leather that include both environmental issues and social aspects. PostNord uses these requirements to customize its tenders for clothing purchases.

PostNord's supplier code

PostNord should only sign contracts with suppliers who undertake to comply with PostNord's supplier code. The supplier code was last updated in December 2012 and includes the requirements contained in the UN Global Compact. The supplier code also requires suppliers to take responsibility for their subcontractors' compliance with PostNord's requirements.

Monitoring and compliance

PostNord conducts regular status meetings with transportation providers that include contractual compliance. Monitoring compliance with the requirements we impose for transport providers also takes place through annual audits. The introduction and implementation of annual audits for all PostNord's major transport providers was initiated by the group in 2012. Implementation will continue in future years. Annual audits are more extensive and include general contract compliance, compliance with PostNord's specific requirements for transport providers, monitoring of environmental data and monitoring of environmental standards.

For the purchase of promotional clothing from Asia, our suppliers are required to show reports that they have checked their subcontractors. Once a contract is concluded, monitoring takes place through status meetings with the supplier. Work is underway to develop monitoring in clothing purchases.

Business ethics

During the year PostNord updated its guidelines to avoid bribery and initiated implementation of a whistle-blower system. The guidelines comply with the new Swedish anti-bribery legislation and include the new industry code developed by the Swedish anti-bribery institute "Institutet mot mutor". The group will provide additional guidance in a future group-wide code of conduct on how its employees should behave in relation to external contacts. PostNord's group-wide code of conduct is timetabled for implementation in 2013.

¹⁾ Utilities Procurement Act (LUF): Act on Procurement in the fields of Water, Energy, Transport and Postal Services (Sweden). Utilities Directive (FSVD): (Denmark).

Sustainability data

Economic data

Generated value, SEKm	2012	2011	2010
Net sales, external	38,920	39,466	41,669
<i>of which, payments received from the state</i>	25	24	25
Other income	253	274	289
Participations in the earnings of associated companies	7	-2	6
Financial income	238	367	174
Total	39,418	40,105	42,138
Distributed value by stakeholder, SEKm			
Suppliers			
Transport expenses	8,084	7,540	7,384
Cost of premises	2,158	2,134	2,236
Other costs	7,301	7,629 ¹⁾	8,178 ¹⁾
Other personnel expenses	176	221 ²⁾	91 ²⁾
Net investments in tangible and intangible fixed assets	2,329	1,939	1,272
Total	20,048	19,463	19,161
Employees			
Wages, salaries and other remuneration	14,082	14,792	15,780
Statutory social costs	2,628	2,532	2,648
Pension expenses	1,698	1,641	2,032
Other personnel expenses	23	38 ²⁾	36 ²⁾
Other expenses, provisions	889	88 ¹⁾	323 ¹⁾
Interest expenses for pensions	90	195	104
Total	19,410	19,286	20,923
Creditors			
Interest to lenders	87	57	98
Total	87	57	98
Society			
Current tax Sweden	13	6	10
Current tax Denmark	31	76	102
Current tax Norway	71	33	82
Current tax Finland	-2	-1	-1
Current tax rest of world	6		7
	119	114	200
Dividend Swedish state	63	223	607
Dividend Danish state	40	145	393
	103 ³⁾	368	1,000
Total	222	482	1,200
Total distributed value	39,767	39,288	41,382

¹⁾ Previously reported value has been adjusted with regard to PostNord's Annual Report, group Note 6, Provisions. Relates in all material respects to the Employees stakeholder group.

²⁾ Previously reported value has been adjusted; relates in all material respects to the Suppliers stakeholder group.

³⁾ Board's proposal.

