



POSTEN NORGE

Because people change Posten Norge must also change.

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01

The Group

THIS IS POSTEN NORGE
OUR BRANDS
NUMBER OF EMPLOYEES,
LOCATIONS AND SERVICES
GROUP STRUCTURE
GROUP MANAGEMENT
CORPORATE GOVERNANCE
HISTORY





This is Posten Norge

Posten Norge is a Nordic mail and logistics group that develops and delivers complete solutions within postal services, communications and logistics, with the Nordic area as its local market.

VISION

Posten Norge will be:
The world's most future-oriented mail and logistics group.

BUSINESS CONCEPT

Posten Norge develops and delivers complete postal, communications and logistics solutions - with the Nordic region as its local market.

MAIN GOALS

The main goals are based on the requirements and goals of our operations and are:

1. Satisfied customers
2. Leading market positions
3. Profitable growth and a competitive increase in value
4. Attractive workplaces and a good working environment

OUR VALUES

Through our values, we reflect a Group that can be relied upon in all respects, and one we can be proud to work for. These values help build our common culture and guide us in all our decisions. Established forms of cooperation between managers, employees, management organs, owners and the authorities will reflect our basic values.

▼
INTEGRITY
RESPECT
COOPERATION
OPENNESS
COURAGE

LEADERSHIP PRINCIPLES

To be a leader in the Group means to set goals, release energy and control resources. The Group's leaders must practise value-based leadership that balances involvement and control. Good managers are a prerequisite for employees to be happy and to give their best. Leaders are role models in their behaviour and must bring the Group's values to life. Our leaders are characterised in that they:

- are visible
- are clear
- take and give responsibility
- develop and inspire employees



Our brands

Posten Norge meets the market with two brands: Posten Norge for the private market and Bring for the business market.



Posten Norge – We live to deliver

Posten Norge covers services to private customers, the post office network and the daily postal distribution across Norway.

Services: Currently offers a wide range of postal services which provide the sender and recipient with secure delivery and a wide choice of delivery methods.

Background: Posten Norge was established in 1647 and has 366 years of experience in the distribution of letters and parcels in Norway.

Reputation: The reputation survey by MMI/Ipsos for 2012 showed that Posten Norge has dropped from 17th to 39th place among the 116 companies in the survey. After a positive development over several years, the Norwegian populace has changed its view of Posten Norge. In 2011, 69 per cent of the population had a positive opinion of the organisation. In 2012, this figure fell to 57 percent.



Bring – Finding New Ways

Bring is the Nordic specialist in post and logistics with a range of services aimed at business customers in the Nordic region.

Services: Offers a broad spectrum of services within communications and logistics.

Background: Bring was established as a brand in 2008. After ten years of acquisitions of various companies with different brands, Posten Norge brought these under the same umbrella and launched the Bring brand.

High awareness: Four years after its launch, Bring has achieved a high level of brand awareness among its target group of executive and middle managers. Awareness is an important starting point in order to be considered by customers and be deemed attractive. Surveys* in 2012 showed that awareness of Bring was at 94 percent in Norway, 66 percent in Sweden and 29 percent in Denmark.

* Ipsos MMI carries out surveys twice per year.

Bring meets the market with the following business areas:

Bring Cargo: Global goods flow with national and international cargo transport by road, sea, air or rail.

Bring Express: Express and courier services for both scheduled and occasional deliveries to small and large companies.

Bring Frigo: Temperature-controlled logistics services. Delivery and storage of fresh, chilled and frozen products from the producer to the table, in the Nordic region and the rest of the world.

Bring Parcels: Comprehensive parcel distribution in the Nordic region. Offers parcel services locally, nationally and internationally.

Bring Supply Services: Global experience with advanced fourth party logistics solutions. Develops and operates complete supply chains for companies.

Bring Warehousing: Warehousing solutions for most types of products, whether large volumes, bulk storage or individual pallets. Has Norway's largest and most technologically advanced third party logistics distribution centre.

Bring Mail: Local, national or Nordic distribution of letters, goods and advertising. Tailored solutions or basic distribution services.

Bring Citymail: Distribution of letters and advertising to 2.3 million households in Sweden.

Bring Dialog: Offers customer dialogues and CRM. Solutions are based on customer insight, CRM tools and the customer's own experience database.

Number of employees, locations and services

Norway



Posten Norge

Posten Norge: Head office in Oslo, Posthuset

Locations: Norway, Sweden, Denmark, Finland, France, Greece, the Netherlands, United Kingdom, Italy, Japan, China, Germany, Russia and Slovakia.

Employees: The Group has 20,646 employees (of which 513 are outside of the Nordic region)



Bring: Freight transport by road, sea, air or rail, express logistics and courier services, temperature-controlled logistics services, parcel distribution, development and operation of complete supply chains for companies, warehousing solutions, distribution of letters, goods and advertising, customer dialogue and CRM.



Posten Norge: Sales and customer service, Post in Shops, post offices, rural delivery persons, business centres, terminals.

Locations: All of Norway

Employees: 16,547

Sweden



Bring: Freight transport by road, sea, air or rail, express logistics and courier services, temperature-controlled logistics services, parcel distribution, development and operation of complete supply chains for companies, warehousing solutions, distribution of letters, goods and advertising, customer dialogue and CRM.

Locations: Stockholm, Helsingborg, Gothenburg, Malmö, Linköping and Örebro. In total over 50 offices in the whole of Sweden.

Employees: 3,126

Denmark



Bring: Freight transport by road, sea, air or rail, express logistics and courier services, temperature-controlled logistics services, parcel distribution, development and operation of complete supply chains for companies, warehousing solutions.

Locations: Copenhagen, Aalborg, Fredrikshavn, Kastrup and Odense. In total over 10 offices in the whole of Denmark

Employees: 436

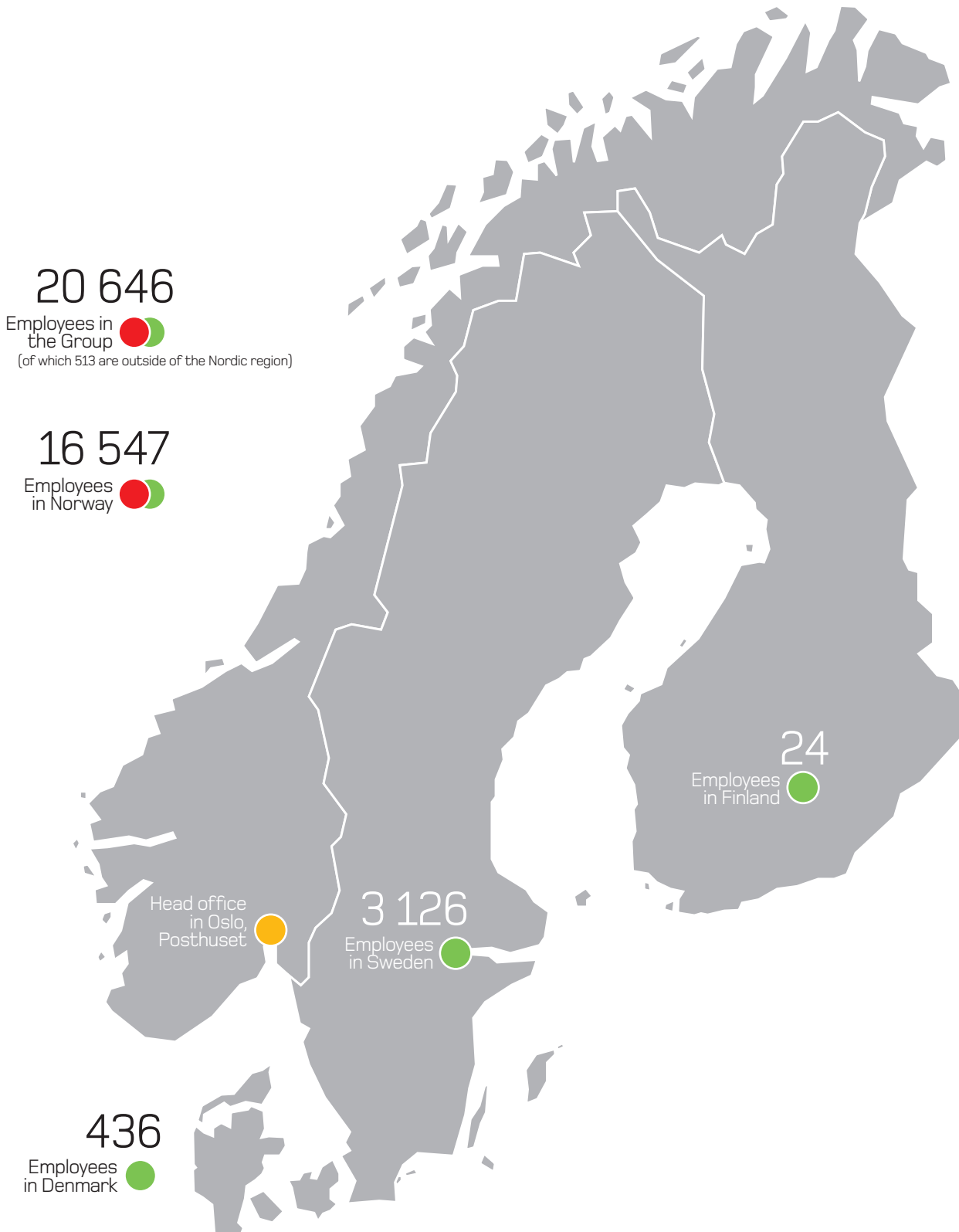
Finland



Bring: Parcel distribution, express logistics and courier services, temperature-controlled logistics services.

Locations: Helsinki and Vantaa

Employees: 24



Group structure

Group structure

Posten Norge is organised as four divisions and three corporate staff units. Group management consists of the Group CEO and seven Group Directors.

Group management deals with issues and decisions relating to the Group's strategy, budgets, follow-up of results, significant investments, pricing strategies, and issues of significance to Posten Norge's reputation, market and customers, as well as issues of a fundamental and strategic nature. Group Directors lead the divisions or corporate staff units and report to the President and CEO.

Line responsibility

The four divisions are: Mail, Logistics Norway, Logistics Nordic and E-commerce. The divisions are central to the management of the Group and devise strategies

for their respective business areas that support the corporate strategy. The divisions are responsible for developing and delivering services with the associated service and quality.

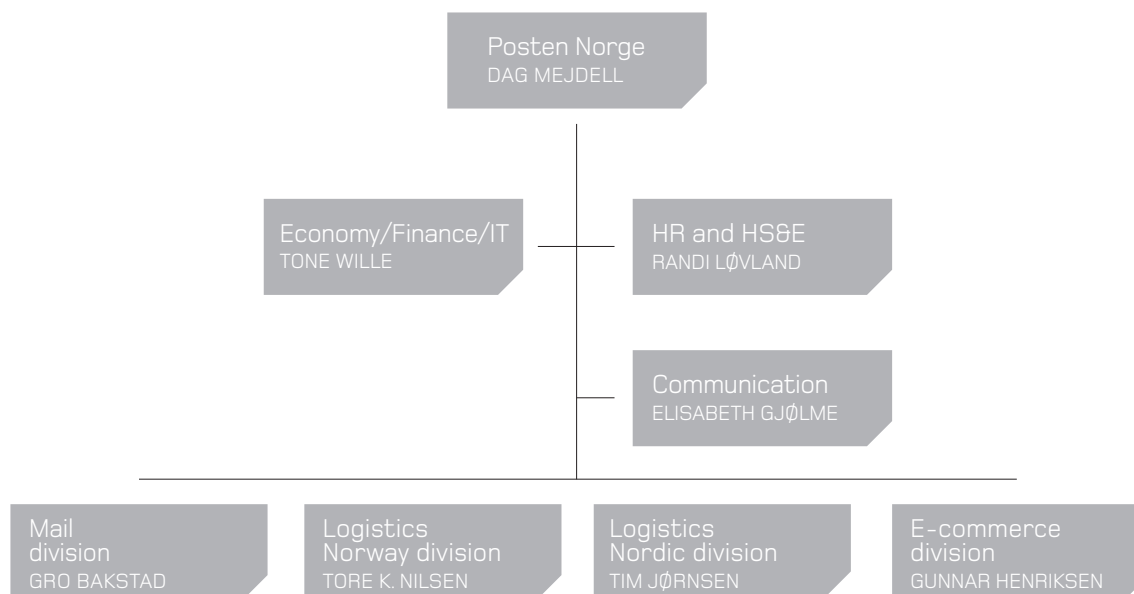
Professional responsibility

The Group has established corporate staffs with responsibility for common functions and Group development within the areas of HR/HS&E, Communications and Economy/Finance/IT. There is also a Group-wide Lean unit. Corporate staff members are professional driving forces who help support business strategies, and help to develop a professional environment within the Group.

The corporate staffs have the special task of contributing to interaction and co-operation across Group boundaries in the development of policies and best practices. Certain professional functions are centralised at the Group level and provide services to the divisions and business areas.

Two segments

For financial reporting, the Group has chosen to split the business into two segments; Mail and Logistics, in accordance with international financial reporting standards (IFRS) and best practice.



The Mail division

Is responsible for traditional postal services in Norway (including statutory services), as well as in Sweden through Bring Citymail. In addition, the division is responsible for operating the Group's activities within digital services and dialogue services. The Mail division continuously adapts its costs and capacity, and develops new physical and digital services and infrastructure.

The Logistics Norway division

Develops and delivers the Group's services within the logistics segment in Norway. The division operates the domestic parcel and freight terminals and transports mail, parcels and freight. The division is particularly focused on realising economies of scale in its network, ensuring interaction and cooperation with the Mail and Logistics Nordic divisions, and developing integrated solutions in order to meet customers' needs.

The geographical organisation of the logistics segment is based upon the different positions and strengths in the Nordic countries. The logistics divisions shall serve customers in a uniform manner, optimise national networks and utilise economies of scale across countries and business areas.

The Logistics Nordic division

Is responsible for the Group's services within the logistics segment in Sweden, Denmark and Finland, as well as the Express, Frigo and Supply Services brands throughout Scandinavia. The divisions shall establish, develop and operate networks for parcels and freight in the Nordic countries, and develop Sweden's position as a natural hub for logistics moving into and out of the Nordic region.

The E-commerce division

Is an important growth area for the Group. A dedicated E-commerce division was established in 2012 in order to support activities and develop special competence and new, customised solutions. The division serves the Group's largest customers within the B2C segment and is also responsible for services and concept development targeted towards all e-commerce customers. The E-commerce division provides no production itself, but is responsible for ensuring an efficient interface between other divisions that are responsible for deliveries.

Group Management



GUNNAR HENRIKSEN

Executive Vice President
E-Commerce Division
(since November 2012)

Born: 1959

Previous positions: Senior Vice President Sales and Customer Service, Mail Division, Posten Norge, Director Postal offices network, Posten Norge, Director Banking, Posten Norge. Various positions in the banking industry and in 3M Group in the Nordic countries and USA

Education: Master of Economics and Business Administration

TONE WILLE

Senior Vice President/CFO/IT
(since September 2012)

Born: 1963

Previous positions: Director of Finance and corporate governance at Division Mail at Posten Norge, Investment Director at Norfund, Senior VP and CFO at GE Energy (Norway) AS and former Kværner Energy AS

Education: Master of Economics and Business Administration

TIM JØRGENSEN

Executive Vice President
Logistics Nordic Division
(since October 2012)

Born: 1966

Previous positions: CEO of Palletways Europe GMBH, CEO of UPS Norden

Education: Bachelor of Business Administration

DAG MEJDELL

President and CEO
(since January 2006)

Born: 1957

Previous positions: CEO of Dyno Nobel ASA, different positions in Dyno ASA from 1981 (including CEO and CFO)

Education: Master of Economics and Business Administration

**GRO BAKSTAD**

Executive Vice President Mail Division (since September 2012)

Born: 1966

Previous positions: Senior Vice President/CFO at Posten Norge, Financial Advisor at Procorp, Director of Finance at Ocean Rig

Education: Master of Economics and Business Administration and CPA

ELISABETH HEGG GJØLME

Senior Vice President of Communications (since April 2000)

Born: 1960

Previous positions: Director of Communication at Telenor Mobil, Marketing and Communications Manager at Oslobanken AS, Secretary General of Young Conservatives

Education: Bachelor of Business Administration

RANDI LØVLAND

Senior Vice President of HR and HS&E (since September 2008)

Born: 1957

Previous positions: Transport Director and Communications Manager at Posten Norge, Division Director and Strategy Manager at Bravida Oslo and Akershus AS, Union Manager in The Norwegian Post Organization

Education: Posten Norge

TØRE K. NILSEN

Executive Vice President Logistics Division (since October 2012)

Born: 1956

Previous positions: Executive Vice President Division Mail at Posten Norge, Group Director at Securitas, Divisional Manager at Security Service Europe

Education: Norwegian Police Service

Corporate governance

Corporate governance Statement

Each year the Board of Directors of Posten Norge submits a statement concerning the Norwegian Code of Practice for Corporate Governance (NUES recommendation).

Below (points 1-15) is a statement of how the points in the NUES recommendation have been followed in Posten Norge. This includes both details of how the principles have been met, the reason for any non-compliance, if applicable, and a description of how Posten Norge rectified any non-compliance with the recommendation.

The Norwegian government is the company's sole owner. As a result of this, Posten Norge's corporate governance deviates from point 4 of the NUES recommendation on the equal treatment of shareholders and transactions with related parties, point 5 on the free sale of shares, point 6 on general meetings, point 7 on election committees and point 14 on company takeovers.

The Board must also provide information on corporate governance in accordance with Section 3-3b of the Norwegian Accounting Act. The statement below follows the NUES recommendation's systematic structure. Point 16 contains a summary of where the information required by Section 3-3b of the Norwegian Accounting Act can be found.

1. STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors emphasises the importance of establishing and further

developing a high standard for corporate governance, equivalent to Norwegian standards for best practice, including the NUES recommendation, see www.nues.no/en/. Posten Norge is a limited company wholly-owned by the Government. The Group's corporate governance is based on and in accordance with Norwegian law and the Norwegian Government's ownership policy in force at any given time.

Good corporate governance is a prerequisite for a profitable and powerful company, while at the same time the requirements and expectations of the company's owner must be fulfilled. The Board of Directors of Posten Norge believes that there is a clear connection between good corporate governance and creating value for the company's owners.

Through its business activities, Posten Norge is a prominent member of society and has been given an important social responsibility with its licence from the Ministry of Transport and Communications - that of ensuring nationwide, high quality and cost-effective postal services. This social task also entails a particular responsibility with regard to how this task is carried out.

The Group's common core values thus create an important premise for its activities - with regard to employees and its operating environment, such as its customers, suppliers and business partners. The Group's values are Integrity, Respect, Cooperation, Openness and Courage. In addition to this platform of shared

values, ethical guidelines and leadership principles have been established.

These ethical guidelines are also included in the Group's integrity programme. The aim of the integrity programme is to increase awareness and knowledge about how to handle typical ethical dilemmas. This will help to ensure that the Group always takes human rights, anti-corruption, working conditions, HSE, discrimination and environmental conditions into consideration.

2. BUSINESS

Posten Norge's social responsibility is to ensure the provision of nationwide, high quality and cost-effective postal services. This social responsibility is described in Posten Norge's licence given by the Ministry for Transport and Communications. The current licence applies until 31 December 2016.

Furthermore the Group shall run postal and logistic operations on a commercial basis, as well as other activities directly related thereto.

All of these conditions are stated in section 3 of Posten Norge's articles of association. The complete articles of association are found at the Group's website.

The Board of Directors establishes goals and strategies, both on a Group-wide level and for each business area, which support the Group's aims related to mail and logistics operations. These documents are based on regular assessments and decision processes which shall ensure that the Group has a well-founded and operational strategy at all times.

A central premise for Posten Norge's strategies and activities is that Posten Norge shall be a country-wide service provider focusing on competitive pricing, high quality and good accessibility. This is also a driving force for motivating employees and management in day-to-day activities and it is fundamental in maintaining Posten Norge's reputation.

As well as meeting its socially-defined

service requirements, the Group shall also be run profitably on commercial terms, meet its owner's required rate of return and adapt its activities to the structural changes that take place in the market.

Within this framework Posten Norge has developed over the past decade into an industrial group that operates in the mail and logistics business areas with the Nordic region as its local market. The markets in which the Group operates are characterised by fierce competition and major technological and structural changes. These changes present Posten Norge with significant challenges with regard to the economics of the statutory services under its licence, competitiveness, adapting to new customer requirements and market position.

The following main strategies form the basis for the development of the Group:

Posten Norge shall undertake its social duties in accordance with the adopted licence requirements.

Posten Norge shall service customers' requirements and be available where the customer is located.

Posten Norge shall develop independent competitiveness in the Group's focus areas in the Nordic area.

Posten Norge shall secure satisfactory returns from investments made in its traditional core business and at the same time the Group shall continue to invest in Nordic growth areas in order to ensure future profitability and strength.

Posten Norge shall develop strong, profitable and sustainable positions within the areas in which the Group is involved.

Posten Norge shall work to extract cost benefits through efficiency measures, coordination of the value chain and the implementation of a Group-wide productivity system.

Posten Norge shall have a balanced portfolio of business operations that strengthens its ability to service customers' requirements. This portfolio shall have clearly defined common characteristics for the Group's role as a trusted third party, the way in which it

is perceived by its customers, its operating principles and its shared culture and values.

Posten Norge shall provide a competitive rate of return for its owner through profitability and value creation in line with the best in the industry.

Posten Norge shall be an environmental leader and work actively to reduce the company's impact on the external environment. Posten Norge shall develop good and attractive workplaces.

Continuous improvement is an important common denominator in the development of the Group. This entails improvements to processes, products and services to increase customer value and reduce unnecessary use of resources.

Posten Norge also recognises the importance of corporate social responsibility in how its operations affect people, the environment and society. This is achieved by reducing the impact of its activities on the external environment as well as developing the Group as an attractive workplace with a diverse and inclusive work environment. It is the opinion of the Board that by taking social responsibility Posten Norge contributes to a good reputation, a reduction in risk and long-term expansion for the Group.

Posten Norge's operations are labour intensive. In total the Group's workforce consists of approximately 20,000 full-time equivalents. Health, Safety and the Environment (HSE) is therefore a high priority and the Group's aim is for nobody to be injured or become sick as a result of their work. The Group works continuously in a goal-oriented manner to reduce absence due to sickness and the number of employees who are newly incapacitated for work and to avoid lost-time injuries.

