

**We have the strength.
We know the Nordics.
We deliver.**

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Reporting according to GRI G4

PostNord is reporting on its sustainability work for 2014 according to the Global Reporting Initiative's (GRI) G4 Guidelines. The GRI Index on page 42-43 contains an overview of the aspects and indicators that form part of PostNord's sustainability reporting. It also contains information on the scope and boundaries of the reporting. The sustainability report for the 2013 financial year was published in March 2014. It was drawn up according to the GRI Guidelines, Version 3.0, Application Level C+.

The auditing of the report

The Board of Directors and the President & Group CEO of PostNord AB (publ.), corporate identity number 556771-2640, hereby submit the Annual and Sustainability Report for the 2014 financial year. The Board of Directors' report comprises pages 6-11, pages 24-26, the section on operations that must be reported to the authorities on page 31, and pages 45-55 and has been audited as stated in the Auditor's Report on page 95. The Sustainability Report comprises pages 27-44 and has been reviewed according to the Assurance Report on page 44.

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This is PostNord

PostNord is the leading supplier of communication and logistics solutions to, from and within the Nordic region. We ensure postal service to households and businesses in Sweden and Denmark.

With our expertise and strong distribution network, we develop options for tomorrow's communication, e-commerce, distribution and logistics in the Nordic region.

In 2014, PostNord had 38,000 employees and sales of SEK 40 billion. PostNord is 40% owned by the Danish State and 60% by the Swedish State. Votes are allocated 50/50 between the shareholders. The parent company, PostNord AB, is a Swedish public limited company headquartered in Solna, Sweden.

5.3 billion

letters and other mail items were delivered by PostNord in 2014.

120 million*

parcels reached their intended recipients on time.

5,800

distribution points in the Nordic countries offer reliable service and convenient opening hours.

PostNord Norway
Logistics operations
External net sales
(PostNord Norway/Finland): SEK 4,374m
Number of parcels: 9.6 million
Number of distribution points:
approximately 1,400

PostNord Finland
Logistics operations
External net sales
(PostNord Norway/Finland): SEK 4,374m
Number of parcels: 5.9 million
Number of distribution points:
approximately 1,100

PostNord Denmark
Mail and logistics operations
External net sales: SEK 9,679m
Number of mail items: 545 million
Number of parcels: 42 million
Number of distribution points:
approximately 1,400

PostNord Sweden
Mail and logistics operations
External net sales: SEK 21,987m
Number of mail items: 1,983 million
Number of parcels: 80 million
Number of distribution points:
approximately 1,900

PostNord Strålfors
Information logistics
External net sales: SEK 2,588m
Operations in Sweden, Denmark,
Finland, Norway, Poland, the United
Kingdom and France.

Direct Link
Global distribution of marketing communi-
cations and lightweight goods, mainly for
e-retailers. Operations in the United States,
United Kingdom, Germany, Singapore,
Hong Kong and Australia.

* Eliminated for intra-Group volumes between countries.

Our starting point is to strengthen our customer's business

Our vision is for PostNord to deliver world-class communications and logistics solutions to satisfied customers. The driving force behind everything we do is to strengthen our customers' business and customer relations. We do this by improving the recipients' experience.

PostNord is the leading communications and logistics player in the Nordic countries, and we are to be the first choice for both customers and recipients throughout the Nordics.

With 25 million inhabitants and nearly two million companies within a large geographic area, the Nordic market involves major logistics challenges. We know the Nordic region - it's our domestic market. With the knowledge of our 38,000 employees and a unique distribution network, we help strengthen our customers' business and customer relations every day. Together with them, we also develop new

solutions for tomorrow's communication, e-commerce, distribution and logistics.

We are proud of being entrusted with the responsibility for the postal service in Denmark and Sweden. We thereby contribute to a key service for citizens and institutions. Our long experience as a postal company has given us outstanding logistics expertise, enabling senders and recipients to trust that we will deliver as promised. Our ambition is to always be accessible and give both corporate customers and consumers the best service possible.

PostNord is our joint brand, and combined with the well-known national postal symbols, we offer postal and communications services in Sweden and Denmark. Solutions for logistics and relation-building communications are marketed under the PostNord brand.

Our mission

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

Our vision

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

Our values



RELIABLE

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



ACCESSIBLE

PostNord is always close to its customers, listens to their views and helps them meet their challenges.



BUSINESS PARTNER

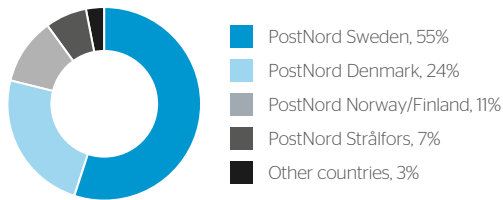
PostNord is a professional business partner to its customers, helping them meet their communication and logistics challenges.



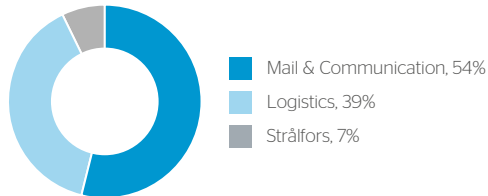
SUSTAINABLE

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

External net sales per country



Net sales per business area

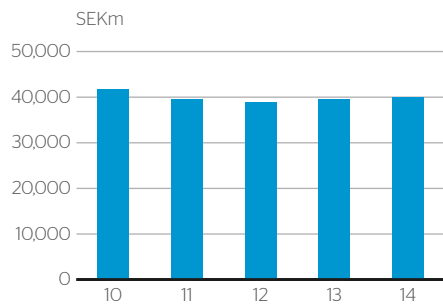


Overview¹⁾

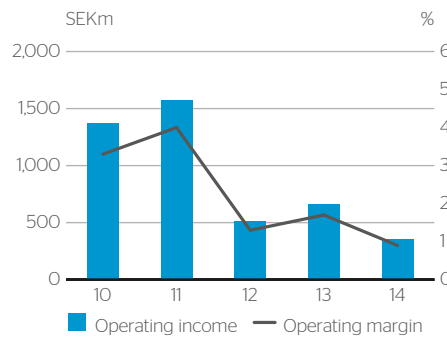
SEKm, unless otherwise specified	2014	2013
Net sales	39,950	39,533
Operating income (EBITDA)	2,198	2,310
Operating margin (EBITDA), %	5.4	5.8
Adjusted operating income (EBIT)	861	826
Adjusted operating margin, %	2.2	2.1
Operating income (EBIT)	351	662
Operating margin (EBIT), %	0.9	1.7
Net income	176	306
Cash flows from operating activities	670	1,657
Net debt	3,672	1,624
Net debt ratio (net debt/equity), %	46	18
Return on capital employed (ROCE), %	3.1	6.0
Average number of employees	37,976	39,305
Delivery quality, mail, Sweden, %	93.5	94.9
Delivery quality, mail, Denmark, %	94.8	93.2
CO ₂ emissions, thousands of tonnes	401	400
Sick leave, %	5.2	5.0
Share of female managers, %	29	29

¹⁾ For definitions of financial key ratios, see Note 33 on page 88. For measurement and calculation methods for non-financial key ratios, see pages 40-41.

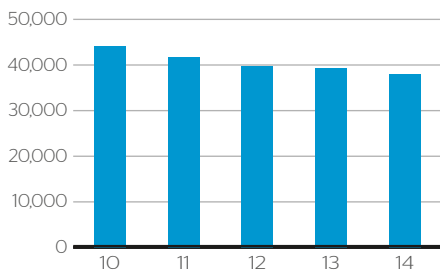
Net sales



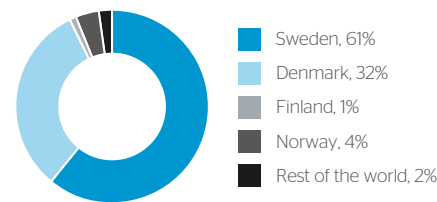
Operating income and operating margin (EBIT)



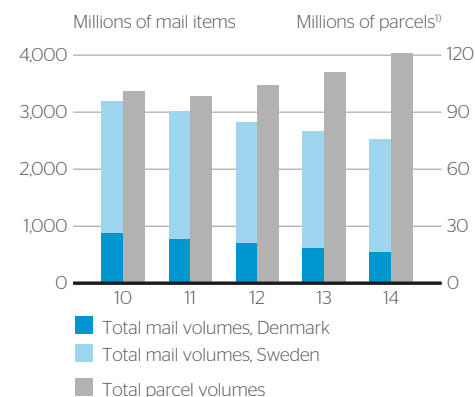
Average number of employees



Average number of employees per country

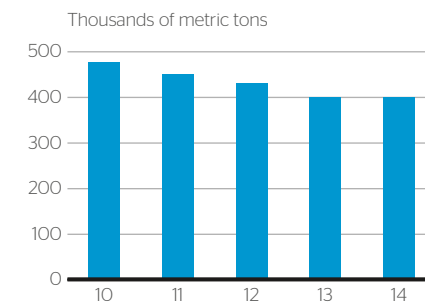


Total mail and parcel volumes



¹⁾ Eliminated for intra-Group volumes between countries.

CO₂ emissions



Distinct strategy for a complete Nordic end-to-end offering

The rapid development in the communications and logistics services market intensifies our work to adapt and develop our operations. We are currently building a stable Nordic platform on which we will meet the volume challenge in the mail business and the competition in the logistics market by delivering the most competitive logistics and communications offer in the Nordic region.

2014 was an eventful year for PostNord. At the start of the year we decided on and implemented a new integrated organization. This gives us the right conditions with which to meet our customers' needs with our complete Nordic end-to-end offering of mail and logistics solutions. The Group acts in a unified, clear way with PostNord as its joint brand. In our new country organization, the mail and logistics operations in our terminals can be combined into a more integrated production model. The Rosersberg terminal outside Stockholm was commissioned during the year; one of the most modern and environmentally efficient mail terminals in the world. A decision was made at the end of the year to evaluate possible divestment of the Strålfors operation.

Strong e-commerce growth

E-commerce is continuing to grow very robustly and accounted for sales of about SEK 140 billion in the Nordic region in 2014. The most popular online purchases are clothes, books, toys and home electronics. Deliveries tailored to customers' requirements make it convenient for consumers to shop online, where it is easy to compare prices. From its leading position our logistics operations continue to grow, despite tough market competition. In 2014 parcel volumes increased by 3% for B2B-related items and by 15% for B2C-related items.

Digitization continues to pose a challenge

The volume trend in the mail business continued to decline due to digitization. Mail volumes decreased by a total of 5% during the year, of which 4% in Sweden and 12% in Denmark. Since 2000 a total of about 40% of physical mail volumes have been transferred to digital forms of communication. However, we take a positive view of the opportunities available in marketing communication, where we offer customers end-to-end solutions in both physical and digital channels.

We are proud of being entrusted with the responsibility for postal services in Denmark and Sweden, and the mail operation will remain a central part of our core business. Our long experience as a postal company has given us outstanding logistics expertise, enabling senders and recipients to always trust that we will deliver as promised.

Intensive restructuring work

PostNord's net sales rose by 1% in 2014, reaching SEK 39,950m. The reported operating income reached SEK 351m and the operating margin was 0.9%. Adjusted for items affecting comparability, operating income reached SEK 861m and the operating margin was 2.2%.

To adapt the business to declining mail volumes and ensure long-term competitiveness and improved earnings, restructuring programs were initiated, including capital efficiency programs, such as divesting properties, which creates greater financial flexibility.

Our restructuring work has progressed rapidly to establish a more efficient, clearer and more customer-oriented PostNord. Extensive efficiency programs were made in 2014 that when fully implemented they entail sizable staff reductions in administrative and support functions compared to the level in 2013. The employee index and leadership index decreased during the year, partly due to the major restructuring work. The lower result is not satisfactory and we are now further reinforcing actions to increase commitment and improve leadership during the extensive change process that the Company is undergoing.

The market development trends, with substantial structural transformation, will prevail in the industry, necessitating continuous restructuring programs in order to maintain competitiveness and create long-term financial value.

The Group's priorities clarified in the strategy

With our combined expertise and experience in the Nordic market we have the ability and capacity to perform large-scale, complicated communications and logistics assignments. Our ambition is that our customers will want to grow with us and utilize our complete portfolio of communications and logistics products and services. Together we develop new, sustainable solutions that boost our customers' competitiveness and contribute to our sustainable profitability.

Our strategy is based on a number of priorities designed to strengthen the competitiveness of the business in relation to the market changes and customers' increasing demands for service. The strategy aims to create the conditions for attaining the financial targets within 3-5 years set by our owners. The targets are a return on capital employed (ROCE) of 10.5% and a net debt ratio of 10-50%. The outcomes for 2014 were 3.1% and 46%, respectively. Our ambitious environmental target is to reduce carbon dioxide emissions by 40% from the level in 2009 by 2020. So far we have reduced them by 16.6% by making the logistics chain more efficient, investing in more fuel-efficient vehicles, increasing the number of electric vehicles and using a greater proportion of biofuels in diesel.

Our ambition is to always be accessible and give both corporate customers and consumers the best service



possible with high quality. We are therefore continuously developing our operations according to our established strategy to attain all of our high-reached targets. In addition to our own efforts, it is also important that the postal-specific regulations be adapted to consumers' changed demand and the current market conditions. We welcomed the new postal legislation in Denmark that was adopted at the start of 2014. In Sweden we are conducting dialogue with decision makers to adapt the postal regulations to the altered market conditions as soon as possible. This is necessary to enable efficient postal services to be maintained in the long term on reasonable economic terms despite ongoing significant declines in mail volumes and also to enable us to attain our environmental target.

The Board of Directors and management focus strongly to further strengthen PostNord's sustainability work, which is one of the priority areas in the Group's strategy. We support and run our operations in accordance with the corporate responsibility principles of the UN Global Compact and OECD guidelines for multinational enterprises.

A PostNord that delivers

In 2014 we worked on building a stronger and more integrated PostNord according to the motto "One team - one goal - one direction". We are now working together to operate under a joint brand, towards uniform goals and in the same direction, which creates greater clarity about what PostNord stands for.

The Group has undergone constant change as both technology and demand from consumers have changed

continuously. We are now experiencing a paradigm shift as adaptation to lower mail volumes and increased e-commerce is taking place throughout the industry. The transition is a prerequisite for us to be a logistics and communications company that is modern, competitive and attractive to employees in the future.

The past year was characterized by substantial restructuring work. I would like to express my sincere gratitude to all employees for the committed and professional way in which they have contributed to this. I would also like to thank all our customers and partners for fruitful collaborations and I look forward to further developing our business together to create added value for our customers, owners and other stakeholders.

Solna, February 2015

Håkan Ericsson
President and Group CEO

Market opportunities and challenges

Trade is growing and assuming new forms. This increases the need for efficient logistics and communications solutions in PostNord's markets. To respond to changes in demand, PostNord is adapting its operations to lead the development of communications and logistics services and to ensure continued high customer benefit.

A growing logistics market

Globalization, population growth and technological development are driving trade from a global perspective. In turn this creates rising demand for transportation and logistics solutions. The development of the logistics market in the Nordic region has been relatively stable with a slight increase. Demand for parcel services, the shipping of part and full loads and third-party logistics (TPL) has grown, while the trend for demand in Air & Ocean has been weaker. The market is characterized by strong competition and a high degree of consolidation. The logistics players focus on optimization and improving the efficiency of their business. Demand for Nordic end-to-end solutions is growing. Increasing numbers of companies are also opting to outsource all or parts of their warehousing and logistics externally,

known as third-party logistics (TPL). This means that market players must constantly review and adapt their offer to correspond to customers' increasing requirements.

The Nordic logistics market that is relevant to PostNord equates to about SEK 150-190 billion, which includes everything from home deliveries of parcels to the shipping of part and full loads and advanced logistics services such as TPL. PostNord operates in all the Nordic countries and Germany, and via its subsidiary Direct Link it also runs international operations in the form of distribution solutions for lightweight goods and it is part of the DPD network for global logistics solutions. The Nordic logistics market is characterized by consolidation, intense competition and a focus on costs, and its largest logistics players are Bring, DB Schenker, DHL, DSV, Posti and PostNord.

Growing e-commerce on customers' terms

The Nordic market for e-commerce amounted to about SEK 140 billion in 2014. The e-commerce market in the Nordic region is expected to expand by more than 10% per year in the next few years. Given that e-commerce accounts for roughly 6% of total trade in the Nordics, there is a great potential.

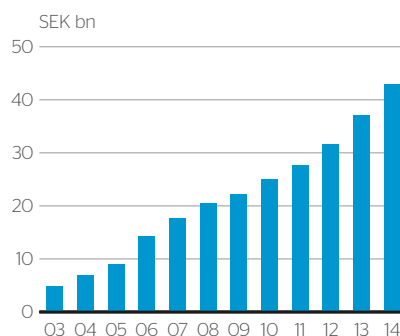
The basic driving forces of e-commerce are simplicity and accessibility for consumers. One strong trend is the significance of omni-channel concepts, which are integrated underlying system solutions that give the same customer experience irrespective of channel and enable physical shops and digital channels to integrate with each other. This meets increased consumer demands for being able to shop when and where it suits them best. This may sometimes be at home on the computer with home delivery of their purchases, but the consumers might make their next purchase of a similar product directly in a shop.

The greater part of e-commerce purchases are still made from domestic companies, but it is increasingly common for consumers to look for products in other

countries. Above all, sites in the United Kingdom, Germany and the United States attract Nordic consumers.

One of the most important competitive factors is the logistics involved in e-commerce; the method, location, time and and price of goods delivery have become increasingly important for consumers at the time of purchase.

E-commerce sales in Sweden 2003-2014



Source: The 2014 e-barometer (a survey of the development of the Swedish e-commerce sector).

Service logistics - new opportunity

Service logistics is the common name for services for home deliveries of items such as food and medication. Demand for all these services is expected to rise in coming years. For example, the market for home deliveries of food and groceries today currently accounts for about 1% of the total groceries market in Sweden and Denmark, but their proportion of the total market is expected to increase in the next few years.

Service logistics also includes areas such as welfare distribution, which comprises equipment for telemedicine. The market for welfare distribution is expected to grow robustly in the Nordic countries in coming years, driven by demographic change with a higher proportion of older people, savings requirements in the public sector and new technological opportunities.

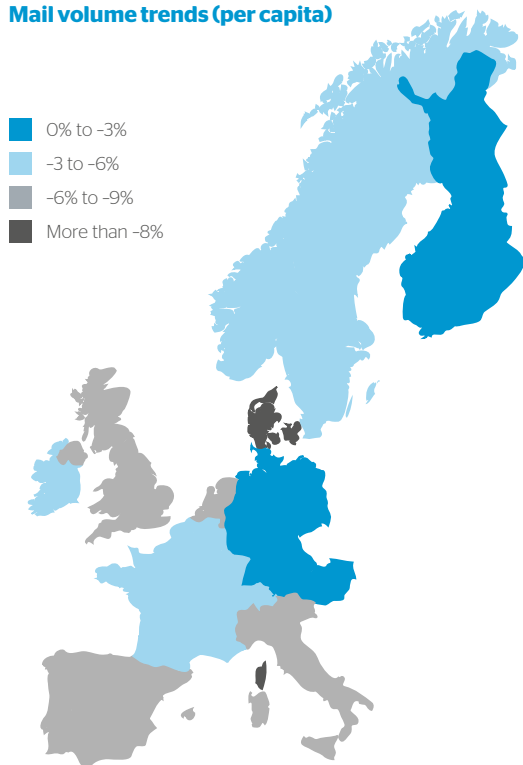
An additional area consists of the market for returning old and used products that is predicted to grow through more regulation and more stringent legislation about product responsibility and sustainability requirements. In this area there are opportunities for new types of services for PostNord.



Declining volume trend is a common postal challenge

The European postal market has been deregulated in several stages and is now fully deregulated throughout the EU. However, there is no joint market yet, and instead there are a number of national markets for postal services. PostNord provides the universal postal service in Denmark and Sweden. The regulations for running a postal service differ between countries, and thus also between Denmark and Sweden. The differences include which postal services are encompassed in the universal postal service and are thereby subject to regulation and monitoring, and which requirements are placed on delivery times and quality levels.

Mail volume trends (per capita)



Mail volumes are declining throughout Europe. The reduction has occurred most rapidly in Denmark, the United Kingdom, the Netherlands, Italy, Spain and Portugal.

Source: UBS European Postal Sector, September 15, 2014.

Less mail is being sent. Mail volumes declined by about 35% in Sweden and more than 60% in Denmark between 2000 and 2014. This is nearly entirely a result of the transition to digital alternatives. In recent years mail volumes have fallen substantially in Denmark in particular. This is a consequence of several coordinated initiatives, such as legislation about digital communications between the public sector and the business sector as well as consumers. In 2014 mail volumes in Denmark declined by 12% compared to the preceding year.

Mail volumes have also fallen considerably in Sweden in recent years. Sweden has not yet taken initiatives that are as far-reaching as the legislation introduced in Denmark for increased digital communication. Mail volumes in Sweden in 2014 declined by 4% compared to 2013.

The decline in mail volumes is expected to continue. Nevertheless, a basic need for physical communications will prevail. This market change is a challenge for all postal companies. In some countries political decisions have been made to modernize the regulatory conditions for postal companies to run competitive and financially sustainable operations while they meet the changed needs of consumers and companies for postal services. The United Kingdom is one example, which modernized the regulations before the Royal Mail floated on the stock exchange in 2013. Belgium has also amended its regulatory framework for running postal services to create better conditions for the Belgian postal operator, bpost, which also floated in 2013.

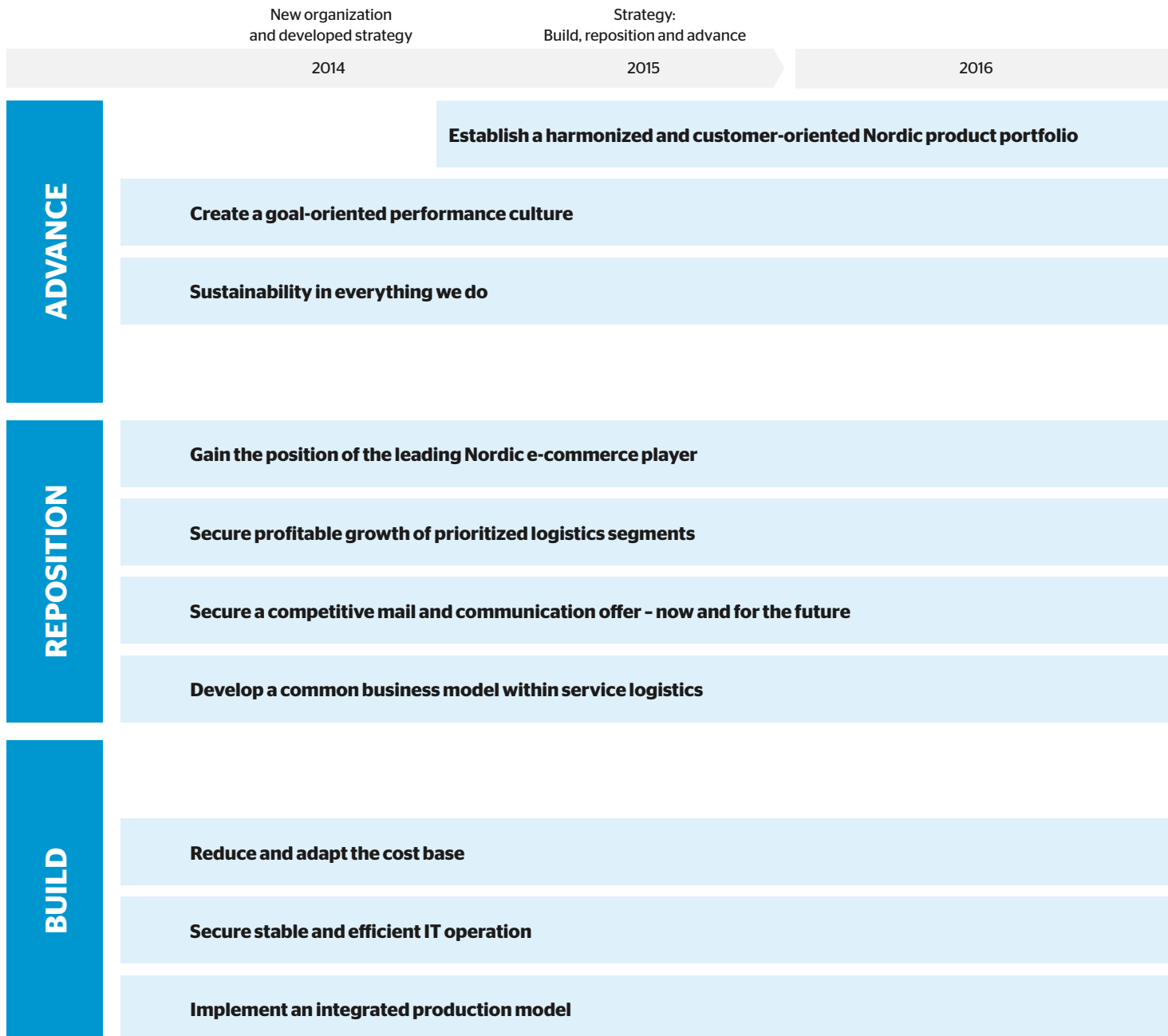
Although many of the market conditions are still national, the challenges are the same: adaptation to lower mail volumes, cost cuts (driven by a high proportion of personnel expenses in the industry) and diversification of the business. The postal business will continue to be a core operation, and PostNord is constantly working on developing its product range and adapting its operations and infrastructure throughout the value chain - from collection and sorting to distribution. PostNord conducts continual dialogue with the Swedish and Danish States about the market situation and the challenges that substantial drops in volume combined with requirements such as overnight delivery implies for PostNord. The Danish Parliament, the Folketing, decided to relax postal regulations to a certain extent, and this decision came into force in 2014. It is crucial that the Swedish regulations be adapted as soon as possible to the prevailing conditions in order to ensure the continued provision of efficient postal services.

Strategy for building, repositioning and advancing PostNord

PostNord's strategy is based on continuously strengthening the competitiveness of the business in relation to the changes taking place in the market and customers' increasing demands for services. The strategy has been further developed in order to reposition the business within strategic markets, create the right internal conditions and put together a cutting-edge Nordic end-to-end offer.

Posten AB and Post Danmark A/S merged in 2009, aiming to secure a position as the leading player in the Nordic communications and logistics market and to boost the conditions for efficient postal services in Sweden and Denmark. The Group strategy that applies until 2015 was decided on in 2011. The objective is for PostNord to satisfy

the terms of the merger, create financial value, be an attractive investment and become a more complete group. The Group strategy was gradually further developed in 2014 to create the right conditions for PostNord to be the leading supplier of logistics and communications services in a market situation that remains





challenging. With the right conditions and a delivery-oriented culture, PostNord will be repositioned and develop a harmonized offer in the Nordic region. The strategy is based on 10 corporate priorities.

Improve the Group's financial results and create value for PostNord's various stakeholders

Leading Nordic supplier of logistics and communications services

2017

2018

2019

2020

To speed up the way in which we meet customer needs for easily accessible and more cost-effective deliveries, PostNord will harmonize and simplify its product portfolio of Nordic logistics and communications solutions.

PostNord is investing broadly in boosting its corporate culture based on the Group's values. This includes focusing more on own responsibility and attaining the joint goals in time.

PostNord will integrate sustainability aspects into everything that is done to position the Group as one that runs sustainable operations, a responsible business that benefits customers, employees, owners and society.