Environmental data

CO ₂ emissions (tons)	2012	2011	2010	2009
Fossil CO₂ emissions, entire group	372,981	393,516	417,647	418,286
Transport, EN16				
Fossil fuels	328,116	339,479	343,380	348,577
Renewable fuels	19,352	14,817	15,045	15,166
Business travel, EN17	6,771	8,433	7,894	6,947
Energy use				
Heat and electricity, EN16	38,093	45,604	66,374	62,762
Initiatives to reduce CO₂ emissions (procurement of eco-labeled electricity), EN18	-33,535	-29,585	-14,437	-13,862
Other emissions to air for transports (tons), EN20				
Carbon monoxide	368	541	500	
Nitric oxide	1,142	2,014	1,775	
Hydrocarbons (VOC)	128	93	166	
Particulates	21	33	30	
Energy use				
Fuel transports (TJ), EN3				
Fossil fuel	3,821	4,073	4,388	
Renewable fuel	195	164	133	
Business travel by car (TJ), EN3¹⁾	55	282	423	
Heating (district heating and gas) (MW h), EN4	154,863	156,382	170,229	
Electricity use (MW h), EN4	211,920	218,983	247,053	
Waste, tons, EN22^{1), 2)}				
Paper	16,099	16,807	22,005	
Cardboard/paperboard	2,839	2,258	3,067	
Plastic	518	683	1,277	
Glass	3	5	5	
Metal	629	777	563	
Wood	1,812	2,120	2,059	
Combustible	4,604	5,544	5,347	
Electronics	98	66	72	
Hazardous waste	138	128	171	
Landfill	3	29	51	
Other	77	12	43	

¹⁾ Only PostNord's operations in Sweden and Denmark. Does not include companies acquired in 2012.

²⁾ 2011 data is not directly comparable with 2010 due to change of waste management contractor in Denmark.

Employee data

Number of employees/agency staff, LA1 ^{(1), (4), (5)}	2012	2011	2010
Total Nordic, employed staff	49,297	48,568	51,405
<i>of which, basic staff</i>	38,824	38,697	41,499
<i>of which, temporary staff</i>	10,473	9,871	9,906
Total Nordic, agency staff	1,107	724	
Mail Denmark	15,072	16,710	19,725
<i>of which, basic staff</i>	12,130	13,181	14,808
<i>of which, temporary staff</i>	2,942	3,529	4,917
Plus agency staff	34	37	
Mail Sweden	24,656	22,397	21,938
<i>of which, basic staff</i>	18,102	16,961	17,751
<i>of which, temporary staff</i>	6,554	5,436	4,187
Plus agency staff	343	131	
Logistics	7,185	6,841	6,704
<i>of which, basic staff</i>	6,433	6,202	6,213
<i>of which, temporary staff</i>	752	639	491
Plus agency staff	658	517	
Strålfors	1,288	1,341	1,673
<i>of which, basic staff</i>	1,187	1,237	1,614
<i>of which, temporary staff</i>	101	104	59
Plus agency staff	72	39	
Group-wide functions	1,096	1,279	1,365
<i>of which, basic staff</i>	972	1,116	1,113
<i>of which, temporary staff</i>	124	163	252
Plus agency staff	0	0	

Occupational injuries - Sick leave, LA7 ^{(1), (3)}	2012	2011	2010
Total Nordic			
occupational injuries	40	72	88
<i>of which, deaths</i>	0	0	0
sick leave, percentage	4.9%	5.0%	5.2%
Mail Denmark			
occupational injuries	37	128	171
<i>of which, deaths</i>	0	0	0
sick leave, percentage	5.0%	5.2%	5.5%
Mail Sweden			
occupational injuries	43	45	46
<i>of which, deaths</i>	0	0	0
sick leave, percentage	5.1%	5.2%	5.3%
Logistics			
occupational injuries	50	55	54
<i>of which, deaths</i>	0	0	0
sick leave, percentage	5.0%	4.9%	5.2%
Strålfors			
occupational injuries	17	3	7
<i>of which, deaths</i>	0	0	0
sick leave, percentage	3.1%	3.8%	3.5%
Group-wide functions			
occupational injuries	2	1	3
<i>of which, deaths</i>	0	0	0
sick leave, percentage	2.4%	2.1%	2.3%