With the establishment of a Group-wide integrity programme the Group is actively working to prevent corruption and contributing to respect for human and workers' rights. In this way Posten Norge's Board wishes to focus on how the Group's operations can contribute to sustainable development. Refer to the Sustainability report. ►

3. COMPANY'S CAPITAL AND PROFITS

Equity

As at 31 December 2012 the Group's equity was MNOK 5,702 which gave an equity ratio of 37.7 percent of the Group's total assets. This level is deemed adequate with regard to the Group's required solidity in order to implement the company's goals and strategies within an acceptable risk profile.

Dividend

Posten Norge's general meeting is not bound by the Board's proposal for the distribution of dividends, cf. section 20-4 (4) of the Companies Act, and the company is thus subject to the Government dividend policy in force at any given time. The Norwegian government's dividend policy for Posten Norge is that 50 percent of Group post-tax profits can be paid as a dividend. Before the annual dividend is determined an independent assessment of the Group's financial situation and future prospects shall be carried out.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

Posten Norge has only one share class. All shares are owned by the Norwegian state and managed by the Ministry of Transport and Communications.

Posten Norge and the state as owner have regular ownership meetings. The articles of association also state that Posten Norge is obliged to present all cases deemed to be of major social or fundamental significance to the owner.

Posten Norge deviates from the NUES recommendation on this point. Due to government ownership the NUES recommenda-

tion on different share classes and issues is not deemed to be relevant for Posten Norge.

Information regarding transactions with related parties is provided for in the annual report, see note 28.

5. FREE SALE

All shares are owned by the Norwegian state and managed by the Ministry of Transport and Communications. In accordance with section 3 of its articles of association, Posten Norge is to operate as a limited company wholly-owned by the Government.

Posten Norge deviates from the NUES recommendation on this point. Due to government ownership, the Board deems this point of the NUES recommendation not to be relevant for Posten Norge.

6. GENERAL MEETING

The Norwegian Government, through the Minister of Transport and Communications, is the company's general meeting.

In accordance with the company's articles of association, the ordinary general meeting is to be held by the end of June each year.

Posten Norge deviates from the NUES recommendation on this point because the Companies Act section 20-5 (1) states that the Ministry of Transport and Communications is responsible for sending notification of both ordinary and extraordinary general meetings and for deciding the method of notification.

The Board of Directors, President and CEO, company auditor and the Office of the Auditor General are invited to the general meeting.

The minutes from the ordinary general meeting are available on the company's website.

7. ELECTION COMMITTEE

The Norwegian Government, through the Minister of Transport and Communications, is the only shareholder, and the company therefore does not have an election committee. The Board of Directors is appointed by the general meeting in accordance with section 20-4 (1) of the Norwegian Companies Act. Posten Norge deviates from the NUES recommendation on this point.

Four members of the Board of Directors are chosen by and from the employees in Norway.

A Group-wide scheme was established for the election of employee representatives to the Board of Directors of Posten Norge. This entails that all employees in the Norwegian part of the Group can be elected and have voting rights.

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS, COMPOSITION AND INDEPENDENCE

Corporate assembly

Posten Norge is subject to the main rule of the Norwegian Companies Act that a corporate assembly must be appointed if a company has more than 200 employees. However, the company does not have a corporate assembly as an agreement has been entered into between the employees and the company that there is to be no corporate assembly in Posten Norge in accordance with section 6-35 of the Norwegian Companies Act. The same agreement gives the right to an expansion of employee representation on the Board of Directors from three to four representatives.

Composition of the Board of Directors

In accordance with the articles of association the Board of Directors shall consist of between seven to ten members. Up to six of

these are nominated by the general meeting. As the sole shareholder the Norwegian state represented by the Ministry of Transport and Communications designates and selects all the shareholder-appointed Board members. There are currently six shareholder-appointed Board members. There are no deputies for the shareholders' representatives on the Board of Directors.

By virtue of the agreement the employees have the right to elect up to four members of the Board of Directors.

During the first six months of 2012 five of the members of the Board were women, of whom three were shareholder-appointed representatives and two were employee representatives. After the new Board was elected in 2012, four of the members are women, of whom three are shareholder-appointed representatives and one is an employee representative.

The election period for Board members is limited to two years at a time. Continuity within the Board of Directors is ensured as only half of its members stand for election at the same time.

The Board members' backgrounds are described in the annual report and on the Group's website.

Independence of the Board of Directors

The Board of Directors assesses the independence of its members on a continuous basis. As at 31 December 2012 all of the shareholder-appointed representatives were deemed to be "independent" Board members, since they were not considered to have commercial, family or other relationships that could be deemed to affect their evaluations or decisions as Board members of Posten Norge.

9. THE BOARD'S WORK

Duties of the Board of Directors

The Board of Directors of Posten Norge AS is responsible for the overall management

of the Posten Norge Group and supervises the Group's activities in general.

This overall responsibility is described in detail in the adopted instructions for the Board of Directors and in the Board's plan for its own work. Both these documents are revised on an annual basis.

The guidelines for the President and CEO's work form part of the instructions for the Board of Directors of Posten Norge.

Together these documents clarify the tasks and responsibilities of the Board of Directors and the President and CEO, including which matters shall, can and should be handled by the Board. This also includes the President and CEO's authorisation limits. Matters that typically appear on the agenda of the Board of Directors on a regular basis are the preparation and implementation of the Group's strategies, the processing and approval of quarterly and annual reports, monthly performance reports, HSE issues, investments and related follow-up work, evaluation of the Group's risks and internal control as well as HR and organisational issues.

The Board ensures that the company fulfils its corporate social responsibility commitments.

The Board's responsibility for reviewing and reporting risk management and internal control is described in more detail under point 10.

The Board's work and its meetings are led by the Chairman of the Board and based on presentations by the President and CEO. The Company expects these presentations to constitute a good and satisfactory basis for considering the matter. The Board has appointed a Vice-chairman of the Board who functions as chairman if the Chairman of the Board cannot or ought not lead the work of the Board.

The Board held seven meetings in 2012.

The Board carries out an annual evaluation of its work and its competence. The Board is also evaluated by the company's owner.

The Board of Directors' audit committee

The Board has established an audit committee consisting of two Board members. The audit committee meets at least five times per year. The audit committee shall operate as a case preparation body for the Board and support the Board in carrying out its responsibility for financial reporting, risk management, internal control and external auditing. The committee's main duties are: to prepare the Board's follow-up work on reporting processes for the financial accounts (including ongoing contact with the company's external auditor regarding the audit of the annual financial statements), to supervise the systems for internal control and risk management and to supervise the work and independence of the external auditor.

The external auditor is present for all relevant points on the agenda in meetings of the audit committees.

The Board of Director's remuneration committee

A remuneration committee has been established which consists of three Board members and is led by the Chairman of the Board. The remuneration committee holds regular meetings throughout the year. The committee prepares and recommends proposals to the Board related to remuneration for the President and CEO. The committee otherwise contributes to the thorough and independent handling of remuneration issues for leading employees.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors' responsibility for risk management and internal control is set out

in the company's articles of association and internal governing documentation as well as in general legal provisions and clear recommendations based on best practice.

The Board emphasises the importance of a good and efficient control environment in addition to good control processes. The company's governing documentation represents a good basis for this type of environment and processes. The Group's governing documentation establishes how the management and control of the Group shall be carried out. The documents set out Group-wide requirements with regard to conduct in important areas and processes, including ethical behaviour and how corporate social responsibility is to be practiced in the Group.

Risk management and internal control depend on people. Internal control cannot only focus on guidelines, manuals and forms, but must also focus on the individual's efforts at all levels in the organisation. The Board of Directors is therefore committed to integrating risk management and internal control into the Group's core and support processes. Managers on all levels are responsible for ensuring that risk management and good internal control systems are established within their own area, that these have the necessary effect and that they are put into operation in an expedient manner.

The Board ensures that an overall assessment of the Group's risk is conducted each year. This risk analysis is based on the Group' strategy, business plans and targets. The process is based on COSO's framework for risk management. The aim is to evaluate risks affecting strategy, finance, operations and reputation. The results of this process are consolidated to form an assessment of the main risks to which the Group is exposed. This is followed up with actions and recommendations in order to manage and control

the individual risk factors and avoid events that can adversely affect the Group's operations and reputation.

A central monitoring process for internal control has also been established to help ensure that there is adequate and effective internal control for specified risk areas. One element in this process is to propose specific measures to improve internal control. The implementation of proposed measures is the responsibility of line management. As part of the central monitoring process for internal control, the compliance of the Group's governing documentation, including ethical guidelines, is also assessed. In addition, processes have been implemented to ensure that the Group carries out systematic reporting of corporate social responsibility.

Posten Norge's consolidated financial statements are presented in accordance with the applicable IFRS regulations. The Group's reporting process for the financial accounts is described in the Group's governing documentation, which includes procedures and rules for monthly, quarterly and annual reporting. The Group's accounting principles are described in more detail in the Group's accounting manual. The reporting and consolidation of financial accounting information is carried out in a common reporting system. The Group utilises a common Group account plan and the Group accounts department makes use of both built-in system controls and manual controls to ensure complete and consistent accounting information. The consolidation of accounting information takes place at multiple levels within the Group. Subsidiaries are responsible for their Group/Company accounts being reported in accordance with the Group's principles and routines.

The Group has established an advisory investment committee which handles all cases

that entail investment and sales in accordance with specified authorisation limits.

A common ethical standard applies to all Group employees and continuous efforts are made to increase awareness of this standard. Posten Norge also established an integrity programme which shall help to ensure a high and precise ethical standard with regard to anti-corruption, competitive practices, social dumping and the handling of information. The Group's suppliers and business partners are required to comply with the same standard.

Openness is one of the Group's core values and a significant element in the company's general risk management and internal control. With regard to breaches of the ethical standard in general, and the integrity standard in particular, openness is especially important for the prevention and rectification of non-compliance. All employees and business partners are therefore encouraged to report any censurable and/or illegal conditions as soon as possible. This is a part of the individual's responsibility.

A corporate unit for misconduct has been established to ensure good and safe receipt and follow-up of reports. The corporate unit for misconduct shall ensure that the reports are not met with negative reactions or sanctions. The Board of Directors' audit committee reviews the report from the Group's corporate unit for misconduct every six months.

11. REMUNERATION TO THE BOARD OF DIRECTORS

The Board members' fees are set at the general meeting each year. Remuneration is not dependent on results and none of the

shareholder-appointed Board members has a pension scheme or agreement on salary after leaving his/her position from the company. Details of the remuneration for the Board members in 2012 are presented in note 2.

12. REMUNERATION TO SENIOR EXECUTIVES

The Board has prepared a statement concerning the determination of salaries and other benefits for the General Manager and other senior executives. This statement is prepared in accordance with Section 8, last paragraph of the articles of association and builds upon the principles in the Government's guidelines for state ownership on this subject.

The statement shall be presented to the ordinary general meeting.

The Board considers incentive systems to be an important tool for focusing management on increasing company profitability in line with the owner's interests. It is against this background that a bonus scheme for individuals in key positions has been established. Payment under these schemes will be covered by the company's business.

Routines have been established to ensure that more than just the closest manager is involved in the decision-making process concerning employment, pay and bonuses. In such situations, the person making the decision/manager shall obtain approval from his/her immediate superior.

The statement concerning the determination of salaries and other benefits for the General Manager and other senior executives is included in note 2.

13. INFORMATION AND COMMUNICATION

The Group follows an open and proactive communications strategy to support the Group's business strategies and goals and contribute to a good reputation, strong brands, satisfied customers and proud employees. Guidelines for a code of conduct have been established to ensure that Posten Norge acts professionally and uniformly in its communications.

Financial information is reported quarterly at stipulated times as set out on the company's website in accordance with the Oslo Stock Exchange's information requirements.

These reports are made available via the Internet in both Norwegian and English.

A communications policy has been drawn up and specifies who is entitled to speak on behalf of the Group, including subsidiaries, in various circumstances. The contingency plan for information in cases of a special nature or media interest is also included in this policy.

The Board also emphasises the importance of good communication with the company's owner outside the general meeting. Refer to point 4 for a more detailed description of this communication.

14. COMPANY TAKEOVERS

Posten Norge deviates from the NUES recommendation on this point. Posten Norge's articles of association state that the company shall operate as a limited company wholly-owned by the Government, and the Board therefore deems this point of the NUES recommendation not to be relevant for Posten Norge.

15. AUDITOR

Posten Norge has an independent external auditor selected by the general meeting on the recommendation of the Board of Directors.

The auditor takes part in Board meetings that handle the annual financial statements in order to improve the Board's basis for making decisions. In the same or a separate meeting the auditor presents the audit and gives his view of the Group's accounting principles, risk areas, internal control procedures and the Group's bookkeeping. The conclusions are presented in an annual, numbered letter to the board.

The Group's policy allows the use of the auditor in naturally audit-related tasks in addition to the statutory audit. The Board of Directors informs the general meeting of the remuneration to the auditor.

16. REQUIREMENTS OF SECTION 3-3B OF THE NORWEGIAN ACCOUNTING ACT

The Board must also provide information on corporate governance in accordance with Section 3-3b of the Norwegian Accounting Act. Below is an overview of where in the statement above this information is described.

1. "details of the recommendations and rules on corporate governance which cover the enterprise or which the enterprise otherwise decides to follow": see point 1 Statement on corporate governance.
2. "information about where the recommendations and rules mentioned in no. 1 are publicly available": see point 1 Statement on corporate governance.
3. "reasons for any non-compliance with the recommendations and rules mentioned in no. 1": There are five cases of non-compliance described in detail in point 4 Equal treatment of shareholders, point 5 Free sale of shares, point 6 General Meeting, point 7 on election committees and point 14 Company takeovers.
4. "a description of the main elements in the company's, as well as the Group's if Group accounts are also prepared, systems for internal control and risk management related to the accounts reporting process": see point 10 Risk management and internal control.
5. "provisions of the Articles of Association which fully or partly expand or exclude provisions of chapter 5 of the Public Limited Companies Act": see point 6 General Meeting.
6. "the composition of the Board of Directors, corporate assembly, representative and control committee; if applicable any working committee for these bodies, as well as a description of the main elements in the applicable instructions and guidelines for the bodies' and, if applicable, the committees' work": see point 8 Corporate assembly and Board of Directors, composition and independence and point 9 The Board's work.
7. "provisions of the Articles of Association which regulate the appointment and replacement of Board members": see point 8 Corporate assembly and Board of Directors, composition and independence.
8. "provisions of the Articles of Association and powers of attorney which give the Board the power to decide that the company shall buy back or issue shares or equity certificates": see point 3 Equity and dividends.

History

Posten Norge's history

Some highlights of Posten Norge's 366-year history.

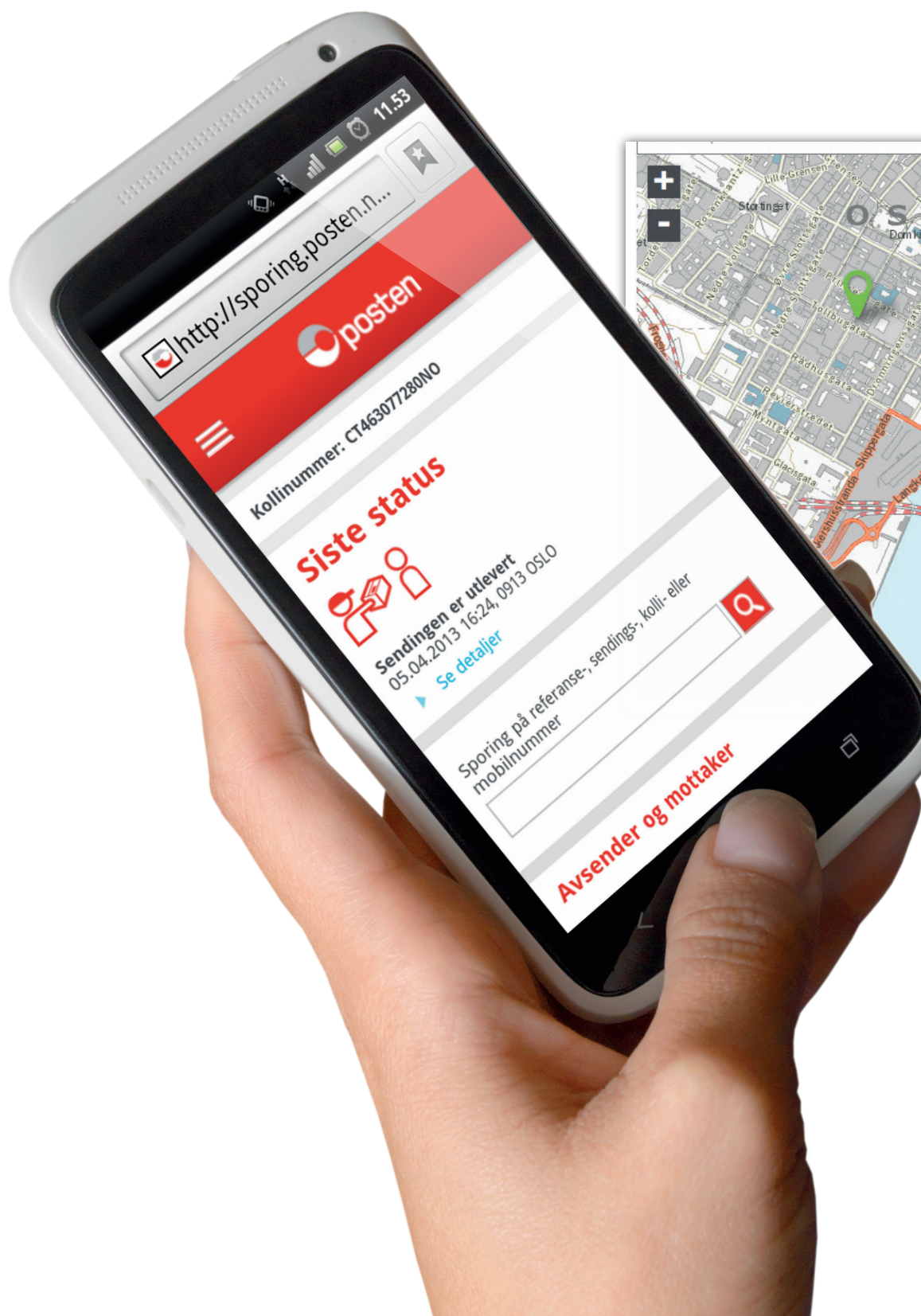
- **1647** The Norwegian postal service was established by the Danish governor in Norway, Hannibal Sehested.
- **1719** The State assumed responsibility.
- **1827** The need to improve postal delivery along the coast and abroad made the postal service into the country's first steamship company.
- **1854** Posten Norge was also on board when the first railway was established from Christiania to Eidsvoll. The Railways Act of 1848 stated that mail should be carried by train and that postal stations should be located in train stations.
- **1855** The first Norwegian stamp was issued.
- **1871** A new Postal Services Act introduced a simplified price system with a domestic postage rate, post boxes at post offices and mailboxes at the addressees' doors.
- **1872** The postcard was introduced.
- **1920** Norway's first official air route opened with Posten Norge on board.
- **1943** The postgiro was introduced in Norway.
- **1950** Norway's Postal Savings Bank was established.

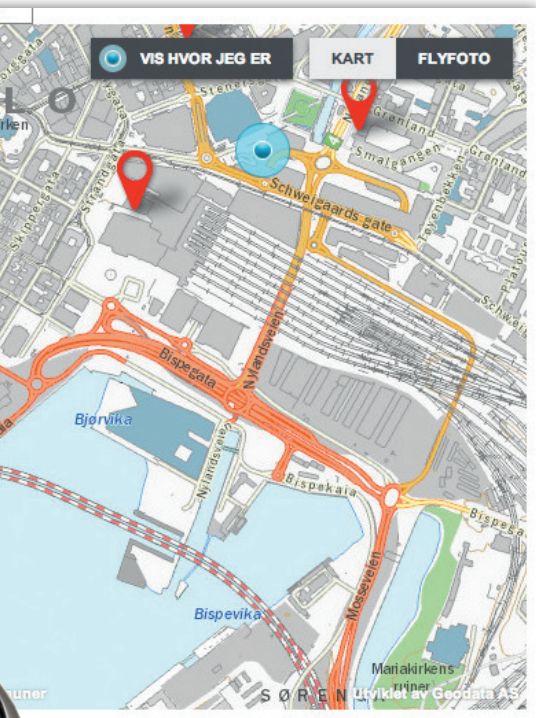
- **1968** Postcodes were introduced to manage better the increasing volume of mail.
- **1976** Oslo postal terminal and the Postgiro building built.
- **1984** Changeover from contents-based classification of letter post to pricing according to time of forwarding (A, B and C post).
- **1995** Postbanken was established as an independent bank following the merger of Postbanken and Postgiro. In the same year Posten Norge bought Statens Datasentral, merged it with Posten Norge's Datasentral and renamed it Posten SDS (latterly EDB Ergo-Group, now Evry).
- **1996** Posten Norge changes from an administrative agency of the government to a state owned company with "limited liability": Posten Norge BA.
- **2000** Posten Norge's plans for transforming traditional post offices to Post in Shops were approved by Parliament.
- **1998–2007** Posten Norge carried out a number of acquisitions in heavy goods and express transport. This included the purchase of Citymail in Sweden.
- **2002** Parliament made Posten Norge a limited company: The Posten Norge Group.
- **2008** The new brand Bring was launched, while the Posten Norge logo was modernised.
- **2010** Posten Norge's South Eastern Norway terminal at Lørenskog was officially opened by King Harald.
- **2011** Norway's new digital mail system, Digipost, opens 4 April.