PostNord will take the position as the leading e-commerce player in the Nordic region. E-commerce creates further opportunities for growth, and PostNord is focusing on creating joint concepts for the entire Nordic region. PostNord's strength lies in understanding and meeting the needs and requests of both recipients and senders.

PostNord will continue to establish itself as the leading logistics player in the Nordic region with a joint Nordic offer and stronger services within prioritized segments, including cross-border trade.

PostNord will develop a competitive mail and communications offer for the future, based on traditional mail operations, that can be combined with digital communications solutions.

PostNord will develop a common business model for service logistics and develop group-wide offers that harness the existing distribution network for delivering items such as food and medication.

The cost base must be adapted to the falling mail volumes and the new business model with the e-commerce and logistics growth areas. Additional savings are required, such as cutting external costs and reducing administration in order to improve earning capacity and increase financial value.

A stable and efficient IT platform is a prerequisite for customers being able to receive their items on time with high delivery quality. This is also a prerequisite for rapidly getting new products to the market. The Group's challenge comprises securing the stable operation of established systems while also introducing new, group-wide IT solutions.

Irrespective of whether handling mail or logistics, PostNord will be able to use the same terminals and vehicles for both mail and parcels in the future. Read more on page 11.

One Group - one brand

PostNord's customers are increasingly requesting Nordic end-to-end solutions, which is why PostNord is establishing a clear, uniform Nordic profile. Offers in logistics, distribution, e-commerce and communications will be marketed under a common brand. In 2014 the PostNord brand was integrated with existing brands to emphasize the connection between offers and markets. PostNord's new brand structure is gradually being implemented and it indicates that the Group is taking the next step in its development from a traditional postal company towards a Nordic logistics and communications company that is passionate about delivering everything from advanced logistics solutions, to a letter for a neighbor or a parcel from the other side of the globe.



Focus on e-commerce

E-commerce is one of the Group's strategic priorities. E-commerce services will therefore be one of the Group's most important development areas in coming years. PostNord already has a unique structure and reach in the region and a leading position as the partner of the majority of e-retailers in the Nordic countries. To further reinforce the Group's position as the leading e-commerce player in the Nordics, a special unit was set up in the Group in 2014 to be



responsible for business and service development specifically related to e-commerce; this also includes corporate customers with omni-channel offers as a strategy. The strategic focus is on both senders and recipients of e-commerce mail items with the aim of helping to develop the market and ensure a positive shopping experience for those who choose to make purchases online.

PostNord's offer to corporate customers is based on in-depth understanding of customers, broad logistics expertise in the retail trade and in omni-channel concepts and a high level of accessibility with the largest network of distribution points in the Nordics and, not least, daily deliveries to all mailboxes in Sweden and Denmark. PostNord helps customers grow their e-commerce business by providing knowledge on how to improve customer profitability and secure e-commerce growth by combining solutions for logistics and customer communication.

PostNord's offer will ensure a smoother purchasing experience and a flexible distribution network that enables e-commerce customers to shop online on their own terms.

Greater flexibility through integrated production model

In 2014 PostNord developed a production model that aims to increase flexibility in the distribution chain for both customers and PostNord. In brief, this means integrating the distribution chain for the mail and logistics operations, which are at present largely separate in terms of collection, sorting, transportation and distribution.

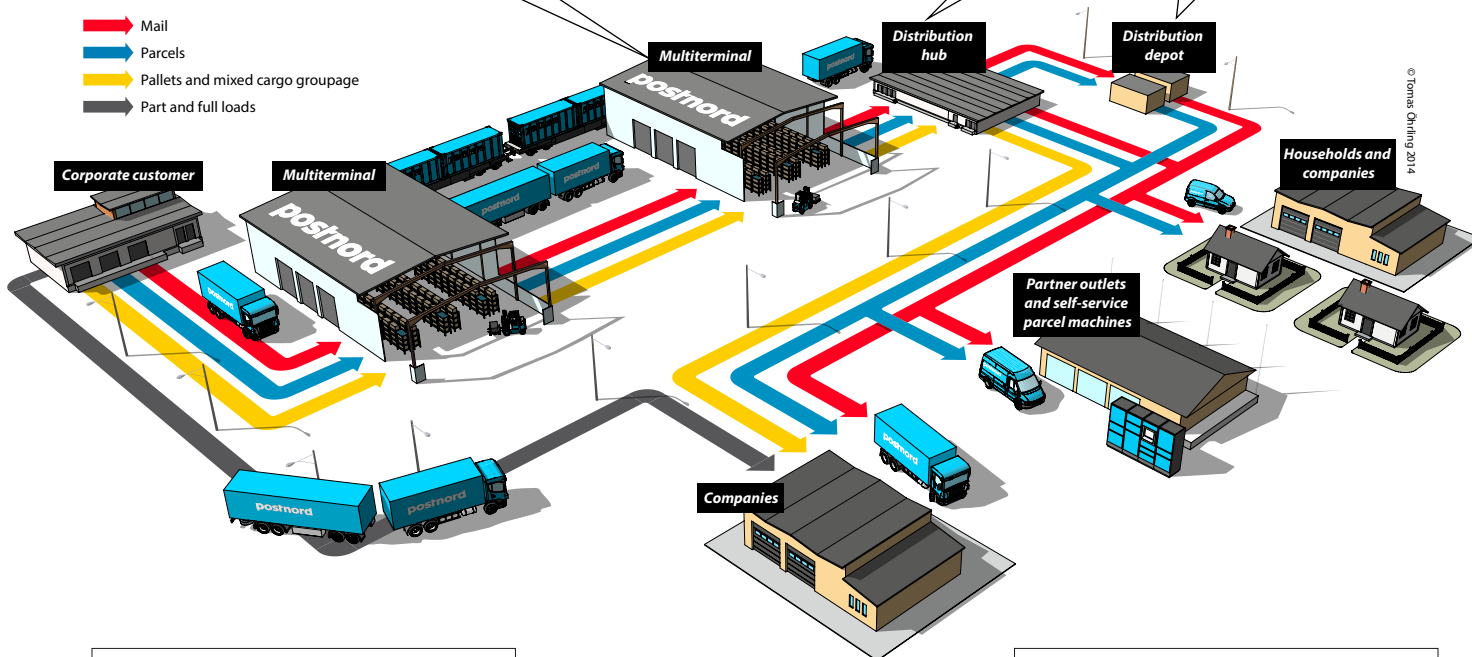
The work started in 2014, primarily with changes to the operations in Denmark and Sweden because these are the markets in which PostNord runs both its mail and logistics businesses. The whole project is scheduled to be complete

in 2020 for the entire Group and it comprises major changes to, above all, the terminal structure and distribution chain in the Nordic countries. The integrated production model is expected to lead to synergies such as making better use of vehicles and premises at a lower cost and with less environmental impact. Space and equipment in the “last mile” are used several times a day. Additional synergies in the form of a joint vehicle fleet, coordination and increased efficiency in IT systems, materials and machinery for large parts of the Group will cut costs.

Management of mail, parcels and pallets is merged in **multi-terminals** or campus areas. Synergies arise here by coordinating the operations and thereby obtaining more efficient use of production equipment and enabling more efficient joint transportation between terminals.

In the major urban areas, **distribution hubs** will be established. Processing of all product categories will be brought together there, meaning that several products can be distributed to the customer at the same time.

The hubs will be supplemented by **distribution depots** so that mail carriers can be based closer to the recipients. No sorting will take place at the depots, just loading and relatively straight-forward preparation.



© Tomas Öhring 2014

Transportation:
Mail and parcels will to an ever-greater extent be collected on the same route. This means, for example, that a van collects parcels and large mail items from the partner outlet and empties the mailboxes at the same time. It is the same for customers - one van collects pallets, parcels and mail. When parcels, pallets and mail are processed at multi-terminals, it also will also be simpler to transport them in the same goods flow, by both road and rail.

Common vehicle fleet:
PostNord will have a joint, standardized vehicle fleet in the Nordics to create cost benefits and economies of scale. The Group will also have joint processes for purchasing, operating and retiring vehicles, as well as a common IT system for vehicle management.

Machinery and materials:
Today, PostNord uses different machinery and equipment in different countries. In the future, requirements will be specified and procurement conducted centrally. This will also apply to materials handling and load carriers - everything from boxes to containers will be standardized. This will make it easier and more efficient to handle goods across national borders.

PostNord's business is run on the basis of financial and non-financial targets. Financial targets for profitability, capital structure and dividends were established in 2014. These are long-term targets and will be evaluated over a period of 3-5 years.

Financial targets	Results 2014 (2013)	Comment	History									
Profitability Return on capital employed (ROCE) 10.5%	31 (6.0)%	The profitability target was not attained in 2014. PostNord conducted intensive restructuring work in 2014 and implemented a Group strategy with 10 priorities to create the conditions for achieving established targets. Read more on pages 24-25.	<table border="1"> <caption>Net debt ratio and Return on capital employed</caption> <thead> <tr> <th>Year</th> <th>Net debt ratio (%)</th> <th>Return on capital employed (%)</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>18</td> <td>6.0</td> </tr> <tr> <td>2014</td> <td>46</td> <td>31</td> </tr> </tbody> </table>	Year	Net debt ratio (%)	Return on capital employed (%)	2013	18	6.0	2014	46	31
Year	Net debt ratio (%)	Return on capital employed (%)										
2013	18	6.0										
2014	46	31										
Capital structure Net debt ratio 10-50%	46 (18)%	The result for the net debt/equity ratio is within the target interval. Read more on pages 25.										
Dividend 40-60% of net income (standard value 50%)	0 (SEK 129m, 40%)	In view of the Company's results for 2014 and its ongoing restructuring needs, the Board of Directors proposes to the 2015 AGM that no dividend be paid.										

Non-financial targets	Results 2014 (2013)	Comment	History																		
Customer Improve the customer value index (CVI) Improve the corporate image index (TRIM)	70 (71) 38 (37)	The overall result decreased slightly as a result of a decline in the various operations, except in PostNord Denmark, where the CVI index rose to 72. The improvement concerning the overall result (regarding TRIM) for Sweden and Denmark is attributable to the improved reputation of PostNord in Sweden.	<table border="1"> <caption>CVI index and TRIM index</caption> <thead> <tr> <th>Year</th> <th>CVI index</th> <th>TRIM index</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>70</td> <td>38</td> </tr> <tr> <td>2011</td> <td>71</td> <td>37</td> </tr> <tr> <td>2012</td> <td>70</td> <td>37</td> </tr> <tr> <td>2013</td> <td>70</td> <td>37</td> </tr> <tr> <td>2014</td> <td>70</td> <td>38</td> </tr> </tbody> </table>	Year	CVI index	TRIM index	2010	70	38	2011	71	37	2012	70	37	2013	70	37	2014	70	38
Year	CVI index	TRIM index																			
2010	70	38																			
2011	71	37																			
2012	70	37																			
2013	70	37																			
2014	70	38																			
Delivery quality Group, Mail: 95.0% Parcels, Denmark: 97.5% Parcels, Sweden: 97.5% Parcels, Norway: 98% Parcels, Finland: 96.5%	93.7 (94.6)% 98.0 (97.4)% 96.9 (97.0)% 96.4 (96.4)% 92.2 (94.4)%	PostNord exceeds the Danish and Swedish States' quality requirements for mail. PostNord's overall Group target is higher and was not attained. Denmark has experienced a positive trend for the quality of mail and it exceeded its target for parcels. The result for Sweden was adversely affected by problems at certain terminals and with deliveries in the metropolitan regions. Read more on pages 18 and 21.	<table border="1"> <caption>Overnight delivery, 1st class mail</caption> <thead> <tr> <th>Year</th> <th>Sweden (%)</th> <th>Denmark (%)</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>96.9</td> <td>97.5</td> </tr> <tr> <td>2011</td> <td>97.0</td> <td>97.5</td> </tr> <tr> <td>2012</td> <td>97.0</td> <td>97.5</td> </tr> <tr> <td>2013</td> <td>97.0</td> <td>97.5</td> </tr> <tr> <td>2014</td> <td>96.9</td> <td>97.5</td> </tr> </tbody> </table>	Year	Sweden (%)	Denmark (%)	2010	96.9	97.5	2011	97.0	97.5	2012	97.0	97.5	2013	97.0	97.5	2014	96.9	97.5
Year	Sweden (%)	Denmark (%)																			
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2014	96.9	97.5																			
Environment Reduce carbon dioxide emissions by 40% by 2020 from the level in 2009	2009-2014: -16.6%	The reduction since 2009 has taken place thanks to improved efficiency in the transportation chain, investments in more fuel-efficient vehicles, a higher proportion of electric vehicles, a greater proportion of biofuels in diesel and the purchasing of fossil-free electricity. The increase in 2014 mainly came about because the emission factor used when calculating emissions from non-ecolabeled electricity has risen substantially. Read more on pages 30-32.	<table border="1"> <caption>Carbon dioxide emissions</caption> <thead> <tr> <th>Year</th> <th>Carbon dioxide emissions (thousands of metric tonnes)</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>450</td> </tr> <tr> <td>2010</td> <td>440</td> </tr> <tr> <td>2011</td> <td>430</td> </tr> <tr> <td>2012</td> <td>420</td> </tr> <tr> <td>2013</td> <td>410</td> </tr> <tr> <td>2014</td> <td>380</td> </tr> </tbody> </table>	Year	Carbon dioxide emissions (thousands of metric tonnes)	2009	450	2010	440	2011	430	2012	420	2013	410	2014	380				
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2009	450																				
2010	440																				
2011	430																				
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2013	410																				
2014	380																				
Employees Improve the employee index (MIX) and leadership index (LIX)	MIX 61 (64) LIX 63 (66)	The results for the areas of general satisfaction, health and personal commitment fell during the year, but many employees are positive about the new organization and their local work situation, colleagues and immediate manager. Requisite restructuring programs were introduced during the year, which affected the entire business. Read more on pages 33-35.	<table border="1"> <caption>MIX and LIX</caption> <thead> <tr> <th>Year</th> <th>MIX</th> <th>LIX</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>61</td> <td>66</td> </tr> <tr> <td>2012</td> <td>61</td> <td>66</td> </tr> <tr> <td>2013</td> <td>61</td> <td>66</td> </tr> <tr> <td>2014</td> <td>61</td> <td>63</td> </tr> </tbody> </table>	Year	MIX	LIX	2011	61	66	2012	61	66	2013	61	66	2014	61	63			
Year	MIX	LIX																			
2011	61	66																			
2012	61	66																			
2013	61	66																			
2014	61	63																			
40% female managers by 2015	29 (29)%	Despite various actions, the result is the same as in the preceding year. Read more on pages 33-35.	<table border="1"> <caption>Women in managerial positions</caption> <thead> <tr> <th>Year</th> <th>Women in managerial positions (%)</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>29</td> </tr> <tr> <td>2011</td> <td>29</td> </tr> <tr> <td>2012</td> <td>29</td> </tr> <tr> <td>2013</td> <td>29</td> </tr> <tr> <td>2014</td> <td>29</td> </tr> </tbody> </table>	Year	Women in managerial positions (%)	2010	29	2011	29	2012	29	2013	29	2014	29						
Year	Women in managerial positions (%)																				
2010	29																				
2011	29																				
2012	29																				
2013	29																				
2014	29																				
Reduce sick leave levels	5.2 (5.0)%	The most common reasons for long-term sick leave in the Group are illnesses and pain related to the musculoskeletal system. Total sick leave in the Group has amounted to about 5% for several years. In 2014 sick leave totaled 5.2%. The increase is partly due to sick leave in Sweden rising from 5.1% to 5.4%. Read more on pages 33-35.	<table border="1"> <caption>Sick leave</caption> <thead> <tr> <th>Year</th> <th>Sick leave (%)</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>5.0</td> </tr> <tr> <td>2011</td> <td>5.0</td> </tr> <tr> <td>2012</td> <td>5.0</td> </tr> <tr> <td>2013</td> <td>5.0</td> </tr> <tr> <td>2014</td> <td>5.2</td> </tr> </tbody> </table>	Year	Sick leave (%)	2010	5.0	2011	5.0	2012	5.0	2013	5.0	2014	5.2						
Year	Sick leave (%)																				
2010	5.0																				
2011	5.0																				
2012	5.0																				
2013	5.0																				
2014	5.2																				

A man with a beard and short hair, wearing a dark blue suit jacket over a light blue striped shirt, stands in a car workshop. He is smiling slightly and looking towards the camera. In the background, a car is elevated on a yellow lift. The workshop has various tools and equipment visible.

Mekonomen

“Logistics with a turbo effect”

Mekonomen's mission is to offer both vehicle servicing and a wide range of related products. One prerequisite for success is rapid deliveries of products and spare parts - wherever in the Nordic countries the customer is located.

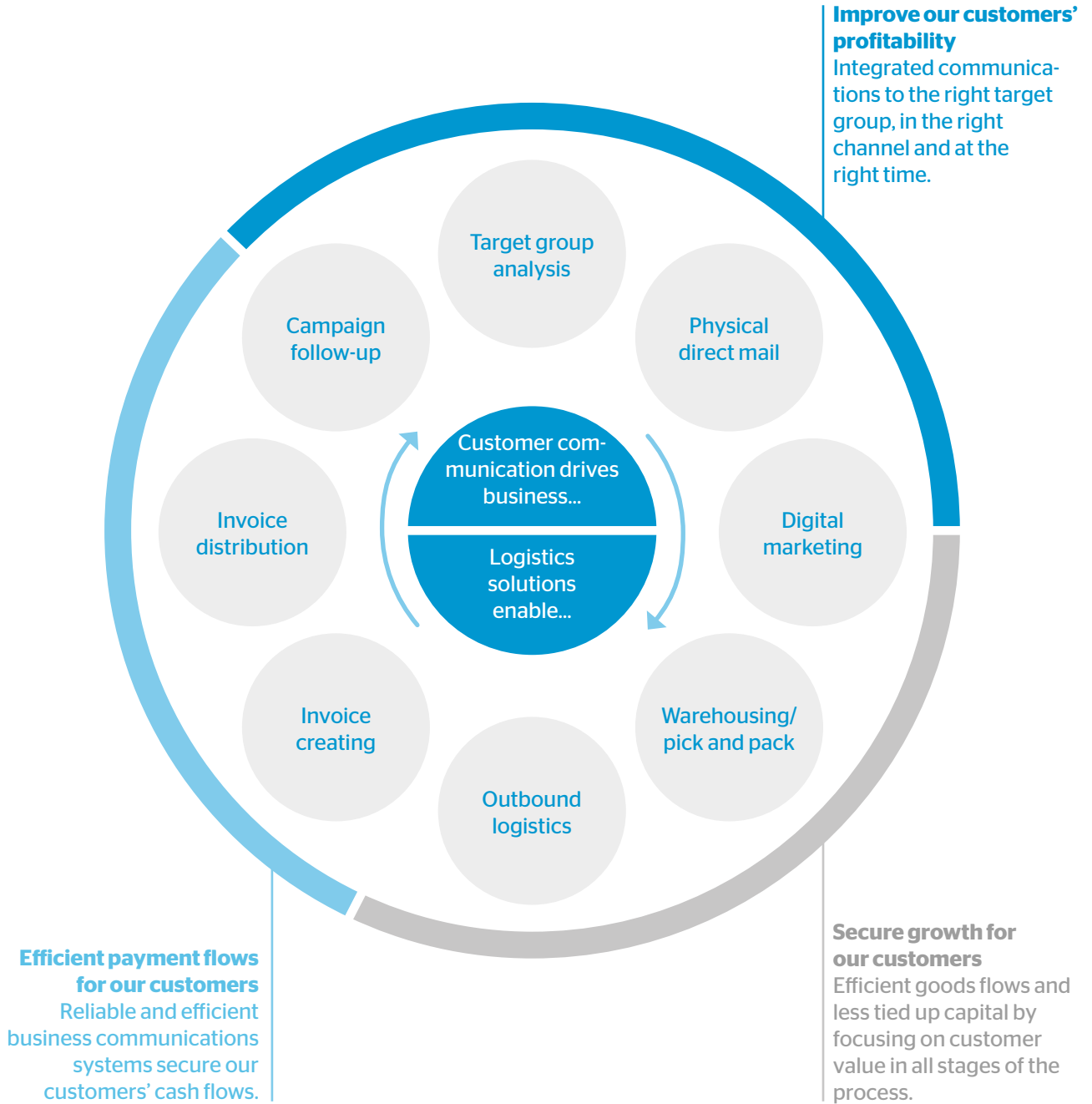
“The advantage of our logistics is that we reach all our shops and workshops throughout the Nordic region overnight, even if they are north of the Arctic Circle and very remote. This is possible thanks to the Nordic end-to-end solution we have created together with PostNord,” says Anders Molander, President of Mekonomen Grossist (Wholesale).

Every day, 300-400 pallets and the same number of parcels are sent from the company's central warehouse in Strängnäs to its shops and workshops. In addition, a warehouse in Helsinki serves the Finnish market. A regional warehouse is located in Luleå, Sweden, to cater for customers in the far north. This places requirements on Mekonomen's business partner.

“The fact that PostNord works in the same way throughout the Nordic region presents major advantages to us. It enables us to improve efficiency and work similarly in all these markets. It gives us a real turbo effect.”

PostNord's end-to-end approach - reliable, efficient and on time

Deliveries are now less about moving items from A to B and instead more about everything in between. PostNord's business spans the entire commercial chain - from business generation via logistics, warehousing, processing, distribution and delivery, to campaign follow-up. PostNord's customer promise is clear: Both consumers and corporate customers must be able to reach their recipients reliably, efficiently and on time.



Communications and logistics are our specialties. We make our customers' everyday life easier so that they can devote all their time to their core business.

PostNord offers logistics solutions throughout the chain, from warehousing including inward deliveries to deliveries to, from and within the Nordic region. With about 5,800 distribution points, 120 terminals and a network of international partners, we cater for customers' logistics needs, to any destination. We also offer customized solutions for all parts of the customer's ordering and delivery chains. With PostNord, you can send everything from small parcels to container loads - to your neighbor or to the other side of the world.

With our broad service portfolio we can enhance the efficiency of our customers'

communications and increase its effect. Based on insight into our customers, we can help companies create results in both physical and digital channels. PostNord knows how to reach recipients at the right time, in the right channel, in the right place and at the right price. We can help companies find new customers and retain their existing ones.

PostNord has the right conditions to be the obvious partner for Nordic e-retailers, but also the first choice for recipients of items purchased online. Through PostNord it is also easy for consumers to send and receive mail and parcels because we have the largest number of distribution points in the Nordic region where you can drop off and collect parcels. PostNord provides a world-class level of precision in delivering mail and parcels.

Integrated organization to rapidly meet customers' needs

PostNord's organization is based on country units that are responsible for production and sales in each country. This means that we have collective responsibility for each customer with simple and clear contact channels. Although our customers run operations in several Nordic countries, our offers and services will look the same everywhere. We also gain better understanding of customers' needs and can offer additional and more efficient services. We can harness each other's skills and coordinate our

strengths. In addition the organization creates the conditions for integrated production operations without double distribution networks and overlapping delivery chains to customers, which further cuts our costs and bolsters our offer.

In 2014 PostNord's results were formally reported for the business areas Mail & Communication, Logistics and PostNord Strålfors. The net income for these business areas is presented on page 24. As of Q1 2015 PostNord will report results for the country units.

“Twice the effect”

Mail order company Engelsons has three million items in its warehouse in Falkenberg. It focuses on clothes and accessories for everyone who enjoys being in the great outdoors - everything from barbecue skewers to practical, robust clothing.

“We have about 250,000 loyal and returning customers. But of course we constantly want to reach even more people,” says Stefan Engelson, CEO of the company.

“To expand our customer base we send out our catalog six times a year with offers that are continuously adapted to the seasons. It has been a successful method so far. Each year we succeed in attracting 35,000 new customers, but we constantly ask ourselves how we can become even better.”

“We have worked with PostNord for a long time; they take care of our deliveries. And they have also given us a bit of help with our mailings from time to time. But last fall we decided together to take our marketing to a somewhat higher level. We put all our facts and experiences on the table. PostNord used this as a starting point from which to examine our customer databases in detail, conduct a thorough analysis and develop a concept for how we can increase the accuracy of our mailings.”

“We have now run three campaigns based on this recommendation, which have given us twice the effect. This surely shows that nothing is so good that it can't be improved on.”

Engelsons



PostNord Sweden

PostNord offers a broad palette of communications and logistics services and is responsible for the universal postal service in Sweden. With about 1,900 distribution points in Sweden, PostNord is a strong business partner for the growing e-commerce sector. In 2014 external net sales in PostNord Sweden amounted to SEK 21,987m.

Market conditions and competition

During 2014 the Swedish communications market continued to be considerably affected by the ongoing digitization. PostNord's offer in business communications and market communications mainly faces competition from digital alternatives. The biggest competitors in terms of mail services and direct mail are Bring, Citymail and Svensk Direktreklam. Various initiatives have been taken in Sweden in recent years to increase the digitization of companies' and public authorities' communication. However, the initiatives have so far not been as coordinated and far-reaching as those in Denmark. Mail volumes in the Swedish market fell by 4% in 2014.

The Swedish logistics market is characterized by consolidation, intense competition and cost focus. It is marked by rising demand for more, and increasingly advanced, services. The outsourcing of logistics solutions is on the rise as more and more companies to outsource all or parts of their supply chains. Customers request professional, cost-effective end-to-end solutions. In recent years PostNord Sweden has broadened its focus on freight, consignment goods, mixed cargo groupage and TPL solutions. PostNord's competitors in Sweden are, mainly, other major logistics companies such as DB Schenker and DHL.

The e-commerce market in Sweden continues to grow - in 2014 by 16%, to SEK 42.9 billion - and it is becoming increasingly integrated with the traditional retail trade. Customers' new purchasing behaviors demand more of the retail trade in terms of seamless transitions between

physical and digital methods, opportunities to view an item in one channel and buy it in another, with fast, customized deliveries. PostNord is the retailers' partner in everything from deliveries, warehousing and pick and pack, to market analyses and customer segmentation.

Events during the year

- Integration of the logistics and communications operations to one country organization.
- The new mail terminal in Rosersberg was commissioned in September. It is one of the most modern mail terminals in the world and a great deal of consideration was taken to environmental and climate impact during its construction. For example, the terminal has its own solar cell unit that supplies the building with some of the energy it needs. Volumes will gradually be transferred in the course of 2014 and 2015.
- PostNord Sweden changed the weight classification for individual, stamped mail on April 1. The upper limit of the lowest weight interval was increased from 20 to 50 grams and the postage was increased from SEK 6 to SEK 7.
- In August the efficiency of the terminal structure for PostNord's thermal operation in Norrland, northern Sweden, was improved by making Umeå a new central point. This creates better conditions for co-distribution in the region, which enables more capacity to be used in trucks and causes less environmental impact, for example.



- Swedish retailer Clas Ohlson signed a long-term agreement with PostNord for retail distribution in the Nordics (in this case, Sweden, Finland and Norway) and inward deliveries from the company's Nordic suppliers. PostNord's task is to secure efficient solutions that also reduce carbon dioxide emissions.
- The building materials and DIY chain Bauhaus extended its cooperation with PostNord. The agreement encompasses a central warehouse solution and distribution to Bauhaus stores and e-commerce consumers in Sweden.
- Swedish confectioner Candyking extended its long-term agreement for cooperation with PostNord. The agreement includes order production, warehousing and production of in-store displays and it is based at one of PostNord's TPL facilities in Norrköping.

Regulatory changes

PostNord is conducting active dialogue with Swedish decision makers to adapt postal regulations to the changed market conditions more effectively. This aims to secure efficient postal services in the long term on reasonable economic terms, despite the decline in mail volumes, and also to attain the Group's environmental targets.