Personnel turnover, LA2 ^{(1), (2), (5)}	2012	2011	2010
Total Nordic, %	10.9	10.6	10.7
Total number of terminations	4,220	4,111	4,452
Mail Denmark, %	13.2	13.9	14.2
-29 yrs	25.8	40.3	29.1
30-49 yrs	10.2	11.2	9.7
50- yrs	14.4	11.8	15.1
women	15.2	14.3	14.6
men	12.1	13.7	14.0
Mail Sweden, %	7.3	7.0	5.2
-29 yrs	11.9	10.5	7.3
30-49 yrs	3.6	2.3	2.1
50- yrs	9.3	10.2	7.4
women	7.7	7.5	5.2
men	7.0	6.6	5.1
Logistics, %	13.1	12.1	13.0
-29 yrs	21.7	26.1	16.3
30-49 yrs	9.8	8.3	7.2
50- yrs	11.8	6.5	9.9
women	15.1	10.9	15.0
men	12.6	12.4	12.5
Strålfors, %	12.5	10.3	15.0
-29 yrs	11.5	12.9	16.4
30-49 yrs	11.4	8.5	12.2
50- yrs	14.9	12.6	20.3
women	13.6	7.2	13.7
men	11.9	11.9	15.7
Group-wide functions, %	32.3	19.6	34.3
-29 yrs	56.5	64.0	45.0
30-49 yrs	36.6	13.3	35.9
50- yrs	26.9	24.1	31.5
women	21.8	21.2	23.3
men	44.6	18.0	45.2

Average number of employees	2012	2011	2010
Total for group	39,713	41,714	44,060
Mail Denmark	12,521	13,766	15,187
Mail Sweden	17,686	18,311	19,010
Logistics	6,718	6,381	6,275
Strålfors	1,509	1,921	2,206
Group-wide functions	1,279	1,335	1,382
Total Nordic	39,150	41,063	43,395
Mail Denmark	12,521	13,766	15,187
Mail Sweden	17,540	18,180	18,889
Logistics	6,677	6,324	6,232
Strålfors	1,133	1,458	1,705
Group-wide functions	1,279	1,335	1,382

¹ Companies within Logistics that are not reported; Eek Transport AS, Nils Hansson Logistics AB, Harlem Transport AS, acquired assets of Byrknes Auto AS and Mereco Transport A/S.

² Values for 2010 and 2011 for personnel turnover of men in group-wide functions have been adjusted compared to previously published information.

³ Occupational injuries per 1 million hours worked.

⁴ Agency staff. Number of paid hours converted to full-time equivalents.

⁵ Mail Sweden now includes the company Tidningstjänst AB, with 1,955 employees (1,166 basic staff and 789 temporary staff) in 2012. Tidningstjänst AB's employees are not included for 2011 and 2010; employee data is therefore not comparable between years.