02

Results

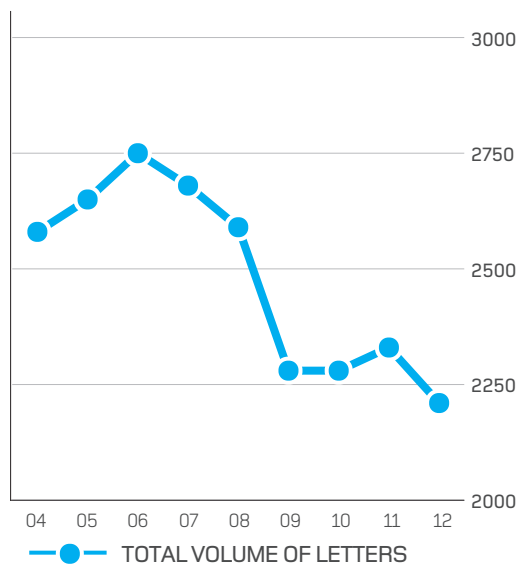
KEY FIGURES
IMPORTANT EVENTS
PRESIDENT AND CHIEF
EXECUTIVE OFFICER'S REPORT
THE BOARD OF DIRECTORS
REPORT OF THE BOARD
OF DIRECTORS
SEGMENTS
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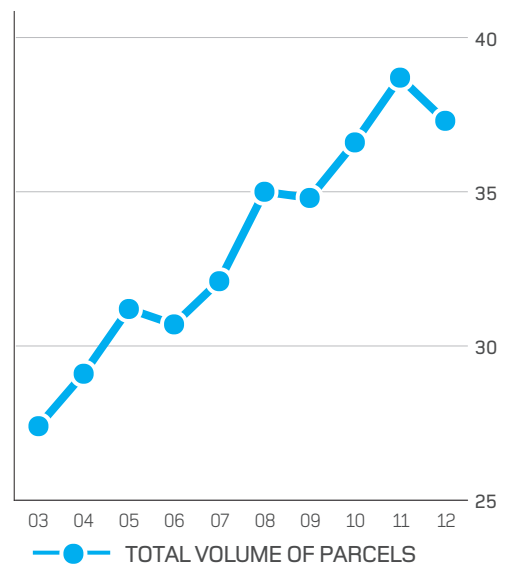


Key figures

VOLUME LETTERS in mill. units 2219



VOLUME PARCELS in mill. units 37,3



	2012	2011	2010	2009	2008
OPERATING REVENUES MNOK	22 925	22 981	22 451	22 613	23 940
EBIT MNOK	632	956	1638	269	-14
GOVERNMENT PROCUREMENTS MNOK	219	345	116	211	0
SHARE OF REVENUE FROM MONOPOLY AREA (percentage)	14,6	14,8	14,7	15,3	14,8
REVENUE FROM FOREIGN SUBSIDIARIES MNOK	6434	6443	5959	5855	5871
TOTAL PARCEL VOLUME, POSTEN NORGE AS million units	37,3	38,7	36,6	34,9	35,0
TOTAL LETTER VOLUME, POSTEN NORGE AS million units	2219	2337	2289	2284	2598
DEVELOPMENT A AND B MAIL (percentage)	-8,2	-6,1	-7,2	-10,1	0,7
DELIVERY QUALITY FOR A MAIL (proportion delivered overnight) (percentage)	85,3	85,3	83,5	88,3	87,1
PROPORTION OF MACHINE-SORTED, ALL LETTERS (percentage)	79,6	79,2	73,7	72	70
EMPLOYEES (full-time equivalents) AS AT 31 DECEMBER	19 388	19 622	19 884	20 555	22 221
NUMBER OF SALES OUTLETS (post office/Post in Shops)	1407	1413	1434	1443	1455
POSTEN NORGE'S REPUTATION (proportion with a 'good impression') (percentage)	57	69	63	61	55
ABSENCE DUE TO SICKNESS, GROUP (percentage)	6,9	7,1	7,8	8,1	8,2

Important events

January

- Posten Norge presents new analyses which show that approximately 150 post offices can be converted to Post in Shops.
- From New Year, the prices to send letters are calculated from both the weight and thickness of the letter. This is because volume influences distribution costs.

February

- In order to deal with the continuing steep decline in letter volumes, Posten Norge asks the Ministry of Transport and Communications to assess changes in the banking obligation, sales network and Saturday deliveries.
- King Harald celebrates his 75th birthday and Posten Norge honours both the King and Queen with two hand-engraved stamps.

March

- Posten Norge becomes the first partner in the new European trade organisation E-Commerce Europe and simultaneously initiates an even closer collaboration with trade association Distansehandel Norge.
- For the first time, Posten.no wins the Farmand Prize 2012 for best website in the "Non-traded" category.
- The Zero Emission Resource Organisation (Zero) and Posten Norge initiate a collaboration that includes electric vehicles and alternative fuels.
- Posten Norge opens competitive tendering for the company's IT contracts. The aim is to collate the contracts with a small number of suppliers.

April

- The government presents a white paper supporting Posten Norge's desire to limit its banking obligation and continue conversion to Post in Shops.
- Posten Norge acquires Fredrikstad Transport & Spedisjon AS.
- The EFTA court does not revoke the ESA's fine for Posten Norge from 2010, but the size of the penalty is reduced.
- Posten Norge launches new iPhone and Android applications which enable users to send postcards from mobile phones.
- Larvik becomes the first municipality to use Digipost in its communications with the municipality's inhabitants.

May

- A new solution is introduced to enable users to receive electronic receipts in Digipost, the digital mailbox.
- The DNB Group signs agreements to use Digipost for the digital distribution of letters.

June

- Posten Norge becomes the first Norwegian company to enable its customers to BankID in its new application for iPad or iPhone.
- The government discusses the post notification and decides that 149 post offices shall be converted to Post in Shops. The conversions will take place in 2013 and 2014. There will then be 30 post offices and around 1,400 Post in Shops in Norway.
- Idar Kreutzer is elected the new Chairman of the Board of Posten Norge after Arvid Moss.

July

- Posten Norge opens a new post office in "Cardamom Town" in Kristiansand Zoo and Amusement Park, where adults and children can purchase stamps, special envelopes and cards with images from the town.

August

- The Swedish government clarifies the provisions for the permitted weight and length of heavy goods vehicles that cross the border into and out of Sweden.

September

- Posten Norge makes changes to Group management from 1 September.
- Clasohlson.no is selected as Webshop of the Year, Tretti.no receives the Innovation of the Year prize, and Shavecare.no becomes Newcomer of the Year at the Load logistics and e-commerce event.
- Posten Norge submits a new e-commerce report which shows that e-commerce has become commerce.
- Posten Norge AS, Aftenposten, Distribution Innovation and Amedia distribution start a trial project to test opportunities for collaborative distribution between Posten Norge and the newspapers.
- Bring is chosen as the supplier of logistics services for Statoil's operations on the Norwegian Continental Shelf.
- Posten Norge releases a new profile film, "Posten Norge is changing because people are changing".

October

- 94,000 households and 7,000 companies receive a new post code due to population growth.
- The Posten Norge Group is restructured in order to strengthen competitiveness and customer orientation. Posten Norge now has four divisions: The Mail division, the Logistics Norway division, the Logistics Nordic division and the E-commerce division.
- Posten Norge acquires Swedish logistics company Ekdahls Åkeri.

November

- The government decides that digital mailbox suppliers shall compete for the sending of mail from the public sector. Posten Norge's solution, Digipost, is developed with the aim of meeting the needs of the public sector.

December

- Posten Norge invites tenders to deliver banking services within Posten Norge's sales network (excluding the national postal network) which gives suppliers the right and an obligation to distribute and market banking services in this network.
- Posten Norge desires stricter requirements regarding the tyres that shall be used on heavy goods vehicles than those presented in a new suggestion from the Norwegian Public Roads Administration. In the consultative statement, Posten Norge also desires more frequent controls and stricter sanctions for drivers who break the rules.

Packed and ready for more e-commerce

Changes in people's mailing habits have been greater in the past 10 years than in the first 356 of the postal service. President and CEO Dag Mejdell is now gearing up to win the battle for e-commerce customers.

Since the start of the 2000s, the number of letters in Norwegian mailboxes has become fewer and fewer due to electronic communication. The same trend has resulted in more parcels to be delivered to all the country's inhabitants and companies, or across national borders. The online shopping market in the Nordic region is growing by around 15 percent annually. Posten Norge has therefore changed the company's structure and created a dedicated e-commerce division.

"One of the challenges facing postal companies is that e-commerce companies' needs are covered by different parts of the companies. We are now gathering together those who have the most experience within e-commerce in order to strengthen the services offered. We are the first of the postal companies to do this, and I'm absolutely sure that this will give positive results," says President and CEO Dag Mejdell.

Significant growth

The volume of e-commerce parcels (B2C) increased by 4,6 percent in 2012. The growth is most significant across national borders. Mejdell believes that this may become one of the largest areas within the Posten Norge Group in the long-term. In 2012, Posten Norge changed the delivery times for e-commerce parcels. Large areas of Norway now receive their parcels a day earlier. You can now place an order on one day and receive it on the following day. People want their parcels delivered as quickly as possible, and want to know where it is at any given time. Good tracking solutions are therefore important.

"No other areas have an equivalent rate of growth. We must therefore be best among the competition. This is a young type of activity with old services, and innovation will therefore be important going forward. Recipients also gain greater power because they decide which distributor shall transport the parcel to their home or local collection point," says Mejdell.

More collection points

In the next two years, Posten Norge will open 170 new Post in Shops across the country. This means even greater opportunities for the collection of parcels, and customers also appreciate longer opening hours. In total, Posten Norge will have over 3,000 collection points across the country through post offices, Post in Shops and the rural postal service.

"No other provider has such a finely-meshed network. We are, and will continue to be, the best in Norway," says Mejdell.

Important meeting place

Post in Shops is becoming increasingly important as a point of contact with customers. When the conversion is completed in 2014, there will be only 30 post offices remaining in Norway. Fifty years ago, there were 5,000 post offices.

"This is a consequence of societal development. A core part of what the post offices offered was banking services. The use of banking services in the manual world has now become minimal, and we must therefore adapt. ►



We cannot justify operating many post offices with peak visits by customers twice a day – once in the morning and once in the afternoon. This is not a wise use of society's resources," says Mejdell.

Improved results

A gradual conversion to Post in Shops over the past 10 years is one of the measures that has contributed to ensuring efficient operations and improved profitability in a declining market.

"2012 was the fifth year in a row with an increase in profit. This is because we have worked extremely effectively with cost reduction measures, while simultaneously being successful in the market. I think this has been a good year," says Mejdell.

More logistics

Logistics is now the largest area of the business, with 58 percent of the turnover. In order to strengthen its competitive position against large international competitors, the Group has chosen to organise logistics activities by country. In the autumn of last year, a new division was established – the Logistics Nordic Division, which is responsible for Sweden, Denmark and Finland.

"I think we have taken many appropriate steps in 2012 towards becoming a Nordic, industrialised and integrated Group. We are working in a more industrial manner, and have acquired Ekdals Åkeri in Sweden in order to strengthen the domestic position in Sweden. But we will also become better at identifying synergies and coordinating operations through common terminals, among other measures," says Mejdell.

One Bring

Since Bring was launched in 2008, the brand has emerged on the market as a series of specialists. This is something that Mejdell is now working to change.

"I think that we have been more concerned with our specialists than our customers. What we are hearing is that our customers

think of Bring and not the individual specialists. Our customers are asking for one point of contact with Bring. In order to become one Bring, the specialist names have now been removed. In addition, our largest customers will now have contact with one account manager across the organisation," says Mejdell, adding that this may seem like a given, but is in fact an important step in both appearing and becoming more customer-oriented.

Oil logistics

When Posten Norge was established in 1647, both digital mail and the production of oil in Norway would have seemed like wild ideas. But now, 366 years later, both are important factors in how the Posten Norge Group is changing. In the autumn of last year, Bring entered into the largest ever logistics contract with Statoil, and this has become an important growth area.

"Firstly, activity on the Norwegian continental shelf is in a growth phase. This will continue due to new discoveries. The investments look promising for the supply industry, and we are a part of this. The agreement with Statoil lays a good foundation for growth within the area in the coming years," says Mejdell.

Mail of the future

With the major changes in people's mailing habits, Mejdell is extremely keen to develop new areas of expertise – because letter volumes are steadily moving in only one direction.

"The year 2013 will be weaker than 2012 for the mail segment, because the decrease in mail volume is so great that we are unable to fully compensate for it. We estimate that the volume will decrease by 7 percent or more every year going forward. In 2020, we will only have half of the current letter volume," says Mejdell. This leads him to point out the changes that are necessary in responding to this trend.

"In order to further reduce costs, we believe that Saturday distribution must be removed. We have notified the owner that this must be considered if the cost of public sec-

tor purchases is not to become too great. We are not doing our job if we do not point out the kinds of challenges that lie ahead. But we must also have respect for the fact that, ultimately, it is the politicians who will make this decision. It is important that additional funds are provided if the politicians decide that the service level shall be maintained at a level for which there is no market basis," says Mejdell.

Digital mail

In response to the transition to electronic mail, Posten Norge launched the digital post system Digipost in April 2011 – a service for sending important mail electronically. Last year, the government decided that this service will be put out to tender for public sector mail. Mejdell is happy about this.

"I'm very happy that the authorities have decided to put an electronic mailbox for digital mail out to tender. When effective solutions already exist, it is unwise to use public resources on developing new solutions from the ground up. We will now demonstrate that we can deliver a solution that Norway's entire population will be satisfied with," says Mejdell.

Healthier employees

An area close to the President and CEO's heart is HSE. Since he started in his role in 2006, he has tirelessly maintained focus on health, safety and the environment. He is therefore satisfied that the level of absence due to sickness in Posten Norge was 6.9 percent in 2012.

"We started by building up good knowledge and reporting practices within HSE. Then we worked preventively. Now we're moving onto health-promoting measures. We have run pilot health tests on our employees, and this has enormously influenced sickness absences and other parameters such as cholesterol levels and weight. The tests show that for every NOK 1.00 we invest in

health, we receive NOK 3.5 in return. If the effect were to prove to be equally great for all our employees, we could save society NOK 150 million in costs relating to absence due to sickness. If we were to convert this to the kind of turnover we would have to have in order to create an equivalent result, we would need to increase our turnover by NOK 3-5 billion," Mejdell points out.

Less CO2

Posten Norge has a goal to reduce CO2 emissions by 30 percent compared with 2008 by 2015, and the Group is well on the way to reaching this goal. An important measure is to replace many of our 10,000 cars with other types of vehicles that run on electricity or biogas. The Group is now planning to purchase 200 biogas lorries.

Posten Norge is a member of UN Global Compact. This is the UN's initiative for co-operation with businesses on sustainable development. As a participant, Posten Norge undertakes to integrate ten basic principles into its strategy and daily operations. The Group is also committed to reporting activities and improvements relating to this.

"In recent years we have improved our systematic approach to our work in this area. Membership of UN Global Compact gives us the inspiration to become even better," emphasises Mejdell.

"2012 was the fifth year in a row with an increase in profit. It has been a good year."

Board members



ODD CHRISTIAN ØVERLAND

Employee representative (since 2000)

Born: 1957

General Secretary of the Norwegian Postal and Communications Workers' Union (Postkom)

Employee of Posten Norge since 1979

TERJE WOLD

Board member (since 2010)

Born: 1963

CEO of Invenia AS

Education: Master of Science and Master of Management

Offices: Chairman of the Board of Abelia (NHO), Board Member of VERDIKT (Research Committee), Tromsø International Film Festival, member of the Supervisory Board of Gjensidige

SIGRID HJØRNEGÅRD

Board member (since 2012)

Born: 1965

Director for renewable energy, climate and the environment at Energy Norway

Education: Master of Science

Offices: Board member of Energi21 (OED), board member of the Norwegian Forest and Landscape Institute at UMB (LMD), represents Energy Norway in the Environment and Sustainability Committee in Eurelectric (the European energy organization).

ANN ELISABETH WIRGENESS

Employee representative (since 2012)

Born: 1961

Deputy union representative for the Logistics Division, Member of the National Executive Committee of the Norwegian Postal and Communications Workers' Union (Postkom)

Employee of Posten Norge since 1985

GØRIL HANNÅS

Board member (since 2010)

Born: 1968

Risk Manager, National Oilwell Varco Norway AS

Education: Master of Economics and Business Administration and PhD Logistics

Offices: Board member Sigtor AS, Seamless AS, Smart Engineering AS, Agder Energi AS



**IDAR
KREUTZER**

Chairman of the Board
(since 2012)

Born: 1962

CEO, Finance Norway

Education: Master
of Economics and
Business Administration

Offices: Orkla, Statoil,
Hydro, member of the
strategy Council for The
Government Pension Fund
Global (NBIM), Chairman
of the Board of the
Norwegian Refugee Council

**JØRGEN
RANDERS**

Board member (since 2011)

Born: 1945

Professor of Climate
Strategy, Norwegian
Business School (BI)

Education: PhD in
Management

Offices: Chairman of
the Board of yA Bank
ASA, Chairman of the
Board 21st Venture AS,
member of "sustainability
board" The Dow Chemical
Company (USA)

**RANDI B.
SÆTERS HAGEN**

Vice-chairman of the
Board (since 2010)

Born: 1958

CEO, Medi 3 Innlandet AS

Education: Master
of Economics and
Business Administration

Offices: Board member of
Grid Design AS, Elsikkerhet
Norge AS, Briskeby
Eiendom 1 AS

**GEIR
LØLAND**

Employee representative
(since 2012)

Born: 1958

Union Leader in Postal
Employees Union

Employee of Norway
Post since 1979

**PAUL MAGNUS
GAMLEMSHAUG**

Employee representative
(since 2004)

Born: 1953

Mail Division employee
representative. Member of
the executive committee
of the Norwegian Postal
and Communications
Workers' Union (Postkom)

Employee of Posten Norge
since 1974



Report of

Group profit before non-recurring items and write-downs was MNOK 1,116 in 2012. This is 6.2 percent higher than in the previous year. In total, the Group's streamlining programmes implemented since 2008 contributed to reducing annual costs by billion NOK 3.

Society is changing

Posten Norge's traditional mail business is under pressure and services must be continuously adapted to new user demands if Posten Norge is to remain topical and relevant in the future. Through being at the

forefront of development, restructuring on a timely basis and working with employee representatives, the Group has gained the momentum needed to focus on new business areas and markets.

Group operating revenue in 2012 were MNOK 22,925 and were at the same level as the year before. In 2012 the Group acquired logistics operations, which contributed to the increase in sales, but market uncertainty and weak international demand resulted in less activity on the logistics market in 2012.

E-commerce is growing 15 per cent an-

the Board of Directors 2012

2012 was a good year for Posten Norge. For the fifth consecutive year the Group reported growth in income, and operating profit before non-recurring items and write-downs was MNOK 1,116. Absence due to sickness was historically low. The long-term decline in letter volumes continues to be Posten Norge's greatest challenge, but through extensive restructuring and streamlining of its operations, profitability was strengthened over the course of the past year. The Group is equipped for growth and will strengthen its investment in e-commerce and logistics.

nually in the Nordic region. This is an important focus area for the Group and it has now been organised as its own division. The goal is to take part in this strong growth by developing new solutions and concepts that will make the Group the preferred supplier for both recipients and senders.

Of the Group's sales, 30 per cent come from operations outside Norway. Southern Sweden is becoming an increasingly important starting point for distribution to the entire Nordic region and several Norwegian businesses have moved their warehousing

functions to Sweden. A high percentage of Bring's customer are requesting a Nordic offering and purchasing several types of logistics services in addition to mail services.

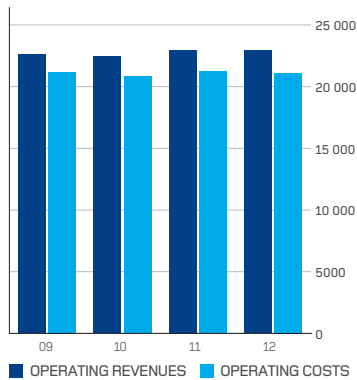
To support this Nordic strategy and take a stronger position in the region, the Group established a Nordic logistics division that is based in Sweden.

The Group would like to build upon Posten Norge's strong position and tradition as a trusted distributor of mail and take part in digital message transmission. When the Government switches from physical mail to

OPERATING REVENUES AND OPERATING EXPENSES

in mill. NOK

22 925/21 090



40

communicating digitally with the country's inhabitants, it is Posten Norge's goal to be the chosen supplier of public digital mail in the future in the same way as Posten Norge has delivered physical mail for 366 years.

The Government's White Paper on Posten Norge (Parliamentary report 18 (2011-2012)) was considered by Parliament in 2012. Parliament expressed satisfaction with Posten Norge's development and approved the Group's Nordic strategy with a focus on profitable growth in the Logistics segment. Efforts within HSE, diversity, integration and the environment, and Posten Norge's ability to carry out restructuring in particular, were all praised. Furthermore Parliament gave its approval for the conversion of more post offices to Post in Shops, so that a minimum of 30 sales outlets are maintained as independently run post offices after 2014, and banking services will be limited to the rural delivery network. The requirement for the return on equity after tax was lowered from 10 to 9 percent per year.

As of 2013 the postal market throughout all of Europe will be opened for free competition in accordance with the EU's third Postal Directive. In Norway the government will use its veto right contained in the EEA agreement and has notified the EU Commission that Norway does not wish to implement the EU's third Postal Directive. The remaining reservation process and the consequences this may have are still unclear. Only 15 percent of Posten Norge's income comes from business areas in which Posten Norge has a monopoly.

Posten Norge takes social responsibility for how its operations affect people, the environment and society. Its main focus is on reducing the impact of its activities on the external environment and developing the

Group as an attractive workplace with a diverse and inclusive work environment.

REVENUE AND PORTFOLIO DEVELOPMENT

Posten Norge consists of two segments: mail and logistics. Operating revenue for 2012 was MNOK 22,924, which is the same level as last year. The Group's operations outside of Norway had combined revenue of MNOK 6,434 in 2012, which is the same level as in 2011.

Logistics segment

Logistics is the Group's largest segment and accounted for 58 per cent of the revenue in 2012, with a turnover of MNOK 14,317. Acquisitions in 2011 and 2012 contributed to revenue growth and offset the fall in volume in the domestic parcels market. Combined operating revenue outside Norway totalled MNOK 5,475 in 2012, which represented 38.2 per cent of the segment's total revenue.

Parcels from abroad increasing

Parcel volumes were 3 per cent lower in 2012 than in 2011. Domestic parcel volumes in Norway fell slightly, but grew in Sweden and Denmark. Cross-border parcels increased as a result of, in part, an increase in e-commerce and the fact that an increasing number of Norwegian companies are moving their warehousing operations to Sweden.

Parcel volumes are to a large extent dependent on e-commerce. Both national and international trends indicate that buying an item online has become just as common as buying an item in a store. In the Nordic region, 86 per cent of consumers shop online and 50

per cent shop outside their home country.

Freight volumes in 2012 were at the same level as last year, while thermo-transport in Norway had a weaker development in volume than in 2011.

The Group won several large customer contracts in 2012, including the logistics services for Statoil's operations on the Norwegian continental shelf, a framework agreement with Kværner Stord, a distribution partnership with UPS and a trial with home delivery for Systembolaget in Sweden.

Acquisitions strengthen market positions

Acquisitions of logistics operations will strengthen the Group's position on the Nordic market and expand its logistics offering. In 2012 the Group acquired Fredrikstad Transport & Spedisjon and the Swedish transport company, Ekdahls Åkeri.

Physical and digital mail

The Mail segment accounted for 42 per cent of external Group revenue in 2012. Total revenue was MNOK 10,409, a decline of MNOK 198, or 2 percent, from the previous year.