Delivery quality

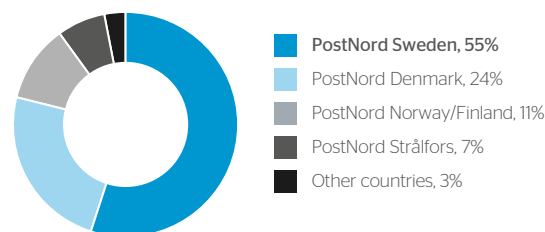
In 2014 delivery quality at PostNord Sweden was 93.5% for 1st class mail and 96.9% for parcels, compared to PostNord's own target of 95.0% for 1st class mail and 97.5% for parcels. The Swedish State's requirement is that at least 85% of 1st class mail be delivered on the following working day and 97% within three days. No quality requirements have been set on parcel deliveries. Many measures were taken during the year to improve quality and thus meet customer expectations. The measures resulted in a positive quality trend during Q4.

Development during the year

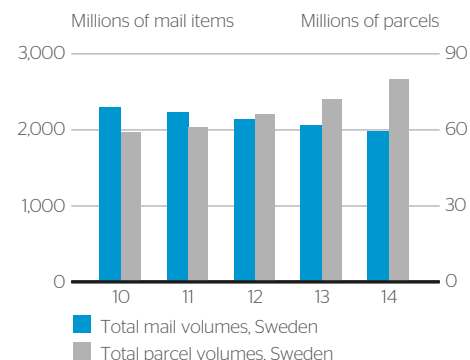
Net sales for PostNord Sweden increased by a total of 1%. Excluding acquisitions and exchange rate effects, net sales for Mail & Communication in Sweden decreased 2% due to reduced mail volumes, a lower number of newspaper subscribers and direct mail recipients and ongoing intense competition in the logistics industry. Logistics in Sweden increased by 7%, mainly as a result of new customer contracts and higher parcel volumes.

PostNord is implementing several restructuring programs in administration and production with the aim of adapting its operations to the declining mail volumes.

Share of external net sales



Total mail and parcel volumes, Sweden



Distribution, external net sales



DEVELOPMENT DURING THE YEAR

PostNord Sweden ¹⁾	2014	2013	Change	Change ²⁾
External net sales, SEKm	21,987	21,689	1%	0%
of which Mail & Communication	13,521	13,813	-2%	-2%
of which Logistics	8,466	7,876	7%	3%
Priority mail, millions of items	880	912	-4%	n/a
Non-priority mail, millions of items	1,103	1,144	-4%	n/a
Parcels, millions of items	80	72	11%	n/a

¹⁾ Division into geographic areas mainly based on the companies' domicile.
²⁾ Change excluding acquisitions/divestments and currency.

“Straight to your door”

Service logistics is a rapidly growing area. It includes home deliveries of food. This trend has gained impetus in Denmark. Irma, the primary supermarket chain in the country, is a telling example of this. They have previously only been able to offer home delivery to customers in the Copenhagen area. They have now expanded the service to cover large parts of Denmark, including Fyn and Jylland.

“As we are the best in the physical groceries sector, we also want to be the best in online trading,” says Jesper Wackerhausen, Commercial Director at irma.dk. Online shopping at irma.dk climbed by 80% in 2014. “Through our close collaboration with PostNord, which holds a leading position in service logistics, we hope to be able to continue our positive trend.”

“Irma packs thousands of plastic bags and insulated refrigeration and freezer bags with fresh products every day. PostNord makes three collections per day and delivers to distribution centers throughout the country - for rapid onward transportation to the homes of all food lovers. Talk about door-to-door deliveries!”



Irma

PostNord Denmark

PostNord is the market leader in mail services and is responsible for the universal postal service in Denmark. In addition PostNord provides a complete logistics offer, including welfare distribution and service logistics. PostNord has a distribution network consisting of about 950 post offices (called posthus) and approximately 475 Pakkeboksen self-service stations for parcels. In 2014 external net sales in PostNord Denmark amounted to SEK 9,679m.

Market conditions and competition

Denmark is one of the world's most digital countries and the first country in the world to have passed legislation on mandatory digital communications between the public sector and the business sector and citizens. Communications between the public sector and consumers has taken place digitally since November 1, 2014.

The digitization has substantially affected mail volumes, which declined by 12% in 2014. Competitors in the Danish market for mail distribution and market communications include Bladkompagniet and Forbrugerkontakt. The Danish logistics market is continuing to grow, driven by both the expanding e-commerce and by the increasing optimism in Danish business. There are, however, many players competing for a share in the growing logistics market. This leads to intensive competition for increased parcel volumes but at a lower price per item. PostNord's main competitors in the Danish logistics market are major international players such as DHL, GLS and UPS. In 2014 PostNord gained a strong position in the expanding service logistics market, not least in the groceries distribution segment, where the market grew substantially in 2014.

Events during the year

- Integration of the logistics and communications operations to one country organization.
- In the course of 2014 PostNord improved the structure of its Danish logistics operations to boost profitability. Previously all goods operations were run via subcontractors in the former company Transportgruppen, but PostNord's own network now handles the majority of the transportation.
- During the year PostNord Denmark signed a partner agreement with the Danish transportation and logistics company Blue Water Shipping, stipulating that PostNord will distribute the considerable volumes of parcels, pallets and mixed cargo groupage that Blue Water Shipping handles for its Nordic customers.
- New agreements were signed during the year for service logistics, for example with Irma, where PostNord delivers groceries to Irma's online customers. Thanks to PostNord's extensive distribution network, Irma now has the opportunity of offering customers home deliveries in large parts of Denmark.
- PostNord has also signed an agreement with the webshop Skagenfood where PostNord delivers fresh fish and other staple goods to customers' homes. PostNord's nationwide distribution network and high level of delivery quality were also the decisive factors in this agreement.



- PostNord Denmark increased the postage of stamped mail as of January 1, 2014, which means that the postage for priority mail was increased from DKK 8 to DKK 9. The postage of non-priority mail weighing up to 50 grams was increased by DKK 0.50 to DKK 7, and the postage for business mail was increased by an average of 3.4%.
- PostNord markedly expanded its network of branches in Denmark in 2014 by opening 150 post offices at partners in supermarkets, kiosks and similar locations. The expansion of the branch network makes PostNord the mail and parcel distributor in Denmark with the most comprehensive network of distribution points.

Regulatory changes and challenges

The Danish Parliament, the Folketing, adopted an amendment to Danish postal legislation in February 2014. The changes aimed to maintain efficient postal services on reasonable economic terms in light of the substantial declines in mail volumes. As at March 1, 2014 the licensing terms for Post Danmark A/S were amended, which primarily entails:

- That non-priority mail can be delivered within four days instead of the previously specified three.
- Changed requirements for the post office network, which mean that there must be at least 200 post offices that offer all services, and more than 750 that offer selected services.
- The opportunity of discontinuing deliveries of priority mail to consumers on Mondays.

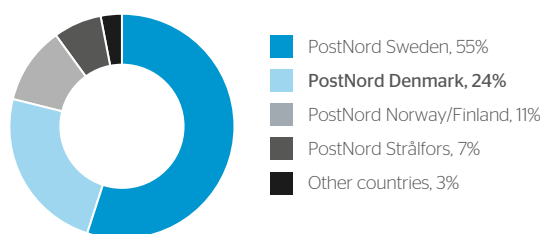
Delivery quality

The delivery quality in PostNord Denmark was as follows in 2014: 94.8% for 1st class mail and 98.0% for parcels, compared to PostNord's own targets of 95.0% for 1st class mail and 97.5% for parcels. The Danish State's requirement is 93% for both mail and parcels. The focus has been on improving the delivery quality for 1st class mail, and the result increased from the requirement level to nearly reaching the target.

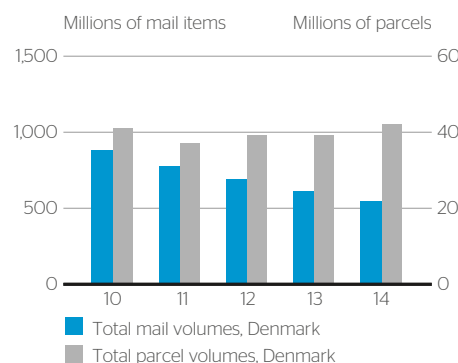
Development during the year

Net sales for PostNord Denmark decreased by a total of 1%. Excluding acquisitions and exchange rate effects, total net sales were down 6% due to reduced mail volumes, a lower number of direct mail recipients and ongoing intense competition in the logistics industry. Mail &

Share of external net sales



Total mail and parcel volumes, Denmark



Distribution, external net sales



Communication in Denmark saw a 9% reduction in its net sales, excluding exchange rate effects. Excluding exchange rate effects, Logistics in Denmark rose by 1%. PostNord is implementing several cost savings programs in administration and production with the aim of adapting its operations to declining volumes.

DEVELOPMENT DURING THE YEAR

PostNord Denmark ¹⁾	2014	2013	Change	Change ²⁾
External net sales, SEKm	9,679	9,807	-1%	-6%
of which Mail & Communication	6,802	7,102	-4%	-9%
of which Logistics	2,877	2,705	6%	1%
Priority mail, millions of items	237	278	-15%	n/a
Non-priority mail and Business mail, millions of items	308	337	-9%	n/a
Parcels, millions of items	42	39	8%	n/a

¹⁾ Division into geographic areas mainly based on the companies' domicile.

²⁾ Change excluding acquisitions/divestments and currency.

PostNord Norway/Finland

In Norway and and Finland PostNord mainly runs logistics services but also offers the distribution of parcels to consumers. In Norway PostNord is the country’s largest logistics company, with a strong position in mixed cargo groupage, consignment goods, thermal transportation and parcel goods. PostNord has about 1,400 distribution points in Norway and about 1,100 in Finland. PostNord Norway/Finland had external net sales of SEK 4,374m in 2014.

Market conditions and competition

The intense competition and accompanying price pressure in the Norwegian logistics market remains. The main competitor is Bring, but DHL and smaller players also compete. PostNord Norway is tackling the market situation by continuing to focus on increasing cost-effectiveness in the business and by providing a competitive end-to-end offering.

The logistics market in Finland is relatively fragmented with many local players. PostNord Finland is one of the leading players in overnight distribution, especially spare parts for vehicles, and in B2C distribution through its extensive network of distribution points. The main competitors are Posti Group and Schenker.

Events during the year

- At the start of October PostNord Norway opened a new goods terminal in Skei, situated between Stryn and Førde. The new terminal replaces three older terminals and, in addition to better operational stability and cost-effectiveness, it creates increased opportunities of offering services such as InNight and home deliveries.

- A series of challenges in the Norwegian rail network have forced PostNord to use more costly road transportation in order to maintain delivery quality, which has also adversely affected the environment.
- In both Norway and Finland PostNord is testing the concept of parcel mailboxes, from which customers can collect parcels 24/7. PostNord installed four such boxes in Oslo and two in Helsinki during the year.

Regulatory changes

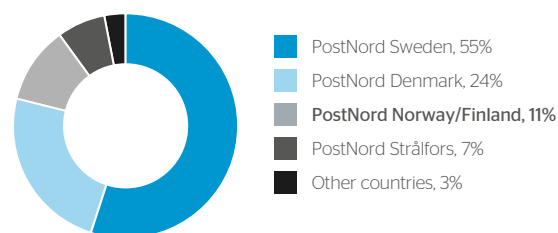
EEA member Norway has not implemented the same liberalization measures in the postal market as the EU Member States, so the Norwegian market remains regulated. In 2014 the Norwegian Government announced that the mail monopoly in the country could possibly be phased out. An opening of the Norwegian mail market could result in opportunities for other postal operators to also extend their mail operations to Norway.

Development during the year

Net sales for PostNord Norway/Finland decreased by a total of 1%. Excluding exchange rate effects, net sales decreased by 1%.



Share of external net sales



DEVELOPMENT DURING THE YEAR

PostNord Norway/Finland ¹⁾	2014	2013	Change	Change ²⁾
External net sales, SEKm	4,374	4,437	-1%	-1%
of which Logistics	4,374	4,437	-1%	-1%
Parcels, millions, Norway	96	8.4	15%	n/a
Parcels, millions, Finland	5.9	5.5	9%	n/a

¹⁾ Division into geographic areas mainly based on the companies' domicile.

²⁾ Change excluding acquisitions/divestments and currency.

A man in a dark suit and light blue shirt stands in a rural setting. He is holding a white spray nozzle attached to a blue and orange sprayer. In the background, there is a wooden cabin with a tiled roof and green foliage. A blue sprayer tank is visible in the foreground.

Clas Ohlson

“A comprehensive Nordic logistics solution”

It all started as a one-man mail order firm in Insjön in the Swedish province of Dalarna nearly 100 years ago. Today Clas Ohlson has grown to become a successful European retail chain. However, Insjön remains the heart of the business; The 77,000 m² warehouse is located there. Each day, 100 trucks carrying about 1,000 pallets drive in and out of this hub, to and from the 185 stores that have virtually no warehousing space of their own.

“The more we expanded, the more important it became to identify effective synergies to optimize our transportation arrangements,” says Peter Bergestål, Transport Manager at Clas Ohlson. “Our aim was to use one single supplier. For both inward and outward flows.

Throughout the Nordic region. One that also shares Clas Ohlson’s values in terms of approach to logistics and the environment.”

“By grouping our entire operation in the Nordic region under one umbrella, the company has benefited from substantial synergies. The vehicles can travel fully loaded in all directions. This creates financial benefits. And reduces carbon dioxide emissions. One extra bonus was that PostNord managed to put together a solution in Norway that reduces emissions by 30%.”

“All in all: a sustainable end-to-end solution packaged by PostNord.”

Financial overview 2014

Net sales and income

External net sales, SEKm	2014	2013	%
PostNord Sweden	21,987	21,689	1
<i>of which</i>			
<i>Mail & Communication</i>	13,521	13,813	-2
<i>of which Logistics</i>	8,466	7,876	7
PostNord Denmark	9,679	9,807	-1
<i>of which Mail & Communication</i>	6,802	7,102	-4
<i>of which Logistics</i>	2,877	2,705	6
PostNord Norway/Finland	4,374	4,437	-1
<i>of which Logistics</i>	4,374	4,437	-1
PostNord Strålfors	2,588	2,504	3
Other countries	1,322	1,096	
Group total	39,950	39,533	1

PostNord's net sales increased by 1% in 2014 compared to 2013. Excluding acquisitions and exchange rate effects, net sales decreased by 1%. Mail volumes declined by a total of 5% during the year, of which 12% in Denmark and 4% in Sweden. The Group's parcel volumes increased by 9%, of which e-commerce-related B2C parcel volumes increased by 15%.

The Group's reported operating income for 2014 reached SEK 351m (662) and the operating margin was 0.9% (1.7). The Group's result includes Other and Elimination of SEK -104m (-32). The Group's costs during the year were reduced through cost-saving programs, while at the same time higher parcel volumes led to additional variable costs. However, the net outcome was positive.

Adjusted operating income for the full year totaled to SEK 861m (826) and the adjusted operating margin was 2.2% (2.1). The Group's adjusted result includes Group items affecting comparability regarding provisions related to restructuring measures within Group functions and impairment of intangible assets in IT totaling SEK 246m as well as Other and Elimination of SEK -104m.

Net financial items were SEK -106m (-208) and were positively affected by lower interest expense related to pensions, finance leasing and exchange rate effects compared to the preceding year. Tax expense was SEK -69m (-148). Net income totaled SEK 176m (306).

Operations

Business area Mail & Communication

SEKm	2014	2013	%
Net sales	21,805	22,124	-1
Adjusted operating income, (EBIT)	728	570	28
Adjusted operating margin, %	3.0	2.3	
Operating income (EBIT)	592	570	4
Operating margin, %	2.4	2.3	

Net sales declined by 1% and excluding acquisitions and exchange rate effects by 3%. The lower net sales were mainly due to the continued digitization with declining mail volumes, lower number of newspaper subscribers and direct mail recipients, as well as continued

competition in direct mail. Mail volumes decreased by a total of 5%, of which 12% in Denmark and 4% in Sweden. The volume decline was partially mitigated by further strong growth in e-commerce-related services.

Reported operating income totaled SEK 592m (570) and the operating margin was 2.4% (2.3). During the year, major cost-savings programs and efficiency measures were carried out.

Towards year-end, a property in Denmark was divested, generating a capital gain. Adjusted for items affecting comparability, operating income totaled SEK 728m (570) and the operating margin was 3.0% (2.3). The improvement was mainly the result of personell streamlining actions carried out.

Business area Logistics

SEKm	2014	2013	%
Net sales	15,940	15,187	5
Adjusted operating income (EBIT)	-10	122	>100
Adjusted operating margin, %	-0.1	0.7	
Operating income (EBIT)	-74	122	>100
Operating margin, %	-0.5	0.7	

Net sales increased by 5% and excluding acquisitions and exchange rate effects by 2%. The increase is mainly due to new contracts and higher parcel volumes. Parcel volumes rose 9%, with the number of e-commerce-related B2C items increasing by 15%.

Reported operating income totaled SEK -74m (122) and the operating margin was -0.5% (0.7). During the year, substantial cost-saving programs were carried out, which reduced costs, while at the same time higher parcel volumes increased related variable costs. However, the net outcome is, positive. Reported adjusted operating income totaled SEK -10m (122) and the adjusted operating margin was -0.1% (0.7). The lower margin is attributable to the continued tough competition in the logistics market.

PostNord Strålfors

SEKm	2014	2013	%
Net sales	2,663	2,612	2
Adjusted operating income (EBIT)	1	2	-50
Adjusted operating margin, %	0.0	0.1	
Operating income (EBIT)	-63	2	>100
Operating margin, %	-2.4	0.1	

Net sales increased by 2%. Excluding acquisitions and exchange rate effects, net sales decreased by 1%. Lower sales in units exposed to competition from digital alternatives were offset by higher sales of, in particular, standardized printing solutions and new customer contracts.

Reported operating income totaled SEK -63m (2) and the operating margin was -2.4% (0.1). During the year cost-saving and efficiency programs were carried out. Adjusted operating income totaled SEK 1m (2) and the operating margin was 0.0% (0.1). Comparative figures for net income in 2013 were amended by SEK -16m due to a corrected report from a subsidiary during the first quarter of 2014.

A decision was taken during the year to evaluate a possible divestment of the business of Strålfors with a view to free up capital in PostNord, while enabling Strålfors to expand its opportunities to develop through a new ownership structure. The evaluation process is proceeding as planned. The fulfilment business conducted within Strålfors will remain with PostNord and will not be affected by any future divestment.

Financial position

The Group's equity decreased to SEK 7,991m compared to SEK 9,034m in the preceding year. The reduction is primarily attributable to revaluation of pension obligations in the amount of SEK -1,682m, and an adjustment of SEK 370m in deferred tax and exchange differences of SEK 238m.

The debt ratio (net debt/equity) was 46% compared to 18% as at December 31, 2013. The increase over the year was attributable to revaluation of the pension liability based on a lower discount rate, and to a negative cash flow after investments. The net debt/EBITDA ratio (trailing 12-month) was 1.7.

PostNord is conducting capital efficiency programs in, above all, two areas. In working capital our focus is on reducing current receivables and increasing current liabilities by reviewing our contracts, while in our real estate portfolio we are evaluating potential property divestments. Over time, this will enhance our flexibility.

Net debt

SEKm	Dec 31, 2014	Dec 31, 2013
Financial receivables	1,092	1,199
Current interest-bearing receivables	0	163
Cash and cash equivalents	1,843	1,981
Interest-bearing liabilities	-5,384	-4,592
Pensions ¹⁾	-1,223	-375
Net debt²⁾	-3,672	-1,624

¹⁾ Including plan assets.

²⁾ The definition of net debt was changed as of 2014 in conjunction with the decision on new financial targets at the 2014 AGM, after which values for 2013 were restated. Also see Note 33 for Definitions.

The Group's net debt increased by SEK 2,048m to SEK 3,672m. The increase was mainly due to revaluation of the pension liability based on a lower discount rate, and to a negative cash flow after investments.

The Group's financial preparedness totaled SEK 3,843m, compared with SEK 3,968m on December 31, 2013. The total consisted of cash and cash equivalents of SEK 1,843m and an unutilized committed line of credit of SEK 2,000m maturing in 2017.

Cash flows

Cash flow from operating activities totaled SEK 670m (1,657). The decrease was mainly due to a negative cash flow from a reduction in current liabilities, mainly due to lower accounts payable compared with the preceding year.

Cash flow from investing activities totaled SEK -1,386m (-2,640). The change was mainly due to fewer acquisitions in 2014 than in 2013, divestment of properties and lower investments in property, plant and equipment. Investments in tangible fixed assets were primarily made in production vehicles, transport and sorting equipment and facilities related to the establishment of the new terminals in Sweden.

Cash flow from financing activities totaled SEK 566m (-82). During the period the Group raised new loans totaling SEK 750m net (181).

Cash and cash equivalents totaled SEK 1,843m at the end of the period, compared with SEK 1,981m as of December 31, 2013.

Parent Company

The Parent Company PostNord AB has run very limited operations in the form of intra-Group service, and as at December 31 the Company had three employees. No net sales were recognized during the year. Operating expenses totaled SEK 40m (36). Financial items totaled SEK 31m (-110) for the full year. Of the financial items, SEK 200m (773) comprised dividend from subsidiaries and SEK 0m (800) was attributable to last year's write-down of shares in subsidiaries. Net income totaled SEK 192m (-30).

Proposed distribution of earnings

The Board of Directors proposes that unappropriated earnings be distributed as follows:

SEK	
Carried forward	3,630,378,067
Total	3,630,378,067

In view of the Company's results and its ongoing restructuring needs, the Board of Directors proposes that no dividend be paid.

Important events in 2014

Key events - Q1

Strategy development, new organization and changed Group brand structure

On February 3, 2014 PostNord launched a revised version of the strategy that was established in 2011. The strategy was developed in terms of the Group's key priorities. In addition, it was announced that a new organization would apply as of March 31, 2014. Since March 31, 2014 PostNord has been organized in a matrix organization with country units (Sweden, Denmark, Norway and Finland). PostNord also announced that as of 2014 it would integrate the Group's commercial brand symbols with PostNord's logo to harness the strength of existing commercial brands and increase clarity and uniformity.

Changes to the Group Executive Team and Board of Directors

As of February 1, 2014 the following people have been members of PostNord's Group Executive Team: Håkan Ericsson, K.B. Pedersen, Andreas Falkenmark, Peter Kjaer Jensen, (as of April 1), Per Samuelson, Annemarie Gardshol, Anders Holm, Henning Christensen, Robin Olsen, Henrik Rättzén, Per Mossberg, Joss Delissen, Finn Hansen and Johanna Allert.

The Swedish State's representative on the Board of Directors, Jonas Iversen, resigned his position as a PostNord Board member on February 14, 2014. Patrik Jönsson was a co-opted Board member for the time until the AGM.

New Danish postal legislation

The Danish Parliament, the Folketing, adopted an amendment to Danish postal legislation on February 18, 2014. The changes aim to maintain efficient postal services on commercial terms in light of the substantial declines in mail volumes. As a result of the new Danish postal law, the licensing terms for Post Danmark A/S were changed on March 1, 2014.

New weight category and new prices in Sweden

On February 24, it was announced that the weight category for 1st class mail would change in Sweden. As of April 1, 2014 just one stamp is required for items weighing up to 50 grams (the previous limit was 20 grams). At the same time, the postage was adjusted to SEK 7.

Charging VAT on postal services

In March, Nordea submitted a demand to the Office of the Chancellor of Justice aimed at the Swedish State regarding charging VAT on postal services. VAT has been charged on postal services according to applicable Swedish legislation. On November 20, 2013 the European Commission announced a decision to take legal action against the Swedish State at the EU's Court of Justice because Sweden has not implemented the provisions of the VAT Directive regarding VAT exemption for postal services. The Office of the Chancellor of Justice rejected Nordea's demand in April 2014 and referred to factors such as the EU's Court of Justice possibly trying the case. Additionally, a number of customers of Posten AB have submitted equivalent demands.

PostNord issues bonds totaling SEK 550m.

On March 25 PostNord AB issued bonds of SEK 550m with April 1 as the settlement date. The bond loan spans five years and carries a variable interest rate of 3 months STIBOR + 85 basis points. The issue took place within the framework of the existing Medium Term Note program, and the bonds are listed on NASDAQ Stockholm.

Key events - Q2

PostNord's 2014 AGM

PostNord's AGM was held on April 23, 2014. Jens Moberg was re-elected Chairman of the Board. The meeting re-elected the Board members Mats Abrahamsson, Gunnel Duveblad, Christian Ellegaard, Sisse Fjelsted Rasmussen, Torben Janholt and Anitra Steen. Magnus Skåninger was elected as a new Board member. The meeting also decided on new financial targets for PostNord.

New CFO

On May 12 PostNord announced that Gunilla Berg had been appointed as the new CFO to succeed Henrik Rättzén who left PostNord. Gunilla Berg took up her position in September.

PostNord is refinancing a SEK 2 billion credit facility

PostNord entered an agreement for a three-year Multicurrency Revolving Credit Facility of SEK 2 billion for short-term financing. The credit facility replaces the previous one that matures in 2016.

Key events - Q3

Extraordinary General Meeting 2014

At an Extraordinary General Meeting on August 25, 2014 a decision was made to merge PostNord Logistics AB with Posten Meddelande AB, which, in conjunction with this, changes its name to PostNord Sverige AB.

Key events - Q4

Cost-saving program

PostNord initiated a cost-saving program with an annual saving of approximately SEK 500m. The program aims to reduce the number of employees by a total of around 800, of which the majority in Denmark, in administration and other support functions. The related provisions of SEK 696m, was charged to the result in the fourth quarter. Negotiations with the trade unions were concluded in December in Denmark and January in Sweden.

Evaluation of conditions for possible divestment of the Strålfors business

PostNord decided to evaluate the conditions for a possible divestment of the Strålfors business. A sale of Strålfors would free up capital in PostNord, while a new ownership structure could enable Strålfors to expand its opportunities to fully participate in the dynamic growth in the north European communications market. The fulfillment business within Strålfors will remain with PostNord and will not be affected by any future disposal.

Changes in PostNord's Group Executive Team

Knud B. Pedersen retired from his position as the Group's Deputy CEO and PostNord AB's Executive Vice President at year-end. At the same time, Knud B. Pedersen left his post as CEO of Post Danmark A/S. During the first half of 2015, Knud B. Pedersen will serve as an advisor to PostNord's President and CEO.

The legal and operational structures in Denmark were consolidated at year-end. At the time, the Head of PostNord Denmark, Henning Christensen, also took over as CEO of Post Danmark A/S. Effective year-end, Group function Legal affairs will report to the CEO and Head of Legal affairs Kristina Lilja, who took up her post in the fourth quarter, will join the Group Executive Team.

Following an evaluation of a possible divestment of the Strålfors business, Strålfors CEO Per Samuelson will no longer be part of the Group Executive Team effective October 30, 2014.

Dispute regarding licensing conditions for PostNord Group AB "PostNord" (formerly Posten AB)

On September 27, 2013, the Swedish Administrative Court issued a ruling on the 2012 Licensing Conditions. The effect of the ruling was to approve PTS's decision establishing very far-reaching requirements for transparency, which would harm PostNord's competitiveness. PostNord appealed the decision at the Stockholm Administrative Court of Appeal, which did not grant leave to appeal. PostNord appealed the decision at the Supreme Administrative Court, which on December 22, 2014 decided not to grant leave to appeal. As a result, PTS's decision regarding the 2012 Licensing Conditions stands. The current licensing conditions are valid until September 30, 2015, inclusive. Under these conditions, PTS reserves the right to amend its transparency requirements when the final review of the 2012 conditions has concluded, but it has not yet been clarified whether PTS will avail itself of this right.