Contd. Employee data

Distribution of employees by age and gender LA 13 ^(1,5)	2012	2011	2010	Wage differential women/men, LA14 ^(1,5)	2012	2011	2010
BASIC STAFF				Total Nordic			
Mail Denmark	12,130	13,181	14,808	<i>of which, basic staff, %</i>	3.3	3.9	3.7
-29 yrs, %	8	9	13	women	25,922	25,818	24,932
30-49 yrs, %	50	50	51	men	26,777	26,816	25,864
50- yrs, %	42	41	36	<i>of which, temporary staff, %</i>	2.3	3.7	5.6
admin staff, %	11	16		women	20,399	20,393	20,010
production staff, %	89	84		men	20,863	21,153	21,127
women, %	35	36	37	Mail Denmark			
men, %	65	64	63	<i>of which, basic staff, %</i>	0.5	1.2	1.1
<i>of which, female managers, %</i>	28	27	27	women	25,851	26,339	25,673
<i>of which, male managers, %</i>	72	73	73	men	25,980	26,645	25,947
Mail Sweden	18,102	16,961	17,751	<i>of which, temporary staff, %</i>	1.0	1.0	1.0
-29 yrs, %	13	14	15	women	21,811	22,661	22,464
30-49 yrs, %	41	41	42	men	22,030	22,882	22,679
50- yrs, %	46	45	43	Mail Sweden			
admin staff, %	12	14		<i>of which, basic staff, %</i>	2.7	2.8	3.0
production staff, %	88	86		women	24,141	23,556	22,712
women, %	39	40	41	men	24,787	24,206	23,395
men, %	61	60	59	<i>of which, temporary staff, %</i>	0.9	0.3	0.9
<i>of which, female managers, %</i>	32	33	32	women	19,968	19,497	18,013
<i>of which, male managers, %</i>	68	67	68	men	20,142	19,546	18,183
Logistics	6,433	6,202	6,213	Logistics			
-29 yrs, %	23	24	25	<i>of which, basic staff, %</i>	1.2	0.4	1.5
30-49, %	50	49	48	women	28,260	28,688	27,399
50- yrs, %	27	27	27	men	28,613	28,584	27,006
admin staff, %	24	27		<i>of which, temporary staff, %</i>	0.6	2.4	2.8
production staff, %	76	73		women	20,918	20,295	19,992
women, %	19	19	19	men	20,797	20,779	19,441
men, %	81	81	81	Strålfors			
<i>of which, female managers, %</i>	21	22	21	<i>of which, basic staff, %</i>	9.8	10.3	13.5
<i>of which, male managers, %</i>	79	78	79	women	31,418	30,699	29,277
Strålfors	1,187	1,237	1,614	men	34,504	33,851	33,243
-29 yrs, %	13	11	13	<i>of which, temporary staff, %</i>	15.1	11.1	21.7
30-49 yrs, %	56	57	63	women	20,582	22,241	20,806
50- yrs, %	31	31	24	men	23,692	24,712	25,327
admin staff, %	41	41		Group-wide functions			
production staff, %	59	59		<i>of which, basic staff, %</i>	31.8	33.7	28.2
women, %	35	35	34	women	39,226	36,865	34,528
men, %	65	65	66	men	51,693	49,277	44,256
<i>of which, female managers, %</i>	36	31	31				
<i>of which, male managers, %</i>	64	69	69				
Group-wide functions	972	1,116	1,113				
-29 yrs, %	2	2	4				
30-49 yrs, %	49	50	53				
50- yrs, %	49	48	43				
admin staff, %	100	100					
production staff, %	0	0					
women, %	54	51	50				
men, %	46	49	50				
<i>of which, female managers, %</i>	41	41	39				
<i>of which, male managers, %</i>	59	59	61				
Total	38,824	38,697	41,499				
-29 yrs, %	13	13	15				
30-49 yrs, %	46	46	47				
50- yrs, %	41	41	38				
admin staff, %	16	20					
production staff, %	84	80					
women, %	35	35	36				
men, %	65	65	64				
<i>of which, female managers, %</i>	29	29	29				
<i>of which, male managers, %</i>	71	71	71				

¹⁾ Companies within Logistics that are not reported: Eek Transport AS, Nils Hansson Logistics AB, Harlem Transport AS, acquired assets of Byrknes Auto AS and Mereco Transport A/S.

⁵⁾ Mail Sweden now includes the company Tidningstjänst AB, with 1,955 employees (1,166 basic staff and 789 temporary staff) in 2012. Tidningstjänst AB's employees are not included for 2011 and 2010; employee data is therefore not comparable between years.

Accounting principles

PostNord AB is the parent company of the PostNord group, formed through the June 24, 2009 merger of Post Danmark A/S and Posten AB. This is the group's fourth Sustainability Report. Until 2009, Posten AB and Post Danmark A/S published sustainability reports for their respective operations.

PostNord's sustainability report provides an overview of the group's sustainability work and the group's ambitions and targets for the future.

The Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Report Guidelines, Version 3.0, Application Level C+. The cross-reference table for GRI indicators can be found on PostNord's website.

Economic data and the average number of employees are reported pursuant to the same principles as those used in PostNord's Annual Report and therefore include the entire group. Data on employees and the environment include, unless otherwise indicated, the Nordic operations. The Nordic operations made up 97% of consolidated net sales and approximately 99% of the group's average number employees in 2012. Environmental data includes the non-Nordic operations of Strålfors. In case of deviation, the scope is shown next to the specific information.