Physical letter volumes, both addressed and unaddressed, continued to fall in 2012. Addressed mail fell 8.2 per cent and unaddressed advertising fell 2.1 percent compared to last year. Unaddressed mail advertising accounted for 53 percent of Posten Norge's letter volume in Norway, which was the same as in 2011.

More customers are moving to digital solutions, particularly with regard to retail and services. The decline in newspaper sales and the transition to in-house distribution systems contributed to a fall in newspaper volumes of 9.5 percent compared to last year. Changes in the product and format mix as well as price increases reduced the effect

of the fall in volume on Posten Norge's earnings, but did not fully offset this effect.

Parliament decided in 2012 that Posten Norge's statutory requirement to offer banking services will be limited to the rural postal network. In 2012 Posten Norge opened its system of banking services throughout its sales network to competition with the aim of entering a new agreement on commercial terms. The extent to which Posten Norge will continue to offer banking services through its sales network will be determined in 2013.

Posten Norge's digital mailbox system, Digipost, is generating considerable interest among recipients. An increasing number of customers have signed contracts to send secure digital mail. A total of 240,000 people have registered as Digipost users and more than one million letters were distributed via Digipost in 2012.

Bring Citymail Sweden distributed mail volumes in 2012 that were at the same level as the previous year.

Social mission and position in Norway

Through its business activities, Posten Norge is a prominent member of Norwegian society. The company undertakes an important social responsibility by ensuring nationwide, high quality and cost-effective mail services.

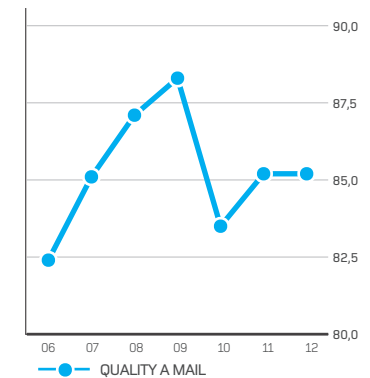
Posten Norge AS received a new licence that goes into effect on 1 January 2013 and is valid until 31 December 2016. The Ministry for Transport and Communications can change the licence during the licence period.

Delivery quality for A mail delivered overnight was 85.3 per cent in 2012, which is the same level as in 2011. The licence requirement is 85 percent. Posten Norge also fulfilled the five other licence requirements for delivery quality for letters and parcels by a good margin in 2012.

QUALITY OF A MAIL IN NORWAY

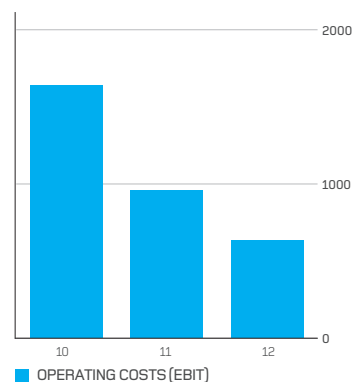
percentage

85,3 %



OPERATING PROFIT (EBIT) in mill. NOK

632



42

Since 2001 Posten Norge has converted 700 post offices to Post in Shops. Customer surveys confirm that the service is working well and provides better accessibility for customers. During 2013 and 2014, Posten Norge will open 170 new Post in Shops throughout the country to meet new customer requirements. When the transition is completed in 2014, Posten Norge will have around 3,000 delivery points in the form of post offices, Post in Shops and rural postmen/-women. No other country has such a finely woven delivery network as Norway.

Reputation

Posten Norge's reputation fell slightly in 2012 after several years of positive growth. An increase in prices and changes to the service selection had an adverse effect on Posten Norge's reputation. New growth areas, for example in international transport, present the Group with new challenges.

Customer satisfaction surveys show that that customers are just as satisfied in 2012 as they were in last year.

PROFITABILITY

The Group's operating profit (EBIT) before non-recurring items and write-downs for continued operations was MNOK 1,116 in 2012, which was MNOK 65, or 6.2 percent, better than in 2011. Measures to improve profitability were implemented in both the mail and logistics segments. In total, the improvement programmes have contributed to more than Billion NOK 3 in improved profitability since 2008. Efforts to improve profitability will continue and new measures will

be evaluated. The Group's EBIT margin before non-recurring items and impairment losses for 2012 was 4.9 per cent, compared with 4.6 percent in 2011.

The return on invested capital before non-recurring items and write-downs (ROIC) for 2012 was 18.3 percent, which is the same as last year.

The Group's EBIT after non-recurring items and write-downs was MNOK 632, which is MNOK 324 less than the previous year due to significant provisions for restructurings and impairment losses.

Earnings after tax in 2012 were MNOK 382 compared with MNOK 373 in 2011.

Logistics segment

The Logistics segment's operating profit (EBIT) in 2012 was MNOK 112, which is an improvement of MNOK 16 compared to 2011. Profits were then burdened by MNOK 197 from write-downs of fixed assets and goodwill.

In a market that is characterised by strong competition, a number of measures intended to improve profitability had a positive effect in most areas of the Logistics segment. The parcels business continues to be characterised by heavy competition and a drift toward low cost products.

Economies of scale are larger on a national basis than between countries. The Group therefore implemented a country-based organisation for its Logistics segment in 2012 in order to facilitate joint production and closer integration of acquired operations.

Extensive programmes have been rolled out to take advantage of economies of scale in both of the logistics divisions. Work is underway, for example, on a new production concept for parcels and freight, coordination simplification of transport routes and joint IT systems. A new terminal structure is under

development with the goal of gathering parcel and freight production under fewer and larger units, both in and outside of Norway. The Group is planning to build a modern logistics centre for Posten and Bring at Alnabru in Oslo. Such a centre will be the hub of the Group's logistics operations and result in significant efficiency and environmental benefits.

Mail segment

The Mail segment's operating profit (EBIT) was MNOK 561, which was MNOK 379 lower than in 2011. Profits were adversely affected by falling letter volumes, while price increases and comprehensive efficiency measures improved profitability. Provisions totalling MNOK 331 were made for restructuring measures, which primarily are related to the conversion of 149 post offices to Post in Shops.

Even if Norway has not opened the market for letters under 50 grams for competition, Posten Norge must still adapt to developments, such as falling letter volumes, and continue to restructure its business and adapt the service level to the public's changed use of mail and banking services.

The government wishes to maintain letter distribution six days a week. The consequence of this is that the unprofitability of Saturday distribution must be covered through increased government procurement.

A positive effect of the fact that Posten Norge in recent years has successfully improved efficiency more than anticipated is that the need for government procurements of commercially unprofitable services has been found to be less than previously estimated. In accordance with this arrangement Posten Norge repaid in 2012 MNOK 165 of received government procurements for the year 2011, including interest. For 2012

the government granted MNOK 179 for similar government procurements. The need for government procurements will be recalculated in 2013 to ensure that compensation is in line with actual costs and exclusive profits from business areas in which Posten Norge has a monopoly.

Bring Citymail Sweden implemented extensive measures to improve profitability.

Stabile financial result

In 2012 the Group had net financial expenses of MNOK 84 compared with MNOK 156 in 2011. The Group had long-term liquidity reserves of MNOK 3,403 as at 31 December 2012 compared with MNOK 3,481 last year. These reserves consisted of invested funds and available credit facilities. In 2013 the Group will refinance long-term loans that mature. The Group emphasises financial flexibility and the ability to take advantage of opportunities in the market.

At Posten Norge's general meeting in 2012 a dividend of MNOK 186 for 2011 was declared in accordance with the Board's proposal. In addition, the general meeting decided on an extraordinary dividend of MNOK 90 that burdened the 2012 financial accounts.

The Board views the dividend policy in the context of the company's strategy and would like to continue with a dividend of up to 50 per cent of the profits for the year.

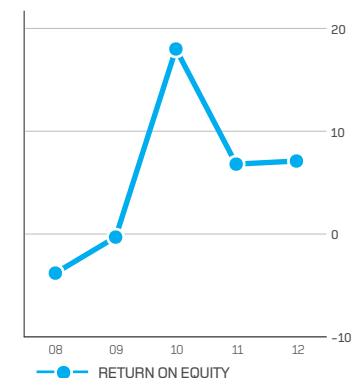
Ordinary earnings before taxes on continued operations were MNOK 547 in 2012 compared with MNOK 800 in 2011.

Associated companies

Posten Norge owns 40 per cent of EVRY ASA. For accounting purposes, Posten Norge's ownership interest is treated as an associated company, and the Group's share of the result is classified under operations. Posten

RETURN ON EQUITY after tax percentage

7,1



To see accounts and notes:
Please go to
[www.postennorge.com/
annual-report-2012/](http://www.postennorge.com/annual-report-2012/)

Norge's share of EVRY ASA's profit after taxes in 2012 was MNOK 79. (See note 24.)

Goodwill

The Group has a total of billion NOK 2.3 related to goodwill from previous acquisitions recorded in the balance sheet as at 31 December 2012. An evaluation of the current value of cash flows related to the acquired units in relation to the values recognised in the balance sheet as at 31 December 2012 resulted in a total impairment loss of MNOK 21, which refers in its entirety to the Logistics segment.

Investments

Total investments, excluding acquisitions, were MNOK 593 in 2012, which was MNOK 135 higher than in 2011. The majority of these investments were for IT and operational assets. The cash flow from operations and investment activities in 2012 was MNOK 692 lower than in 2011. This change is due to variations in receivables and provisions, higher tax payments and increased investments.

RISK

Risk management and internal control are integrated into the Group's business processes and are central elements of Posten Norge's corporate governance. When developing strategies, business plans and goals, the aim is to create value by balancing growth against profitability targets and other risks to Posten Norge's activities.

As part of its corporate governance the

Board of Directors discusses annual risk analyses that evaluate the Group's total risk. The risk analysis is carried out as a comprehensive process in which all divisions and major businesses in the Group are involved and integrated in the Group's analyses.

Measures and follow-up

The evaluations are followed up and risk-mitigating measures are implemented to ensure that the business achieves its goals. In addition a less comprehensive half-yearly follow-up process is carried out to see how these measures have worked and if they have resulted in a reduction in Posten Norge's risks or if new risk factors have appeared.

Posten Norge actively follows up the company's risk exposure with a focus on areas such as strategic acquisitions or the sale of businesses, regulatory conditions, competitive conditions, operational conditions, the implementation of major projects, available competence and resources as well as developments in absence due to sickness and incapacity for work.

Risk management and internal control processes are described in more detail in the statement concerning the company's principles for corporate governance.

Reduced financial risk

In 2012 Posten Norge continued the measures started in 2009/10 to reduce financial risk and increase financial freedom. Discipline in the use of capital, a limited number of acquisitions and a focus on cost-reducing and revenue-increasing measures resulted in lower costs and a satisfactory result despite the decline in volume in the Mail segment in 2012. The Logistics segment increased its

earnings and profit but also experienced pressure on its margin in 2012.

This resulted in an increase in equity and created the basis for increased headroom to implement strategic investments.

No long-term loans matured in 2012, but the company has prepared re-financing for long-term loans that fall due in 2013. Credit and counterparty risk for the placement of surplus liquidity is deemed to be limited as Posten Norge's counterparties generally have high ratings.

Debt covenants

Some of Posten Norge's loan agreements contain debt covenants that limit net interest-bearing liabilities/EBITDA to 3.5 and require a minimum equity ratio of 25 percent. As at 31 December 2012 net interest-bearing liabilities/EBITDA was 0.6 (up from 0.5 in 2011) and the equity ratio was 37.4 per cent (up from 35.9 per cent in 2011).

Posten Norge uses financial instruments to manage the risk associated with interest rate changes, exchange rate changes, diesel prices and aviation fuel.

Fine from the ESA

In 2010 ESA issued Posten Norge a fine of MEUR 12.9 in connection with previous exclusivity clauses in the Post in Shops agreements for the period 2000 - 2006. Posten Norge disputes the ESA decision and brought the case before the EFTA court. The EFTA court did not find in favour of Posten Norge in its lawsuit, but reduced the fine to MEUR 11.1. The logistics company Schenker has made a claim for compensation against Posten Norge but the case has been adjourned until the EFTA court has completed

its handling of the appeal from Posten Norge in 2012. Posten Norge maintains that there are no grounds for compensation.

ALLOCATION OF ANNUAL PROFITS

In 2012 Posten Norge AS recorded a post-tax profit of MNOK 157. The Company had MNOK 826 in unrestricted equity as at 31 December 2012.

The Norwegian government's dividend policy for Posten Norge is that 50 per cent of Group post-tax profits can be paid as a dividend. Before the annual dividend is determined, an independent assessment of the Group's financial situation and future prospects shall be carried out.

The Board of Directors proposes that a dividend of MNOK 199 be paid from the annual profits for the year and that remaining profits be transferred to other equity. The proposed dividend is equivalent to 50 per cent of the Group's post-tax profits for the year.

SOCIAL CORPORATE RESPONSIBILITY

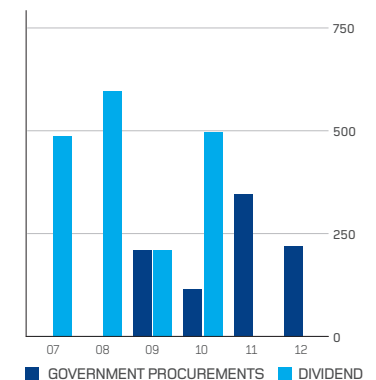
Posten Norge works systematically to ensure the Group's activities contribute to sustainable development in line with the demands of customers and the government's ownership policy.

The company's corporate culture is characterised by an active attitude to taking

GOVERNMENT PROCUREMENTS AND DIVIDEND

in mill. NOK

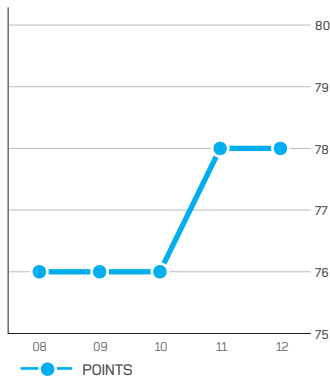
219



EMPLOYEE SATISFACTION

on a scale from 1 to 100, where 100 is best

78



46

social responsibility. A good reputation will help to attract and motivate employees, strengthen competitiveness and provide increased freedom to develop further the Group's business.

As a participant in the Global Compact, the UN initiative for sustainable development in business, Posten Norge has undertaken to integrate ten fundamental sustainability principles in its strategy and operations, as well as to report activities and improvements related to all areas with a social impact within the economy, environment and social conditions. This will be followed up in the Group's reporting which comprises a combined annual and sustainability report based on the framework of the Global Reporting Initiative (GRI).

In 2013 the Group conducted a materiality analysis with the aim of identifying and prioritising the sustainability areas that are most important for the Group. The materiality analysis resulted in 14 prioritised areas that will serve as the basis for the Group's sustainability reporting in the future.

SOCIAL CONDITIONS

Systematic health, safety and environment work

Posten Norge's operations are labour intensive. Health, Safety and the Environment (HSE) is therefore a high priority and the Group's vision is for nobody to be injured or become sick as a result of their work. Systematic and goal-oriented efforts to reduce absence due to sickness, the number of people newly incapacitated for work and work injuries have generated very good results.

Extensive restructuring of the mail business has a major effect on Posten Norge's employees. The Group believes that solid co-operation between management and trade unions is important, and it also believes that employees should be given time and predictability during the restructuring process. Through the development of new operational solutions, efforts are made to maintain a high percentage of full-time positions and variation in tasks. During the redundancy process, Posten Norge endeavours to provide redundant employees with support and assistance with the goal of gaining new employment within or outside the Group.

At the end of 2012 the Group had 19,388 full-time equivalent positions, which is 233 less than at the end of 2011. Posten Norge reflects the diversity of today's society and in the Norwegian part of the Group, 11 per cent of employees have immigrant backgrounds. Over 70 nationalities are represented among Posten Norge's employees.

The aim is to continue to develop the diversity within the Group and increase the proportion of employees with immigrant backgrounds at more levels in the business. The Group wants to be seen to be creating opportunities through ethnic and cultural diversity, providing equal opportunities for work and a career and ensuring the successful integration of employees with different ethnic backgrounds. Language tuition is a vital part of this work. Other measures are implemented on the basis of experience and new knowledge. Posten Norge has been a racism-free zone for more than ten years. This means that everyone is welcome at Posten Norge regardless of skin colour, religion or cultural background. An agreement on a racism-free zone with Norsk Folkehjelp and Postkom covers the entire group.

Satisfied employees

The annual organisation survey showed an increasing level of satisfaction amongst the Group's employees. Overall employee satisfaction in 2012 was 78 points (on a scale from 1 to 100 where 100 is best) compared with 77 last year.

Absence due to sickness in 2012 was 6.9 per cent, which is 0.2 per cent lower than the previous year. The long-term trend is showing that the Group's absence due to sickness declined from 9.2 to 6.9 per cent in the past six years. This means that every day there are almost 500 more employees at work. Lower absence due to sickness is primarily important for the individual, but it is also important for Posten Norge and society.

To a large extent the Group has directed its focus towards following up on absence due to sickness, and it has introduced a good system and structure for follow-up on an individual basis. In recent years efforts have been made to work more with prevention by focusing on healthy employees to avoid future health problems. In 2012, 550 employees had a medical check-up as part of the Group's health-promoting programme.

Nobody should be injured at work

Efforts to reduce personal injuries have been concentrated on building a safety culture. In 2012 a joint safety standard was established that is followed up on through a self-evaluation and an audit. The increased reporting of near-accidents has raised awareness of risk areas and strengthened preventive work.

The number of lost-time injuries fell by 18 percentage points in 2012 and the LTI ratio was 5.3, which is almost a 50 per cent decrease compared with the previous year. The definition of the LTI ratio was changed as of 2012 and now corresponds to the standard

in the Federation of Norwegian Industries. The decrease is due to both the change in the definition and a sharp drop in the number of lost-time injuries.

The most common cause of injury is falling and this mainly occurs during the winter on slippery surfaces. The Group works systematically with goal-oriented measures such as spiked shoes and shoe crampons for postal workers, safety audits of terminals and reviews of the most serious accidents.

Pay and equality

Posten Norge AS's main principle is that management pay should be competitive, but not leading the field for equivalent types of companies. Employment terms for managers at Posten Norge AS are well within the government's guidelines for salary policies in state-owned enterprises. The Board prepares a statement every year regarding salaries and other benefits for management at Posten Norge AS for the coming financial year. This statement is included as note 2 in the annual report and is presented at the ordinary general meeting. Salaries, other remuneration and accrued pensions for management totalled MNOK 27.4 in 2012, compared with MNOK 24.4 the year before.

Posten Norge's recruitment policy requires moderate gender quotas to increase the number of female managers and employees in male-dominated job categories. Posten Norge is concerned about equality on all levels.

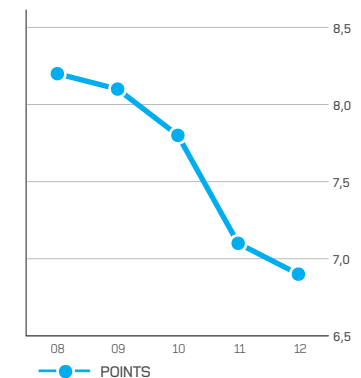
A review of the pay differential between women and men has not shown any significant pay differences that could be due to gender.

Posten Norge's Group management is 50 per cent female. The proportion of women among employees in the Group is 38 per cent, and 31 per cent among managers.

ABSENCE DUE TO SICKNESS

percentage of the Group

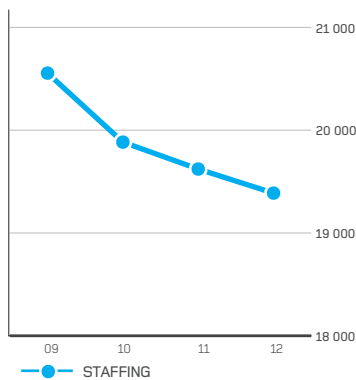
6,9 %



EMPLOYEES (FULL-TIME EQUIVALENTS)

number

19 388



48

Management development

Posten Norge is working on the continuous improvement of leadership through the systematic development of managers. Using the Plus discussions and management evaluations as a basis, managers are objectively evaluated on their performance and potential in parallel with the identification of development needs. Posten Norge has management development programmes for executive, middle and first line managers. During 2012, 190 managers completed individual programmes. These management programmes have had a documented effect in the form of greater employee satisfaction and lower absence due to sickness.

Employee development

The Group emphasises skills development and offers a variety of internal training courses. Interest in e-learning is on the rise and more e-learning modules are being developed. In total, 12,000 e-learning modules were completed in 2012. In addition, traditional classroom courses and work-place based training were also completed. The share of certificates of apprenticeship is increasing through the admission of apprentices and employees who receive their certificate of apprenticeship as placement candidates. The Group's scholarship programme distributes MNOK 1.5 every year to employees who would like to expand their formal competence.

Integrity programme

The integrity programme was introduced to ensure that everyone who represents the Group behaves in accordance with the Group's ethical guidelines. The aim is to ensure a high ethical standard within anti-corruption, competitive practices, social dumping and the handling of information. The programme also includes its own ethical standard and a system for following up on suppliers and business partners.

Moderate criminality

Crime against Posten Norge is considered to be moderate. No robbery attempts were made on the post offices, Post in Shops or other units of Posten Norge in 2012, but the number of reports of criminal activities in the Group increased. This increase is primarily due to a stronger focus on reporting, but also to an actual increase, particularly with regard to parcel theft. The Group has a zero-tolerance policy for internal fraud.

Posten Norge focuses on all types of criminality and works actively to prevent and solve cases. Mail theft has increased internally in the company and in Post in Shops, and external attacks against rail containers increased as well. An increasing number of customers are falling victim to Internet fraud, which in some instances starts with the theft of personal information from letters in mailboxes.

The main conclusions and recommendations from the July 22 report were reviewed and the Group decided to implement a stricter and more extensive follow-up of its risk management work within the security area. This will entail mapping the work with security follow-up/control, risk analyses, contingency plans and exercises.

Terrorist threats are evaluated on an ongoing basis and are assessed in conjunction with the authorities' terrorist threats as well as events and measures initiated by international bodies such as the Universal Postal Union (UPU) and the International Civil Aviation Organization (ICAO).

THE ENVIRONMENT

As one of the Nordic region's biggest transport operators, Posten Norge has a particular responsibility to reduce its environmental impact and increase energy efficiency in the

Group. Posten Norge has set a goal to reduce CO2 emissions by 30 percent by the end of 2015, measured against emission levels in 2008.

Some of the most important measures to reduce the impact on the climate include transport optimisation, the transfer of freight from air to the ground and from road to rail, the use of alternative vehicles and fuel, the use of renewable energy and other energy efficiency measures as well as the raising of competence among managers and employees.