Key events after the reporting date

No significant events occurred after the reporting date.

Sustainability is central to PostNord's continued development and success

PostNord makes it possible for companies and consumers to do business and communicate with each other every day, thus fulfilling an important function in the business community and society of the Nordic countries. This carries a great responsibility. It is crucial to predict, understand and act on the issues that our stakeholders perceive as important in order to develop the Group in the right direction.



Customers

PostNord is a leading player in communication and logistics in the Nordic region and wants to be the first choice for customers and recipients throughout the region.

Targets: Increase corporate image index, increase customer value index, quality targets for delivery of mail and parcels (see page 12).

Dialogue and follow-up: Customer meetings, customer service, drivers and mail carriers, PostNord's service network, customer ombudsman/appeal body.

Measurements: Measurements of customer satisfaction and of consumer and corporate customer perceptions of PostNord. Measurements of delivery quality for mail and parcels, customer-specific environmental data.

Important issues: Delivery quality, accessibility, high level of expertise among sales representatives, good customer service, security, environment, focus on customer solutions, supplier chain.



Employees

With around 38,000 employees, PostNord is one of the largest employers in the Nordic region.

Targets: Increase the employee index (MIX) and leadership index (LIX), improve gender equality, reduce sick leave (see page 12).

Dialogue and follow-up: Performance appraisals, workplace meetings, employee dialogues, communication via internal channels, dialogue with trade unions.

Measurements: Annual employee surveys, leadership follow-up, employee commitment, sick leave, women in executive positions, work environment survey, incident reporting.

Important issues: Customer focus, health and safety, information on the development and direction of the Group, responsible restructuring, development opportunities, working conditions, gender equality.



Owners

The overall mission from the owners is to create value and ensure provision of a universal postal service.

Targets: Return on capital employed 10.5%, net debt/equity ratio 10-50%, dividend, reduce carbon dioxide emissions, improve gender equality (see page 12).

Dialogue and follow-up: Annual General Meeting (AGM), Annual Report and Sustainability Report, interim financial statements, continuous dialogue via discussions and meetings.

Important issues: Value creation and financial stability, sustainable enterprise, performance of universal service obligation stipulated by law, and license conditions.



Business partners

Business partners summarizes PostNord's relationships with partners outside the Group, for example suppliers and partner outlets. Every year PostNord purchases goods and services amounting to billions of kronor and has around 5,800 distribution points.

Dialogue and follow-up: Supplier meetings, tenders and purchasing negotiations, dialogue with partner outlets.

Measurements: Annual measurements of Swedish and Danish partners' perceptions of their collaboration with PostNord. Mystery shopper measurements.

Important issues: Partnership, delivery reliability, information from PostNord in support of customer service. Transparency in procurement processes, capacity for payment, quality of delivery. Sustainability in the supplier chain.



Society

PostNord plays a key role in the Nordic business community and society.

Targets: Increase corporate image index, reduce carbon dioxide emissions (see page 12).

Dialogue and follow-up: Dialogues with public authorities, politicians and opinion leaders. Dialogue and collaboration with trade associations, interest groups (e.g., rural), organizations for sustainable development and social responsibility. Dialogues with students.

Measurements: Corporate image surveys, specific questions linked to sustainability in the Group's customer and employee surveys, measurement of the environmental impact of the business.

Important issues: Quality, environment, security, reliability, accessibility, consideration of customer needs, degree of value for money of products and services.



Capital market

PostNord finances its business partly through bonds. Capital market confidence is therefore important to PostNord.

Targets: Ambition to be an investment grade company.

Dialogue and follow-up: Interim financial statements, Annual Report and Sustainability Report, meetings and discussions with analysts and investors.

Measurements: Shadow rating, price of PostNord's outstanding bonds, access to new financing.

Important issues: Financial stability, net debt/equity ratio, cash flow, business model, ownership structure.

Sustainability a priority

Sustainability has been highlighted during the year as one of the areas of highest priority for the Group and is one of the priorities in the Group strategy. The Group Executive Team bears main responsibility for managing PostNord's work on sustainability. The Head of Sustainability reports to the HR Director, who bears overall responsibility for sustainability issues in the Group Executive Team.

During the year the focus was on aspects including implementing a new Group-wide Code of Conduct and establishing a sustainability committee whose basic task it is to provide input to the strategic agenda for sustainability work in the Group. The committee is also responsible for ensuring that sustainability work is performed in the Group's functional management teams or other relevant forums. Further, the sustainability aspects of most relevance to PostNord's stakeholders and the Group were evaluated with the help of a materiality assessment.

Owner with high demands

The Swedish State's ownership policy and guidelines for state-owned companies demand that PostNord shall act in an exemplary manner in sustainable enterprise. State-owned companies shall have a well-considered, well-established policy and strategy and set strategic targets for sustainable enterprise. Like other state-owned companies, PostNord is evaluated with regard to both financial and non-financial targets.

Assessment of material issues

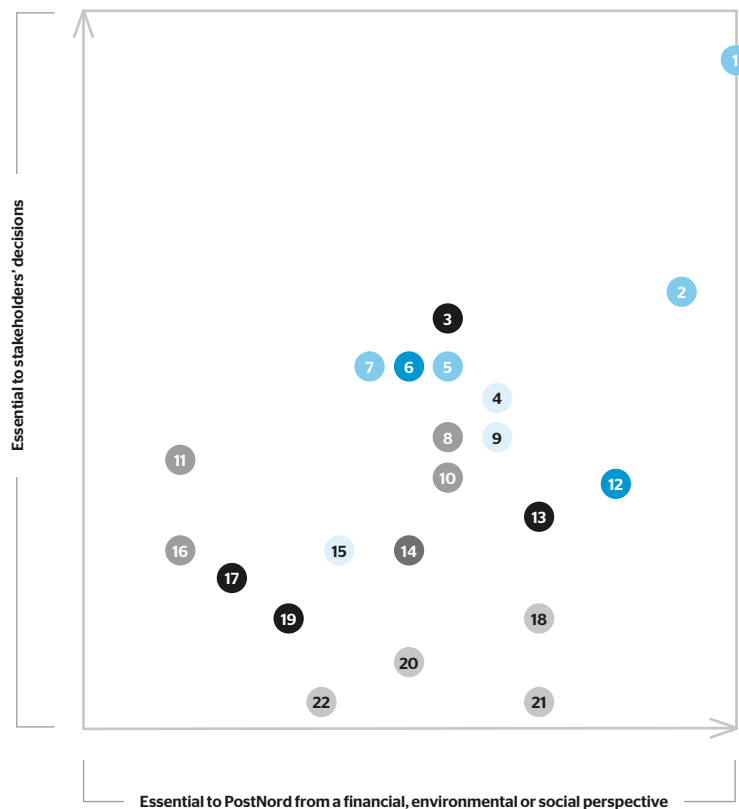
PostNord works in harmony with the surrounding world and depends on its trust. In short, this means that what is important to PostNord's key stakeholders is also important to PostNord. Also PostNord, in its capacity as a state-owned company, is expected to act in an exemplary manner. To determine which sustainability aspects are prioritized by PostNord's stakeholders and internally in the Group, a materiality assessment was performed in 2014.

This work took place internally with participants from the Group Executive Team and representatives from Group functions, country organizations and business areas. The group was asked to rank various sustainability issues, partly in terms of their significance to PostNord and partly considering their importance to stakeholders when they make decisions. The materiality assessment was based on the methods in GRI G4, but the sustainability aspects specific to PostNord were also ranked.

Verification of the materiality assessment

The results of the materiality assessment were discussed and verified during the year by a few selected representatives of certain stakeholders. The customers particularly highlighted delivery quality, the environment and follow-up on the supplier chain as material aspects, while employee representatives emphasized health and safety and responsible restructuring. The materiality assessment will be followed up on an annual basis, and verification with customers and other stakeholders will be handled within established dialogue.

Material sustainability issues	GRI/Own
We are striving for profitable long-term development	
6 Financial results	GRI
12 Return on capital/Dividend to shareholders	GRI
We enable companies and consumers to do business and communicate.	
1 Delivery quality	Own
2 Product labeling/Customer satisfaction	GRI
5 Customer complaints	Own
7 Overnight delivery	Own
We take responsibility for our environmental impact.	
4 Environmental impact of products and services	GRI
9 Emissions	GRI
15 Sustainable product solutions	Own
We care about our employees	
18 Responsible restructuring	Own
20 Health and safety	GRI
21 Employee confidence in management	Own
22 Diversity and gender equality	GRI
We take responsibility for our impact on society	
8 Accessibility	Own
10 Delivery reliability, security	Own
11 Impact on local communities	Own
16 Indirect economic impact	GRI
We make demands when purchasing goods and services	
14 Assessing suppliers	GRI
We comply with legislation and regulations	
3 Customer privacy	GRI
13 Compliance	GRI
17 Anti-corruption	GRI
19 Competition-inhibiting behavior	GRI



After an initial review of all GRI aspects (sustainability issues) around 40 aspects/issues were evaluated in the final analysis. The overview above shows the 22 aspects/issues that it was finally decided were within the interval "high to very high relevance" to both external stakeholders and PostNord.

Compilation of results of the materiality assessment:

Material aspect	Sustainability issues in the matrix on page 28	Material		Why material to stakeholders' decisions?	Why material to PostNord?
		Ext	Int		
We are striving for profitable long-term development	Financial results ⁶	x	x	A well-managed, profitable company is attractive in the eyes of the surrounding world - it finds it easier to attract new customers, employees, suppliers and financiers. Dividends are paid to the shareholders and, by extension, all citizens in Denmark and Sweden. Taxes are paid to the State treasuries in the countries where business is conducted.	Profitable, sustainable development is required if the company is to exist and be successful.
	Return on capital/Dividend to shareholders ¹²	x	x		
<i>Read more on pages 12 and 36.</i>					
We enable companies and consumers to do business and communicate	Delivery quality ¹	x	x	High delivery quality is crucial to customer decisions on their choice of supplier of communications and logistics services.	Along with customer satisfaction, it is a requirement for further business and profitable development.
	Product labeling/Customer satisfaction ²	x	x		
	Customer complaints ⁵	x	x		
	Overnight delivery ⁷	x	x		
<i>Read more on pages 12 and 36.</i>					
We take responsibility for our environmental impact	Environmental impact of products and services ⁴	x	x	Many customers have ambitious environmental targets that PostNord can help them to achieve as their supplier. As a State-owned company, PostNord is expected to act in an exemplary manner in the environmental field.	Environmental efforts are becoming an increasingly important competitive factor and are crucial to PostNord's ability to rise to the challenge of competition. A lower environmental impact often means lower resource consumption, with lower costs as a result.
	Emissions ⁹	x	x		
	Sustainable product solutions ¹⁵	x			
<i>Read more on pages 30-32.</i>					
We care about our employees	Responsible restructuring ¹⁸		x	Being a good employer is fundamental to attracting skilled personnel. Many customers also make demands in this area.	As one of the Nordic region's biggest employers, PostNord bears major responsibility for its employees. Good employee relations are crucial to PostNord, particularly if it is to succeed in restructuring the business.
	Health and safety ²⁰	x	x		
	Employee confidence in management ²¹	x	x		
	Diversity and gender equality ²²	x	x		
<i>Read more on pages 33-35.</i>					
We take responsibility for our impact on society	Accessibility ⁸	x		Many consumers and organizations use and depend on PostNord's services - they expect PostNord to always keep its promises.	PostNord has a key role to play in the business community and in society, both in its performance of universal postal service obligations and by being a communication and logistics supplier with extensive coverage and capacity.
	Delivery reliability and security ¹⁰	x	x		
	Impact on local communities ¹¹	x			
	Indirect economic impact ¹⁶	x			
<i>Read more on pages 36-37.</i>					
We make demands when purchasing goods and services	Assessing suppliers ¹⁴	x		Good relations with suppliers have a positive effect on cooperation. Customers and other stakeholders expect PostNord to manage its supplier chain in a responsible manner.	Working with responsible business partners reduces risks and contributes to PostNord's own sense of responsibility and performance in terms of sustainability.
<i>Read more on pages 38.</i>					
We comply with legislation and regulations	Customer privacy ³	x	x	PostNord handles large quantities of mail items and customer data, and all stakeholders expect PostNord to handle them in the correct way.	PostNord has several external and internal principles and regulations to navigate and comply with.
	Compliance ¹³	x	x		
	Anti-corruption ¹⁷	x	x		
	Competition-inhibiting behavior ¹⁹	x	x		
<i>Read more on page 39.</i>					

The basis of PostNord's work on sustainability

Mission, vision and values	Code of Conduct
Business plan with financial and non-financial targets	Certified management system

Constant improvements with management system

Certification is a competitive advantage that many customers request. In 2014 the Swedish part of the Group received a work environment certificate (OHSAS 18001) for the first time. The Danish business has had a work environment certificate since 2009. The Swedish and Danish businesses are already certified to the standards for quality (ISO 9001) and the environment (ISO 14001). PostNord Norway and PostNord Strålfors have their own quality and environmental certificates. The certification involves regular internal evaluations and external audits, which form an important part of internal improvement efforts.

Towards an environmentally sound PostNord

Being one of the Nordic region's foremost suppliers of communication and logistics solutions is linked to environmental impact, mainly in the form of carbon dioxide emissions from road transport. By focusing on energy and emissions, PostNord is paving the way to reducing its environmental impact.

The Group's targets for emissions reduction

As a transportation company, emissions of carbon dioxide from its own vehicles and outsourced transportation services constitute PostNord's largest environmental impact. The Group uses all types of transportation in its business - from air and truck to moped and bicycle. Reducing the Group's carbon dioxide emissions is one of the key areas where sustainability is concerned. The Group's long-term environmental targets mean a decrease in carbon dioxide emissions of 40% by 2020, compared to the level in 2009. Since 2009 emissions have decreased by 16.6%, thanks to efficiency measures taken in the transportation chain, investments in vehicles with better fuel economy, an increased proportion of electrical vehicles, a greater proportion of biofuel in diesel and the purchase of fossil-free electricity. The marginal increase of 0.2% in 2014 is mainly due to the fact that the emissions factor for non-eco-labeled electricity, which is used to calculate carbon dioxide emissions, has increased significantly. However, the Group has reduced energy consumption in its premises by 5% during the year.

The way forward

In 2014 a renewed strategic analysis was carried out to clarify the measures required to achieve the environmental target. The greatest challenge lies in reducing emissions from heavy load transportations. There are several alternatives, including switching road-based transportation to trains and replacing conventional vehicles with electric vehicles, for example. The integrated production model (read more on page 11) will also reduce carbon dioxide emissions since transporting mail and parcels in the same vehicles and a more efficient internal infrastructure will reduce the need for transportation.

Dependent on external players

The way forward is also influenced by politics and instruments at national, regional and local level in different transportation segments. PostNord and other players in the industry see a great need for stable and predictable energy and transportation policies that take a long-term approach. The Swedish and Norwegian railway network is under-maintained and its capacity is limited. This naturally affects PostNord's operations, which make high demands in terms of delivery quality. Opportunities for a greater number of more rapid and efficient switches between rail and road vehicles, for example, are also of central importance.

Alternative fuels and more electric vehicles are required if PostNord is to achieve its target. In Sweden several fuel suppliers supply diesel with a high proportion of biofuel, a diesel standard that is not available in the other countries where the Group operates.

During the year PostNord carried out two tenders for electric vehicles, the aim being to increase the proportion of electric vehicles in the Group and reduce the proportion of short distances driven using vehicles run on fossil

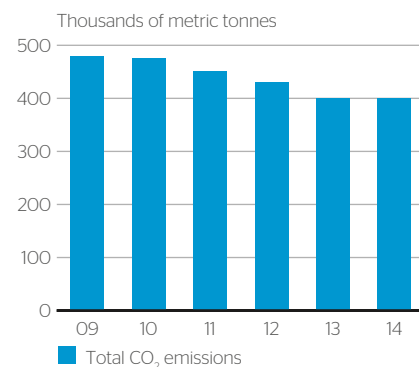
fuel. Where small and light duty vehicles are concerned, it is becoming increasingly economical to switch from conventional vehicles to electric vehicles.

Emissions¹⁾

(tonnes unless otherwise stated)

	2014	2013	2012
Fossil CO₂ emissions, total	400,690	399,951	430,154
Direct CO₂ emissions (EN15, Scope 1)	141,830	165,655	137,657
<i>Own transportation</i>			
Fossil fuels	140,108	163,819	136,027
Renewable fuels	15,629	11,451	8,775
<i>Direct heat consumption (gas and oil)</i>	1,722	1,837	1,630
Indirect CO₂ emissions (EN16, Scope 2)	41,487	33,362	43,825
<i>Heat and electricity</i>	107,228	78,456	87,395
<i>Purchase of eco-labeled electricity (EN19)</i>	-65,741	-45,094	-43,570
Other indirect CO₂ emissions (EN17, Scope 3)	217,372	200,933	248,672
<i>Subcontractors, transportation (road, rail, air and sea)</i>			
Fossil fuels	211,652	194,214	241,348
Renewable fuels	9,813	10,819	13,306
<i>Business travel, EN17</i>	5,720	6,720	7,323
Other emissions to air for transportation (EN21)			
Carbon monoxide	605	594	626
Nitrogen oxides	2,842	1,754	2,279
Hydrocarbons (VOC)	286	215	243
Particulates	121	57	43

Carbon dioxide emissions, 2009-2014¹⁾



¹⁾ The emissions data includes completed acquisitions. Previously reported emissions have been adjusted.

Delivery requirements balanced with environmental ambitions

PostNord strives to conduct all business with the minimum possible impact on the environment. Both the Swedish and the Danish postal regulations specify requirements for overnight delivery. To meet these requirements, some mail items must be transported by air in Sweden, which means higher carbon dioxide emissions compared to road or rail transportation. Further, overnight delivery requirements mean that mail must be distributed every weekday, regardless of whether or not the mail carrier's vehicle is filled to capacity. PostNord manages mail and parcel volumes in an efficient way. To the same extent, the demand from the State owners means that carbon dioxide emissions per shipment are not decreasing at the same pace as the total decrease in mail volumes.

Organization for a more environmentally sound PostNord

The Group's sustainability department is responsible for strategic environmental work. The Head of Sustainability reports directly to the Chief HR Officer, who is responsible for PostNord's environmental targets. The outcome is followed up on a quarterly basis through reporting to the Group Executive Team and Board.

The Group's sustainability department leads the Environmental Council, on which the Group's country organizations are represented. The Environmental Council's task is to ensure that the strategic environmental work is carried out and to share experiences and best practice in the Group.

In 2014 the Board adopted PostNord's Group-wide Code of Conduct (read more on page 39), which includes the environmental policy.

The Group's environmental aspects are regularly reviewed and assessed. Procedures and instructions are available in the management system that take into consideration the precautionary principle, e.g. in actions to be taken in incidents that can affect the environment, chemicals management and waste management. When parts of the business are established or moved, or when new products and services are developed, environmental impact assessments are performed, with aims including minimizing environmental risks. The environmental work

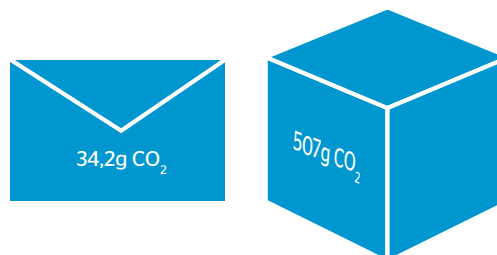
is evaluated internally through e.g. internal controls and evaluations. The Group's management system is revised annually by an external party. PostNord's operations in Sweden, Norway and Denmark plus Strålfors is environmentally certified according to ISO14001; see page 29.

Environmentally licensed operations

PostNord conducts business in Sweden, Denmark, France and Poland that must be reported to the authorities as stated in national legislation. In Sweden, France and Poland, this affects Strålfors facilities for graphic production. In Sweden a number of vehicle washing facilities are also required to report their business activities.

During the year a major environmental incident occurred in Sweden when a fuel tank on a truck was damaged in an accident and 480 liters of diesel leaked out near a municipal water catchment. Immediate actions were taken and the land was decontaminated.

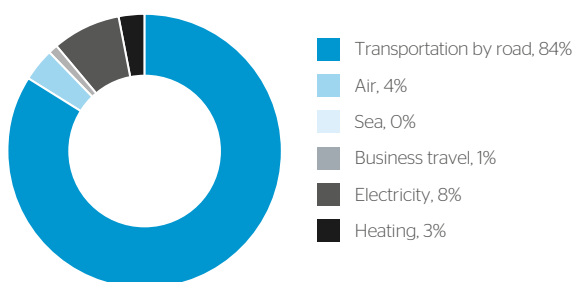
Carbon dioxide emissions per item (EN18)



PostNord supplies environmentally sustainable product solutions

Customers have high environmental demands, giving PostNord even more reason to reduce its emissions and environmental impact. One of the most important customer demands is for the business to be environmentally certified. PostNord's business has been partly certified according to ISO14001 for more than 15 years. Many corporate customers have their own ambitious environmental targets and as a transportation supplier, PostNord can help them achieve these targets. PostNord offers services including environmental services. There are also increasingly frequent demands for rail transportation to be used wherever possible. For example, PostNord's Norwegian business has helped customers reduce emissions by moving goods from roads to railways. PostNord also contributes to the customer's reporting and communication, for example through customerspecific environmental reports. Customers use these reports to monitor their logistics flow and make it more efficient and also as documentation for their own environmental and sustainability reporting.

Distribution of total carbon dioxide emissions per category



How we reduce our environmental impact

1. We transport approximately 65% of mail volumes in Sweden by rail between sorting terminals. In Norway, the majority of parcel and pallet volumes are transported by rail.

In 2013 and 2014 PostNord put two new mail terminals, in Hallsberg and Rosersberg into operation. The terminals are located near the Swedish railroad network, with tracks that go straight into the buildings, which simplifies the flows transported by rail. In 2014 some pallet transportation between Malmö and Stockholm was transferred to trains, replacing around four trucks daily.

2. We are installing solar panels and making the business more energy efficient

The mail terminal in Hallsberg became certified as a Green Building in 2014. At the Rosersberg terminal, put into operation during the year, there are 2,000 m² of solar panels on the roof, giving around 200,000 kWh over the course of a year and meeting around 4% of the terminal's need for electricity. In 2014 PostNord won an award during the Building Green Forum expo in Copenhagen for its Grøn Adfærd (Green Behavior) initiative. The initiative takes the form of a campaign in PostNord's Danish business that aims to save energy. The campaign was launched in 2012 and apart from greater awareness of environmental issues among employees, it has led to lasting results in the form of a reduction in energy costs of around 10% per m².

During the year PostNord, along with a power supplier, analyzed electricity consumption at three mail carrier offices on the Swedish island of Gotland. The analysis meant that energy consumption could be reduced by around 20%. A competition to save energy among the employees showed that there is potential to reduce energy consumption by a further 12%.

3. We're reducing fuel consumption in air transportation

To meet the requirements for overnight delivery, mail and parcels must be flown within Sweden. Transportation by air accounts for 4% (5) of the Group's total carbon dioxide emissions. In 2012 PostNord entered into a partnership with the Group's air services partner, where new radio equipment and training in eco-flying are reducing carbon dioxide emissions from Swedish domestic transportation by around 10%.

4. We're developing smarter communication and logistics solutions together with customers and suppliers

In the Norwegian operation, PostNord has helped customers to reduce their emissions by moving goods transportation from road to rail, for example. This has been possible due to changes in customers' production times.

9. We're increasing the pace of environmental efforts through employee suggestions

Since 2009 PostNord has had an internal environmental fund that aims to increase the pace of environmental work. The Group earmarks substantial funds for environment improvement measures and gives employees the opportunity to make suggestions about how the money should be invested. During the year, funds have been granted for purchases of small electric vehicles in Denmark and a project to raise employee awareness of energy consumption in Sweden.

7. We're filling up vehicles and optimizing routes

Constantly striving to ensure that vehicles are filled to capacity and taking the most intelligent routes possible to decrease the costs and environmental impact of each shipment.

5. We have a large fleet of electric vehicles and are upgrading our vehicles to more environmentally efficient alternatives

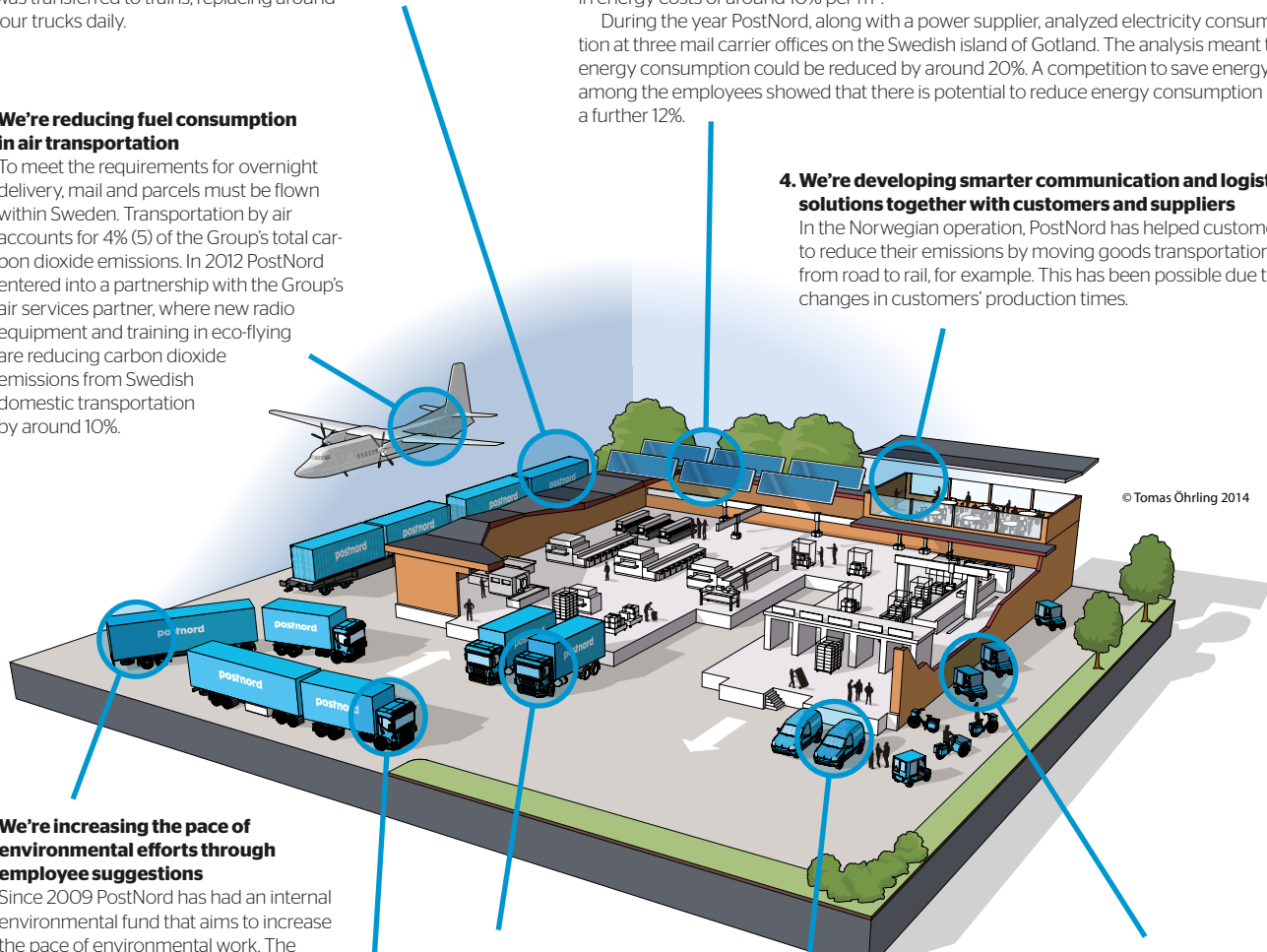
Of PostNord's vehicle fleet 5,359 are electric, corresponding to 27%. Electric vehicles are less expensive to operate and maintain, with a lower noise level compared with conventional vehicles. Since 2013, 50 such vehicles have been in operation in the Group's Danish business. In 2014 two electrically powered vans were commissioned in the Swedish business. For some time two electric hybrid trucks have been used in Sweden. The rest of the electric fleet consists of small electric vehicles such as club cars, electric mopeds and electric bicycles. The business also uses two trucks that run on a combination of liquid methane and diesel, along with a number of gas-powered vans.