The companies acquired during 2011 and 2012 – Eek Transport A/S, Mereco Transport AS, PostNord Logistics TPL (formerly Green Cargo Logistics) and Svensk Morgondistribution AB – have been included in the environmental reporting. Historical data has therefore been recalculated for comparability purposes. Harlem Transport AS and Byrknes Auto AS, which were acquired towards the end of 2012, are not included. These companies will be included in the 2013 sustainability report. Because Svensk Adressändring AB and Tidningstorget AB do not have a significant environmental impact, they are not included in the environmental data. Otherwise, the consolidation principles are the same for economic data and environmental data.

Logistics companies Eek Transport AS, Nils Hansson Logistics AB and Mereco Transport AS (acquired in 2011) and the companies Harlem Transport AS and Byrknes Auto AS (acquired in 2012) have not been included in the reporting of employee data. All of these companies will be included in the 2013 sustainability report. PostNord Logistics TPL (formerly Green Cargo Logistics), acquired in 2012, is included.

Employee data for Tidningstjänst AB has been included for 2012. Tidningstjänst AB was part of the group in 2011 and 2010 as well, and efforts are proceeding to apply uniform accounting principles with the aim of fully integrating Tidningstjänst AB in the 2013 sustainability report. In the employee data in this report for the first time.

Methods of measurement, environment

Transportation

Road: In Sweden, Denmark and Norway transport is carried out with PostNord's own vehicles and through contractors. Contractors are used for all transports in Finland. Emissions to air are calculated based on the amount of fuel purchased and type of vehicle used, as well as the transport administration system. Calculations based on subcontractor costs are also used in some divisions. Factors used to calculate emissions to air are nationally recognized factors in the Nordic region and are used, for example, by the Network for Transport and Environment (NTM), the Swedish Environmental Protection Agency and the Danish Energy Agency.

Air: PostNord purchases air freight externally for operations in Sweden and Denmark. PostNord did not use any air transport in Finland or Norway during the year. The Swedish operation receives data from suppliers on amount of fuel and distances. The Danish operation registers executed transport in a transport administration system and emissions are calculated based on ton-km. The emission factors used are nationally recognized factors for each country.

Rail: Only the Swedish and Norwegian operations use rail transport to any great extent. All rail transport in Sweden is purchased from Green Cargo which is eco-labeled as a Good Environmental Choice. Rail transport in Norway uses fossil-free fuel.

Ferry: Only the Danish operation uses ferry transport to any great extent. Information on executed transport is registered in the transport administration system and emissions are calculated in ton-km. The emission factors used are nationally recognized.

Electricity and heating

Electricity: Electricity consumption data is obtained chiefly from electricity suppliers or by reading meters. Electricity purchased in Sweden is eco-labeled Good Environmental Choice and in Denmark it is largely wind generated. This electricity is assumed to have no carbon dioxide emissions, since only the usage phase is included in the reporting. In cases where electricity is included in the rent, or is otherwise not received directly from the supplier or cannot be determined through

meter reading, consumption is estimated based on size of premises (applies to certain parts of the Swedish operation). For this electricity, carbon dioxide emissions are calculated based on Nordic or Danish electricity mixes.

Heating: Offices and terminals are primarily heated by district heating or natural gas. Heat consumption is monitored by meter readings or invoice records. In certain cases, heat consumption is estimated based on size of premises. The emission factors used are nationally recognized. Premises that are heated by electricity are calculated in accordance with the above.

Business travel

Reported emissions from business travel refer to air, rail and car travel. Records are received from the travel agencies that PostNord has contracts with. For car travel, emissions are calculated based on fuel consumption and generally recognized emission factors.

Waste

Reported waste amounts are received from PostNord's waste management contractors.

Methods of measurement, customers

Customer value

With the formation of the new joint group, PostNord has new group-wide key data and monitoring tools for developing customer capital.