The International Post Corporation (IPC) carries out an annual ranking of the environmental work carried out by the world's postal companies. In 2012 Posten Norge was ranked in 5th place.

Reduced CO2 emissions

In 2012 Posten Norge reduced its CO2 emissions by 5 per cent compared with 2011 for the operations that are followed up against the emissions level from 2008. The Group consumed less energy in its buildings in 2012 primarily due to energy-saving measures. This reduced greenhouse gas emissions by 3 per cent.

The environmental accounts that are part of the sustainability report provide more detail about the type and volume of the pollution from the Group.

The Group offers "Climate-neutral Service Pack" and "Climate-neutral mail distribution". These services were developed in accordance with the Consumer Ombudsman's specifications for environmental labelling which entail that Posten Norge carries out specific measures to reduce greenhouse gas emissions for the entire value chain which are audited by Co2 focus. As compensation for residual emissions, Posten Norge purchases climate quotas through the Climate and Pollution Agency (KLIF).

Posten Norge received the 'Green Car' award in 2013 for its comprehensive focus

on alternative vehicles. Posten Norge has 643 large and small electric vehicles. Posten Norge also used 65 biogas vehicles and has Norway's first hybrid truck in operation. Taken together, this is by far Norway's largest investment in environmentally-friendly vehicles.

CORPORATE GOVERNANCE

The composition of the Board of Directors changed in 2012. Idar Kreutzer was elected the new Chairman of the Board to replace Arvid Moss and Sigrid Hjørnegård replaced Eli Arnstad as the new Board member.

Ann-Elisabeth Wirgeness and Geir Løland were elected as employee representatives, while Judith Olafsen and Annemarie Elstner left the Board. Posten Norge's Board of Directors consists of 40 per cent women.

Best practice

The Board of Directors emphasises the importance of establishing and further developing a high standard for corporate governance, equivalent to Norwegian standards for best practice (Norwegian Code of Practice for Corporate Governance, NUES). As a limited company wholly owned by the Government, the Group's corporate governance is based on Norwegian law and the Norwegian Government's ownership policy in force at any given time.

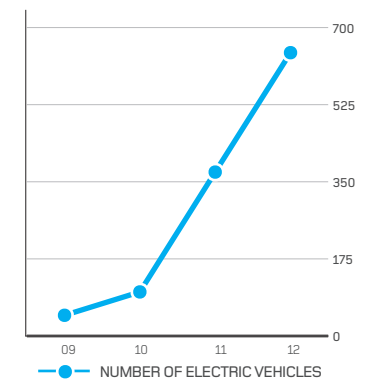
Each year the Board presents a statement on the company's corporate governance which forms part of the annual and sustainability report. The goal of this declaration is to give those with interests in Posten Norge confidence in the company's leadership systems.

The Board's audit committee supports the Board in carrying out its responsibility for fi-

ELECTRIC VEHICLES

number

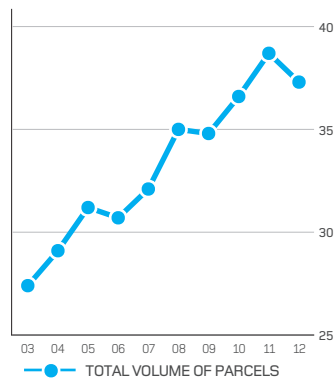
643



VOLUME PARCELS

in mill. units

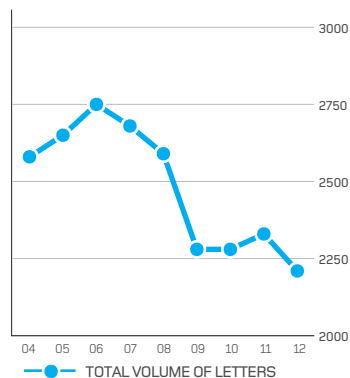
37,3



VOLUME LETTERS

in mill. units

2219



financial reporting, risk management, internal control and external auditing. The audit committee had 6 meetings in 2012.

The Board's remuneration committee prepares and recommends proposals to the Board related to remuneration for the President and CEO. The committee also contributes to the thorough and independent handling of remuneration issues for senior executives.

Shared values

Posten Norge has established Group-wide core values, governing principles for the Group and central disciplines, leadership principles and ethical guidelines. Posten Norge also has a Group-wide Whistle Blowers' channel, the Corporate unit for misconduct. No major cases were reported in 2012.

Evaluation of own work

The Board carries out an annual evaluation of its work, competence and working methods and also evaluates the content of the instructions for the Board of Directors together with the company's principles for corporate governance.

In addition to being a decision-making and control body, the Board wishes contribute to the development of the Group by being a valuable discussion partner for the company's management and owner, based on good insight into Posten Norge's strategies, value chain and processes, combined with relevant external competence.

FUTURE PROSPECTS

Posten Norge's strategy is to develop a leading Nordic, integrated and industrialised

mail and logistics group. This means that the Group should develop leading positions throughout the Nordic region in selected service areas and offer our customers Nordic solutions. The Group should take advantage of economies of scale by linking value chains in each country with a distribution and terminal network and a coordinated customer interface. The Group will create increased customer value and competitiveness through standardisation, the development of module-based solutions, industrial customisation and continuous improvement.

The market prospects for 2013 and 2014 are characterised by low economic activity among Norway's most important trading partners. The Board of Directors believes that the Norwegian economy will be a bit stronger and report moderate growth in its domestic production and demand.

The main challenges for the Group will be to adapt costs to the continuing fall in letter volumes. Restructurings and streamlining of the operations will continue at the same level. At the same time, there will be a focus on growth within the Logistics segment, and the Group will take advantage of attractive acquisition opportunities if such arise.

Physical and digital mail

Posten Norge's forecasts show that physical letter volumes in Norway in 2020 are expected to constitute just 30 percent of the volume of the top year of 2000. Posten Norge is focused on developing and adapting services to new customer and user requirements and contributing to ensuring that the mailbox is the preferred channel for small items bought online and an important channel for communications and advertising. It is Posten Norge's goal that its digital mailbox, Digipost, will be the selected channel for public digital mail, so Posten Norge can deliver mail in digital form

for the government, municipalities and other public bodies just as Posten Norge has delivered physical mail for 366 years.

Growth in e-commerce

Online sales are growing sharply, but they are still in an early growth phase in the Nordic countries. The Group has established a separate division for e-commerce and in doing so has equipped itself to take a significant portion of the growth in this market. The offering is being developed to consist of flexible solutions that are adapted to the needs of the sender and the receiver with a focus on high quality deliveries.

Focus on Sweden

Sweden is the largest logistics market in the Nordic region and southern Sweden is developing into an increasingly important hub for distribution to end customers in all Nordic countries. Acquisitions made in recent years and future acquisitions and organic growth will position Posten Norge as one of the leading logistics actors in Sweden.

Responsible development

The Group will undertake continuous, long-term and systematic work within sustainability with a particular focus on health, safety and the environment (HSE) and the climate.

The Board thanks all of the employees of the Group for their cooperation and joint responsibility for Posten Norge's development.

counting standards and give a true and fair view of the Group and the parent company's consolidated assets, liabilities, financial position and results of operations.

The Board also confirms that the Report of the Board of Directors provides a true and fair view of the development and performance of the business and the position of the Group and the parent company together with a description of the key risks and uncertainties that the company is facing.

22 March 2013




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Please go to


[www.postennorge.com/
annual-report-2012/](http://www.postennorge.com/annual-report-2012/)


STATEMENT OF THE BOARD OF DIRECTORS


We confirm that, to the best of our knowledge, the financial statements have been prepared in accordance with approved ac-






Idar Kreutzer (leder)



Randi Sætershagen (nestleder)



Geril Hahnås



Sigrid Hjørnegård



Jørgen Randers



Terje Wold


Odd Christian Øverland



Paul Mognus Gamleshaug


Ann-Elisabeth Wirgeness


Geir Løland


Dag Mejdell (kassersjef)

Mail division

 For accounting purposes, the Posten Group reports on two segments: Mail and Logistics. The Mail segment consists of the Mail division and the Logistics segment consists of the Logistics Norway division, Logistics Nordic division and the E-commerce division.



Digital developments present new opportunities

In 2012 the Mail Division took extensive measures to meet new customer requirements.

The digitalisation of society has increasingly threatened the profitability of the traditional part of our mail business. At the same time, changes in customer requirements have led to new and exciting opportunities. The Mail Division has therefore gone through a significant reorganization in recent years which continued throughout 2012.

Increased accessibility

In the spring of 2012 the Norwegian government backed Posten Norge's request to limit its banking obligations and continue the conversion programme for Post in Shops. 149 post offices will be converted to Post in Shops in 2013 and 2014. After this there will be 30 post offices and around 1400 Post in Shops in Norway. Post in Shops is a popular concept both for customers and shops. Customers are pleased with the increased accessibility in the form of longer opening hours and stores see Post in Shops as an attractive service to offer their customers.

As a supplement to Post in Shops delivery and collection solutions for commercial customers will be offered at locations with a significant number of business transactions. Posten Norge also has a network consisting of over 1600 rural postal routes which - in addition to regular mail delivery - offer banking services, parcel delivery and the collection and sending of post to households located far from Post in Shops or post offices.

Increased efficiency

With the permanent fall in letter volumes Posten Norge has to work on a number of different measures to compensate for the drop in revenue. On the expenses side work continue to adapt operating volumes, introduce a new distribution structure for the entire country, further automation and various measures to increase mechanical sorting.

Posten Norge's value chain consists of several parts. The largest links in the value chain are Production, Distribution and Transport. The most important measures to improve efficiency in Production for 2012 were a general adaptation of volumes and investment in new technology for increased mechanical sorting. For example in 2012 Posten Norge has invested in technology which reads and sorts based on the recipient's name and not just their address. This increases the proportion of mail sorted mechanically and enables new processes to be introduced such as the automatic sending of re-addressed post. In 2012 the proportion of mechanically sorted mail of dispersion sorted post rose to 79.6 percent from 79.1 percent the previous year.

Distribution

Distribution includes all postal delivery staff in Norway. Currently these workers are organised into 233 distribution units across the country. Postal delivery workers visit more than 2.2 million post boxes six days a week.

MAIL DIVISION

- Responsible for traditional postal services in Norway (including statutory services as per licence requirements) and Sweden (through Bring Citymail).
- Responsible for running the Group's focus on digital services and dialogue services.
- Develops new physical and digital services and infrastructure.

Business areas

Sales and customer service: Responsible for all customer activities such as sales, marketing and customer service for the Mail Division in Norway and the Nordic area. Private customers are served through Posten Norge. In the private market the nationwide distribution of mail is a central service, in addition to the sale of products and services through the post office network and Post in Shops. Business customers are served through Bring Mail. The main products and services for the business market are the distribution of addressed and unaddressed mail.

The regions: Six regions develop and operate Posten Norge's physical network in Norway. The network comprises the production and distribution of letters and mail advertising and services all postal addresses in Norway (both for private persons and companies). In total the regions operate nine terminals for letter production and are responsible for the nationwide network of post offices and Post in Shops.

Digipost: Posten Norge's digital mail system through which all Norwegian companies, public sector enterprises and private persons can send and receive digital letters.

Bring Citymail Sverige: Provides distribution of letters and advertising to business customers in Sweden and distributes post to almost 2.4 million households in Sweden. This means addressed mail from companies to other companies or private persons.

Bring Dialog: Helps companies to develop and care for their customer relationships through customer dialogue.

The most important measures to improve efficiency in Distribution are a general adaptation of volumes and adapting to automation and changed living patterns. In addition Posten Norge is working on more structural changes in Distribution such as the greater centralisation of manual sorting and increased delivery specialisation. Despite reduced volumes and different ways of working, Posten Norge strives to maintain a large proportion of full-time positions for our employees where this is possible.

New services and price changes

The development and further improvement of attractive services as well as the correct pricing of services are two other areas which were subject to specific work in 2012.

- In 2012 a new service was offered to the e-commerce market which was launched on 1 January 2013 – "Small packets – letterbox delivery". The service is well suited to e-commerce customers who send small products of varying weight and who require delivery to their customer's mailbox.
- In the spring of 2012 the Mail Division launched "Find a good deal". This is an internet site where customers can upload Direct Marketing (DM) material and customer magazines which will give them digital coverage in addition to via the mailbox.
- "Box of product samples" was introduced in 2012 as a new service for the distribution of samples. Market research shows that "everyone" who received a "Box of product samples" opened it.
- "Facts about the letterbox", which is a collection of websites with facts and documentation about the mailbox as a channel was further developed in 2012 and launched at bring.com. "Facts about the letterbox" is primarily a tool for media agencies.
- "Online postcard service" which enables images to be sent digitally which are then printed on paper and sent to the recipient's

mailbox, was also developed for smartphones in 2012.

- "Climate-neutral distribution" was launched at the beginning of 2012 and guarantees customers that the distribution of consignments is climate-neutral. This means that Posten Norge is obliged to reduce greenhouse gas emissions from transport and also compensate for remaining emissions through the purchase of certified climate quotas.
- In 2012 work began on multiple changes to pricing including a product and price model for newspapers. The changes came into effect on 1 January 2013.

Quality is important to Norway Post and customers

Posten Norge's services which are covered by licence requirements have specific quality requirements. The licence requirement for A mail entails that 85 percent of post must be delivered overnight. In 2012 Posten Norge met the licence requirement for three of four quarters and for the year as a whole, but not in the fourth quarter. Reasons for this include the huge volumes the operational apparatus has to deal with at Christmas as well as weather-related challenges, particularly in the South West Coast.

Regular, high quality services are important and the Mail Division is strongly focused on quality for all of its services – including those not covered by statutory licence requirements.

Positive development for the Bring specialists

Bring Citymail Sverige showed a positive trend throughout 2012, even if profits are not yet satisfactory. The company recruited a new CEO in the spring of 2012.

Bring Dialog continued the good trend from 2011 and delivered a satisfactory operating profit in 2012

Digipost in the bidding

Posten Norge's national digital mail system, Digipost, which was launched in spring 2011, had almost 250 000 registered users at the end of 2013. The services offered are subject to continuous development and new services and areas of use are added. For example in 2012 electronic receipts and the sending of letters from health services were launched. At the end of 2012 the government decided that digital mailbox providers shall compete to send mail from the public sector. Digipost will work systematically towards the tender process to become the natural first choice when the public sector is choosing its provider of digital mail.

The environment

The Group aims to reduce CO2 emissions by 30 per cent by the end of 2015. In the Mail Division the most important environmental initiatives are the replacement of traditional vehicles powered by fossil fuels with environmentally-friendly alternatives such as electric cars, electric carts, electric mopeds and electric jeeps.

Another measure to reduce CO2 emissions is environmentally-efficient and safe driving. In 2012, 2048 postal delivery workers received such training in the Mail Division. In total, between 4000 and 5000 postal delivery workers will have been trained in environmentally-efficient and safe driving when the training programme is completed in 2013.

The Mail Division management team is responsible for corporate social responsibility, while follow-up work is carried out and results achieved in the regions. Quarterly reports are completed detailing both the number of vehicles using fossil fuel and the number of drivers who have completed training. The number of litres of fuel per kilometre driven can be followed for an individual region

The way forward

Posten Norge will continue to provide good and affordable postal services for the whole of Norway. The Mail Division's most important task in the future will be to continue to provide a good supply of postal services to the entire country while improving the efficiency of operations to ensure profitability.

Future-oriented

The conversion of the post office network is an example of Posten Norge changing because peoples' requirements change. Most people carry out their banking online and send fewer letters. At the same time, increased e-commerce means that customers increasingly want to have more parcels delivered. Post in Shops are a good alternative with long opening hours and good accessibility.

Over the last ten years more than 700 post office have been converted to Post in Shops. In 2012 the process of converting a further 149 post offices began. Market research shows that Post in Shops is an unqualified success and customers find the solution to be a future-oriented and excellent service. All customer service staff that are going to work in Post in Shops complete a thorough training programme to ensure a good level of service to customers.

Digitalisation

Developments in society are moving in the direction of more services being digitalised. Even though such digitalisation has a negative effect on traditional, physical letter volumes it also offers opportunities for Posten Norge. Posten Norge is already at the vanguard of the postal industry with regard to automating operations through the establishment of the South Eastern Norway terminal in 2010 and the development of new digital services such as Digipost. This work will continue at full steam during the coming years.

New opportunities

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Logistics Norway

LOGISTICS NORWAY DIVISION

- Delivers integrated, industrialised and efficient logistics solutions to the Norwegian market.
- Develops and delivers the Group's total offering for the logistics segment in Norway.
- Logistics Norway operates all of the domestic parcel and freight terminals and transports mail, parcels and freight.
- Is responsible for air freight and the main postal network.
- Bring has operations in the United Kingdom, the Netherlands, Central Europe and Hong Kong.

Effective logistics solutions in an integrated network

The Logistics Norway division was founded last autumn. Several large customer contracts were signed.

In 2012 Bring won several large contracts with customers such as Statoil, Aker Solutions and Kværner.

The Statoil agreement, which is Norway's largest logistics contract, initially is valid for four years. By using road, rail, air and sea, Bring is customising freight solutions for Statoil on the Norwegian continental shelf. With its own staff based at Statoil's locations, Bring ensures a close follow-up and takes responsibility for customs clearance and quality assurance.

As a result of this agreement, the Oil Express, the Bring fleet of customised vehicles that deliver to the oil bases, will be expanded from 60 to 75 modern semi-trailers.

New organisation

Following the Group's reorganisation in 2012, four regions were given responsibility for their own regional sales team. Central sales resources are responsible for national and Nordic customers. In addition, the bidding function will be strengthened.

In October, Large Business Logistics Customer Service took over responsibility for around 900 of Bring's largest customers. Private and SMB customers are served by a joint Posten Norge and Bring Customer Service department. This presents a more uniform interface for Posten Norge and Bring and it is simpler for customers.

Complete logistics services

The Logistics Norway division offers com-

plete logistics services for its customers through its business areas: Parcels and Freight, Offshore and Energy, Warehousing Services and Thermo (goods that require temperature regulation).

Parcels and Freight is the division's decidedly largest business area. In the future, production, transport and the range of services in this area will be consolidated, integrated and simplified.

Offshore & Energy as a business area is becoming increasingly important.

Warehousing services that are part of Bring Warehousing Norway are focusing on sales to increase capacity utilisation. Online stores are one example of customers who need to outsource their warehousing function and manual provisioning functions.

Despite growing competition and price pressure on the thermo-transport market, Bring Frigo Norway improved its profits in 2012. Improved traffic control will ensure that load ratios are higher and that the Group has return freight so the vehicles are loaded in both directions.

New terminals and biogas facilities

Joint production and coordination of parcels and freight will be the new norm. Integrated production is also the idea behind a new terminal structure in Norway with fewer but larger terminals for joint parcel and freight production. A new joint Bring terminal for parcels and freight was opened in Ålesund in 2012. During 2013 new Bring

terminals will be opened in Fredrikstad, Alta and Haugesund. Plans for a joint Bring facility with parcels, freight and thermo-transport at Alnabru in Oslo will be finalised in 2013. When the new terminal structure is completed, there will be 19 Bring terminals for joint production of parcels and freight in Norway.

In 2013 a new biogas facility is planned at the South Eastern Norway terminal. The goal is to have 200 lorries fuelled by biogas in the next three years.

National and international logistics

Logistics Norway will ensure the efficient cooperation between the Mail division and Logistics Nordic. It is essential that Posten Norge capture the flow of goods into and out of Norway and the Nordic region. Bring purchased Fredrikstad Transport & Spedisjon in April 2012 and strengthened its position in cross-border transport to and from the Nordic region. Bring's new direct train between Alnabru and Jönköping's Bring terminal in Torsvik runs six days a week and transports goods corresponding to 144 trailers a week.

Delivery quality

Bring has clear quality targets for its entire range of services and monitors line haul traffic for mail, parcels and freight in Norway 24 hours a day. This means that customers can be quickly notified if there are delays that will affect delivery to the recipient.

The goal is to notify both the sender and the recipient as early as possible in the event of delays. In 2012 a proactive warning system for parcels in Norway was launched. This system provides the customer with precise information via the desired channel and on time about delivery delays, the measures Bring is taking and when delivery will take place.

By implementing new production procedures for service packs, Posten Norge

improved its delivery in southern Norway by 24 hours in 2012.

Better profitability

The Spinnaker profitability programme in the Logistics Norway division captures the most important measures for improving the division's profitability. In 2011 and 2012 profitability improved by more than NOK 500 million. The goal for the next two years is to realise another NOK 650 million in improvements. More than NOK 500 million of this will come from major change initiatives and the rest will come from everyday improvements.

Corporate Social Responsibility

Groupage, full vehicles and shortest routes are all optimal environmental measures. Increasing use of the rail when possible is another central element. Bring also places specific environmental demands on its subcontractors.

Posten Norge received approval from the Norwegian Public Roads Administration to train 1,600 of its professional drivers in accordance with new EU regulations. This training will be held in seven locations with in-house instructors. The drivers are taken out of service while they are undergoing training. In 2012 25 courses were held and 259 drivers participated. In 2013 training courses are planned for 400 drivers in Posten Norge and Bring.

During the autumn speed limiters were installed in 450 Posten Norge lorries to limit the speed to 83 km/hr. The plan is to also install them in Bring's vehicle fleet.

Posten Norge proposed that the requirement on the tread depth of winter tyres for lorries and trailers be increased from three to five millimetres and that the tread requirement apply to semi-trailers, single-axle trailers and multi-axle trailers.

Business areas

Parcels and Freight: Responsible for the range of services for parcels and freight.

Regions: Four regions operate parcel and freight terminals in Norway. Transport mail, parcels and freight, both nationally and locally.

Offshore & Energy: Industry concentration in offshore and project logistics. Also has the Air service area.

Supply Chain: Responsible for the main postal service and line haul traffic in Norway by road, rail and air, as well as international line haul traffic. Also responsible for Bring's international operations outside of the Nordic region and the Sea service area.

Bring Frigo: Offers logistics solutions for foodstuffs. Leader in temperature-controlled logistics.

Bring Warehousing: Offers third-party logistics and warehousing solutions for all types of products.

Mybring popular

Usage of the Mybring customer website exploded and there are currently around 30,000 registered users. In 2012 Logistics Norway reported sales of more than MNOK 100 via Mybring. Customers can use Mybring to place orders, book couriers, track packages in the Nordic region and, via Quickpack, in the world, or print out reports. Many smaller customers are using Mybring, which is a free alternative to EDI (direct data exchange). Many retail chains also use Mybring.