8. We train employees in environmental issues

In 2012 a new Group-wide web-based environmental training program was introduced, with the aim of expanding employee knowledge of PostNord's environmental impact. In Sweden and Denmark the training is compulsory for administrative staff. Other parts of the organization also have the opportunity to take part in the program, which is available in Swedish, Danish and English.

6. Our drivers drive safely and use eco-driving techniques

In 2014 PostNord held a competition within the company in eco-driving, in which the drivers competed in the mail carrier car and truck categories on consuming the lowest possible amount of fuel on a given route. With training in eco-driving, fuel consumption can decrease by up to 20%.



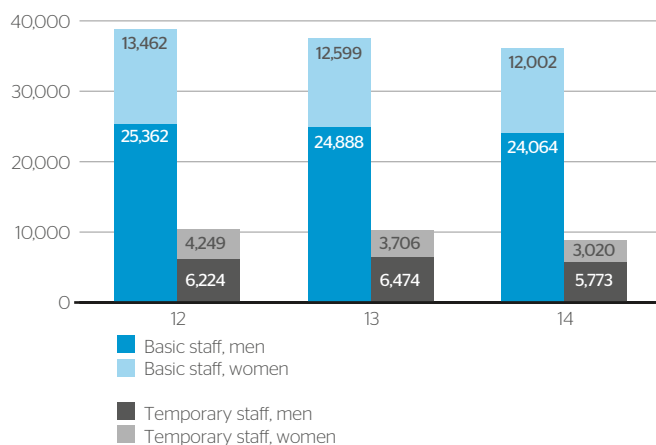
Focus on future shift in skills and responsible restructuring

PostNord's market is characterized by intense competition, new customer needs and constant pressure on prices. In order to meet these challenges, new, stringent demands are made on employees and managers. In its work on HR issues, PostNord is focusing on responsible restructuring, leadership and employee commitment, health and the work environment and gender equality.

One of the Nordic region's largest employers

At the end of 2014 PostNord had 44,859 employees, of which 8,793 were temporary staff. The average number of employees during the year was 37,976. The majority are employed in the Nordic region and work as mail carriers, drivers or at mail or logistics terminals. Since PostNord is a staff-intensive business with seasonal variations, many employees are on temporary contracts. All employees at PostNord are entitled to join associations and other organizations, as well as to organize trade unions. Within the Group over 99 percent of the workforce is covered by collective agreements, which are signed in each respective country.

Number of employees at end of period



Number of employees per category at the end of the period, refers to basic staff

	2014	2013	2012
Administrative personnel	5,148	5,623	6,212
of whom men	2,743		
of whom women	2,405		
Production personnel	30,918	31,864	32,612
of whom men	21,345		
of whom women	9,573		
Total	36,066	37,487	38,824

The restructuring of the Group to adapt the business to the lower mail volumes has been under way for several years and brought about several savings programs. HR work in 2014 mainly concerned the staff cutbacks initiated during the year and the organizational change carried out in April 2014. In total 3,785 employees left the Group during the year.

PostNord's ambition is to act responsibly during staff reductions and with good collaboration with the unions. To a great extent the cutbacks in Sweden and Denmark are being aided by the Group's various restructuring programs. Their forms differ according to country but in some cases they cover extended periods of notice, coaching, education and similar support.



Employee survey

The main results of the 2014 survey

- Employees consider that they have little opportunity to influence their daily work.
- Employees consider that they have little opportunity to develop within PostNord.
- Employees assess their manager's ability to involve them by showing trust, delegating and creating conditions lower than in last year's employee survey.
- Goal-oriented performance culture achieved an acceptable result. As one of the Group's priority areas, continued focus is crucial to the ability to realize the Group strategy.

Planned measures

- Introduction of team-based approach at all workplaces.
- Continue work on appraisals, including development plans, for all employees and bolster the work on strategic workforce planning.
- Continued focus on setting targets, evaluation and developing managers.
- In 2014 the Group's target setting and priorities were standardized by implementing goal contracts for managers. Formerly there had been different types of goal contracts and goal setting at different managerial levels. The implementation of the goal contracts began in 2014, and all teams must also have set goals by the end of 2015.

Employee voices heard in survey

PostNord carries out an annual Group-wide employee survey in which employees answer questions on topics such as commitment, cooperation, satisfaction and health, and the leadership of their immediate manager. The response frequency in 2014 was 84%. The outcome for 2014 was 61 (64) for the employee index and 63 (66) for the leadership index.

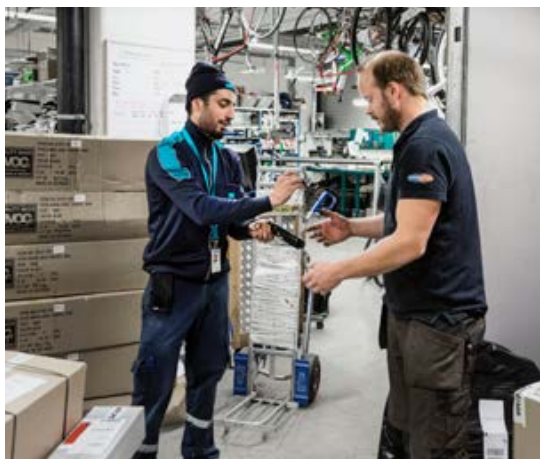
The index fell in the areas of satisfaction, health and individual commitment, although many employees are positive to the new organization and the work situation locally, their colleagues and their immediate manager. The lower results for satisfaction and commitment are not satisfactory but can be explained by the major changes implemented in the Group and staff cutbacks in connection with these. The results show the importance of motivating employees and managing change in periods of major restructuring. The initiatives launched in 2013 on training in change management continued during 2014 and will be intensified in 2015. Each country works in a different way on supporting and developing leadership based on its requirements and conditions.

Dialogue on PostNord's future

PostNord has held structured employee dialogues for three years now to improve communication between managers and employees. This year's dialogue focused on increasing understanding of and commitment to the Group's strategy, its new organization, PostNord's new brand and the introduction of a goal-oriented performance culture. The 2014 employee survey showed that the employee dialogue, along with other initiatives during the year, brought results, and that more employees thought that their manager had explained how the targets of their own team aligned with PostNord's future direction.

Analysis of critical expertise

An analysis was made in 2014 of the necessary skills to secure the Group strategy in the short and long term. New deals and services give rise to a greater need for certain specialist skills in sales, IT, digital services, service logistics and e-commerce. Based on this analysis, a workforce plan for 2015-2020 will be drafted. A combination of initiatives in recruitment, skills development and restructuring/closure is necessary to ensure the right skills, now and in the future.



Systematic work on occupational health and safety issues

PostNord is to be an attractive and cultivating workplace, with a safe, positive work environment and a holistic approach to health. The work on the work environment and health presents a challenge and is important in times of great change and restructuring of the business. PostNord works in a structured way on the work environment and systematically on leading, managing and improving the work. The work on health and the work environment is governed by a Group policy and target figures for sick leave. Through work focused on e.g. systematizing improvement efforts, PostNord Sweden received a work environment certificate (OHSAS 18001) in 2014. Read more about PostNord's certificate on page 29.

Better reporting on occupational injuries

Most occupational injuries in the Group are sustained in production and distribution and are mostly various types of falls. In recent years, PostNord has improved how accidents and near-accidents are reported in order to lay the foundations for preventing occupational injuries. Absence due to accidents, measured in the number of hours, has been on the decline since 2010, which indicates fewer severe occupational injuries.

Occupational injuries 2014 per 1 million hours worked	Total	of which deaths
Sweden	45	0
Denmark	28	0
Norway	31	0
Finland	21	0
Other countries	9	0

Absence due to work-related illnesses is not reported.

Sick leave

The most common causes of long-term sick leave in the Group are illnesses and pain related to the musculoskeletal system. Total sick leave in the Group has been at around 5% for several years. In 2014 sick leave was 5.2% and this percentage is increasing in certain units. In Sweden it increased from 5.1% to 5.4%. The increase is likely to be related to the major restructuring program that took place during the year. Sick leave is followed up on a quarterly basis in each unit in all countries, and PostNord has been working actively for a long time on preventing sick leave and promoting health.

A team-based approach will be implemented in the Swedish business during 2015. Working in teams is an important step in improving the work environment since it gives employees greater influence over how they perform their tasks and makes it easier to lessen the burden on and help each other. This often has a positive effect on the mental and physical health of employees. PostNord's Danish business has taken a team-based approach since 2000, resulting in positive effects in terms of participation and taking responsibility.

PostNord offers training in the physical, mental and social work environment and health, along with both preventive rehabilitation and rehabilitation in the event of illness or occupational injury or accidents.



Sick leave, %	Total, 2014	for men	for women	Total, 2013
Sweden	5.4	4.9	6.6	5.1
Denmark	4.9	4.2	6.2	4.8
Norway	5.8	n/a	n/a	5.1
Finland	3.5	3.0	4.3	5.2
Other countries	4.9	3.2	8.5	n/a
Group, total	5.2	4.6	6.5	5.0

Aim of increasing gender equality

PostNord bases its gender equality and diversity effort on the view that differences among people make a workplace more dynamic and attractive. PostNord's managers must serve as role models in this work and work actively on gender equality and diversity. PostNord's owners also make demands regarding driving development towards a balanced gender distribution in senior executive positions.

Around 67% of PostNord's employees are men. In order to increase gender equality, PostNord set a target in 2010 of ensuring that 40% of all managerial roles in the Group will be held by women in 2015. Reaching a target of 40/60 division in senior executive positions requires long-term efforts to ensure a balanced gender distribution at all levels. A major challenge is the restructuring of the Company, in which PostNord is moving towards increasing its share of the logistics business, which is a male-dominated industry, while continuously decreasing the number of managers. Despite various efforts, the proportion of women among managers has remained unchanged at 29% since the target was set in 2010. Since 2014 the target figures have been part of the goal

contracts for the four highest managerial levels. Developments are followed up quarterly.

A change in the recruitment process at the end of 2013 means that managerial and project manager positions must always be advertised, at least internally. Efforts are being made to ensure that both genders are represented among the final candidates. Follow-up shows that this has been successful in seven out of ten cases. The gender distribution of those appointed to the managerial, leadership and project management positions advertised in 2014 was approximately 40% women/and 60% men, without using the option of positive discrimination in cases of equal qualifications. The manager is responsible for gender equality in the recruitment work and for gender equality and diversity work in general, with support from the HR function. In 2014 the Group HR management team followed up gender distribution in the recruitment process each quarter.

Gender distribution	2014	2013	2012
Managers	1,861	2,201	2,282
<i>of whom women, %</i>	29	29	29
Number of employees	36,066	37,487	38,824
<i>of whom women, %</i>	33	34	35

Age distribution, 2014	Total	%
-29	4,709	13
30-50	15,780	44
50-	15,577	43

Refers to basic staff. PostNord has a relatively high number of older employees.

An enabler for the business community and society

PostNord plays a key role in the Nordic business community and society – every day PostNord makes it possible for companies, public authorities and consumers to do business and communicate with each other. A number of stakeholders benefit from the value PostNord generates.

Postal service for all

PostNord is commissioned to provide the universal postal service in Sweden and Denmark, also in rural areas. The Group's broad presence enables trade between companies and consumers, regardless of geographical distance, which benefits parties such as e-retailers and their customers in rural areas. In Sweden around 700,000 households in rural areas are covered by the rural mail delivery service, an extended service that in addition to regular mail delivery gives consumers the option of having parcels delivered to their door at no extra cost.

PostNord delivers large parcels and mail items via partner outlets and distribution points in Sweden. The Group makes a number of demands of partner outlets, including distance, business hours, parking and disabled access, to ensure good accessibility. 12 partner outlets were closed in Sweden during 2014 due to closure of the business they were housed in. At the same time 14 partner outlets and 48 distribution points were added to increase accessibility.

In Denmark in 2014 PostNord set up 150 new post offices with partners all over the country. Post offices function as partner outlets for PostNord services and offer the services that are most in demand, including sending and collecting parcels. PostNord's entire service offering is still available at 20 of its own post offices.



Many forums for meeting with customers

Many of PostNord's employees, such as mail carriers, drivers and customer service staff, have day-to-day contact with consumers and corporate customers. If a customer is not completely satisfied with a meeting or decision, they have the option of contacting a customer ombudsman in Sweden and an appeal body in Denmark. Feedback from all of these channels is instrumental in PostNord's development. Within the Group, work on exchanging information/experience is prioritized in order to predict, understand and meet various customer needs. Putting the customer service function in contact with the sales force means that PostNord can develop offers to customers and create new business opportunities.

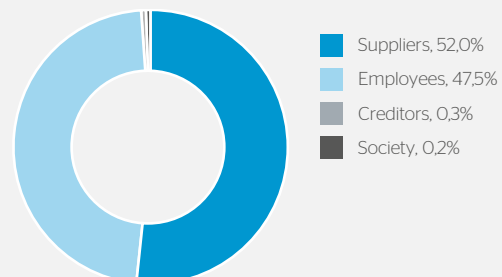


Great values for many

With a long-term, stable and profitable business, opportunities are created to meet and exceed demands for environmental adaptation and social responsibility.

It is not only PostNord's owners, the Danish and Swedish States, that benefit from the Group's financial results; employees also benefit in the form of salaries and other remuneration, as do suppliers, creditors and citizens in the countries in which PostNord operates, who benefit via taxes. The total value distributed in 2014 was SEK 40,346m as stated below:

Distribution of total value, 2014



Cooperation on security issues

PostNord's stringent requirements for delivery reliability not only cover delivery of mail and parcels to the right place at the right time – they also need to be in good condition. As a major player in communications services, the Group also has a responsibility regarding information security in the form of handling personal data and sensitive private information.

Increases in fraud, particularly forged identity cards being used when collecting mail and parcels, demand a great deal from PostNord's processes and procedures in terms of security. As fraud has often already taken place before collection, PostNord is driving, for example, preventing actions for better customer and order controls in companies and of State supervision as well as action programs.

The number of products of high value in the logistics flow is increasing, which is making demands on security in facilities and vehicles. PostNord's overall program for security guarantees uniform and customized security and quality in all of the Group's deliveries. The program is revised internally each year.

Blocking functions for certain goods, personal alarm equipment, special proprietary locks and alarms in vehicles are examples of preventive measures.

PostNord works on a continuous basis in close dialogue with public authorities and trade organizations on reviewing and adapting the ability to maintain deliveries in the event of disruptions and downtime of various forms. PostNord's program for business continuity management complies with the ISO 22301 standard.

Managing personal data constitutes a major part of PostNord's services. For example, personal data is used for sorting and delivering mail items or when sending out invoices on behalf of customers. PostNord also manages the personal data of its employees. During the year a new policy for information security was established, complying with the ISO 27000 standard. Together with a forthcoming EU regulation, which aims to protect sensitive private information, this policy constitutes a key component of the Group's management of information and sensitive private information.

In 2014 no complaints were received from public authorities or other bodies regarding how personal data was managed, and no known cases of identified leaks, theft or loss of personal data have occurred.



Comprehensive distributor of community information

In connection with the year's elections to the European Parliament and to Sweden's Parliament, county councils and municipalities, PostNord distributed ballot papers and information from political parties. Attention was drawn to this fact and it was questioned in forums including social media by recipients who did not wish to receive certain types of political information.

The universal postal obligation means that PostNord is the only player that reaches all households with community information. This information also reaches households who have opted out of receiving advertising by post. PostNord's major distribution capacity and special status entail great responsibility, and the Group does not discriminate against senders or mail items provided that their content is legal.

The tone of the debate put pressure on mail carriers in their work environment. PostNord has well-developed work environment and safety procedures, and the safety of mail carriers always comes first. To facilitate the work of mail carriers, briefings are held in the workplaces prior to delivery of sensitive material.



Focus on suppliers for greater sustainability

Every year, PostNord procures goods and services for significant amounts. This means that the Group's supplier chain is an important part of its work on sustainability.

Nordic supplier base

Each year PostNord's Nordic business purchases goods and services for almost SEK 18 billion, of which around SEK 3 billion concern invoiced statutory pensions and similar costs. The largest purchases are made in the categories of transportation (mainly road but also air), financial services and real estate (mainly investments and rental contracts). Around 95% of the purchases are made from Nordic suppliers. Other purchases are mainly made from Germany and the United Kingdom, but also from a number of other countries, although the scope of this is small.

In many cases PostNord's suppliers based in the Nordic region have subcontractors in countries outside the Nordic region. For example, promotional clothing and certain IT services are purchased via subcontractors in Asia.

Risk assessment of suppliers

PostNord works on identifying the risk level of the Group's suppliers to increase the risk awareness in the Group. The review takes into consideration risks related to the environment, working conditions, human rights and anti-corruption, as well as to the industry and geography. The great majority of suppliers (from whom PostNord purchase volume is over SEK 1m annually) are assessed to be low or medium risk. In all Group-wide tenders carried out during the year, fundamental sustainability requirements were made linked to areas such as the environment, quality, labor legislation and human rights.

Influence of the supplier chain

PostNord has identified the transportation sector as a risk industry in terms of sustainability, particularly concerning environment and working conditions. During the year, attention were devoted to the application of rules regarding cross-border transportation in Sweden and Denmark. No breaches of the law were observed, but PostNord has attention on issues regarding working conditions in the industry and carries out regular audits on transportations to ensure that the Group's requirements are being met in all operations.

As a rule, PostNord conducts competitive tenders even when there is no legal requirement to do so. According to the regulations for tenders, a local supplier may not be given preferential treatment, for example; instead, all suppliers must be able to submit bids on equal terms, which may have a negative effect on the local community.

Influence through supplier requirements

By making demands on its business partners, PostNord can play a part in driving various industries towards sustainability. The basic requirements made of suppliers are summarized in PostNord's Code for Suppliers. The Code makes demands in areas such as the environment, labor legislation, human rights and anti-corruption.

Also, where necessary, PostNord makes demands specific to products or services as a complement to the Code for Suppliers. As a rule, demands are also made regarding financial stability. In 2015 PostNord intends to implement a self-evaluation scheme for suppliers. The aim is to gain insight into the way suppliers work with the issues included in the PostNord Code for Suppliers.

Updated Code for Suppliers

PostNord has updated its Code for Suppliers based on the requirements in the Code of Conduct (see page 39). The updated Code will take customer sustainability requirements more clearly into consideration. Implementation of the updated Code for Suppliers will begin during 2015. The Code is to be signed by all business partners from whom PostNord makes purchases for more than SEK 100,000 per year. It also requires suppliers to take reasonable responsibility for their subcontractors' compliance with the Code. The updated Code for Suppliers will be available at www.postnord.com.

Audited purchasing process

The year's internal audit of the purchasing process from a sustainability perspective focused on the positive aspects of the current work on risk classification of suppliers and audits in the transportation category. However, the audit highlighted the need for clearer methods and organization for managing and following up on the supplier chain. Measures will be taken in 2015.

Governance to ensure responsible operations and compliance

Acting responsibly is a requirement if PostNord is to continue to create value for its owners and ensure continued confidence in the Group. Naturally, as a minimum requirement, PostNord must comply with applicable legislation, regulations and general rules in the industry. In addition to this, PostNord applies several external regulatory frameworks that are not statutory, for example the UN Global Compact. Thus, the Group supports and pledges to conduct its activities in accordance with the ten principles in the areas of human rights, labor, the environment and anti-corruption.

Code of Conduct

In 2014 the Board adopted the first Group-wide Code of Conduct. It contains rules for how the Group and all its employees should act in the areas of sustainable enterprise that are most important to PostNord. Ultimate responsibility for compliance lies with PostNord management, but all employees are responsible for following applicable rules, both legislation and other mandatory external and internal rules. PostNord's managers are responsible for acting as role models and ensuring that their employees are aware of and understand the rules that apply to the business.

During the year the Code of Conduct was communicated throughout the business via information to managers, on the Group intranet and through theme based articles in the staff magazine. It was also supplemented by separate discussion material. The Code of Conduct will also be communicated to PostNord's business partners and mentioned when new staff are appointed and. In order to ensure knowledge of its content, it will be addressed in the annual appraisals. The Code of Conduct is available in eight languages and can be accessed at www.postnord.com.

Anti-corruption

PostNord wishes to be a good community player, which is why it is particularly important that the business is characterized by good business ethics. PostNord has a zero tolerance approach to corruption. In the Code of Conduct there are rules regarding handling conflicts of interest, sponsoring and partners, and suppliers. All forms of market activities and business entertainment must comply with generally accepted principles and applicable industry practice, provided that these involve more stringent requirements than those set out in law.

In 2014 it was also decided that a separate compliance program for anti-corruption should be introduced. As a consequence of this, current internal rules for preventing corruption have been reviewed. The new rules will be Group-wide rules, based on the OECD's Guidelines for Multinational Enterprises, Transparency International's Business Principles for Countering Bribery, UK Bribery Act Guidance and the Swedish Code of Business

Conduct. The rules will be supplemented by supporting information and internal training offered on a broad basis at PostNord.

Typically, purchasers and salesmen are groups that more easily may become involved in corruption. PostNord has for some time offered training aimed at these groups, e.g. in corruption legislation.

Competition on equal terms

Effective competition on equal terms is a key component of a well-functioning economy. The Code of Conduct thus emphasizes how important it is to comply with PostNord's separate compliance program regarding competition law.

General compliance work

During the year PostNord's management decided to introduce a new Group-wide program for compliance. The program includes a framework for internal governance documents that concretize the Code of Conduct. It aims to create a safety margin in relation to applicable legislation and provide security for employees in avoiding legislative breaches. It will initially cover five separate programs for compliance on the environment, anti-corruption, security/information security, competition law and procurement law. A review of existing programs has been initiated.

Stronger follow-up

Compliance at PostNord is for example followed up via PostNord's special reporting procedure (whistleblower), which allows anonymous reports to be made in the event of suspicions of certain types of violations. The system is available via postnord.com.

In 2014 PostNord was not subject to any judgements or decisions by public authorities in which breaches of legislation on the part of PostNord were observed. PostNord was not subject to any fines due to breach of environmental legislation or other mandatory external regulations in the environmental area. The same applies to the fields of corruption and competition law.

Measurement and calculation methods

Sustainability reporting follows the Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines, Core.

Principles and delimitations

The reporting covers all of PostNord's operations unless otherwise stated below.

Environment

PostNord follows the Greenhouse Gas Protocol when calculating emissions. Where environmental data is concerned, in addition to the Nordic operations (equivalent to around 95% of the Group's net sales), the Strålfors business outside the Nordic region is also included. The business within Direct Link is not included in the calculations. Svensk Adressändring AB does not have a significant environmental impact and is not included in the environmental data.

Emissions

The distribution between reported categories is not directly comparable with Sustainability Reports published in previous years due to the transition to GRI G4.

The long-term environmental target for PostNord is to decrease carbon dioxide emissions by 40% by 2020, taking 2009 as the base year. The base year has been selected because 2009 was the year of the merger between Posten AB and Post Danmark A/S.

Transportation

Road

CO₂ emissions are calculated based on the amount of fuel purchased or distance driven and type of vehicle. Calculations based on subcontractor costs are also used when required.

Emissions factors:

Denmark

CO ₂	Danish Energy Agency
Other gases	Danish Ministry of Transport, TEMA 2010

Other Nordic

CO ₂	Swedish Petroleum and Biofuel Institute (SPBI)
Other gases	NTM, Network for Transport Measures

Air

PostNord purchases air transportation externally for operations in Sweden and Denmark. PostNord did not use air transportation in Finland or Norway during the year. The Swedish operation receives data from suppliers on amount of fuel and distances. The Danish operation registers executed transportation in a transportation administration system and emissions are calculated based on tonnes/km. Foreign air transportation is not included in the calculations.

Emissions factors:

Denmark	Danish Ministry of Transport, TEMA 2010
Sweden	Swedish Environmental Protection Agency

Rail

Only the Swedish and Norwegian operations use rail transportation to any great extent. All rail transportation in Sweden is eco-labeled with Bra Miljöval (Good Environmental Choice). Rail transportation in Norway uses fossil-free electricity.

Ferry

Only the Danish operation uses ferry transportation to any great extent. Information on executed transportation is registered in the transportation administration system and emissions are calculated in tonnes/km.

Emissions factors:

Denmark	Danish Ministry of Transport, TEMA 2010
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Premises

Emissions factors for district heating in Sweden have been updated historically due to adjustments in measurement methods.

Emissions factors for electricity have been updated historically due to adjustments in measurement methods for the Nordic residual mix.

Electricity purchased in Sweden is eco-labeled with Bra Miljöval (Good Environmental Choice) and in Denmark it is largely wind generated. This electricity is assumed to have no carbon dioxide emissions since only the usage phase is included in the reporting. For other electricity, carbon dioxide emissions are calculated based on emissions factors from references given below.

Emissions factors:

Denmark

Electricity	Danish Energy Agency
District heat	Danish Energy Agency

Other Nordic

Electricity	Swedish Energy Markets Inspectorate and Energi Försäljning Sverige
Heating	Statistics Sweden (SCB)
Gas	Swedish Environmental Protection Agency

Poland, France, United Kingdom

GHG Protocol

Emissions intensity

CO₂/mail item entails the handling of priority mail, Värde, Varubrev, Magasinpost, Posttidning A (newspaper/periodical, priority delivery) and daily newspapers in Sweden and Denmark. Emissions include own transportation and direct heat consumption (Scope 1), heat and electricity (Scope 2) and transportation by subcontractors (Scope 3).

CO₂/parcel entails handling in the Swedish and Danish parcel networks. Emissions include own transportation and direct heat consumption (Scope 1), heat and electricity (Scope 2) and transportation by subcontractors (Scope 3).

Employees

In addition to the Nordic businesses (corresponding to around 98% of the Group's average number of employees), employee data also entails Strålfors' operations outside the Nordic region.

Average number of employees

The total number of paid employee hours divided by the standard number of hours for a full-time employee.

Number of employees

Basic staffing concerns all full- and part-time regular employees. Basic staffing must meet the need for staff during "normal" production flows. Temporary staff covers "peaks" in production; for example during Christmas or vacation periods.

Sick leave

Sick leave in relation to regular, contracted working time, reported as a percentage. The Group's total sick leave is weighted based on the number of employees in the various countries. Sick leave comprises absence due to illness when employees themselves are sick. Regular, contracted working hours cover the time of both employees paid by the hour and temporary staff. Regular working hours cover hours worked, sick leave, vacations, parental leave and care for sick children and other paid leave.