Since 2011, KVI (customer value index) has been PostNord's monitoring tool for regularly following up customer satisfaction and customers' perception of the business. It replaces the various customer satisfaction surveys that previously existed in the organization. Measurements are made twice a year and include all PostNord's business areas and Strålfors, with a focus on the Nordic countries.

The key ratio consists of three overall satisfaction questions. The three questions have previously existed in both the KTA and the NKI and are also used in several external metrics such as Svenskt Kvalitetsindex (SKI), Dansk Kvalitetsindex (DKI) and the European Performance Satisfaction Index (EPSI), which also allows for external benchmarking.

Quality, first-class mail

Swedish External Monitoring (SWEX) and Danish External Monitoring (DEX) are two independent external quality metrics that continuously measure the number of first-class letters that are delivered on time from customer to customer. Measurements

are conducted by means of a statistically assured test mail activity which fulfills the requirements set forth in the EN standard 13850. These measurements were conducted in 2012 by TNS-SIFO and Quotas QmbH in Sweden and Denmark respectively. The results of the two measurements are weighted together into a group-wide outcome based on mail volume in each country.

Quality, parcels

The production systems in Sweden (LUPP) and Denmark (GTT) are two independent systems that measure the proportion of parcels that are delivered on time from first production scanning to the customer. Test products are weighted according to 19 (MyPack), 25 (Postpaket) and 15 (DPD Företagspaket 16:00) for Sweden and Erhvervspakker, PrivatPakker and Postpakker for Denmark.

Since the two measurements are not directly comparable, this is done in two separate measurements. Measurements will be gradually harmonized in 2013 via a system called CEM. PostNord will then have a joint Nordic report on delivery quality for parcels based on the MyPack, PallEtt and DPD products.

Methods of measurement, partners

An annual survey is conducted in Sweden of our partners' perception of their collaboration with PostNord. In 2012, 285 randomly selected Swedish partner outlets were interviewed. The interviews were conducted by phone. The survey results are compiled in a Partner Satisfaction Index (NPI), a weighted average value of four separate questions about the overall perception of collaboration with PostNord.

Methods of measurement, employees

Average number of employees

Calculated by dividing the total number of paid hours by the standard number of hours for a full-time employee.

Total number of employees

The total number of employees at the end of the period. Divided into basic staff and temporary staff.

Basic staff

Refers to all full and part-time monthly salaried employees. The definition of basic staff is that it shall cover the basic requirements of a "normal" production flow. Temporary staff cover "peaks" in production; for example, during Christmas or holidays.

Personnel turnover

Number of people ending their employment in 2011 in relation to basic staff at the end of the year.

Sick leave

Sick leave in relation to the regular, contracted working time, reported as a percentage.

Sick leave comprises absence due to illness when the employee himself/herself is sick.

Regular, contracted working time in hours includes the time of both hourly paid employees and temporary workers. In addition to regular working time, this includes sick leave, vacation, parental leave and care for sick children and other paid leave.

Occupational injuries

Registered occupational injuries in relation to hours worked (does not include injuries incurred during work-related travel). Even minor injuries (first aid level) have been included in the report. Calculations are based on total hours worked, irrespective of type of employment. The injury ratio is calculated as the total number of injuries per 1 million hours worked. Occupational injuries are reported to the line manager in Sweden and Denmark. Registration takes place in the C2 system in Sweden, the Skadesanmeldesessystemet (SKA) in Denmark and in a ledelses- och informationssystem (LIS) in Norway. Statistics on reported occupational injuries can be retrieved from the sys-

tems and sorted into various categories such as falls, crushing and traffic injuries. The duty to record occupational injuries is made very clear.

Employee index (MIX)

The results of the group's employee surveys are compiled in an employee index (MIX). Surveys are conducted in cooperation with an external party, are anonymous and are analyzed by a partner independent from the group.

Leadership index (LIX)

The results of the group's employee surveys are compiled in a leadership index (LIX). LIX measures levels of employee satisfaction with line managers, the degree to which employees believe their line manager lives up to PostNord's leadership criteria; deliver, involve, take responsibility and clarity.