Logistics Nordic division

LOGISTICS NORDIC DIVISION

- Responsible for all logistics operations related to local, national, Nordic and international logistics services in Sweden, Denmark and Finland.
- The division will establish, develop and operate networks for parcels and freight in the Nordic countries and build a stronger position in Sweden, which is a natural hub for logistics in and out of the Nordic region.
- The logistics divisions will serve customers in a uniform manner, optimise national networks and take advantage of economies of scale that exist between countries and business areas.

Gathered under a Nordic roof

The new Logistics Nordic division will ensure that the Group has a solid presence and logistics position in the Nordic region.

The Logistics Nordic division was established in the autumn of last year and is responsible for all of the logistics operations in Sweden, Denmark and Finland. Through the Bring brand, the division offers a wide spectrum of local, national, Nordic and international logistics services.

The goal is to increase competitiveness and long-term profitability in Sweden and Scandinavia.

Cross-border cooperation

The management team of the division is now gathered under one roof in Stockholm. The new structure will establish a foundation for a more extensive cross-border cooperation between specialists in the three Nordic countries. Operations will be coordinated and shared resources will be better utilised.

The Logistics Nordic division will create a clear service portfolio for the market so that it is easy to be a Bring customer.

In order to succeed in the Nordic region, it is necessary for there to be successful co-operation between the logistics divisions in Norway and the Nordic countries, for example to develop and manage the Group's network of agents across the world.

The logistics divisions will jointly serve customers in a uniform manner, optimise national networks and take advantage of economies of scale that exist between countries and business areas.

One Bring—a consolidated sales force

It is important to simplify for the customer. Customers meet one Bring with a comprehensive Nordic offering within express, par-

cels, Frigo, warehousing services and freight.

The sales team will no longer sell products from each individual business area, but talk about the opportunities that are available for all services and products. A consolidated sales force will sell all of Bring, not just parts of Bring as it did before.

Sweden a natural hub

Sweden is the largest logistics market in the Nordic region and a natural hub for distribution to the entire Nordic market.

Bring has a total of 35 terminals in Sweden and Denmark distributed across different business areas. In the future these terminals will be coordinated so that each individual terminal will produce more services.

The goal is a joint terminal structure and joint line haul traffic. This will increase operational efficiency and raise the load ratios of vehicles.

New transport project

One of the largest areas of focus for the Logistics Nordic division in the future is Carrier Management. This new specialist area coordinates the purchase of transport services in the entire Group in addition to the utilisation of Posten Norge's own transport capacity. This will create economies of scale and ensure that contracts, prices and quality are maximised.

Carrier Management will improve conditions in the market and secure a common network. This is an important step toward the goal of becoming a Nordic, integrated and industrialised Group.

A newly formed department in the Logistics Nordic division is responsible for this new specialist area. Carrier Management will begin with cross-border dry and temperate goods in the Nordic region and domestically in Norway. This will take place during the spring of 2013. The solution will then be used for domestic transports in Sweden, Denmark and Finland.

Acquisitions and position

Operating revenues from foreign companies represented 30.5% of the Group's turnover in 2012. Growth potential for Bring is also largest outside of Norway.

Through the acquisition of Ekdahls Åkeri in 2012, Bring strengthened its position and presence in the Swedish domestic market.

The goal is to achieve organic growth in both Sweden and Denmark, but attractive acquisition possibilities will also be considered.

The international market for air and sea transport in the Nordic region is NOK 35 billion annually. Sea and air transport are attractive markets and could generate increased volumes for Posten and Bring's distribution and transport networks.

Business areas

Parcels and express: The entire range of services within parcel shipping, courier services and home delivery.

Frigo: Logistics solutions for foodstuffs that require temperature-controlled logistics.

Groupage and part loads: Has the entire range of services within the shipping of groupage and part loads.

Warehousing: Offers third-party logistics and warehousing solutions.

Supply Services: Fourth party logistics.

E-commerce division

E-COMMERCE DIVISION

- Specialists in online shopping
- Shall be the Group's spearhead out in the e-commerce market
- Shall ensure that Posten Norge and Bring's clients attain success within e-commerce
- Shall ensure that Posten Norge achieves its goal to be the Nordic region's leading supplier of services and solutions to companies who sell products online

"Everyone" shops online

An increasing share of the population in the Nordic region purchase goods and services online. Posten Norge's E-commerce report for 2012 states that almost "everyone" shops online, regardless of age, gender and place of residence. Online shopping has become a natural part of everyday life, and almost 90 per cent of the population in Norway, Sweden and Denmark currently shop online. It is estimated that the market in the Nordic region grows by 15 per cent annually.

Nordic e-commerce experts

The new E-commerce division's most important task is to help customers attain success with online shopping.

Posten and Bring have provided solutions and services for the e-commerce market in the Nordic region for many years. In the Nordic region, online shopping has grown by 15 per cent annually and is one of the Group's most exciting growth areas going forward. Posten has therefore established a separate division for e-commerce – the first postal company to do so. We are now preparing ourselves to be the preferred supplier for both recipients and senders.

The E-commerce division is responsible for the services offered, as well as client relationships with the largest Nordic e-commerce customers. By considering the entire delivery chain from manufacturer to consumer, the division shall provide services and solutions that contribute to efficient and attractive e-commerce and customer satisfaction.

Recipients in the driving seat

The aim is to help customers attain success with e-commerce by offering flexible services, solutions and concepts that are developed from a recipient's perspective.

Posten shall offer seamless deliveries across the entire Nordic region, developing customer-specific and industrial solutions that ensure efficient operations, competitive terms and good profitability for the Group, and take a strong position towards recipients within the Nordic region.

Close collaboration

The most central services include Service Pack, Home delivery, small packets – letterbox delivery, Letterbox delivery and cross-border variants of these services.

The E-commerce division provides no production itself, but is responsible for ensuring an efficient interface between other divisions that are responsible for the implementation and provision of the services.

Client perspective

The division possesses expertise and is able to provide advice on various aspects of e-commerce.

Through the client relationship, the division is responsible for the client across the entire Group's service portfolio. Dedicated account managers discover clients' needs, act as advisors and develop customised solutions. This shall provide increased customer satisfaction, profitability and growth.

The division develops services based upon clients' needs by focusing on the client's customers. Highlighting the recipient's perspective and increasing the recipient's range of choices in delivery methods and payment alternatives is important for success.

Competition

E-commerce has become an increasingly important sales channel for companies and competition for customers from both local and global market participants is strong. Quality

and flexibility are crucial in obtaining good distribution agreements in the Nordic region.

E-commerce report

The division issues Posten and Bring's Nordic e-commerce report, which analyses the online shopping market in Norway, Sweden and Denmark. The report focuses on consumers and trends, maps general e-commerce patterns and looks in detail at how companies themselves act and respond in terms of online shopping.

The report for 2012 states that almost everyone shops online, regardless of age, gender and place of residence. E-commerce has become a natural part of everyday life – in fact, E-commerce has become commerce.

The report also shows that more Danes than Norwegians or Swedes purchase physical products online, while the proportion of people who purchase services online is fairly similar in each of the three Nordic countries. Consumers believe that in 2013 they will purchase more products online within all product categories, particularly within travel/tickets, books and clothing/shoes.

Delivery alternatives a deciding factor

Consumers are interested in the possibility to have products delivered to their home, and the delivery alternatives offered by online stores is a deciding factor in which online stores consumers purchase from. Concerning delivery alternatives, the report shows that consumers want large and heavy products delivered to their home, small, cheap products delivered in their mailbox, and small and expensive products either delivered to their home or for collection at a collection point.

Shopping at overseas online stores is most common in Norway, but uncertainty regarding customs charges and duties is a significant barrier which prevents people from purchasing products from abroad. In the coming years, mobile solutions will become increasingly important, and people will shop from their smart phones

and tablets. Likewise, the future champions of the e-commerce market will be those who can tailor the customer experience to individual customers through excellent service, good advice and choice in the purchasing process.

LOAD

Posten and Bring arrange an annual training day for e-commerce participants, known as LOAD. At LOAD, a jury identifies the best online stores. The jury consists of various experts within e-commerce. Around 350 clients, partners and representatives from the professional environment participated at LOAD in 2012.

In 2013, the division will develop more meeting opportunities for online stores as a part of the efforts to develop the Posten Norge Group as the leading supplier of services, expertise and advice to the industry.

Internasjonal virksomhet

The e-commerce market is international and the E-commerce division must therefore take a boundaryless approach to both suppliers and recipients. The e-commerce market develops rapidly and the end customer's needs and desires are important driving forces in the development.

The division shall closely monitor this development in the Nordic region and Europe, and shall be aware of what is happening within e-commerce. At the same time, it is important to maintain close contact with customers in order to be able to develop flexible and industrialised services, solutions and concepts adapted to changing needs.

Alliances

Strengthening internal competence about the market and online shopping trends is also a central focus within the division. It is therefore important to develop alliances with relevant market participants and partners within the industry.

E-commerce services

The E-commerce division is responsible for the e-commerce services offered by Posten Norge and Bring.

Service Pack: The recipient collects the packet from one of 1,400 collection points. The packet is delivered climate-neutral across the entire country within 1-3 working days.

Home delivery - evening: The recipient can book delivery of the packet to their door between 17.00 and 21.00 in most cities and larger towns. The recipient is notified twice via SMS when the packet is on its way and telephoned 30-60 minutes prior to delivery. Delivered within 1-3 working days.

Letterbox delivery: E-commerce offers two different packet alternatives that are delivered to the recipient's mailbox.

Small packets: Sent as A mail or climate-neutral B-Economy, and the customer pays based on the average weight. This product is targeted towards online stores who send small, moderately priced packets which fit in mailboxes. Small packets are sent without tracking.

Mini packets: Sent as small packets, but features extra security with tracking.

Market report

Continued turbulence with weak optimism

International financial turbulence characterised 2012, but a careful optimism has resulted in new, big changes in the mail and logistics industry. This positive development has resulted in restructuring and several acquisitions in the logistics market.

The past year as not produced radical changes in technology in the mail and logistics industry, but the technology has matured and the possibilities have been exploited to an even larger extent than previously.

This market report describes the changes in the mail and logistics market in 2012, and how Posten Norge expects them to influence the market in 2013.

Digital mail services

The letter volumes continue to fall at an increasingly fast pace. The trend is the same throughout the Nordic region. The development is expected to continue with unabated stamina over the coming years. Towards the end of 2012, the Nordic mail companies experienced a reduction of over 10 percent in addressed letters compared to 2011. The focus on costs from businesses and altered communication and interaction habits amongst the population are some of the reasons for the reduction in the amount of letters.

The population's need for fast communication and immediate response will be, to an increasing extent, covered through digital channels such as social media and e-mail. At the same time, there is still a need for secure delivery of information and documents. In order to meet this need the various postal companies around the world are increasing the focus on developing digital mail solutions. However, the solutions are different from country to country.

Experience from the Nordic area so far shows that it often takes some time before the digital mail services start being used to any great extent by customers and addressees. It is therefore too early to pass judgement on them.

At the same time, processes are under way for the digitalisation of communication and interaction between the Government and the population in several of the Nordic countries. The result from these will, to a large extent, influence the further development of the digital mail services in the Nordic area.

The increased use of smart phones and tablets means that people are becoming used to constant access to updated information - wherever and whenever. This also puts more demands on the postal and logistics industry. Easily-accessible and updated tracking information on parcels and goods, as well as the demand for service when convenient for the customers, are examples of customer demands that, to an increasingly larger extent, affect the day-to-day operations of the logistics companies. These customer demands play a role in deciding the companies' service development around the world.

Increase consumer power

Today, 'everyone' shops online. While two of 10 Nordic consumers shopped online in 2002, nine of 10 shopped online in 2012. Parcel volumes are therefore growing substantially. The growth in European e-commerce is expected to be over 20 per cent in 2013. In order to make up for the fall in revenues from reduced letter volumes and to develop new business areas, several postal companies, including Posten Norge, are therefore investing heavily in the growing e-commerce market.

The more safe consumers feel about e-commerce the larger the demands placed on the shopping experience. And consumers have both the knowledge and funds to stand behind their demands.

Posten and Bring's Nordic e-commerce report for 2012 shows that simplicity and convenience are the most important reasons why people shop online. Therefore, online stores with good delivery and return schemes are preferred. The majority

of Nordic consumers state that the online stores' delivery alternatives are important when choosing an online store. This results in a shift in the balance of power within e-commerce - from the stores dictating which delivery alternatives and conditions the recipients get to the recipients deciding what the online stores must offer in order to make sales.

Logistic companies wanting a role in the e-commerce market must, therefore, be the preferred alternative for recipients. That the recipients can more often choose delivery and payment alternatives in online stores shows that the online stores, to an increasing extent, understand the increased recipient power.

For the mail and logistic companies this is about creating services that the recipients want, and delivering them with high and stable quality. In 2012, this has led to a large degree of innovation and development both among the Nordic and international logistics companies. New delivery methods, better return schemes, improvements to home delivery offers - everything centres on becoming the recipients' preferred delivery supplier and thus the online stores' preferred logistics partner.

E-commerce is erasing national borders. Last year, more than four of 10 Nordic consumers shopped online outside their own homeland. The more safe Nordic consumers feel about e-commerce and the more used to it they become, the more it is to be expected that international shopping will increase. At the same time, there are still barriers to cross-border e-commerce in Europe. Therefore, the EU commission in 2012 put the spotlight on intra-European

e-commerce, with a goal of reducing the barriers to and further increasing European e-commerce.

In 2013, it is expected that several measures will be implemented that will minimise these barriers. The high Nordic cost level is an important reason for shopping abroad and, with the strong NOK exchange rate, it is expected that Norwegians' e-commerce from abroad is expected to increase significantly in 2013.

The increased volume in e-commerce from abroad also increases the need for a good range of services in the Nordic area for international online stores and their suppliers. As a result of this, several international logistics companies have increased their activities in the Nordic area over the course of 2012. In this way, the global logistics players are strengthening their ability to be leading e-commerce partners for international online stores with customers in the affluent Nordic area. The importance of being able to manage e-commerce deliveries across land borders is expected to further increase in the years ahead.

New distributions solutions

The cities in the Nordic countries are growing quickly both as a result of increased migration to the cities and increased immigration. This also results in increased transport and distributions in the cities. This transport produces noise, heavy traffic, the potential for dangerous traffic situations and high levels of environmental emissions.

Therefore, the authorities in several large Nordic cities have dealt with this situation

in recent years. Cities such as Gothenburg, Trondheim and Oslo have initiated projects for reducing both environmental and traffic emissions in the urban areas.

This will have major significance for logistics companies. For example, this can mean alternations in the way goods are distributed in cities, in addition to new types of vehicles. An extensive cooperation is required between authorities and players in order to succeed with improving efficiency of the city logistics.

The authorities must make demands, but also create the conditions that make achieving them possible. The logistics players must be innovative and exploit the possibilities. In the coming years it is expected that more Nordic cities will follow suit and increase the requirements. City distribution in the Nordic cities will probably change considerably in the next 10 years.

Nordic solutions

As in previous years, the consolidation of the companies' distribution activities continues in the Nordic area. New technological possibilities and more advanced management systems enable the centralisation of production and storage in and outside the Nordic area. Economies of scale benefits and lower cost levels that are not at the expense of service and delivery quality are now feasible.

An increasing number of companies are realising their moving plans. In particular, the production of goods in the Nordic countries is being reduced to the advantage of Asian or Eastern European low-cost countries. This changes the market's logistics structure

and needs to a great extent. So far, quality and reliability of the Nordic players have represented growth potential, but the positions are being challenged ever stronger by south and eastern European low-cost carriers.

The developments have several consequences for the players in the Nordic logistics market. First of all, the need to be able to deliver total services is increasing such that the customers' combined logistics needs are fulfilled in an efficient manner. As a minimum, this entails the ability to distribute throughout the Nordic region. For the Nordic logistics companies this also entails the ability to transport goods and parcels to or from the Nordic area.

The logistics companies in the Nordic area will, to an increasing extent, depend on international alliances or their own presence in markets will export to or import from. The logistics hubs in Europe will increase in significance as a result of the centralisation of production and storage. Being present and offering excellent customer service in these hubs will be crucial in the years ahead for companies that want to compete in the Nordic logistics market.

Purchasing trends

The purchasing rate in the logistics market has reached a new high. The Scandinavian postal and logistics companies have strengthened their logistics positions with several purchases in 2012. These purchases contribute to developing the companies' opportunity to deliver total logistics solutions and the ability to establish a more efficient Nordic distribution network, par-

ticularly within the goods segment, but also within storage services, reserve parts distribution and similar.

The competition in the Nordic market is larger than ever. Global players have strengthened their Nordic positions through the establishment of several new offices and distribution hubs in Scandinavia.

Continued uncertainty in Europe

The economic development in Europe is very uncertain in the coming years. In 2012, both Norway and Sweden experienced growth, while Denmark was characterised by the Euro countries' financial challenges to a larger extent. In the coming years, Sweden is expected to follow in Denmark's footsteps in terms of weaker financial growth.

This will have consequences for the development in the Nordic logistics market. The result can be increased emphasis on improving efficiency and cost-cutting in logistics for Nordic companies. This could, in turn, lead to very pressed margins for the logistics companies. For players with access to capital, this kind of market can create the conditions for several purchases and further consolidation of the Nordic logistics market, while others will cease operations.

In 2013, Norway will also probably continue as a different country in Europe and experience financial growth. This will further strengthen the Norwegian purchasing power, increase cross-border e-commerce and imports to Norway. A continued increase of the Norwegian cost level could also reduce the demand for Norwegian exports and weaken the trade balance with Europe.

In the future



- Posten Norge will open 170 new Post in Shops in 2013 and 2014.
- Posten Norge is entering into new IT agreements that shall ensure greater competitiveness.
- Develop a Bring organisation in the Nordic region and gather management for the Nordic logistics activities in Stockholm.
- The Group is coordinating the value chains in order to make logistics more efficient and less harmful to the environment. Establish common terminals for parcels and freight.
- Posten is participating in a tendering process regarding the digitalisation of public sector mail with the Digipost service.
- Posten Norge is integrating Ekdahls Åkeri with Bring and establishing a national freight and parcels distribution network in Sweden.
- Bring will deliver more than 1 million home deliveries of furniture and interior products, food, electronics and other products to consumers across the Nordic region.
- Bring is opening a new common logistics terminal for freight, parcels and home deliveries, as well as warehousing services in Västberga in Stockholm.
- Posten Norge will publish its annual e-commerce report with analyses of the Nordic development and assessments from the world's leading e-commerce experts.
- Bring will inaugurate a new freezer terminal at Flatholmen in Ålesund for the export of fish.
- Bring is opening a new common logistics terminal for freight, parcels and home deliveries, as well as warehousing services in Malmö. The terminal will also function as the main terminal for the export and import of goods in Sweden and the Nordic region.
- Bring is opening a new warehouse with expanded capacity in Jönköping as a hub for Nordic distribution solutions.

03

Bærekraft

POSTEN NORGE
AND SUSTAINABILITY
STAKEHOLDERS
ENVIRONMENTAL REPORT
WORKING ENVIRONMENT
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Posten Norge and sustainability



Working with sustainability

The Group is committed to long-term sustainable development that balances social and environmental responsibility against financial results.

Global Compact's ten principles

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Continued on the next page

Posten Norge views corporate social responsibility to be about how its operations affect people, the environment and society. The environment, integration and diversity are areas of priority for the Group.

This means that the Group will take responsibility for specifically reducing the impact of its operations on the external environment. In addition, the Group has a racism-free profile and takes an active role in integration work. Work on a healthy work environment is a strategic area of focus for the Group and all organisational and commercial development should take the work environment into consideration.

For Posten Norge work with sustainability is about how the Group's activities can contribute to sustainable development that is in line with the demands of customers and the Government's ownership policy.

This work is important for securing Posten Norge's strong position in society and strengthening its reputation. A good repu-

tation will help to attract and motivate employees, strengthen competitiveness and provide increased freedom to develop further the Group's business.

The company's corporate culture shall be characterised by an active attitude to taking social responsibility.

Group Policy

– Corporate Social Responsibility

In 2011 the Group introduced a specific Group policy for corporate social responsibility. This policy is a part of the Group's governing documentation and describes how the different technical areas are to be governed and controlled in the Group.

The purpose of the policy is to ensure that the Group complies with current legal requirements and expectations from the Group's stakeholders for protecting people and the parts of society and the environment that are affected by its operations. The Group Policy Corporate Social Respon-

sibility is based on “Ethical guidelines for the Posten Norge Group”.

Goal-oriented work

Posten Norge has had a solid tradition for many years of reporting the measures taken and the results the Group achieved through its work on and commitment to corporate social responsibility. This work was further strengthened through the publication of the Group’s first integrated annual and sustainability report in 2010. In the 2011 report Posten Norge has further expanded sustainability reporting to include reporting on several indicators as well as an external audit of the report. In 2012 we started work on a materiality analysis that was completed in 2013 and determined which GRI performance indicators are the most relevant for Posten Norge to include in its report. We will use these results in the future to ensure that our reports are relevant and accurate.

Global Compact

Posten Norge became a member of the UN’s Global Compact in March 2011. Global Com-

pact is the UN’s initiative for sustainable development in business. Adopting a global initiative such as the Global Compact is therefore a natural extension of Posten Norge’s focus on more socially responsible operations.

As a participant in Global Compact Posten Norge promises to integrate ten basic principles into its strategy and daily operations and to report on activities and improvements related to these principles. The principles are divided into four areas: human rights, labour standards, the environment and anti-corruption.

The Group is a member of the Global Compact Nordic Network, which consists of 140 member companies from Norway, Denmark, Finland, Iceland and Greenland. The network arranges two meetings each year at which member companies can gain inspiration and new knowledge as well as exchange experiences.

As a member of Global Compact, Posten Norge is committed to providing social responsibility reports once a year. These reports are presented through an integrated annual and sustainability report.

- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

“The company’s corporate culture shall be characterised by an active attitude to taking social responsibility.”

The Group's prioritised sustainability areas

In 2013 the Group completed a materiality analysis in order to identify and prioritise the sustainability challenges that are most important for Posten Norge.

By prioritising the challenges it will report on, the Group ensures that it is only following up on and monitoring relevant areas. The Group thereby avoids reporting on areas that are not of significance for our industry or our stakeholders.

The materiality analysis was conducted with participants from the steering group for sustainability reporting in the Group as well as representatives from our strategy department and the different business areas.

Methodology

The methodology was based on two main dimensions of our work with corporate social responsibility:

- Importance for prioritised stakeholders
- Importance for Posten Norge's long-term strategic goals

As a result of this analysis, the Group identified fourteen areas that are important for Posten Norge's sustainability work. Both the

opportunities and risks for these areas have been mapped.