Occupational injuries

Registered occupational injuries in relation to hours worked (does not include injuries sustained during work-related travel). Minor injuries (first aid level) are also included in the report. Calculations are based on the total number of hours worked, irrespective of type of employment. The injury ratio is calculated as the total number of injuries per 1,000,000 hours worked. Occupational injuries are registered in System C2 and handled in Sweden and Denmark by the person's immediate manager. In Norway they are handled in LIS (Ledelses- och informationssystemet - the management and information system). There is no special registration system in Finland, why reporting is done on special forms and compiled in a health and safety commission. Statistics on reported occupational injuries can be retrieved from the systems and compilation and sorted into various categories such as falls, crushing and traffic injuries. The duty to record occupational injuries is made very clear.

Employee index (MIX)

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

Leadership index (LIX)

The results of the Group's employee surveys are also compiled in a leadership index (LIX). LIX measures levels of employee satisfaction with their immediate manager, the degree to which employees believe their managers live up to PostNord's leadership criteria: deliver, involve, take responsibility and clarify.

Corporate image

Corporate image is a survey conducted by external company TNS SIFO. The survey is based on a measurement whereby approximately 400 consumers per week (200 in Sweden and 200 in Denmark) answer questions on how they perceive the (Swedish) Posten or Post Denmark brands. The survey is comprised of five key questions that, together, form an index. The total result is a weighted result for Posten in Sweden and Post Denmark (63% Posten in Sweden, 37% Post Denmark).

Customer value

Since 2011, the customer value index (CVI) has been PostNord's monitoring tool for regularly following up customer satisfaction and the customer perceptions of the business. Measurements are carried out twice a year and include all PostNord country organizations, with a focus on the Nordic countries. PostNord Strålfors also includes business outside the Nordic region. The key ratio consists of three overall satisfaction questions. The three questions were previously found in both the KTA (Post Denmark) and the NKI Customer Satisfaction Index (Posten in Sweden) and are also used in many external measurements such as the Swedish Quality Index (SKI), Danish Quality Index (DKI) and the European Performance Satisfaction Index (EPSI), which also allows for external benchmarking.

Quality

Quality: 1st class mail

Swedish External Monitoring (SWEX) and Danish External Monitoring (DEX) are two independent external quality measurements that continuously gage the share of 1st class mail that is delivered on time from customer to customer. Measurements are conducted by means of a statistically assured test mail operation that meets the requirements set forth in EN standard 13850. The results of the two measurements are weighted together into a Group-wide outcome based on mail volume in each country.

Quality: parcels

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

Since the two measurements are not directly comparable, this is done in two separate measurements. PostNord is continuing work initiated in 2013 by gradually harmonizing measurements via a system known as CEM. PostNord will then get a joint Nordic report on the delivery quality for parcels based on the MyPack, PallEtt and DPD products.

Suppliers

Data covers PostNord's Nordic operations, with the exception of PostNord Strålfors.

GRI Index

PostNord's sustainability report for 2014 follows the Global Reporting Initiative's (GRI) G4 guidelines. It covers all key principles in the UN's Global Compact and describes sustainability issues essential to the Group and its stakeholders.

	GENERAL STANDARD DISCLOSURES	Section, page	Comment	Global Compact (principle number)
	Strategy and analysis			
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	President & Group CEO statement, pages 4-5, Strategy, pages 8-9		1-10
	Organizational profile			
G4-3	Name of organization	Inside cover		
G4-4	Primary brands, products and services	Pages 1, 10, 14-15		
G4-5	Location of headquarters	Inside cover, page 1		
G4-6	Number of countries and names of those in which the organization has significant operations	Page 1 and Note 4, page 67		
G4-7	Nature of ownership and legal form	Page 1 and Corporate Governance Report, page 45		
G4-8	Markets, (including geographic breakdown, sectors served and types of customers and beneficiaries)	The businesses, pages 17-25		
G4-9	The scale of the organization, including total number of employees, operations, net sales and capitalization	Page 1, Note 4, page 67, Note 5, page 68-69 Statement of financial position, page 58		
G4-10	Number of employees per contract, gender, region and division into permanent and temporary employees	Employees, pages 33-35 and Note 5, pages 68-69		6
G4-11	Percentage of total employees covered by collective bargaining agreements	Employees, pages 33		3
G4-12	Description of the organization's supplier chain	Suppliers, page 38		
G4-13	Changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	Corporate governance, page 45, Note 31, page 86		
G4-14	Handling of the precautionary approach or principle	Environment, page 31		7
G4-15	External sustainability principles and initiatives that the organization supports	President & Group CEO statement, page 5, Corporate governance, page 46		
G4-16	Memberships of associations, industry organizations and advocacy organizations		PostNord is a member of relevant employer organizations, such as: Norway: Næringslivets Hovedorganisasjon(NHO) and trade association NHO Logistikk og Transport Sweden: Almega and Transportgruppen Denmark: Dansk Industri Finland: Finnish Industries	
	Identified material aspects and boundaries			
G4-17	Entities included in the report	Measurement and calculation methods, page 40		
G4-18	Process for defining the report content	Stakeholder section, pages 27-29		1-10
G4-19	Material aspects identified	Materiality assessment, pages 28-29		
G4-20	The aspect boundary for each material aspect within the organization	Materiality assessment, pages 29		
G4-21	The aspect boundary for each material aspect outside the organization	Materiality assessment, pages 29		
G4-22	Effect of any restatements of information provided in previous reports	Measurement and calculation methods, page 40		
G4-23	Changes from previous reporting periods in the scope and aspect boundaries	Materiality assessment, pages 28-29, Measurement and calculation methods, page 40		
	Stakeholder engagement			
G4-24	List of stakeholder groups	Stakeholders, page 27		
G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholders, page 27		
G4-26	Approach to stakeholder engagement	Stakeholders, page 27		
G4-27	Key topics and concerns that have been raised through stakeholder engagement	Stakeholders, page 27		
	Report profile			
G4-28	Reporting period	Inside cover		
G4-29	Date of most recent previous report	Inside cover		
G4-30	Reporting cycle	Inside cover		
G4-31	Contact points	Inside cover		
G4-32	Reporting option and content	Measurement and calculation methods, page 40, and pages 42-43		
G4-33	Policy and current practice for external assurance	Assurance Report, page 44		
	Governance			
G4-34	Governance structure, including committees and Board responsibility for economic, environmental and social performance	PostNord's sustainability work, page 28, Corporate Governance Report, pages 45-46		
	Ethics and integrity			
G4-56	Values, principles, standards and norms of behavior, e.g. Code of Conduct	Compliance, page 39		1-10

	SPECIFIC STANDARD DISCLOSURES	Section, page	Comment	Global Compact (principle number)
G4-DMA G4-EC1	Economic - Economic performance Disclosures on management approach Direct economic value generated and distributed	Page 29, Corporate governance, page 45 ff Society, page 36		
G4-DMA	Environmental - Emissions Disclosures on management approach	Page 29, Environment, pages 30-32	No climate compensation has occurred. PostNord is affected by local regulation in the area of emissions, e.g. ban on studded tires on certain streets and in certain environmental zones	7,8,9
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	Environment, page 30, Measurement and calculation methods, page 40		
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Environment, page 30, Measurement and calculation methods, page 40		
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	Environment, page 30, Measurement and calculation methods, page 40		
G4-EN18	Greenhouse gas (GHG) Emissions intensity	Environment, page 31, Measurement and calculation methods, page 40		
G4-EN19 G4-EN21	Reduction in greenhouse gas (GHG) emissions Other significant air emissions	Targets, page 12, Environment, page 30 Environment, page 30, Measurement and calculation methods, page 40		
G4-DMA G4-EN29	Environmental - Compliance Disclosures on management approach Fines for non-compliance with environmental laws	Page 29, Environment, page 31 Compliance, page 39		7,8,9
G4-DMA G4-EN32	Environmental - Supplier environmental assessment Disclosures on management approach Percentage of new suppliers that were screened using environmental criteria	Page 29, Suppliers, page 38 Suppliers, page 38		7,8,9
G4-DMA G4-HR10	Social - Supplier human rights assessment Disclosures on management approach Percentage of new suppliers that were screened using human rights criteria	Page 29, Suppliers, page 38 Suppliers, page 38	Read more in PostNord's Code for Suppliers: www.postnord.com/	1-6
G4-DMA G4-LA6	Social - Labor practices and decent work - Occupational health and safety Disclosures on management approach Accidents, occupational injuries and sick leave	Page 29, Employees, page 34 Targets, page 12, Employees, page 34, Note 23, page 75	The distribution between men and women is available for Sweden and Finland but not for the Group in total - which is why the distribution is not stated in this report	6
G4-DMA G4-LA12	Social - Labor practices and decent work - Diversity and equal opportunities Disclosures on management approach Gender distribution and age categories of all employees and managers	Page 29, Employees, page 35 Targets, page 12, Employees, page 35		1-6
G4-DMA G4-LA14	Social - Labor practices and decent work - Supplier assessment for labor practices Disclosures on management approach Percentage of new suppliers that were screened using labor practices criteria	Page 29, Suppliers, page 38 Suppliers, page 38		10
G4-DMA G4-S05	Social - Society - Anti-corruption Disclosures on management approach Confirmed incidents of corruption and actions taken	Page 29, Compliance, page 39 Compliance, page 39		
G4-DMA G4-S07	Social - Society - Anti-competitive behavior Disclosures on management approach Total number of legal actions for anti-competitive behavior	Page 29, Compliance, page 39 Compliance, page 39		
G4-DMA G4-S08	Social - Society - Compliance Disclosures on management approach Non-compliance with laws	Page 29, Compliance, page 39 Compliance, page 39		
G4-DMA G4-PR5	Social - Product responsibility - Products and services labeling Disclosures on management approach Results of surveys measuring customer satisfaction	Page 29, Society, page 36 Targets, page 12, Measurement and calculation methods, page 41		
G4-DMA G4-PR8	Social - Product responsibility - Customer privacy Disclosures on management approach Complaints regarding breaches of customer privacy	Page 29, Society, page 37 Society, page 37		
	Additional material sustainability issues for PostNord	Section, page	Comment	Global Compact (principle number)
	Delivery quality	Targets, page 12, The business, pages 18 and 21		
	Customer complaints	Society, page 36		
	Overnight delivery	Targets, page 12, The business, pages 18 and 21		
	Sustainable product solutions	Environment, page 31		
	Accessibility	Society, page 36		
	Delivery reliability	Society, page 37		
	Impact on local communities	Society, page 36		
	Responsible restructuring	Targets, page 12, Employees, page 33		
	Employee confidence in management	Targets, page 12, Employees, page 33		

Assurance Report

Auditor's Limited Assurance Report on PostNord AB's Sustainability Report

To PostNord AB

Introduction

We have been engaged by the Board of Directors of PostNord to undertake a limited assurance engagement of PostNord's Sustainability Report for the year 2014. PostNord has defined the scope of the Sustainability Report on the inside cover.

Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 42 in the Sustainability Report, that are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative (GRI)) that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A limited assurance engagement

consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards in Sweden. Consequently, the procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm, March 3, 2015

KPMG AB

Helene Willberg
Authorized Public Accountant

Torbjörn Westman
Expert Member of FAR

Corporate Governance Report

Well-functioning corporate governance is one of the requirements in terms of generating long-term value for shareholders and other stakeholders and to ensure the fulfillment of its universal postal service obligations on commercial grounds. This Corporate Governance Report has been prepared in accordance with the Swedish Companies Act, the Annual Accounts Act and the Swedish Code of Corporate Governance.

Shareholder structure

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

Governance structure

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

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

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

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

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

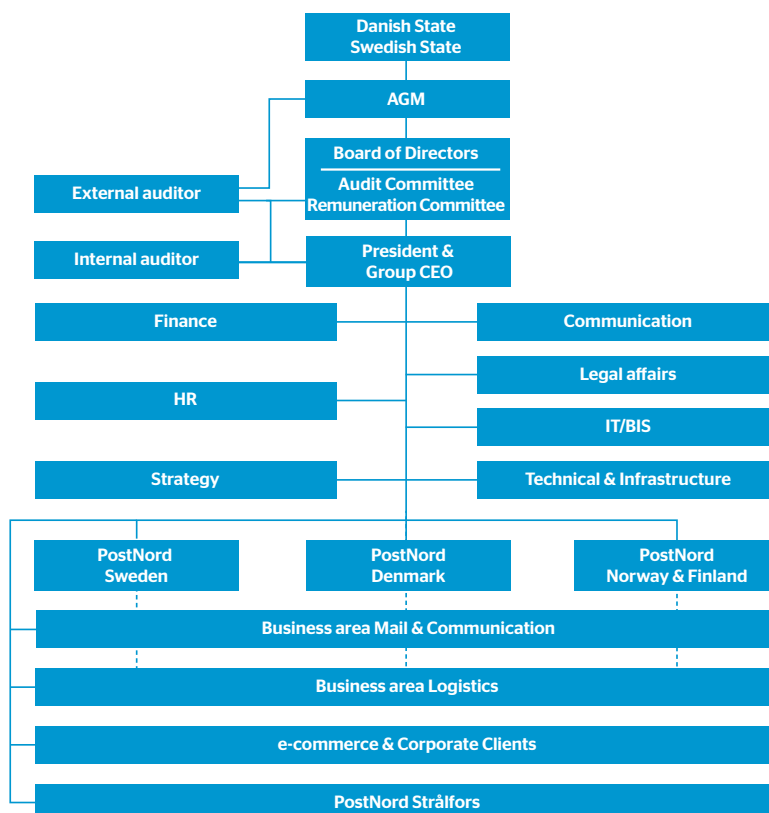
The Group's operational structure differs from its legal structure. As a main principle, organization and governance are based on the operational structure. Postal concessions, however, are tied to the legal structure; accordingly, formal responsibility for compliance with the conditions of the licenses follows the legal structure.

New organizational structure in 2014

Under the new matrix organization introduced on March 31, 2014, business activities are integrated within each country, whereupon the country organizations have overall responsibility for the entire product and service portfolio, as well as for sales in each country region. Along with the developed brand structure, the new organization further highlights PostNord's profile to its customers as a Nordic logistics player.

President and Group CEO and Group Executive Team

The Board of Directors is responsible for appointing and dismissing the President and Group CEO. The CEO appoints



and is assisted by the Group Executive Team. The relationship between the Board of Directors and the CEO is regulated by the Board's rules of procedure and the instructions to the CEO. The CEO is accountable to the Board for the day-to-day operation of the business and responsible for executing the strategic direction determined by the Board. Alongside the Board, the Group Executive Team is the Group's decision-making body and is jointly responsible for ensuring that the Group's business is developed in line with the strategic direction established by the Board of Directors. The CEO leads the work of the Group Executive Team.

Annual General Meeting

Under the terms of the Swedish Companies Act, the AGM is the company's highest decision-making body. The Swedish Ministry of Enterprise and Innovation and the Danish Ministry of Transport vote on behalf of the Swedish and Danish States, respectively, at PostNord's Annual General Meeting. Each State nominates four Board members. The AGM appoints a Board and auditor, along with deciding on how to distribute earnings, discharging the Board and CEO from liability, and making decisions on other matters as set out in legislation or the Company's articles of association.

The AGM must be held no later than April 30 in accordance with the owner policy of the Swedish State. Notice of the Annual General Meeting is sent by mail to the shareholders and is advertised in the daily press, through information in the Annual Report and on the Group website. Members of the Swedish and Danish Parliaments and the general public are invited to attend and ask questions at the AGM.

2014 Annual General Meeting

The 2014 AGM was held on April 23, 2014. The AGM adopted the Group's and Parent Company's income statement and balance sheet, distribution of earnings according to the Board's proposal (dividend of SEK 128.8m (103.0) to shareholders) and the Board of Directors and President and Group CEO were discharged from liability for the 2013 financial year. The AGM also decided on guidelines for remuneration to senior executives and remuneration to Board members and the auditor.

Jens Moberg was re-elected as chair of the Board. The AGM re-elected Mats Abrahamsson, Gunnel Duveblad, Christian Ellegaard, Sisse Fjelsted Rasmussen, Torben Janholt and Anitra Steen as Board members. Magnus Skåninger was elected as a new Board member. Accounting firm KPMG AB was re-elected as auditor through the close of next year's AGM, with authorized public accountant Helene Willberg as auditor in charge. The AGM also decided on the financial targets for PostNord; see page 12. The complete minutes of the Annual General Meeting are published at www.postnord.com.

Extraordinary General Meeting 2014

At an Extraordinary General Meeting on August 25, 2014 the decision was made to merge PostNord Logistics AB with Posten Meddelande AB, which in this connection changed their names to PostNord Sverige AB. The aim was to simplify the Group's legal structure, and the merger was implemented on January 1, 2015.

2015 Annual General Meeting

PostNord's 2015 AGM will take place on April 23, 2015 at PostNord's Group office at Terminalvägen 24, Solna, Sweden.

Internal and external regulations

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

External regulations:

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

Postal regulations:

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

Internal rules and regulations

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

Responsible enterprise

In addition to the law, PostNord must comply with *Swedish State ownership policy and guidelines for state-owned businesses*. This means, among other things, that PostNord must be a role model in terms of responsible enterprise, including ensuring compliance with *the Swedish Code of Corporate Governance*, *the OECD's Guidelines for Multinational Enterprises* (oecd.org), *the UN's Guiding Principles on Businesses and Human Rights* (ohchr.org) and *the UN's Global Compact* (unglobalcompact.org).

PostNord signed the Global Compact in 2010. The Global Compact is based on ten principles, which are based on the UN Universal Declaration of Human Rights (un.org), the ILO Declaration on Fundamental Principles and Rights at Work (ilo.org), the Rio Declaration on Environment and Development (unep.org), and the UN Convention against Corruption (unodc.org). Because PostNord has issued bonds on the NASDAQ Stockholm Exchange, it must also follow its regulations established for its issuers. These regulations are reflected in PostNord's Code of Conduct.



Deviations from the Swedish Code of Corporate Governance

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

- Chapter 2 requirement for a nominating committee. PostNord does not have a nominating committee, as the nomination and appointment of Board members is performed in accordance with the principles agreed upon by the owners. Nominations are made in cooperation between the owners.
- Chapter 4.5 requirement for Board members' independence from owners. The objective of the rule is to protect minority owners (with a non-controlling interest). However, protection for minority owners is not relevant to the governance of PostNord. PostNord only has two owners and an account of the independence of the Board members is thus of no relevance.

Deviation from the Swedish State's guidelines for external reporting

PostNord applies the Swedish State's guidelines for external reporting, with one exception:

- In 2014 PostNord deviated from the requirements stated in the Swedish State's guidelines on the time of publishing the year-end report for 2013, quarterly report for Q1 and H1 report. PostNord has revised its processes and will be issuing its financial reports in 2015 within the time frame stated in the guidelines.

Board of Directors

The Board of Directors has overall responsibility for the organization and management of the Company through regularly monitoring the business and ensuring appropriate organization, management, guidelines and internal control. The Board adopts strategies and targets and makes decisions on major investments, acquisitions and divestment of operations.

Composition of the Board

The Board of Directors is appointed by the AGM, which has determined that the Board shall be composed of eight AGM-elected Board members and no deputies. The Board also includes three members elected by employee organizations and their three deputies. The Swedish State's ownership policy prescribes that each gender shall have at least 40% board representation. The female/male distribution of PostNord's Board of Directors was 38%/62% in 2014 (ordinary members).

The Board's work

Working methods

The Board of Directors annually adopts rules of procedure. These regulate matters such as the Chair's duties, information to the Board of Directors and the roles and responsibilities of the President and Group CEO and Board members. There is no division of the work of the Board between Board members, apart from the Audit and Remuneration Committees.

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

Board meetings and issues in 2014

In 2014 the Board met on nine occasions, including the statutory first meeting. The CEO presented the financial and market situation at each Board meeting. The Board also discussed the Group's strategy, acquisitions, employment issues and business plan, and addressed reports from the Audit and Remuneration Committees and reports concerning internal control and financial activities on a continuous basis. The company's auditor has given an account of the year's auditing activities and these issues have been discussed.

Board meeting attendance 2014

Member of the Board	Board meetings	Audit Committee meetings	Remuneration Committee meetings
Jens Moberg	9/9	-	2/2
Mats Abrahamsson	9/9	-	2/2
Gunnel Duveblad	9/9	6/6	-
Christian Ellegaard	9/9	6/6	-
Sisse Fjelsted Rasmussen	9/9	6/6	-
Torben Janholt	9/9	-	1/2
Patrik Jönsson (co-opted) ¹⁾	2/2	-	-
Magnus Skåninger ²⁾	7/7	3/4	-
Anitra Steen	9/9	-	1/2
Lars Chemnitz	8/9	-	-
Ann-Christin Fällén	9/9	-	-
Alf Mellström	9/9	-	-

¹⁾ Co-opted in anticipation of a decision at the AGM concerning the composition of the Board.

²⁾ Elected to the Board and Audit Committee at the AGM in April 2014.

Audit Committee

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

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

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

In 2014 the Committee met on a total of six occasions. The topics discussed include the following:

- The reporting of the Group's auditors regarding the year-end and interim reports and the audits of the financial statements.
- Supervision of financial reporting and effectiveness of PostNord's internal governance and control.
- Supervision of risk management systems and processes.
- Evaluation of external audit.

Remuneration Committee

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

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

In 2014 the Committee met on a total of two occasions. The topics discussed include the following:

- Remuneration and other provisions for senior executives.
- Pension provisions for senior executives.
- Specific issues regarding remuneration for members of the Group Executive Team.
- Evaluation of results and potential and succession planning for senior managers.

Remuneration at PostNord

Decisions on terms of employment and remuneration for the President and Group CEO are made by the Board of Directors. The Board deals with remuneration issues through the Remuneration Committee.

Salaries and wages for PostNord employees shall conform to market conditions. For details on remuneration for senior executives, see Note 5, Employees, personnel expenses and remuneration to senior executives in the consolidated financial statements.

Guidelines on remuneration to senior executives decided on by the 2014 AGM are available in their entirety at www.postnord.com under Corporate Governance. No material changes to the guidelines are proposed ahead of the 2015 AGM.

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

The Board conducts an annual evaluation of its own work. Areas evaluated include the manner in which important decisions are prepared, discussed and managed; whether the right issues are addressed by the Board; the integrity of supporting documentation; and how well decisions and discussions are recorded in the minutes.

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

Board member remuneration

Remuneration for Board members was determined by the 2014 AGM. Remuneration for each elected Board member for the period through the next AGM is SEK 250,000, while the Chair's remuneration is SEK 600,000. The fee for work in the Audit Committee is SEK 50,000 for members and SEK 62,500 for the Chair. The fee for work in the Remuneration Committee is SEK 25,000 for members and SEK 37,500 for the Chair. Board and Committee member remuneration is not paid to members employed by the Government Offices of Sweden.

Auditors

PostNord's 2014 AGM appointed KPMG AB as the Company's auditor, with authorized public accountant Helene Willberg as auditor in charge. The auditors meet with the Board at least once per year and also participate in a number of Audit Committee meetings. In 2014 the Board met with the auditor at one (1) Board meeting. The Board members have thus had the opportunity to ask the auditor questions.

See also Note 7, Fees and reimbursement of expenses to auditors.

The Board's report on internal control Governance model

PostNord's operational governance consists of seven main elements. Core Group governance includes Formal Governance, Functional Governance and Situation-specific Governance. Together with PostNord's Strategy and Plans, these determine the scope, conditions and direction for the Group's operations.

The other three elements consist of management by objectives for the Group's senior executives, and managing and running Group projects and business management systems with associated certificates for quality, environment and work environment.

The management system is followed up and evaluated, supported by the Excellence model EFQM (European Foundation of Quality Management) and by external parties. The Group Executive Team is responsible for implementing proposed improvement potentials.

Framework

PostNord's framework for internal governance and control is based on the framework developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). The Group utilizes a "three lines of defense" model to illustrate the way in which responsibility for internal governance and control has been organized. The first line of defense clarifies the business's responsibility for internal governance and control and risk management. Management and managers in the country structure, the business areas and for Group functions are responsible for identifying and managing risks within their respective areas of responsibility. The second line of defense is made up of a number of management and control functions, which are responsible for supporting the first line of defense. This takes place by producing governance documents such as Group policies and instructions, processes, methods and ways of working, and training. The second line of defense must also ensure compliance and may also implement its own controls and create conditions to detect and manage any risks or errors that pass through the first line of defense. This includes Enterprise Risk Management (ERM), Internal Control and the Security Function. The third line of defense is the Group Internal Audit function, the Board's independent audit and control function tasked with evaluating PostNord's processes for governance, risk identification and risk control.

Control environment

In addition to the organizational model with the three lines of defense and their responsibility for internal governance and control, factors such as organization, decision-making paths and authorities have been defined and communicated within the Group. The Board has adopted PostNord's Code of Conduct, which clarifies how PostNord must comply with and implement certain fundamental legal requirements for the Group and governing principles and guidelines in the operations. The Code clarifies what may be expected of PostNord such as the kind of conduct that all Group employees are to exhibit. The Code is also linked to the PostNord whistleblowing system, the special reporting procedures that may be used on an anonymous basis. During the year, a document hierarchy for internal governing documents has been produced and adopted. Operational governance for the PostNord Group is an overarching

document that describes the business and regulates aspects including general internal division of roles and responsibilities. The subsidiary governance document and delegated authorities are linked to the document. In addition to this, the document hierarchy covers the following types of governance documents in descending order: Code of Conduct, policies, instructions, guidelines and directions.

The Board's work and responsibilities are governed by the Board's rules of procedure. The Board of Directors is ultimately responsible for ensuring the Company has good internal governance and control. The Board's rules of procedure define internal governance and control of financial reporting as a process through which the Board, the President and Group CEO and employees ensure beyond reasonable doubt that the financial reporting is reliable. The Audit Committee is tasked with preparing the Board to perform its duties of assuring the quality of the Company's financial reporting. The Committee oversees the effectiveness of the Company's internal governance and control as well as risk management systems and processes concerning financial reporting. The work is carried out through measures including regular discussions with PostNord's management and external auditors and the examination of accounting principles applied and accounting issues that are brought to the Committee's attention. The duties and powers of the President and Group CEO are governed by instructions established by the Board of Directors. Decision-making authority is governed by delegated authorities, which are based on the delegation of responsibilities established by the Board in its rules of procedure. The delegated authorities set forth the decision-making authority delegated by the President and Group CEO to the managers who report to him. These managers may then further delegate their decision-making authority within their respective areas of responsibility. Documents of importance are jointly signed by two authorized signatories designated by the Board.

Risk assessment

In 2014, PostNord's operations were guided by the governance model presented below. Risks associated with financial reporting are identified and evaluated along with other types of risks within the framework of the Group's business-wide risk management process and through an annual self-assessments and analyses of the Group's various companies and units. Financial reporting risks are also dealt with on a regular basis by the Audit Committee and the Board, which evaluate and monitor the management of these risks. See also Risks and Risk Management, page 54.

Control activities

These activities include rules covering decision-making and authorization, verification, compliance, manual and programmed controls, and

the division of duties and responsibilities in processes and routines. These governing documents and processes concerning reporting and financial reporting are updated by the Group's Finance function when amendments are made to legislation, accounting rules, reporting requirements, etc. In Sweden finance and payroll administration services are outsourced. Quality is ensured through the monitoring of internal control activities and reporting on the achievement of agreed service levels and quality criteria. The Group's Finance function is responsible for consolidated accounts and consolidated financial statements and for the Group's common business system, SAP. This responsibility includes regular analyses of the financial results of country organizations, the business areas and Group functions. The financial statement and reporting process includes controls for reporting, valuation, disclosure requirements and application of set accounting principles.