Methods of measurement, society

Corporate image

Corporate image is a survey conducted by external company TNS SIFO. The survey is based on a metric whereby approximately 400 private individuals per week (200 in Sweden and 200 in Denmark) answer questions on how they perceive Posten and Post Danmark. The survey is comprised of five key questions that, together, form an index.

Auditor's Review Report on PostNord AB's Sustainability Report

[Translation of the auditor's report in Swedish]

To the readers of the PostNord AB's Sustainability Report

Introduction

We have been engaged by the Board of Directors of the PostNord AB to review PostNord AB's Sustainability Report for the year 2012. The Board of Directors and the Executive Management are responsible for ongoing activities regarding the environment, health & safety, quality, social responsibility and sustainable development, and for the preparation and presentation of the Sustainability Report in accordance with the applicable criteria. Our responsibility is to express a conclusion on the Sustainability Report based on our review.

The Scope of the Review

We have performed our review in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A review consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The criteria on which our review are based are the parts of the Sustainability Reporting Guidelines G3, published by The Global Reporting Initiative (GRI), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed and disclosed. We consider these criteria suitable for the preparation of the Sustainability Report.

Our limited assurance review encompasses the indicators presented in the GRI Cross-reference table, which can be found on PostNord AB's website, www.postnord.com, as well as the pages referred to in this Sustainability Report and in the Annual Report as indicated in the table of contents.

Our review has, based on an assessment of materiality and risk, e.g. included the following procedures:

- a. an update of my/our knowledge and understanding of the PostNord AB's organization and activities,
- b. an assessment of suitability and application of the criteria regarding the stakeholders' need for information,
- c. an assessment of the outcome of the Company's stakeholder dialogue,
- d. interviews with the responsible management, at group level, subsidiary level, and at selected business units in order to assess if the qualitative and quantitative information stated in the Sustainability Report is complete, accurate and sufficient,
- e. shared internal and external documents in order to assess if the information stated in the Sustainability Report is complete, accurate and sufficient,
- f. an evaluation of the design of the systems and processes used to obtain, manage and validate sustainability information,
- g. an evaluation of the model used to calculate carbon emissions,
- h. analytical procedures of the information stated in the Sustainability Report,
- i. a reconciliation of financial information with the Company's Annual Report for the financial year 2012,
- j. an assessment of the Company's declared application level according to GRI guidelines,
- k. an assessment of the overall impression of the Sustainability Report, and its format, taking into consideration the consistency of the stated information with applicable criteria,
- l. a reconciliation of the reviewed information with the sustainability information in the Company's Annual Report for the financial year 2012,

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the information in the PostNord AB's Sustainability Report has not, in all material respects, been prepared in accordance with the above stated criteria.

Stockholm, 21 February 2013
Ernst & Young AB

Lars Träff

Authorized Public Accountant

Curt Öberg

Authorized Public Accountant

Contact information

PostNord AB

105 00 Stockholm, Sweden
Visitors: Terminalvägen 24, Solna
Tel +46 10 436 00 00

Tietgensgade 37
1566 København V, Denmark
Tel +45 33 61 00 00

www.postnord.com

Contact information

Per Mossberg, Senior Vice President & Head of Group Communications, tel +46 10 436 3915
Henrik Rättzén, Senior Vice President & Chief Financial Officer, tel +46 10 436 4394
Oscar Hyléen, Vice President & Head of Investor Relations, tel +46 10 436 4191, ir@posten.se
Monica Edblad, Investor Relations and Sustainability Communication, tel +46 10 436 4425, ir@posten.se
Per Ljungberg, Vice President & Head of Media Relations, tel +46 10 436 4421, press@posten.se



Greenhouse gases emitted through the production of this printed matter, including paper, other materials and transport, were offset through investments in the equivalent amount of certified reduction units in the Kikonda Forest Reserve Forestation project in Uganda.

Nordic Ecolabel printed matter.

Photography: Peter Phillips, Mads Armgaard, Lars Schmidt, Søren Nielsen, Hans Carlén, Henrik Petit, Berit Hvassum.

Production: PostNord in co-operation with Hallvarsson & Hallvarsson.