Identification of appropriate key performance indicators

Posten Norge applies the recommended reporting tool, Global Reporting Initiative (GRI). Using the results of the materiality analysis as its basis, our external advisor on sustainability, Ernst & Young, was assigned the task of recommending which GRI performance indicators are most relevant and significant for the Group.

The review identified a total of 22 performance indicators that were relevant for Posten Norge's report. These 22 indicators fall within the economic, environmental and social indicator categories. Individual areas identified by the analysis are not covered by the GRI performance indicators. Posten Norge will therefore evaluate in the future if it should develop its own report to ensure that these areas are satisfactorily described.





To see our GRI performance indicators: Please visit

[www.postennorge.com/
annual-report-2012/](http://www.postennorge.com/annual-report-2012/)

Framework, level and scope of the report

Posten Norge uses the globally recognised framework, the Sustainability Reporting Guidelines, from the Global Reporting Initiative as the basis for its reporting. These guidelines are recommended by Global Compact.

The GRI framework consists of principles and measurement indicators for the reporting of sustainability and describe why, how and what an organisation should report. The measurement indicators (hereafter called performance indicators) are continuously being developed and improved.

Today there are 84 performance indicators for financial, environmental and social results:

- The economic indicators address the direct economic impacts of the organisation's activities on society and the economic value added by these activities. These cover the reporting of salaries, pensions and other benefits to the company's management and employees, payments received from customers and payments made to subcontractors.

- Environmental indicators concern an organisation's impact on living and non-living natural systems, including ecosystems, land, air and water. The indicators include

environmental impacts of the company's products and services, resource consumption, consumption of hazardous substances and raw materials, emissions of greenhouse gases and other pollutants, waste, the costs of environmental investments and fines and penalties for violations of environmental legislation.

- The social indicators are grouped into three categories: labour-related issues, human rights and more general social issues related to consumers, communities and other stakeholders. Such information can be difficult to quantify. This is why it is also possible to provide qualitative descriptions.

Management approach

Management approach contains a brief summary of how the Group manages its work on sustainability within each of the indicator categories.

Level

In accordance with the requirements for application level B, the Group reports within the GRI requirements on profile disclosures, management approach and performance indicators. Posten Norge reports on the most relevant indicators for its business, which provide the best picture of the Group's continuous work towards more socially responsible operations.

In this year's report the Group has 31 performance indicators that are fully reported and 5 that are partially reported. This corresponds to Application Level B+ in 2012.

Reporting scope

As far as these are relevant, sustainability reporting uses the principles which apply for accounts reporting, including completeness and comparability, as the basis for reporting.

With some exceptions, reporting cov-

ers the Group's companies in all countries. The exceptions are due to the companies not yet having established reporting in certain areas or the companies' contribution in some areas not being deemed significant. There are also natural limitations based on whether companies actually contribute to environmental emissions in certain areas.

The Group works continuously on measures to improve measurement and reporting of sustainability.

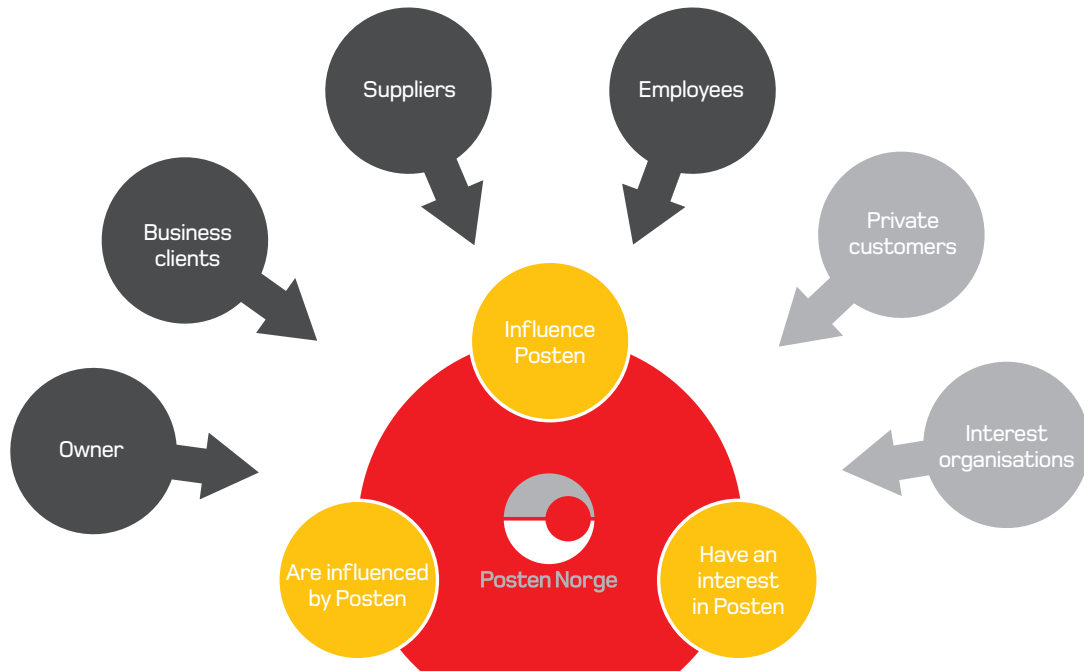
Methods to calculate and measure within the individual technical areas are based on recognised and established technical standards.

Audit

The audit applies to the entire base figures and texts for sustainability reporting. Posten Norge thereby qualifies for Application Level B+ for its 2012 report.

“In this year's report the Group has 31 performance indicators that are fully reported and 5 that are partially reported. This corresponds to Application Level B+ in 2012.”

Stakeholders



Our stakeholders

Our owner, business clients, suppliers and employees are Posten Norge's most important stakeholders.

The Group's stakeholders are placing increasingly higher demands on systematic work with sustainability, and they expect Posten Norge, in its position as a prominent Norwegian public body, to work methodically on this subject.

In 2013 the Group conducted a Materiality Analysis in order to identify and prioritise the sustainability challenges that are most important for the Group. The analysis was conducted with participants from the steering group for sustainability reporting in the Group as well as representatives from

the strategy department and the different business areas.

Defining our key stakeholders was a central part of this analysis, since the stakeholders are involved in establishing the framework for our work with social corporate responsibility. The stakeholders each have their own requirements on and expectations for Posten Norge.

Our most important key stakeholders were identified as the owner and authorities, business clients, suppliers and employees. In addi-

tion, private customers and interest organisations play a central role in the Group's work with corporate social responsibility.

The Group also maintains a dialogue with other smaller stakeholders such as trade unions, business and employee organisations, political parties, supervisory authorities, competitors and the media.

The dialogues with our stakeholders are held in various formal and informal arenas. The frequency of these meetings varies depending on the requirements and demands of the stakeholders.

OWNER

The Ministry for Transport and Communications owns Posten Norge. The Group is therefore subject to the Ministry's corporate governance of the company.

Executive management has quarterly meetings with the Ministry for Transport and Communications and corporate social responsibility is a point on the agenda as needed.

In 2012 the Ministry for Transport and Communications was informed about how the Group works with corporate social responsibility.

Arenas for dialogue:

- Reporting meetings – quarterly
- Ad-hoc meetings – as required

SUPPLIER

Dialogue with suppliers, both existing and potential, is a central part of Posten Norge's procurement procedures. Posten Norge maintains both written and verbal dialogues in the form of workshops as part of its standard procurement process. The Group emphasises overall good business practice and compliance with the Group's ethical principles and values in dialogues with the supplier market. Trust in the supplier market is a prerequisite for achieving good terms and covering the Group's procurement requirements in a

satisfactory manner. This applies both in advance of entering into a contract and during the term of the contract.

Read more about the Group's supplier management in the Integrity report.

Arenas for dialogue:

- Meetings – for each procurement process and afterwards
- Workshops – for each procurement process
- Contract signing – for each procurement process

BUSINESS CLIENTS

Posten Norge does not carry out customer surveys that specifically include questions regarding social and environmental issues. For Posten and Bring sales team, corporate social responsibility is a topic that is brought up as needed when requested by customers.

Bring conducted an analysis of its competitors in 2012. In this analysis customers of Posten, Bring and other actors were asked the following questions: "If you were to rate the different suppliers in groupage and part loads, who would you consider to be the most environmentally friendly?" and "If you were to rate the different suppliers in parcels, who would you consider to be the most environmentally friendly?"

Compared to its three main competitors in Norway, Bring is considered to be the most environmentally friendly supplier in both groupage and part loads and parcels.

Sixty-one interviews were carried out in the parcels segment and 83 in the groupage and part loads segment in 2012. The sales department and product owner work in a goal-oriented manner with the answers in order to create improvements.

We endeavour to follow the Norwegian Marketing Act in all market communication with the Group's customers. The quality of the Group's annual market plan is checked against this legislation. The Group has a procedure to ensure that the quality of all ex-

STAKEHOLDERS

Definition

For Posten Norge, stakeholders are actors who influence or are influenced by its activities and/or have an interest in the Group working with corporate social responsibility and how this happens.

ternal communication must be checked by Corporate Staff Communication.

The focus on corporate social responsibility among Bring's customers is growing, particularly in the Offshore & Energy segment. Health, the environment, safety and quality are therefore on the agenda at all operational meetings, both internally and externally at customers and suppliers. Offshore & Energy is certified in accordance with ISO 9001:2008 and Achilles (NorSok S006N). The certifications clarify the requirements on Offshore & Energy within the areas of health, the work environment, safety, external environment and quality.

Arenas for dialogue:

- Customer surveys – annually
- Reputation surveys – annually
- Focus groups – as required
- Competitor analysis – annually
- Operational meetings – as required

EMPLOYEES

Posten Norge carries out an organisational survey of its employees each year. In 2012, 90 per cent of the Group's employees responded to the survey. Two of the statements in the survey are 'My unit demonstrates corporate social responsibility by considering the external environment' and 'In my unit there is no discrimination'.

All managers in the Group are required to follow up on the results from the organisational survey. Managers must establish measures for their unit in a specific "Smart Plan". It is possible to follow up on the smart plans and the progress being made in carrying out the measures. It is also possible to measure the development of the results of the organisational survey from year to year on a unit level (if the unit has more than five persons who answered).

Other central topics taken up with employ-

ees in 2012 include measures to promote a healthy workplace, job security, alternative vehicles, integrity and cabotage. All of these topics are included and detailed in the Group's company newspaper and on the Group's intranet. It is possible to send in opinions to the company newspaper and comment on and respond to articles on the intranet.

Dialogue with employees on central measures and topics which affect work processes and the working day out in the units is the managers' responsibility.

In 2012, the Group President and CEO held four online meetings via the Group's intranet. During these intranet meetings the Group's employees can freely submit questions directly to the President and CEO. The themes for the intranet meetings in 2012 were expectations for 2012 (January), vision and values (April), new organisation (September) and how to win over the customer (December).

Arenas for dialogue

- Organisation survey – annually
- Internal company newspaper – monthly
- Intranet – daily as required
- Intranet meetings with the President and CEO – four per year
- Annual and sustainability report – annually
- Group-wide environmental network – daily as required
- Training – as required
- Management meetings – as required
- Personal development discussions – two per year
- Lectures/presentations – as required
- Team meetings – as required

PRIVATE CUSTOMERS

Ipsos MMI carries out a profile survey of large Norwegian companies each year. In 2012, 116 companies in 13 different industries were evaluated with regard to environmental awareness, corporate social responsibility

and ethics. A nationally-representative sample of 2,000 persons over the age of 15 received the survey and of these 51 per cent responded (1,017 persons).

In this survey corporate social responsibility and ethics are defined as a company's ability and willingness to follow laws and rules, and to act in a just and responsible manner towards employees, customers, consumers and the authorities. In 2012, 43 per cent stated that they have a good impression and 31 per cent that they have a bad impression of Posten Norge in this area. After a long period during which Posten Norge strengthened its reputation in corporate social responsibility and ethics, it fell from 5th place in 2011 to 19th place in 2012.

Environmental awareness is defined as the impression of a company with regard to protection of the environment in the widest sense, both in terms of production and the use of products in general. In 2012 Posten Norge placed 12th place in this ranking, down 5 places from 2011, when we were ranked 7th. Our score in the good impression category increased by three per cent since 2011, but competition hardened and we therefore fell in the ranking. In 2010 the percentage with a good impression increased to 40 per cent (8th place), in 2011 to 48 per cent (7th place) and in 2012 to 51 per cent (12th place).

Arenas for dialogue

- Reputation surveys – annually

INTEREST ORGANISATIONS

Interest organisations are defined as organisations established to promote their members' interests. For Posten Norge this refers to organisations that have a special interest in how our services are performed and adapted.

A cooperation with organisations for disabled persons was established in "Cooperation forum for universal design of mail services". The forum has six members from organisations for disabled persons and three from Posten Norge. The forum is led by Posten Norge and meets at least two times a year. During the establishment of a new post office concept in 2012, changes were made after input from several interest organisations. The introduction of a telecoil at all cash points is one example of this.

Posten Norge is a member of the Swan Purchasers' Club, Eco-Lighthouse, RENAS (EE waste), Green Dot Norway and IPC (participant in the EMMS environmental programme). The Group also participates in the Biogas Alliance, Zero and SINTEF (Green City Distribution in Oslo) and exchanges experiences and competence with the Norwegian Association Against Noise.

Posten Norge is required through its articles of association to follow the principles of the act concerning the use of Bokmål and Nynorsk in public services for customer information about the services that are subject to a delivery obligation. Concrete inquiries also come from The Language Council of Norway and The Norwegian Language Society. Otherwise the principles of the act shall be followed as far as possible but only as far as they do not represent any disadvantage to the company compared with its competitors. Posten Norge reports to the Ministry for Transport and Communications upon request and when questions are raised from individuals or interest groups.

Arenas for dialogue:

- Cooperation forum for universal design of mail services – two per year
- Inspections – as required
- Informal meetings – as required
- E-mail – as required
- Process meetings – as required

Environmental report

ORGANISATION

Work

- A central environmental team in the corporate HR unit ensures an effective system, Group-wide re-use of good solutions and an overall approach.
- A Group-wide environmental network that consists of environmental resource persons from all business areas ensures that the Group makes use of experiences and best practices from throughout the organisation.
- The Group ensures access to the necessary expertise in specific areas through external partners and suppliers.
- In order to register the Group's total climate impact, a climate reporting system was acquired and implemented in 2012 and will be used by the entire Group.

Toward more environmentally efficient operations, one step at a time

Goal-oriented work to ensure more environmentally efficient operations produces results. In 2012 the Group took more steps toward its goal of a greener business.

The environment is one of the Group's most important focus areas within corporate social responsibility. As one of the Nordic region's largest transport operators the impact of CO₂ emissions in particular is significant. Posten Norge is therefore actively working to reduce the extent to which it affects the environment throughout the Group's activities. Posten Norge's environmental vision is "to work in a goal oriented manner to achieve environmentally efficient operations and sustainable development - leading to it becoming the world's most future-oriented mail and logistics group".

Climate-neutral services

In addition to a climate-neutral service parcel, Posten Norge launched a service in January 2012 that targets the business market and offers climate-neutral distribution of addressed and unaddressed mailings. The most important internal measures for reducing the CO₂ emissions from this service are to make use of vehicles that do not run on fossil fuels and to conduct a course in environmentally efficient driving for our drivers.

It is not currently possible to make this completely eliminate the CO₂ emissions from this service. To compensate for the remaining emissions, Posten Norge buys climate quotas to make the product climate-neutral. The quotas are UN-approved, recommended by the Norwegian authorities and purchased by the Climate and Pollution Agency (KLIF).

Communication

In 2012 the Group worked on increasing the visibility of its environmental efforts both internally and externally through various measures and communication activities. These measures include the launch of climate-neutral letter products, an environment fund and environmental certification of six new units.

Through its own notices, Posten Norge hopes to increase the visibility of the Group's environmental measures internally and externally. These notices are placed on cars, buildings and other visible surfaces which represent the Group.

The Group was also represented at

industry seminars and conferences in 2012, including the Zero conference, NHO 'Green Management' and UNIQ/YS 'Green Workplaces'.

Interaction and cooperation

To solve the major environmental challenges facing the Group, cooperation between companies, organisations and research institutes is key.

Posten Norge has adopted the Ministry of the Environment's Climate Promise and maintains industry cooperation through participation in the International Post Corporation. This cooperation includes the reporting of climate impact for sector benchmarking and the sharing of best practice amongst members. In 2012 Posten Norge participated in a workshop on green product development.

Posten Norge is also a member of the Swan Purchasers' Club, which helps the Group make the most environmentally conscious choices when purchasing products and services.

Posten Norge and several other companies signed an agreement in 2010 with Oslo Municipality for 'Business for a Better Environment'. This cooperation continued in 2012 with participation in network meetings.

Will reduce greenhouse gas emissions

The Group is part of Green Goods Transport - a research project with the aim of making the transport of goods more environmentally and climate-friendly.

Posten Norge is also a member of the steering group for the project "Green City Distribution", which is owned by Oslo Municipality, in cooperation with Sintef, and supported by the Research Council of Norway. The aim of the project is to reduce greenhouse gas emissions for goods delivery in

downtown Oslo. In 2012, Bring Express was a key player in a test of different electric cars during the distribution of express assignments inside Ring 3 of Oslo.

In 2012 the Group continued its cooperation with ZERO (Zero Emission Resource Organisation) to strengthen both technical and industry-related cooperation on selected climate issues. For example, the Group participates in ZERO's biogas forum with other transport companies and fuel providers.

Posten Norge also takes part in Cities of the Future, which is a collaboration between the authorities and the 13 largest cities in Norway to reduce greenhouse gas emissions.

Posten Norge largest in alternative vehicles

The focus on the environment at Posten Norge has resulted in the Group having Norway's largest vehicle fleet that runs on alternative fuels. In 2012 Posten Norge's alternative vehicle fleet consisted of 643 electric vehicles, including 261 electric mopeds, 213 electric jeeps, 24 electric cars and 145 electric trailers.

In June, Posten Norge participated in the annual race for alternative vehicles arranged by Zero. Posten Norge crossed the finish line in an electric Ford Connect.

Bring Express in the Nordic region uses bicycles when delivering express packages in cities. In total, it has 37 bicycles.

Comprehensive biogas initiative

The Group implemented a large biogas initiative in 2012. In March, Posten Norge accepted delivery of its first biogas vehicles, which consisted of 31 cars. Today, the Group's vehicle fleet has a total of 65 biogas cars. The initiative will continue in 2013.

Bring also has 43 biogas cars in Sweden. Bring Frigo used 5,313,533 litres of Preem Evolution in Sweden in 2012, which is an in-

MANAGEMENT

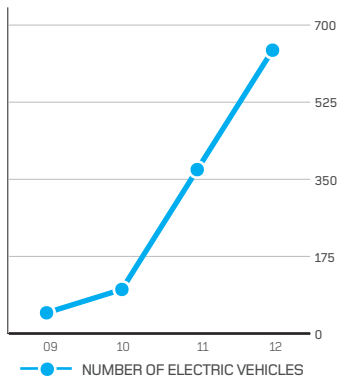
The environment

- Environmental work is high on the agenda for the Group.
- The Board and executive management are regularly updated on the status and risk profile of and ongoing initiatives within the Group's environmental work.
- Group management is updated on the environmental work several times a year, during which the progress of central measures is presented.
- Environmental work is defined in a separate environmental policy and strategy that is supported by action plans in the business areas.
- The Group works according to environmental action plans in each business area. The plans apply for the period 2010-2015 and detail the environmental work to be carried out and the effects this work has on CO2 emissions. The action plans were updated in 2012 to take into consideration changes in framework conditions, the market and technological development.

ELECTRIC VEHICLES

number

643



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crease of 15 per cent compared to 2011, and reduced emissions by 3,010 tonnes of CO₂ compared to fossil fuels. In addition Bring Frigo is taking part in the testing of a Volvo biogas/diesel hybrid in Skåne.

Updating the vehicle fleet

Posten Norge updates its vehicle fleet regularly, which helps reduce emissions. In the parent company, 16 per cent of its vehicles are Euro 4 and 82 per cent are Euro 5. With regard to the age of the remainder of the parent company's reported vehicle fleet, 85 per cent of its own vehicles are from 2009 or later, while 50 per cent of leased vehicles in the Group are from 2009 or later.

In the parent company an 83-85 km/hr speed limiter was introduced on 400 trucks in 2011. This has benefits both for the environment and for safety. In 2012 this development continued with the introduction of speed limiters on 30 cars in Bring Express, 72 cars in Bring Frigo and 78 cars in Bring Cargo.

Percentage of rail reduced

The percentage of rail fell from 78 to 66.9 per cent in 2012. This decrease is due to varying rail punctuality and extensive maintenance work on the railways in the summer. Closures at Oslo S meant that there were periods during which the Group had to utilise more vehicles than otherwise during the year, in contrast to previous years, since the Group has a reduced number of routes during the summer.

To help reduce its impact on the environment, the Group has long focused on moving freight from air to road and from road to rail. In December the first freight train

arrived from Oslo to Jönköping Intermodal Terminal in Torsvik. Bring's direct train will run six days a week with a freight volume that corresponds to 144 trailers a week.

Raising competence

In 2012 the Group continued its systematic work to give all employees training in the environment, including the Environmental Diploma. The Environmental Diploma is an e-learning module that provides a fundamental introduction to different environmental issues. The Environmental Diploma was launched in 2009 and by the end of 2012 a total of 3,449 employees had completed the e-learning module. In addition, more than 700 people were in the process of completing the module.

In 2012 a separate environmental module was developed for the HSE course for new employees.

The Group is prioritising environmentally efficient driving education for its drivers. In 2012, 2,828 drivers completed the course.

Posten Norge and Bring's transport supplier programme

Suppliers are important partners in Posten Norge's efforts to reduce the Group's greenhouse gas emissions. In 2012 the transport supplier programme was developed and piloted. The programme contains specific requirements and follow-up measures that contribute to a reduction in the suppliers' climate impact.

Standardisation and certification

Environmental certification provides clear documentation of the environmental work

carried out by the individual unit. Certification is also an important contribution to building a culture of continuous improvement in Posten Norge. Posten Norge has a total of 19 units that have Eco-Lighthouse certification and 10 units that have ISO certificates.

Bergen Mail Terminal expanded its environmental work by, for example, receiving the Eco-Lighthouse certification in 2012, which contributed to it winning the Bergen City Environmental Award.

Posten Norge is a member of Global Compact and reports on the environment via GRI's reporting requirements.

Energy efficiency

Posten Norge purchases electricity with certificates of origin. This is electricity produced from renewable energy sources (sources without emissions).