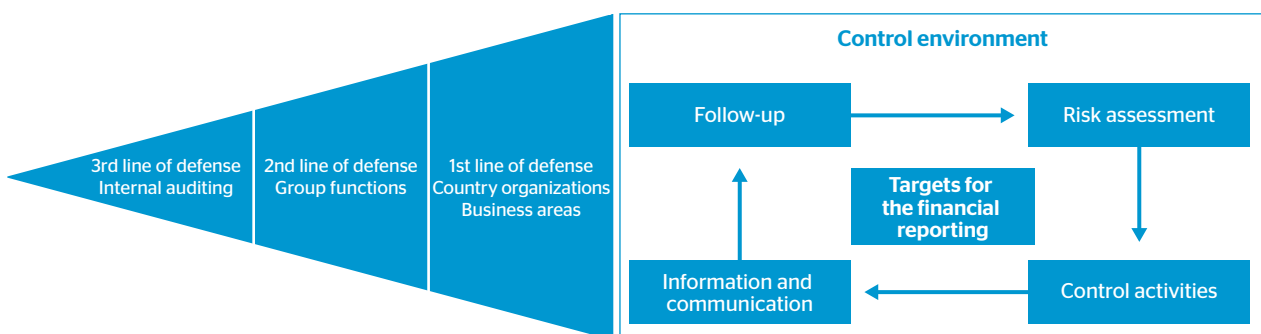
Information and communication

The Swedish State's ownership policy specifies guidelines for external reporting applicable to state-owned companies. The Group's Financial Accounting manual and supplementary internal guidelines for accounting and closing procedures are continuously updated and are communicated via the Group's intranet, for example. The Board and Audit Committee receive and review all interim reports and the Group's annual report before these are published. Information to the Group's external stakeholders is communicated through press releases and PostNord's website. Financial reporting is also addressed directly to the Danish and Swedish owners.

Follow-up

PostNord's business activities are reported and evaluated monthly based on business objectives. PostNord's financial situation is discussed at each Board meeting. Board committees play important roles in terms of remuneration, financial reporting and internal governance and control. The Audit Committee receives regular reports from the Group's external and internal auditors and follows up to ensure that measures are taken on the basis of the auditors' observations and recommendations. The Group's companies and Group functions conduct an annual self-assessment of the internal governance and control of financial reporting. Results are compiled by the Group's Finance function and are presented to the Audit Committee, the Board, PostNord country organizations and Group functions. In 2014, portions of the self-assessment responses from the Group's companies and units were subject to a limited review.

Internal governance and control at PostNord



Board of Directors



Jens Moberg

Born 1962.
Graduate Diploma in Business Administration.
Chair of the Board since April 2013.
Chair of the Remuneration Committee since April 2013.
Previous experience includes positions at IBM Denmark and subsequently at Microsoft Corporation, most recently as Corporate Vice President.
Chair of the boards of Grundfos Holding, Herlufsholm Skole og Gods and VisioLink. Board member of Axcel and Poul Due Jensens Fond.



Gunnel Duveblad

Born 1955.
Systems Engineer.
Board member since August 2009.
Chair of Audit Committee since 2009.
Previous positions include CEO of EDS Northern Europe and managerial posts at IBM.
Chair of the board of Team Olivia AB, Global Scanning A/S and Stiftelsen Ruter Dam.
Board member of HIQ International AB and Sweco AB.



Sisse Fjølsted Rasmussen

Born 1967.
BA in Business Administration and Authorized Public Accountant.
Board member since April 2013.
Member of Audit Committee since April 2013.
CFO/group executive of Scandinavian Tobacco Group. Previously Nordic Financial Controller for Grey Global Group. Background as auditor at Deloitte and Arthur Andersen.



Mats Abrahamsson

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



Christian Ellegaard

Born 1969.
MBA.
Board member since April 2013.
Member of Audit Committee since April 2013.
Member of corporate management at Berendsen Plc and CEO of Facility. Previously held various positions within the Berendsen Group, including CEO in Denmark.



Torben Janholt

Born 1946.
Bachelor of Commerce.
Board member since August 2009.
Member of Remuneration Committee since 2009.
Previous positions include CEO of J Lauritzen A/S.
Chair of the board of Otto Suenson A/S. Director of A/S United Shipping & Trading Company and Lloyd Concept Store.



Magnus Skåninger

Born 1971.
Masters degree in Political Science and Business Economics.
Certified European Financial Analyst (CEFA).
Board member since April 2014.
Assistant undersecretary and head of the Division for State-Owned Enterprises at the Ministry of Enterprise and Innovation, Sweden
Previous posts include Executive Director EY, Director PwC and budget department at the Ministry of Finance.



Anitra Steen

Born 1949.
Bachelor of Arts.
Board member since April 2013.
Member of Remuneration Committee since April 2013.
Previous positions include CEO of Systembolaget, Director-General of the National Tax Board, State Secretary at the Swedish Ministries of Education and Finance.
Chair of the boards of AB Svenska Spel, Telge Inköp AB, AFA Försäkring and Iris Invest AB.
Board member of Oral Care.



Employee representatives

Lars Chemnitz

Born 1957.
Union representative appointed by the Union of Service and Communication Employees (SEKO).
Chair of the Danish postal workers union, 3F Post.
Member of the Board since January 2010.



Alf Mellström

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



Ann-Christin Fällén

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

Employee representatives, deputies

Peter Madsen

Born 1953.
Union representative appointed by the Union of Service and Communication Employees (SEKO).
As a union representative, he represents 3F.
Deputy employee representative since January 2010.
Employed by Post Denmark since 1990.

Johan Lindholm

Born 1979.
Union representative appointed by the Union of Service and Communication Employees (SEKO).
Deputy employee representative since April 2012.
Employed by Posten since 1998.

Eigil Johannesen

Born 1965.
Union representative appointed by the Union of Civil Servants (ST).
As a union representative, he represents HK, Denmark's largest union for salaried employees.
Deputy employee representative since December 2014.
Employed by Post Denmark since 1983.

On February 14, 2014 Jonas Iversen resigned as Board member. Patrik Jönsson, deputy director at the Ministry of Finance, was a co-opted member until PostNord's 2014 AGM.

Group Executive Team



Håkan Ericsson

Born 1962.
BSc Economics.
President and Group CEO since October 1, 2013.
Member of Group Executive Team since 2013.
Previous positions: President of Carlson Wagonlit Travel's North and Latin American operations (after serving as President of their EMEA and Latin America operations); CEO of Loomis Cash Handling, Executive Vice President at SAS, Managing Director of DHL European freight operation, and senior positions in the Danzas, ASG and Fraktarna logistics groups.



Johanna Allert

Born 1975.
Master of Engineering.
Chief Technical Officer since 2014. Member of Group Executive Team since 2011.
Previous positions: Head of Group Operations Development function, including Group Support & Shared Services.



Gunilla Berg

Born 1960.
BSc Economics.
Chief Financial Officer (CFO).
Member of Group Executive Team since September 29, 2014.
Previous positions: Vice-President and CFO of the Teracom, SAS and KF Groups.
Board member at Alfa Laval and Vattenfall.



Henning Christensen

Born 1962.
Engineer.
Head of PostNord Denmark since 2014.
Member of Group Executive Team since 2012.
Previous positions: Head of Business Area Mail Denmark; Head of Production & Transport (PRT) at Breve Danmark A/S; Deputy Director of Mail Production & Transport at Post Denmark; and Mail Center Director at the Copenhagen Post Office.



Joss Delissen

Born 1963.
BSc Economics.
Chief Information Officer (CIO) since 2009.
Member of Group Executive Team since 2009.
Previous positions: A variety of positions at Unilever, most recently Director of Solutions Architecture.



Andreas Falkenmark

Born 1955.
Master of Laws.
Head of Business Area PostNord Mail & Communication since 2014.
Member of Group Executive Team since 2009.
Previous positions: Head of Business Area Mail Sweden; CEO of NK Förvaltnings AB; CEO of Duka AB; CEO of Coop Sverige AB; and CEO of Observer Northern Europe.



Annemarie Gardshol

Born 1967.
Master of Engineering.
Head of E-commerce & Corporate Clients and Chief Strategy Officer (CSO) since 2014.
Member of Group Executive Team since 2012.
Previous positions: Head of Group Strategy, executive positions at Gambro and as a management consultant at McKinsey & Company.
Board member of Etac AB.



Finn Hansen

Born 1956.
Master of Science.
Chief HR Officer since 2013.
Member of Group Executive Team since 2009.
Previous positions: Head of Business Area Mail Denmark, Deputy Director of Distribution, Deputy Director of Mail Production & Transport, various management positions at Post Danmark A/S.



Anders Holm

Born 1957.
Market economist.
Head of PostNord Sweden since 2014.
Member of Group Executive Team since 2014.
Previous positions: Head of Posten Logistik AB in Sweden, Sales and Marketing Director at Posten Logistik AB in Sweden, and various positions at UPS, most recently as Nordic CEO.



Peter Kjaer Jensen

Born 1969.
MBA.
Head of business area PostNord Logistics since April 1, 2014.
Member of Group Executive Team since 2014.
Previous positions: Various managerial positions at Maersk Linje, Maersk Logistics and Damco International A/S. Most recently Chief Transformation Officer at Damco.



Kristina Lilja

Born 1967.
Master of Laws.
General Counsel and Board Secretary.
Member of Group Executive Team since January 1, 2015.
Formerly VP and legal counsel at Husqvarna and positions as corporate lawyer or general counsel at companies including Hi3G Access (3), IFS and Cybercom.



Per Mossberg

Born 1953.
BSc Economics.
Chief Communications Officer since 2009.
Member of Group Executive Team since 2009.
Previous positions: Head of Corporate Communications at Posten AB; partner at JKL AB; Executive VP (communications) at Telia AB; Senior VP (information) at Trygg-Hansa SPP AB, Nobel Industrier and AB Bofors; and CEO of Näringslivets EU-fakta and Näringslivets Ekonomifakta. Chair of the boards of CSR Sweden and Sveriges Kommunikatörer.



Robin Olsen

Born 1970.
Master of Engineering; Master of Management.
Head of PostNord Norway & Finland since 2014.
Member of Group Executive Team since 2014.
Previous positions: Head of PostNord Logistics in Norway and CEO of Tollpost Globe AS.

Mats Johansson was acting Head of business area PostNord Logistics January 1 – March 31, 2014. Henrik Rättzén, CFO, left PostNord on May 11, 2014. From May 12, 2014 – September 28, 2014 Lena Larsson, Head of Business Control, was acting CFO. K.B. Pedersen, Executive VP and Deputy CEO, retired on December 31, 2014. Per Samuelson, Head of PostNord Strålfors, left the Group Executive Team on October 30, 2014.

Value-creating risk management

Proactive, structured risk management creates the conditions for PostNord to be able to achieve its targets and create value. Risk management is essential to the governance and control of PostNord's operations.

PostNord operates in an international market characterized by ongoing changes in several areas. Structured preparedness is required to adapt and optimize the business in the best way and to take advantage of opportunities while at the same time minimizing risks and losses. The overarching objective of the Group's risk management is to ensure that the risks affecting the Group's strategy and targets are identified and managed in an effective, systematic and value-creating way. Risk management is a continuous process that is integrated in the Group's business planning and in all operations.

Risk management process

The Group works continuously to identify, evaluate, manage and follow up risks in the surrounding world and within the business. PostNord's risk management process ensures the uniformity and comparability of risks, in order to prioritize decisions in line with the overriding targets, business-related decisions and external factors. PostNord strives to achieve an optimal balance between preventive and risk-limiting measures and the transfer of risks through insurance and contractual procedures, for example.

Risk management organization and responsibility

PostNord's Board of Directors and Group Executive Team have overall responsibility for the Group's risk management. Responsibility for risk management within the country organizations, business areas, Group functions and subsidiaries lies with the respective managers. The Group's risk management function is responsible for developing and establishing Group-wide instructions and methods for risk management. The risk management function is also responsible for consolidating risks and reporting to PostNord's management, Audit Committee and Board.

Risk areas and risk-limiting measures

The most important risk areas for the Group are described below, along with information on how the Group works with managing, controlling and limiting these risks.

Strategic risks

Strategic risks includes regulatory risks and risks due to changes in market conditions.

Regulatory risks

PostNord is commissioned to provide universal postal services in Sweden and Denmark, and changes to terms and/or licenses on the European or national level can have a significant impact on the Group's strategy concerning among other things the business model, service range and pricing.

Among the regulatory risks assigned the highest priority are those related to the structure of permit conditions, and the European Commission's decision to sue the Swedish State for not following the EU's VAT Directive regarding postal services. These risks may impact the Group's competitive situation and its ability to fulfill the universal service obligation in an efficient way under reasonable financial conditions. PostNord manages these regulatory risks with external and scenario analyses, a compliance program, advocacy work and the adaptation of the business.

Risks related to changes in market conditions

PostNord operates in a competitive market where market changes and position shifts may present challenges to PostNord's competitive advantage and profitability. 2014 has seen declining mail volumes, greater competition and pressure on prices, primarily in the logistics services market.

PostNord must respond to and adapt the business to changes in customer behavior, changes in market demand and technological developments, and increased levels of digitization. These are factors that result in declining mail volumes. Coordinated public initiatives to increase the level of digitization have already impacted the Danish business, and PostNord sees a similar development for the Swedish market.

The change and adaptation of PostNord's business model generates several risks of a more strategic nature, related to issues such as cost adjustments, governance and planning in the new matrix organization, and development of various customer offerings. PostNord manages these risks by analyzing the market, customers and competitors on an ongoing basis, working constantly on restructuring measures and performing strategy and business development.

Operational risks

PostNord is exposed to several operational risks. The most critical of these relate to the fulfillment of restructuring programs and cost-saving objectives, IT delivery quality and continuity, and restructuring and adaptation of personnel and organization. IT risks include internal and external delivery problems and disturbances that may affect the Group's production, customer deliveries and PostNord's financial reporting.

PostNord also runs operational risks related to non-current assets, infrastructure and sustainability-related risks. PostNord's goal is for high quality, efficiency, security and continuity to characterize the Group's services, deliveries and internal work. Ensuring good continuity and efficiency in production is a key part of the restructuring work in the business. The work aims to maintain and improve customer satisfaction, minimize damage and loss to the assets of PostNord and its customers, and ensure the health and safety of employees. PostNord's business requires transportation and an extensive infrastructure of terminals, production facilities and other buildings. The business itself is energy intensive and its carbon dioxide emissions have an impact on the environment. PostNord works continuously on risk analyses and continuity planning to ensure the Group's ability to manage consequences of any critical events, downtime or quality issues.

Financial risks

Financial risks mainly cover credit risks, refinancing risks and investment risks. PostNord secures financing of the business partly through the operating cash flow and partly through the maintenance of an effective capital structure that includes external financing. Financial risks over and above managing payment readiness are limited. Financial risks are managed on the basis of the finance policy adopted by the Board, which was updated in 2014.

Read more about the management of financial risks in Note 29, page 82, about the Group's material assessments and estimates regarding e.g. intangible assets in Note 2, page 66, and about the management of pensions in Note 23, page 75.

Sensitivity analysis

Area	Variable	Change	Impact on income (including derivatives), SEKm
Personnel risks	Change in personnel expenses	+/- 1 percentage point	182
	Change in sick leave levels	+/- 1 percentage point	116
Volume risks	Volume change in physical mail	+/- 1 percentage point	113
	Volume change in logistics business	+/- 1 percentage point	80
Interest rate risk	Change in market rate of interest	+/- 1 percentage point	8
Currency risk	Translation exposure	+/- 1 percentage point	56
Pensions	See also Note 23, Pensions, page 75		

Overview of risk areas and risk-limiting measures

Risk exposure by risk category	Examples of risk areas	Examples of risk-limiting measures
Strategic risks	Regulatory risks.	Business intelligence, compliance program and dialogue with politicians and public authorities.
	Changes in market conditions.	Restructuring program, measures to increase efficiency, customer and competitor analysis, strategy and business development.
Operational risks	Risks concerning target fulfillment of restructuring program and cost savings.	Continuous adaptation and follow-up.
	Risks concerning IT delivery and IT stability.	Disruption analyses and incident reporting.
	Risks concerning adapting personnel and organization.	Continuity planning, including ensuring workforce planning.
	Risks concerning facilities and infrastructure.	Overview of insurance protection.
Financial risks	Credit risks, refinancing risks, investment risks, currency risks.	The financial policy regulates financial risk exposure. Systematic credit evaluation and risk limits.
	Risk of insufficient payment readiness.	Cost-savings program, capital efficiency program and securing liquidity reserves.
	Pension-related risks.	Analysis and review of pension commitments and pension programs. Diversification of pension assets, derivative solutions and scenario planning.
	Intangible assets.	Impairment testing of significant intangible assets is performed annually.

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PostNord Group

Income statement

SEKm	Note	2014	2013 ¹⁾
	1, 2		
Net sales		39,950	39,533
Other operating income	3	632	233
Income	4	40,582	39,766
Personnel expenses	5	18,212	18,626
Transportation expenses		9,832	8,953
Other operating expenses	6, 7, 24	-10,356	-9,887
Depreciation and impairments	8	-1,847	-1,648
Expenses		-40,247	-39,114
Participations in the earnings of associated companies		16	10
OPERATING INCOME		351	662
Financial income	9	89	50
Financial expenses	9	-195	-258
Net financial items		-106	-208
Income before tax		245	454
Tax	10	-69	-148
NET INCOME		176	306
Attributable to			
Parent Company shareholders		173	303
Non-controlling interests		3	3
Earnings per share, SEK		0.09	0.15

Statement of comprehensive income

SEKm	2014	2013 ¹⁾
NET INCOME	176	306
OTHER COMPREHENSIVE INCOME		
Items that cannot be transferred to net income		
Revaluation of pension liabilities	-1,682	-1,821
Change in deferred tax	370	-401
Total	-1,312	1,420
Items that have been or may be transferred to net income		
Cash flow hedges after tax	-12	
Translation differences ²⁾	237	-107
Total	225	-107
TOTAL OTHER COMPREHENSIVE INCOME	-1,087	1,313
COMPREHENSIVE INCOME	-911	1,619
Attributable to		
Parent Company shareholders	-914	1,616
Non-controlling interests	3	3

¹⁾ Restated due to adjusted report from a subsidiary, see page 60.

²⁾ Translation differences refer to the translation of Group equity in foreign currencies.

Statement of financial position

SEKm	Note	Dec. 31, 2014	Dec. 31, 2013 ¹⁾
	1, 2		
ASSETS			
Goodwill	12	3,372	3,295
Other intangible assets	12	1,319	1,605
Property, plant and equipment	13, 14	9,923	9,411
Participations in associated companies and joint ventures	11	83	65
Financial investments	15, 29	257	211
Non-current receivables	16	887	1,015
Deferred tax assets	17	566	537
Total non-current assets		16,407	16,139
Inventories	18	177	226
Tax assets		367	169
Trade receivables	19	4,620	4,626
Prepaid expenses and accrued income	20	1,289	1,526
Other receivables	29	389	509
Current investments	15, 29		150
Cash and cash equivalents	21, 29	1,843	1,981
Assets held for sale	13	372	390
Total current assets		9,057	9,577
TOTAL ASSETS		25,464	25,716
EQUITY AND LIABILITIES			
Equity			
Capital stock		2,000	2,000
Other contributed equity		9,954	9,954
Reserves		-1,692	-1,917
Retained earnings		-2,275	-1,007
Total equity attributable to Parent Company shareholders		7,987	9,030
Non-controlling interests		4	4
TOTAL EQUITY		7,991	9,034
LIABILITIES			
Non-current interest-bearing liabilities	22, 29	4,577	4,315
Other non-current liabilities		59	82
Pensions	23	1,223	375
Other provisions	24	1,730	1,386
Deferred tax liabilities	17	650	1,017
Total non-current liabilities		8,239	7,175
Current interest-bearing liabilities	22, 29	807	274
Trade payables		2,010	2,894
Tax liabilities		65	88
Other current liabilities		1,742	1,779
Accrued expenses and deferred income	25	3,929	3,917
Other provisions	24	681	555
Total current liabilities		9,234	9,507
TOTAL LIABILITIES		17,473	16,682
TOTAL EQUITY AND LIABILITIES		25,464	25,716

¹⁾ Restated due to adjusted report from a subsidiary, see page 60.

For more information on the Group's pledged assets and contingent liabilities, see Note 26.

Statement of cash flows

SEKm	Note	2014	2013 ¹⁾
OPERATING ACTIVITIES			
Income before tax		245	454
Adjustments for non-cash items			
Reversal of depreciation and impairments		1,847	1,648
Capital gain/loss on sale of subsidiary			-1
Capital gain/loss on sale of property, plant and equipment		-431	61
Change in pension liability		577	426
Other provisions		937	402
Other items not affecting liquidity		6	0
Pensions paid		-1,045	-1,070
Other provisions, liquidity effect		-596	-428
Taxes		-116	45
Cash flows from operating activities before changes in working capital		1,424	1,537
Cash flow from changes in working capital			
Increase (-)/Decrease (+) inventories		48	-32
Increase (-)/Decrease (+) in other receivables		138	65
Increase (+)/Decrease (-) in other payables		-947	84
Other changes in working capital		7	3
Changes in working capital		-754	120
Cash flows from operating activities		670	1,657
	28		
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-1,478	-1,896
Sale of property, plant and equipment		582	62
Capitalized development expenditures		-178	-234
Purchase of other intangible assets		-34	-111
Sale of intangible assets		5	
Acquisition of subsidiaries, net	31	-85	-336
Change in financial assets		-198	-125
Cash flows from investing activities		-1,386	-2,640
FINANCING ACTIVITIES			
Amortized debts		-600	-219
New debts raised		1,350	400
Change in finance leasing liabilities		-15	-61
Dividend paid to Parent Company shareholders		-129	-103
Dividend paid to non-controlling interests		-3	-2
Net pension transactions		-85	-194
Increase(+)/decrease(-) in other interest-bearing liabilities		48	97
Cash flows from financing activities		566	-82
CASH FLOWS FOR THE PERIOD		-150	-1,065
Cash and cash equivalents, opening balance		1,981	3,046
Translation difference in cash and cash equivalents		12	0
Cash and cash equivalents, closing balance		1,843	1,981
	21		

¹⁾ Restated due to adjusted report from a subsidiary.

Statement of changes in equity

2013, SEKm	Equity attributable to Parent Company's shareholders						Total equity
	Capital stock ¹⁾	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings ²⁾	Non-controlling interests	
Equity, opening balance	2,000	9,954	-1,810		-2,614	3	7,533
Adjustments ²⁾					-13		-13
Adjusted equity, opening balance	2,000	9,954	-1,810		-2,627	3	7,520
Total comprehensive income							
Net income for the period ²⁾					303	3	306
Other comprehensive income for the period			-107		1,420		1,313
Total comprehensive income for the period			-107		1,723	3	1,619
Dividend					-103	-2	-105
Equity, closing balance	2,000	9,954	-1,917		-1,007	4	9,034

2014, SEKm	Equity attributable to Parent Company's shareholders						Total equity
	Capital stock ¹⁾	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	
Equity, opening balance	2,000	9,954	-1,917		-1,007	4	9,034
Total comprehensive income							
Net income ²⁾					173	3	176
Other comprehensive income for the period			237	-12	-1,312		-1,087
Total comprehensive income			237	-12	-1,319	3	-911
Dividend					-129	-3	-132
Equity, closing balance	2,000	9,954	-1,680	-12	-2,275	4	7,991

¹⁾ Number of shares 2,000,000,001; 1,524,905,971 ordinary shares and 475,094,030 series B shares.

²⁾ Restated due to adjusted report from a subsidiary, total SEK -29m, of which SEK -13m affected the opening balance and SEK -16m the net income for the period.

Notes to the consolidated financial statements

NOTE 1 ACCOUNTING PRINCIPLES

Compliance with law and standards

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), as approved by the European Commission for application within the European Union. The Swedish Annual Accounts Act and the Swedish Financial Reporting Board's RFR 1, Supplemental Financial Statements for Groups, were also applied.

The Parent Company applies the same accounting principles as the Group except in the cases indicated in the section Notes to Parent Company's financial statements, Note 1 Accounting principles. The differences between the Parent Company's and the Group's accounting principles result from limits on the Parent Company's ability to apply IFRS under the Annual Accounts Act, the Act on Safeguarding of Pension Commitments (Tryggandelagen) and, to some extent, tax considerations.

Basis of preparation of Parent Company and Consolidated financial statements

The functional currency of the Parent Company is SEK, which is also the reporting currency used for the accounts of both Parent Company and the Group. The financial statements are therefore presented in SEK. Unless otherwise stated, all amounts are rounded off to the nearest million. Assets and liabilities are recognized at acquisition cost, except for certain financial assets and derivatives, which are measured at fair value.

In preparing the financial statements, management is required to make judgments, estimates and assumptions that affect the application of accounting principles and the amounts disclosed for assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and a number of other factors that in the prevailing circumstances appear reasonable. The results of these estimates and assumptions are then used to assess the carrying amounts of assets and liabilities that are not otherwise revealed clearly from other sources. The actual outcome in the future may differ from these assumptions and estimates. Assumptions and estimates are reviewed on an ongoing basis.

Changes in accounting principles

The following accounting principles have been amended as a result of amendments to IFRS applied with effect from January 1, 2014. Other changes to IFRS applicable as of 2014 have not had any material effect.

IFRS 10 Consolidated Financial Statements is a new standard establishing new principles for determining when a controlling interest over an investee exists. The amendment to the standard had no effect on how the Group consolidates subsidiaries.

IFRS 11 Joint Arrangements is a new standard for accounting for joint ventures and joint operations. Joint operations are accounted for using proportionate consolidation or the equivalent, while joint ventures are accounted for using the equity method. The amendment to the standard did not have any impact on the Group.

IFRS 12 Disclosure of Interests in Other Entities is a new standard on disclosures on investments in subsidiaries, joint ventures, associated companies and unconsolidated structured entities. The standard did not introduce any extra requirement for disclosures.

IFRIC 21 Levies is an interpretation that defines when and how a levy imposed by governments (including government agencies and similar bodies) under law or official regulations are to be accounted for. The interpretation did not bring about any change to the Group's financial reporting.

Amendments to accounting principles, announced to enter into force in 2014 and later

A number of new IFRSs will enter into force over the next few financial years. Those that are thought likely to affect the Group are described in the following. The Group has not opted for early adoption of these IFRSs.

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement, and are required to be implemented as of 2018. IFRS 9 deals with classification and measurement of financial assets and financial liabilities, as well as hedge accounting. IFRS 9 also establishes new rules on impairment of financial assets. IFRS 9 has not yet been approved by the EU for implementation. As a result, the Company has decided to defer an impact analysis and any decision as to early adoption.

IFRS 15 Revenue from Contracts with Customers is a new standard on revenue recognition. This is a very wide-ranging standard that, unlike earlier IFRS standards, is more detailed and establishes more instructions for implementation. IFRS 15 replaces a number of other standards and their interpretations and thus takes a comprehensive approach to revenue recognition in relation to contracts with customers. The main elements of the standard establish how and when transactions between company and customers are to be recognized as revenue or as a liability or receivable. The standard's model for determining this comprises five steps:

1. Identify the contract with the customer. The company and the customer have a binding agreement on performance obligations, conditions, rights and obligations, and the agreement has commercial substance and it is probable that payment for the goods or services will be collected.

2. Identify the performance obligation. Obligations in the form of goods and services are divided into components that the customer can benefit from separately and for which revenue can therefore be recognized separately.