Posten Norge is working to reduce its electricity consumption. An important tool in this work is location-based electricity meters which allow consumption to be monitored from hour to hour. Local managers and building managers can use this information to initiate savings measures. Most of the Group's units use this solution.

During 2012 electricity-saving measures were implemented at Bring Frigo and Bring Warehousing, including competitions, sensor-controlled lighting and timed usage of lights and units. In total Posten Norge has reduced its electricity emissions from buildings by 2 per cent.

“The focus on the environment at Posten Norge has resulted in the Group having Norway’s largest vehicle fleet that runs on alternative fuels.”

Working environment report

ORGANISATION

Work

- Development work in the long-term strategic work with HS&E is centralised to the Corporate Staff HR in the Group.
- The divisions reserve services from Corporate Staff HR, which also functions as a coordinating body for the management line in the divisions.
- There is also a local support apparatus in the discipline area in the regions and business areas.

The best HS&E year in the history of the Group

Health promoting work is worthwhile. Since 2006, absence due to sickness in the Group has been reduced from 9.2 % to 6.9 %.

A working environment that promotes good health where no one gets injured or ill as a result of the work is a strategic goal for Posten Norge. Over time, long-term and systematic HS&E work has produced results. Tailor-made initiatives and innovative solutions have greatly contributed to the development in positive results.

More people at work

Today, 430 more employees are at work compared to 2006. This provides the Group with annual savings of NOK 60 million. At the same time, there has been a significant reduction in the number of serious lost-time injuries. The positive trend for lost-time injuries in 2011 continued in 2012. In 2012, total lost-time injuries for the Group was 0.2 percent lower than in 2011. The goal of 6.9 % absences due to sickness was achieved.

Health promoting programme

Various pilot programmes that were launched in 2012 formed the basis for the development of a comprehensive health promoting programme. This program has a unique approach to work in that it creates the conditions for a good lifestyle in a good working environment. The purpose is to influence the factors promoting health both in relation to the individual's lifestyle and the good psychosocial conditions at the workplace. This reduces ab-

sence due to sickness, in addition to increasing enthusiasm and well-being. The HS&E effort also provides a business-related advantage through increased productivity and profitability.

Lifestyle planning is offered to workers within the framework of the health promoting programme in order to give them the knowledge and motivation needed they need to take responsibility for their own health. In 2012, about 550 workers planned their own lifestyle and made individual action plans, in addition to plans and initiatives at the group level. As a support to managers in the work to create a health promoting environment, a scheme involving health motivators, who will function as driving forces in the local health work, has been established. The Group's communication channels will be used to increase health competence among managers and workers.

This also concerns taking social responsibility in order to spread knowledge to other workplaces in the public and private sectors about how to work while promoting good health.

In 2012, health promoting work was a topic in the mandatory management training on HS&E and at the annual HS&E conference.

In addition, tools, methods and systematics are implemented in the organisation as the pilot projects and evaluations are completed.

More safety representatives

Changes were made over the course of the year to the scope of the third-party cooperation for HS&E (participants are managers, employee representatives and safety representatives) in the Posten Norge Group. The change primarily involves that the number of protected areas has been expanded from about 200 to about 370. This has been carried out in order to ensure that the HS&E work is fulfilled as close to the workplaces as possible. Benefits include more regular meetings and discussions about HS&E in connection with daily operations. Third-party cooperation has been established at the division and regional level in addition to local interaction groups in the geographical protected areas. All safety representatives have completed or registered for mandatory basic training. In addition the rules, responsibility and division of roles have been established and implemented in the organisation.

Of the permanent employees in the Group, 96.1 % are employed in the parts of the operations that have formal health and safety committees. The committees provide advice and monitor initiatives that promote health and safety.

It helps

In 2006, the group began using the "It helps methodology". The methodology is the Group's systematic approach to getting workers with repeated absences over time back to work. The methodology is continuously further developed, and it has also had a good effect in 2012. Workers who are absent 24 days or more in the past three years have been a prioritised group in this work. The group was reduced by 28 % in 2012.

The Group continued work on regional IA action plans in 2012 for the period 2010 to

2013 based on the IA agreement between Posten and the Norwegian Labour and Welfare Administration (NAV). In addition, a more coordinated cooperation structure has been established between Posten and NAV. Work is under way to achieve "equal and predicable services from NAV throughout Norway", which has served as a part of the intention with Posten's consortium agreement with NAV.

Doctor-certified sick leave is now at a historic low of 6.9 %. There are probably several reasons for the decrease. Systematic and long-term follow-up through the Post model has produced results, including the increased use of a graded medical certificates and altered procedures involving earlier contact for follow-up between the employer, doctor, company health service and worker in order to make adjustments according to ability to work.

Long-term work with safety at work

The Group's long-term and systematic work with safety at work has contributed to a robust platform with tools, systems and competence. The Group works with, among other things, safety reviews of operational units, investigation of accidents, reporting of near-accidents/undesirable incidents and safety discussions between managers and employees.

In addition, focused action campaigns are being implemented in the most vulnerable areas such as, for example, falls on ice, truck accidents and crush injuries.

In 2012, a safety standard, which is based on legislation and regulations in the Scandinavian countries, was prepared within HS&E for all Bring terminals and cold storage facilities. The standard comprises 81 control points covering everything from securing buildings and goods to the most important

MANAGEMENT

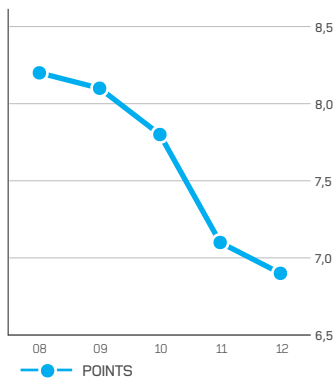
HS&E

- HS&E is the first topic on the agenda at all management and staff meetings.
- HS&E results are reported systematically in the Group.
- Every month KPIs (key performance indicators) are reported to the Group management. This includes key figures for the number of employees absent due to sickness/the number of employees at work, H1 and H2 values, the number of employees incapacitated for work, almost accidents and undesirable incidents.
- The Group's Board of Directors receives reports and analyses about HS&E results at all board meetings.
- All guidelines, policies and action plans for HR are reviewed once a year. They are available via a shared HS&E system.

ABSENCE DUE TO SICKNESS

percentage of the Group

6,9 %



areas in order to create a safe working environment. Over the course of autumn 2012, eight audits were completed in relation to the new standard. Running parallel with the completed audits, 66 Bring terminal managers completed a self-evaluation of the control points contained in the safety standard. It has been decided that the standard and the associated auditing tool shall be used in the whole Group and include transport and mail distribution. The original auditing methods will be phased out when this is ready over the course of 2013. Over the past three years, 51 audits were completed in Posten Norge pursuant to previous audition methodology. The results from the audits have gradually improved.

In 2012, 77 investigations of incidents where workers injured themselves were completed. This means that almost four of 10 lost-time injuries are investigated. The reports are anonymous and made available on the Intranet.

Lost-time injuries

The definition of injuries was changed as of 1 January 2012 in order to comply with the standard in Norwegian industry. One effect of this is improved focus on the most serious injury cases, for example that only lost-time injuries requiring medical treatment are now included in the H1 value, while all other personal injuries are registered as H2 injuries.

The change in the definition means that H1 values in 2012 can not be compared with the H values in previous years. The number of lost-time injuries has reduced (independent from the change in the definition) by half from 357 in 2011 to 166 in 2012.

The H1 value for the Group was 5.3. The goal for 2012 was 8.5.

A safety campaign was carried out in the

summer of 2012. Despite that not all units were completely injury-free, several large units and more than 600 smaller units distinguished themselves as injury-free for the second year in a row. The total number of lost-time injuries was significantly reduced.

Manager and team development

For many years the Group has worked systematically to develop its managers. One of the measures that has lasted several years is mandatory raising of competence for all managers through an annual three-hour-long HS&E course. In 2012, the main topic was a workplace that promotes good health. Almost 100 managers also received training in the work promoting good health through the CEO's annual HS&E conference. At the conference the CEO hands out the HS&E award to a unit that has distinguished itself with systematic and good HS&E work over the course of the year.

In 2012, the group development method Group Development Questionnaire (GDQ) was put into use. This is a tool for measuring and developing work and management groups. Using the questionnaire, the workers and managers' perception of how the group functions at a given point is measured. The results demonstrate, among other things, how productive and efficient the group is, what it succeeds at, what prevents the group from improving, what should be improved and which questions the group should focus on in order to increase its productivity, well-being and to increase the focus on good health at work.

Attractive workplace

One of the Group's main aims is to be an attractive workplace. As of 31 December 2012, there were 20,646 permanent employees in the Group in 15 countries. The Group has

temporary employees, including on-call substitutes who work in periods as required. Of the permanent employees 80.2 % work in Norway. Employees in the other 14 countries are primarily local employees. This is because the Group has expanded by purchasing locally-established companies. The Group has decided (but not fully implemented) action rules that will govern central aspects of local recruitment in relation to recruitment processes, equality, non-discrimination and intra-Group mobility.

In 2007, 37.9 % of all of the Group's permanent employees were women. Of the Group's manager's 30.5% were women.

The Group has a good overview of the salary level in the different job categories and the different countries where we operate, as well as the relationship between men and women's salaries in the Group. The Nordic countries do not have a minimum wage. The salary level and starting wage are regulated in the negotiations between employee representatives and the employer. There are no gender-related differences in salary level between men and women in the Group.

In 2012, 1,551 employees were hired in permanent jobs in the Group, of which 1,176 were hired in Norway. In total, the Group had a turnover of 10.2 % in 2012. There was a 9.5 % turnover in Norway. For the Group as a whole the turnover among women is 0.4 % higher than among men. There is higher turnover among workers under 30 years old than among workers 31 years old and older. Of the employees who went on parental leave in the parent company, 96 % returned to work at the end of their leave. There were more men than women who returned at the end of their leave.

The annual organisation survey was updated into a new format in 2011. The result from the survey in 2012 shows that the

Group had a stable and good working environment with an increase in employee satisfaction. The Group achieved a total score of 78, a one point improvement over 2011.

In total, 90 % of employees answered the organisation survey. Of those who answered, 85 % report completing appraisal conversations with their immediate manager and 85 % report that they were satisfied with the quality of the appraisal conversation.

Regulated working life

A constructive and professional cooperation with the employee representatives is a premise for a good development in the salary and personnel policy. In the Group, 96.6 % of the employees work in a company where one or more wage agreements have been established.

In the Norwegian companies, as a link in the work to establish a well-functioning cooperation, necessary role clarifications have been made and training of employer and employee groups based on the rules of cooperation in the relevant Main Agreements has been completed. Management training on this topic is now also being offered through Internet-based training and information modules.

The planning shows that no company has denied a submitted request for a tariff agreement. In 2012, negotiations with employee representatives in the Group were completed and an agreement was signed with a European Works Council (EWC). A new election of employee representatives to the Board of Directors of Posten Norge was also conducted.

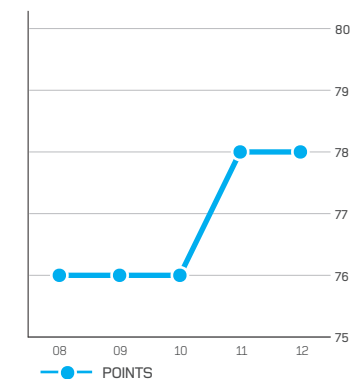
Pension advice offered under the auspices of the company

Employees of Posten Norge have pension and employee insurance schemes through

EMPLOYEE SATISFACTION

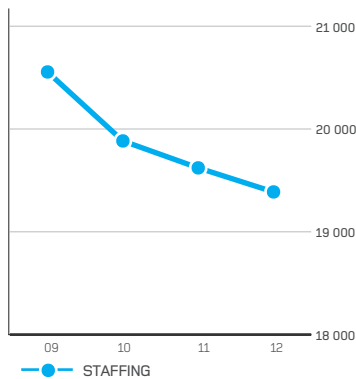
on a scale from 1 to 100, where 100 is best

78



EMPLOYEES (FULL-TIME EQUIVALENTS)

number
19 388



DNB life insurance. The company is also connected to the joint scheme for contractual pension (AFP). The Norwegian subsidiaries have similar pension and employee insurance schemes.

Posten Norge AS has an internal advisory body for pensions. The company's employees are thus offered to receive individual pension advice before they turn 62 years old. Over the course of 2012, 513 such individual advisory sessions were carried out. Expanding the advisory function to the Norwegian subsidiaries is under consideration.

The measure shall ensure that the individual's decision regarding when to retire and when pension withdrawals are made is based on correct information. As of 1 January 2011 a pension reform was implemented in Norway that, among other things, opens the possibility for flexible pension withdrawals. Today, a trend has been identified that more employees in the age group 62 years old are continuing to work.

Manager and team development

For many years, the Group has worked systematically to develop its managers.

In 2012, 174 managers completed a management program conducted by the Group. Eleven managers participated in the top management programme, 61 managers have participated in the middle management programme, and 92 managers have participated in the first line manager programme "More secure as a manager".

In 2010, the Group launched the programme "Aspiring Managers". The purpose was to recruit more first line managers from our own employees. The programme is carried out as required in the relevant regions. In the spring of 2012, region south western Norway completed Aspiring Managers for the second time with 10 participants.

In 2011, the Group developed a new management programme for top managers. The programme will contribute to further developing a leadership style among participants that supports the strategy on becoming an integrated, Nordic and industrial Group. The first group of 11 participants completed the course over the course of 2012.

For many years, the Group has focused on mandatory competence raising for all managers through an annual three-hour HS&E course. In 2012, the main topic was a workplace that promotes good health.

The Group has also contributed in the development of management groups and teams in all divisions in 2012.

Development of talent

In 2012, the Group has continued the work with the development of "Management Review" and the Talent Programme.

In "Management Review" all top and middle managers in the Group are assessed using a systematic evaluation. In addition, the ambition and desire for organisational and geographical mobility is documented.

In 2012, the Group completed the Talent Programme for 14 middle managers. The goal was to stimulate mobility across divisions, highlight management talents and generate motivation for careers in the Group.

The Group's two-year-long trainee programme was conducted for the 13th year in a row. Following a thorough evaluation process, where also management potential is assessed, seven Group trainees were recruited in 2012. Continued strengthened profiling towards Swedish colleges and universities has resulted in a great deal of good Swedish applicants. New this year was a strengthened profiling of the programme towards Swedish universities and colleges. Summer Internships with four summer

trainees as well as a Norwegian Business School internship with three trainees were completed.

Important competence measures

The Group has its own education portal - Posten Norge and Bring Academy - that is offered to all employees in the Group. The Academy offers everything from specially-designed e-learning to standard courses in cooperation with external suppliers.

The Group offers a scholarship scheme as a supplement to the other competence measures. The scheme shall contribute to motivating employees to expand their knowledge in a chosen discipline through strengthened formal competence. In 2012 two application processes were carried out. The Group received 104 applications and 44 were awarded scholarships. There was a total of 280 applications in the period 2009-2012, and of these applications 162 scholarships were granted. Through cooperation with the Ministry of Education and Research and the agency VOX, 75 employees in the Group in Norway completed a 100-hour course with a focus on basic competences such as reading, writing and computing. The focus on basic competence is an important instrument for advancing integration of employees with immigrant backgrounds. In 2012, 51% of course participants had a minority language background.

The Group continues its focus on certificates of apprenticeship by making arrangements for placement candidates and bringing in apprentices.

Ambitious diversity goals

In 2012, 11.2 % of the Group's employees had an immigrant background. In Norway, 12.2 % of the Group's employees had a minority background, divided between more than 70

nationalities. Of all of the Group's managers, 3.3 % have an immigrant background. Today in the parent company, the share of immigrants within the staff and management is 4.49 %.

The Group has a goal that 15 % of the company's employees in Norway shall have an immigrant background by the end of 2015. In order to increase the amount of diversity in positions in corporate staff units and management in Norway, a special goal has been established that 7.5 % of employees in these position categories have a immigrant background at the end of 2015.

Racism free zone

In collaboration with Norwegian People's Aid, Posten has been a racism free zone since 2001. In 2011, the agreement was expanded to apply to the whole Group. The agreement entails that all units will highlight and demonstrate that the company is racism free and that there is zero-tolerance for discrimination. The Group's corporate unit for misconduct did not treat cases concerning discrimination in 2012. Since 2005, the Group's annual organisational survey has contained the statement, "There is no racism in my unit". On a scale of 1-7 where 7 is the best result, this statement rose from 6.1 in 2011 to 6.2 in 2012.

In 2012, funds were announced (for the second time) for measures that promote diversity and integration under the campaign, "With us, differences are the norm". Funds were allocated to five different measures.

Cross-cultural sick leave follow-up

In cooperation with NAV, a course on sick leave follow-up in a cross-cultural perspective was completed for the second year in a row. The goal is to increase competence

among managers in carrying out good sick leave follow-up of employees with immigrant backgrounds.

"You make a difference"

The internal development programme "You make a difference" for employees with family backgrounds from outside the Nordic area was continued in 2012. The programme is particularly aimed at operational employees who have competence they are not able to use in their present positions. In total, 49 applications (73 the previous year) were received, of which four employees were chosen as trainees in corporate staff units and management for a year.

Our own mentor programme

In 2012, Posten's own mentor programme for promoting integration among unemployed immigrant women started up for the second time. The programme is intended to help these women find employment and provide knowledge about the Norwegian working life. NAV Alna and NAV Grünerløkka contribute in the recruitment of relevant and interested candidates for the programme. The Group has a total of 10 women who are mentors.

Internship for immigrant women

In 2012, eight internships were created (up from four last year) for immigrant women who have never before worked in Norway. The project is in cooperation with NAV Grünerløkka, NAV Østensjø and NAV Alna, which provide the candidates.

In 2013, the diversity work will continue with all the measures that were initiated in 2011 and completed in 2012, with the exception of the sick leave follow-up in a cross-cultural perspective.

Integrity Report

Integrity report

During 2012 the Group worked intensively to implement the Integrity Programme to all areas of the Group.

In October 2011 the Group launched its first integrity programme. The integrity programme will help strengthen the Group's standard for ethics and integrity. It consists of several tools which aim to give employees and selected business partners advice and guidance related to:

- anti-corruption
- legal competitive practices
- social dumping
- information security

The tools have been created to make it easier for employees in the Group to live up to the requirements and expectations Posten Norge has of them. They include ethical guidelines, an integrity handbook, an e-learning module, a tailored training programme and a corporate unit for misconduct for employees.

Ethical guidelines

The integrity programme rests in its entirety on the Group's ethical guidelines, which were adopted in 2006. In 2012 the Group's ethical guidelines, in Norwegian, Swedish and English, were once again distributed to all employees in the Group via Post & Bringavisen and Bringnews.

Integrity Handbook

The handbook is based on the ethical guidelines but goes into more detail for topics the Group has chosen to focus on in the integrity programme: anti-corruption, social dumping, information security and legal competitive practices. All employees in the Group received a copy of the handbook in Norwegian, Swedish or English via Post & Bringavisen and Bringnews.

E-learning module on integrity

An e-learning module has been created using the information in the ethical guidelines and the integrity handbook. It is based on various dilemmas about integrity that the Group's employees can meet. The target group for the e-learning module consists of the employees in the Group deemed to be most vulnerable to typical risk situations discussed in the integrity programme (primary target group). In 2012 around 2,280 employees completed the module. This corresponds to around 11% of the total number of employees in the Group and around 44% of the primary target group. [GRI S03 – partially reported].

Tailored training programme

E-learning is not sufficient as the only training tool. Managers, support staff, sales and

marketing resources and other persons who will function as resource persons with regard to integrity-related issues must undergo further training. Therefore, a course was developed for this specific target group using "classroom teaching". These courses are based on the e-learning module, but go into more detail and focus on discussing relevant problems that arise. In 2012, approximately 700 people participated in the training course.

The corporate unit for misconduct

The Group's standard for ethics and integrity is outlined in its ethical guidelines and its integrity handbook. If employees experience, discover or suspect unacceptable conditions, they are encouraged to notify their immediate superior.

In the event it is not possible or is considered to be difficult to notify an immediate superior, the Group has an in-house corporate unit for misconduct (established in 2006). Through the implementation of the integrity programme, it was announced and clarified in 2012 that this is channel is available to all Group employees regardless of their country or company.

The corporate unit for misconduct places emphasis on the fact that it should be easy to raise a concern, and it can be reached by e-mail, telephone and post. The contact details were distributed in 2011 and 2012 via the integrity handbook and can also be found on the Group's intranet.

In addition, the Group works continuously to ensure that reports are handled appropriately, both in regard to the person reporting the concern and the person or entity whose actions have initiated the report. Procedures

for the follow-up of all reports have been prepared to ensure that the person reporting the concern is not subject to negative repercussions.

In 2012 the corporate unit for misconduct received nine reports, which were investigated and assessed. None of these cases referred to an alleged breach of corruption rules.

The Group's corporate unit for misconduct reports to the audit committee of Posten Norge AS once every six months. The report details the number and type of cases as well as the results of each case. In addition the measures taken and activities implemented and completed by the corporate unit for misconduct during the six-month period are reported.

Plans and main goals for 2013

The main focus for 2013 will be to conclude the implementation of the integrity programme with regard to Group employees. In particular, the tailored training course still needs to be held for the target groups that did not take the course in 2012.

Control and compliance

Another important focus area in 2013 is the introduction of measures and control mechanisms to ensure that the Group complies with and fulfils the integrity standard. This will be achieved through reporting from Group managers as well as other central control measures.

Focus on business partners

An important part of the integrity programme is to ensure that we have sufficient

knowledge about the integrity standards of our business partners. The Group has developed clear criteria for performing integrity due diligence of businesses before an agreement is signed. In 2013 integrity due diligence of the business partners considered to represent the largest risk for the Group will be prioritised.

Supplier management

The Group places minimum requirements on its suppliers as described in the document "Ethical standard for suppliers".

In 2012 more than 46 per cent of the suppliers with existing framework agreements were reviewed for their compliance with the ethical standards.

The Group installed an IT system in 2012 for supplier management of corporate social responsibility. Pilots for testing and adapting the IT system were conducted in Bring Cargo East, Bring Cargo Offshore&Energy and Corporate Staff - Procurement in Posten Norge AS. Group management decided in December to implement the programme for supplier management throughout the entire Group. Important suppliers will be the main priority, as well as high-risk suppliers within the Group's core business.

In 2013 the Group will continue to educate the managers at its subsidiaries in supplier management and establish networks of coordinators to follow up on the suppliers in their business.

The Group will also further strengthen its position as one of the best mail and logistics providers in the Nordic region with regard to supplier control of corporate social responsibility.