3. Determine the transaction price. The price that the customer pays normally consists of monetary (fixed and variable) and financial elements. However, the standard adds non-monetary elements, such as guarantees and claims (which are to be regarded as price elements).

4. Allocation of transaction price. The standard stipulates that the transaction price is to be allocated to the various performance obligations in the contract.

5. Recognize revenue when the entity satisfies a performance obligation. According to the standard, a performance obligation is satisfied either over time or at a given point in time.

For PostNord, the combination of allocation to the performance obligations in the customer contract, how the transaction price is agreed and when in time revenue is to be recognized, represents the probable effect in revenue recognition. The standard also includes instructions regarding new disclosure requirements. One consistent effect of the standard is that revenue recognition will assume a greater role in estimates and assumptions.

It is too early to determine how PostNord's income recognition and financial statements will be affected by IFRS 15, and which assessments and assumptions will be necessary. IFRS 15 is to be implemented from 1 January, 2017.

Amendments to other future standards have not been applicable to the Company's or the Group's accounts.

The Company has not elected for early adoption of future new and amended accounting principles, interpretations or improvements to standards ("Improvements to IFRSs").

Segment reporting

A segment is a component of the Group that is identifiable for financial reporting purposes and that is constituted of business areas or geographical areas, see Note 4 on page 67.

Classification

Non-current assets and liabilities consist in essence only of amounts that are expected to be recovered or paid more than 12 months after the end of the reporting period. Current assets and liabilities consist in essence only of amounts that are expected to be recovered or paid within 12 months of the end of the reporting period.

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Note 1 (cont.)

Principles of consolidation

Controlling interest

Subsidiaries are companies that are, directly or indirectly, subject to a controlling interest by the Parent Company. A controlling interest exists if the Parent Company, directly or indirectly, has power over the investee, is exposed or has the right to variable returns from its involvement in the investee and can use its power over the investee to affect the amount of its investment return. Financial statements of subsidiaries are included in the consolidated accounts from the date of acquisition up to the date when control ceases.

Business combinations and acquisition method

Subsidiaries are reported using the acquisition method. In this method, the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition cost upon consolidation is determined using an acquisition analysis at acquisition. This analysis establishes the acquisition cost of the participations or business and the fair value at the acquisition date of the identifiable assets acquired and liabilities assumed. The acquisition cost of the subsidiary company's shares and the business consists of the fair values at the transfer date for assets acquired, liabilities arising or assumed and equity instruments in issue that are provided as consideration in exchange for the net assets acquired. Transaction costs attributable to the acquisition are recognized as an expense. A conditional purchase consideration is calculated as fair value at the date of acquisition and any adjustment to the related liability for the conditional purchase consideration made in the period until the date of settlement is recognized in income. Any difference between the acquisition cost of the shares in the subsidiary and the fair value of identifiable assets acquired and liabilities assumed is treated as goodwill on consolidation.

Non-controlling interests

In the case of acquisition of subsidiaries where other shareholders with non-controlling interests are involved, the Group recognizes assets attributable to shareholders with non-controlling interests net, either at the fair value of all net assets excluding goodwill, or at the fair value of all net assets including goodwill. The choice of principle is made on a case-by-case basis for each individual acquisition.

Changes in ownership

Where ownership of companies is increased by acquisitions on several occasions, these are recognized as step-by-step acquisitions. Once a controlling interest is established, changes in ownership are recognized as transfers between the Parent Company's owners and non-controlling interests, within shareholders' equity. In the case of a reduction in ownership such that a controlling interest is lost, the subsidiary's assets and liabilities are derecognized, as well as, where appropriate, non-controlling shareholdings; as a result a capital gain or loss is recognized in income plus a gain or loss on any remaining holdings, which is measured as fair value with the change in value recognized in income.

Associated companies and joint ventures

Associated companies are companies in which the Group has a significant influence, but not control, over operating and financial management, usually via a shareholding corresponding to 20-50% of voting rights.

For accounting purposes, joint ventures are the companies over which the Group through cooperation agreements with one or several parties exercises a joint controlling interest, in which the Group has the right to such company's net assets instead of a direct right to assets and an obligation regarding liabilities.

Holdings in both associated companies and joint ventures are consolidated in the consolidated financial statements using the equity method. In this, the carrying amount of shares in the associated company or joint venture corresponds to the Group's participation in the company's equity, goodwill and any other remaining fair value adjustments. The Group's ownership share in the earnings from the holding after tax and after adjustment for any depreciation, impairment losses and reversals of goodwill or negative goodwill, is recognized in income.

The equity method is applied as of the point in time when the joint control or significant influence is acquired and until the time when the influence is no longer significant.

Transactions eliminated on consolidation

Intra-Group receivables and liabilities, income and expenses and any gains and losses arising from intra-Group transactions are eliminated in their entirety in preparing the consolidated financial statements. Gains and losses arising from transactions with associated companies and jointly controlled companies are eliminated to the degree that they correspond to the Group's interest in the company.

Foreign currency

Foreign currency transactions

The functional currency is the currency of the primary economic environments in which the companies within the Group operate. Transactions in foreign currency are translated into the functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency using the exchange rate prevailing at the end of the reporting period. Exchange rate differences arising in translation are recognized in the income statement. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rate prevailing at the time of the transaction. Non-monetary assets and liabilities reported at fair values are translated into the functional currency at the exchange rate prevailing on the date the fair value was determined. Any changes in exchange rates are then recognized in the same way as for other changes in the value of the asset or liability.

Financial statements of foreign operations

Assets and liabilities of foreign operations, including goodwill and other fair value adjustments, are translated to Swedish kronor, SEK, using the exchange rate prevailing at the end of the reporting period. Revenue and expenses of foreign operations are translated to SEK using an average rate approximating to the rates on each transaction date. Translation differences arising when the financial statements of foreign operations are translated are recognized via other comprehensive income in the translation reserve in equity.

Income

Income from services is recognized in the income statement using the degree-of-completion principle at the end of the reporting period. In the mail and communication business and in the logistics business, income is recognized when the physical item is received for physical transportation. Income related to services including an electronic component (hybrid service) is recognized once the object has been converted into a physical format and has been received for physical transportation in the form of a mail item. Terminal charges are attributed to the handling period, that is, the period in which the item was received from abroad. Distribution income is recognized in the period in which the service is performed. Income from P. O. boxes is recognized on an accruals basis over the term of the contract. Service assignments in information logistics generally run over a short period of time and their income is recognized when the assignment is completed.

Income from sale of goods is recognized on delivery in accordance with the terms of sale; consequently, income is recognized when risks and benefits associated with the good are transferred to the other party.

Income is not recognized if it is probable that the economic benefits will not flow to the Group. Net sales are reported net of value added tax, discounts provided on merchandise and similar reductions in income.

Operating expenses and financial income and expenses

Operating expenses

Personnel expenses are recognized in the period in which the work is performed. Changes in holiday and salary liabilities are recognized on an ongoing basis in pace with the employee's earning of right to remuneration. During periods of high holiday-taking, personnel expenses will on those occasions generally be lower than the average cost per period. Other operating expenses are recognized in the period in which the good or service is delivered or used (for example, in the case of rental costs).

Payments for assets leased via operating leases

Costs arising from operating leases are recognized in the income statement on a straight-line basis over the lease period. Benefits received in connection with the signing of a lease are

Note 1 (cont.)

recognized as part of the leasing cost, on a straight-line basis over the period of the lease, in the income statement. Variable charges are recognized in the periods when they arise.

Payments for assets leased via financial leases

The minimum lease payments are divided between interest expenses and repayment of the outstanding liability. Interest expenses are distributed over the period of the lease so that each accounting period includes an amount corresponding to a fixed interest rate for the liability recognized in that particular period. Variable charges are recognized in the periods when they arise.

Financial income and expenses

Financial income and expenses consist of interest income on bank deposits, receivables, and fixed-income securities, interest expenses on loans, dividend income, exchange rate differences, unrealized and realized gains on financial investments and derivative instruments used within the Group's financing activities. Interest on pension liabilities and return on assets under management for pensions, calculated in accordance with IAS 19, are recognized under the heading Net financial items.

Interest income on receivables and interest expense on liabilities are calculated using the effective interest method. The effective interest rate method is the rate at which the present value of all future incoming and outgoing payments in the fixed-interest period equals the carrying amount for the receivable or liability. The interest component of financial lease payments is recognized in the income statement by application of the effective interest method. Interest income and interest expense includes accrued amounts for transaction costs and any discounts, premiums and other differences between the original recognized amount for the receivable or liability, and the amount settled when due.

Issue costs and similar direct transaction costs in connection with the raising of loans are taken into account in the calculation of effective interest.

Dividend income is recognized when the right to receive payment is confirmed.

Financial instruments

Financial instruments recognized on the balance sheet include, on the assets side, cash and cash equivalents, accounts receivable, shares, loan receivables and bond receivables and derivatives. Liabilities and equity include accounts payable, debt and equity instruments issued, loan liabilities and derivatives.

Financial instruments are initially recognized at acquisition cost, corresponding to the instrument's fair value, including direct transaction costs for all financial instruments, except those falling within the category of financial assets measured at fair value via the income statement. Subsequent reporting depends on how the instruments are classified, as shown below.

A financial asset or financial liability is recognized on the balance sheet when the company becomes party to the contractual provisions of the instrument. A receivable is recognized when the company has performed and there is a contractual liability for the counterparty to pay, even if the invoice has not yet been sent. Trade receivables are recognized on the balance sheet when an invoice has been sent. Liabilities are recognized when the counterparty has performed and there is a contractual liability to pay, even if the invoice has not been received. Trade payables are recognized when the invoice is received.

A financial asset is removed from the balance sheet when the rights in the agreement are realized or expire or the company loses control over them. The same applies for any portion of a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement is discharged or otherwise expires. The same applies for any portion of a financial liability.

Acquisitions and sales of financial assets are recognized at the trade date, which is the date when the company commits to acquire or sell the asset, other than in the cases in which the company acquires or sells listed securities, when settlement-date accounting is used.

The fair value of listed financial assets is equal to the asset's listed purchase price at the end of the reporting period. The fair value of unlisted financial assets that consist of endowment insurance policies is determined using valuation techniques,

such as recently completed transactions, prices of similar instruments and discounted cash flows.

At the end of each accounting period, the Company assesses whether there are any objective indications that a financial asset or group of assets is in need of impairment. The criteria for determining whether there is any need for impairment consist primarily of the counterparty's officially notified incapacity to fulfil his obligations, or that party's incapacity for maintaining payments in the financial markets, as proven by experience.

Financial instruments are classified into categories. The classification is based on the intention behind the acquisition of the financial instrument. Classification of the asset is determined at the time of acquisition. The categories are as follows:

Financial assets reported at fair value in the income statement

This category consists of two sub-categories: financial assets held for trading and other financial assets that the Company initially chooses to put in this category. A financial asset is classified as held for trading if it is acquired with the aim of being sold in the short term. Derivatives are classified as held for trading other than when they are used for hedge accounting. Assets in this category are measured on an ongoing basis at fair value, with changes in value being recognized in the income statement.

Loans receivables and trade receivables

Loans receivables and trade receivables are non-derivative financial assets that have fixed or determinable payments, and that are not listed on an active market. The receivables arise when companies provide money, goods or services direct to the borrower without any intention of trading in the rights associated with the receivable. The category also includes receivables acquired. Assets in this category are measured at amortized cost. The amortized cost is determined on the basis of the effective rate of interest calculated at the time of acquisition.

Held-to-maturity investments

Held-to-maturity investments are financial assets, with fixed or determinable payments and a fixed maturity, that the company has an expressed intention and ability to hold to maturity. Assets in this category are measured at amortized cost. The amortized cost is determined on the basis of the effective rate of interest calculated at the time of acquisition. As a result, fair value adjustments and direct transaction costs are recognized on an accrued basis over the term of the instrument.

Available-for-sale financial assets

Available-for-sale financial assets include financial assets not included in any other category or financial assets that the Company initially chooses to put in this category. Assets in this category are measured on an ongoing basis at fair value, with changes in value being recognized in other comprehensive income, except for those relating to impairments. However, interest calculated using the effective interest method, as well as dividend income and exchange rate differences, are recognized in the income statement.

At the time the investments are derecognized from the balance sheet, any accumulated gain or loss previously recognized in equity is transferred to the income statement.

Financial liabilities held for trading and other financial assets

Financial liabilities held for trading consist of interest-bearing liabilities and derivatives not used for hedge accounting. Liabilities in this category are measured at fair value, with any change in value recognized in the income statement.

Other financial liabilities

Financial liabilities not held for trading are measured at amortized cost. The amortized cost is determined on the basis of the effective rate of interest calculated when the liability was booked. As a result, fair value adjustments and direct issue costs are recognized on an accruals basis over the term of the liability. Borrowing costs attributable to the purchase, construction or production of an asset that takes considerable time to complete are capitalized.

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Note 1 (cont.)

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits immediately available at banks and similar institutions, together with current investments with maturities of less than three months from the acquisition date and that are exposed to an insignificant risk for changes in value. Funds held on behalf of others within treasury operations are not treated as cash and cash equivalents. Such funds consist of escrow funds held on behalf of external customers for the sole purpose of onward transmission and as such are not available for payments relating to PostNord's own operations. Funds held on behalf of others are subject to change unrelated to operating income, investments and other payment flows within PostNord's own operations.

Financial investments

Financial investments consist either of financial assets or short-term investments, depending on the purpose of the holding. If the term or anticipated period of holding is longer than a year, the asset is regarded as a non-current financial asset; if it is shorter than a year but longer than three months, the asset is a short-term investment.

Fixed-income securities acquired with the intention of being held until maturity are classified as financial assets held until maturity and measured at amortized cost. Fixed-income securities not intended to be held until maturity are classified either as financial assets measured at fair value via the income statement or as available-for-sale financial assets.

When assets are measured at fair value via the income statement, any change in value is recognized within net financial items.

Non-current receivables and other current receivables

Non-current receivables and other current receivables are receivables that arise when a company provides money without the intention of trading in the rights associated with the receivable. Such receivables fall within the category of Loan receivables and trade receivables.

Trade receivables

Trade receivables are classified as Loan receivables and trade receivables. Trade receivables are recognized at the amounts expected to be received after deductions for doubtful receivables, which are determined on a case-by-case basis. An impairment loss is applied to a receivable if it may be regarded as doubtful, that is, it is older than 90 days after falling due or it relates to a customer with historical problems with payment. Trade receivables that relate to customers with an acknowledged good capacity for payment and a good payment history are not regarded as doubtful, even if older than 90 days and adequate interest compensation is expected to be paid. The anticipated term of the receivable is short and the value is therefore recognized undiscounted at its nominal amount. Impairment of receivables is recognized under the heading Other operating expenses.

Liabilities

Liabilities are classified as Other financial liabilities and are thus recognized initially at the amount received after deduction of transaction costs. After the date of acquisition, loans are measured at amortized cost in accordance with the effective interest method. Non-current liabilities have an anticipated term of more than one year, while current liabilities have a term of less than one year.

Trade payables

Trade payables are classified under the heading Other financial liabilities. Accounts payable have a short anticipated maturity and so are measured undiscounted at their nominal amount.

Derivatives and hedge accounting

In the Group, derivatives consist of currency forward contracts and interest rate swaps used to cover risks of changes in exchange rates and market interest rates. Changes in the value of derivatives are recognized in the income statement or in other comprehensive income, depending on the purpose of the holding.

Receivables and liabilities denominated in foreign currencies

Forward contracts are used to hedge assets and liabilities against foreign exchange risk. To achieve matching, hedge accounting is not necessary since the hedged item is translated at the exchange rate at the end of the period and the hedging instrument is measured at fair value, with any changes in value being recognized via the income statement under the heading Exchange rate differences.

Transaction exposure – cash flow hedges

Exposure to exchange rates in connection with contracted payment flows are hedged via forward contracts. Any changes in value are recognized via the income statement.

Interest rate risk – cash flow hedges

In order to secure interest flows related to certain borrowing at variable interest, interest rate swaps, in which the Company receives variable interest and pays fixed interest, are used. The swaps are measured at fair value in the statement of financial position. The interest coupon component is recognized as part of interest expense on an ongoing basis in income for the year. Unrealized changes in fair value of the interest swaps are recognized in other comprehensive income and form part of the hedging reserve until the hedged item affects the income for the year and as long as the criteria for hedge accounting and efficiency are fulfilled.

Property, plant and equipment

Owned assets

Property, plant and equipment are recognized as assets on the balance sheet if it is probable that future economic benefits will accrue to the company and the historical cost can be measured reliably.

The Group recognizes property, plant and equipment at acquisition cost less deductions for accumulated depreciation and any impairment losses. Acquisition cost includes the purchase price and costs directly attributable to the asset in order to bring it into place in the right condition to be used as intended. Examples of directly attributable costs are costs for delivery and handling, installation, title registration, consulting services and legal services. The accounting policies for depreciation and impairment are explained below.

Property, plant and equipment that consist of parts with different useful lives are treated as separate components of property, plant and equipment.

The carrying amount for a property, plant and equipment item is removed from the balance sheet upon scrapping or disposal or when no future economic benefit is expected from its use, scrapping or disposal. Any gain or loss arising from the scrapping or disposal of an asset is the difference between the sale proceeds and the asset's carrying amount less deductions for direct selling costs. Gains and losses are recognized as Other income or expense.

Leased assets

Leases are classified in the consolidated accounts either as finance leases or operating leases. A finance lease substantially transfers the economic risks and rewards associated with ownership to the lessee; if this is not the case, the lease is an operating lease.

Assets leased via a finance lease are recognized as an asset on the consolidated balance sheet. The obligation to pay future lease charges is recognized under Current and non-current liabilities. The leased assets are depreciated according to plan, while the lease payments are recognized as interest and amortization of liabilities.

With operating leases, the lease charge is recognized as an expense over the lease term based on use of the asset, which charge may differ from what has actually been paid as a lease charge during the year.

Subsequent costs

Subsequent costs are added to the acquisition cost of an asset only if it is probable that the future economic benefits associated with the asset will accrue to the company and the historical cost can be measured reliably. All other subsequent costs are recognized as an expense in the period when they occur.

A critical factor in determining when a subsequent cost is added to the acquisition cost is whether the expenditure relates

Note 1 (cont.)

to the replacement of identified components or parts thereof, in which case such expenditure is capitalized. Even if new components are created, the expenditure is added to the cost of the asset. Any remaining amounts for replaced components, or parts thereof, are scrapped and expensed in connection with the replacement. Repairs are expensed as incurred.

Depreciation principles

Assets are depreciated on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. The Group applies component depreciation, which means that each component's estimated useful life is the basis for depreciation.

The following depreciation periods are applied.

Buildings, land improvements and improvements to leased properties	20-50 years
Interiors and installations in leased premises	5-10 years
Sorting equipment	5-10 years
Vehicles	4-10 years
Computer equipment	3-7 years
Other machinery and equipment	3-10 years

The residual value and useful life of each asset are assessed annually.

Intangible assets**Goodwill**

Goodwill represents the difference between the acquisition cost of the business combination and the fair value of identifiable assets acquired, liabilities assumed and contingent liabilities.

Goodwill is measured at acquisition cost less any accumulated impairment. Goodwill is allocated to cash-generating units, which are tested annually for impairment. Goodwill arising upon the acquisition of associated companies is included in the carrying amount for participations in associated companies.

Capitalized development expenditure

Development expenditure is capitalized when it is considered that it will generate future financial benefits. The carrying amount includes direct expenditure in connection with services and equipment acquired. Other development costs are expensed in the income statement as they arise. Capitalized development expenditure recognized on the balance sheet is reported at acquisition cost less accumulated depreciation and impairment. PostNord defines development expenditure as the costs required for developing commercially viable services and products that may form part of an offering within the PostNord portfolio. Such expenditure includes costs directly related to the newly-developed offering. Development expenditure is capitalized when it meets the criteria of IAS 38 and is calculated to represent material amounts for the development initiative as a whole. Otherwise, development costs are recognized as standard operating expenses.

The most important criteria for capitalization is that the end product from the development process should have a demonstrable future earning or cost-saving capacity and cash flow, and that the technical and financial conditions should exist for completing the development process once it is started up.

Other development processes, such as in connection with important ERP systems, are capitalized when they represent, or when it is estimated that they will represent, material amounts for the development process as a whole. Otherwise, such items are recognized as expenses.

Other intangible assets

Other intangible assets comprise acquired brands and similar rights, which are recognized at acquisition cost less accumulated depreciation and impairments. Assets are depreciated on a straight-line basis over the period of the particular right, normally 5-10 years.

Subsequent costs

Subsequent costs relating to capitalized intangible assets are recognized on the balance sheet only if they increase the future economic benefits associated with the specific asset

to which they relate. All other costs are recognized as costs when they arise.

Amortization principles

Amortization is recognized in the income statement on a straight-line basis through the estimated useful life of an intangible asset, unless this period is indeterminate. Goodwill and other intangible assets with an indeterminable useful life are tested for impairment annually or as soon as there is an indication that the value of the asset has decreased. An intangible asset is amortized from the date when it becomes available for use.

The following amortization periods are applied.

Capitalized development efforts completed	5-10 years
Brands, customer relationships, licenses and other rights	5-10 years

Inventories

Inventories are stated at either cost and net realizable value using the FIFO (first-in, first-out) principle, whichever is the lower.

Impairment losses

The carrying amounts for the Group's assets, other than assets held for sale and disposal groups reported in accordance with IFRS 5, investment properties, inventories, assets under management used to finance remuneration to employees and deferred tax assets, are tested at the end of each reporting period to determine whether there is any indication of need for impairment. If any such indication is found, the recoverable amount for the asset is calculated. The value of the excluded assets above is tested in accordance with the relevant standard.

For goodwill, other intangible assets with an indeterminable useful life and intangible assets not yet ready for use, the recoverable amount is assessed annually.

With regard to impairment of financial assets, see also the section Financial instruments.

An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the income statement.

An impairment loss on an asset attributable to a cash-generating unit is charged first to goodwill. The loss is then allocated proportionately to other assets in the unit.

Calculation of the recoverable amount

The recoverable amount is calculated as either fair value less selling costs or value in use, whichever is the higher. Calculation of the value in use is based on PostNord's estimates of future cash flows. When calculating the value in use, future cash flows are discounted using a discount factor that takes into account risk-free interest and the risk associated with the specific asset. Such estimates are based on the Group's business plans, supplemented by other relevant information.

Reversal of impairment losses

Impairment losses on goodwill are not reversed. Impairment of other assets is reversed if there is both an indication that impairment no longer exists and also there has been a change in the assumptions on which the calculation of recoverable value was based.

An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the carrying amount that the asset would have had if no impairment had been applied, taking into account the depreciation and amortization that would then have been applied.

Dividend paid

Dividends are recognized as a liability after they have been approved by the AGM.

Employee benefits**Pension commitments**

The PostNord Group's pension commitments consist partly of defined-benefit plans with an agreed promise of a future

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Note 1 (cont.)

pension level based primarily on the person's final salary, and partly of defined-contribution plans in which insurance premiums are paid and the employee bears the risk regarding the future pension level. The Group's commitments as to defined-contribution pension plans are recognized as a personnel expense in the income statement as they are earned through the employee performing his or her duties on behalf of the Company. The defined contribution plans consist for the most part of an ITP (occupational pension) plan adapted for PostNord in Sweden, and a number of smaller plans in Norway and France. Calculations are performed for all defined-benefit plans using the projected unit credit method, in order to establish the present value of commitments regarding benefits for present and previous employees. Actuarial calculations are conducted annually on the basis of actuarial assumptions, which are determined annually at the closing of the year-end accounts. Assumptions are made for inflation, changes in income base amounts, personnel turnover, discount rate, return on investments and life expectancy.

The Group's net commitment consists of the present value of the estimated pension commitments, less the fair value of the assets under management. Changes in the present value of the net commitments arising from changes in actuarial assumptions are treated as revaluation effects and recognized in other comprehensive income. The carrying amount of pensions and similar commitments on the PostNord Group's balance sheet represents the present value of the commitments at the end of the period, less the fair value of assets under management, including special payroll tax. If the value of the commitment exceeds the value of the assets under management, a liability is recognized. If the assets under management exceed the commitments, an asset is recognized on the Group's balance sheet. If the pension expense and pension provision established for Swedish plans deviate from the amounts calculated in accordance with IFRS, compared to what is recognized in accordance with RedR 1 (FAR SRS standard "Annual Reports in Limited Liability Companies"), special payroll tax in accordance with UFR (Statements from the Swedish Financial Accounting Standards Council) is also recognized for the difference. As regard pensions and similar benefits financed via defined-contribution plans, expenses equal to PostNord's annual contributions in respect of the plans are recognized.

Termination benefits

A provision is recognized in connection with notice of termination of employment, where PostNord is obliged to terminate an employment without any realistic prospect of withdrawing an offer of termination benefit. When termination benefits are offered to encourage voluntary redundancy, a provision is recognized when the offer has been accepted at least by the representative of those affected and the number of employees who will accept the offer can be reliably estimated. In cases where PostNord gives notice of termination of employment, a detailed plan is drawn up specifying at least workplace, positions and estimated number of employees affected, as well as type of benefits and amounts for each personnel category or position and the time at which the plan is intended to be carried out

Provisions

Provision is made for obligations that result from a past event, and for binding onerous contracts, where it is probable that an outflow of economic benefits will be required to settle the obligation. A provision is recognized on the balance sheet when there is a present legal or constructive obligation and the amount can be reliably calculated. Provision for restructuring measures is made where a sufficiently detailed plan is in place and has been communicated such that well-founded expectations have been established with other parties - or their representatives - who will be affected by the measures.

Taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognized in the income statement except when the underlying transaction is recognized in other comprehensive income, whereupon the associated tax effect is also recognized in other comprehensive income. Current tax is tax that is calculated on the basis of the current year's taxable income. This includes adjustments to current tax for previous periods.

Deferred tax is calculated using the balance sheet method on the basis of temporary differences between the recognized and taxable values of assets and liabilities. The amounts are calculated on the basis of how the temporary differences are expected to be evened out using the tax rates and regulations enacted or announced at the end of the reporting period. Temporary differences are not included in goodwill on consolidation. In legal entities, untaxed reserves are recognized including deferred tax liabilities. In the consolidated accounts, untaxed reserves are divided into deferred tax liability and equity. Deferred tax assets relating to deductible temporary differences and loss carry-forwards are recognized only to the extent it is probable that these will result in lower tax payments in the future. Such probability is judged on the basis of PostNord's business plan and operational plans.

Pledged assets and contingent liabilities

A contingent liability is recognized whenever there is a possible obligation arising from past events and the existence of which is confirmed only by one or more uncertain future events. Contingent liabilities are also recognized whenever there is an obligation not reported as a liability or provision because it is not probable that resources will have to be used to settle the obligation. Pledged assets are recognized for guarantees provided and assets pledged.

Related party transactions

Information from the Company on transactions with Swedish State and the Danish State has been restricted to relationships that are not of a commercial nature, as a result of which related party transactions consist of special assignments from the State and licenses from public authorities.

NOTE 2 MATERIAL ASSESSMENTS AND ESTIMATES

When preparing the Group's financial statements, the Company's management has made assessments and estimates that affect the Group's reported accounts. These assessments and estimates are based on what was known at the time the accounts were presented, and on historic experience and the assumptions that management considers reasonable in the given circumstances. The conclusions that management has drawn are the basis of the amounts stated. Actual outcomes, assessments and estimates in future financial statements over the year ahead may deviate from those contained in this report as a result of changes in external circumstances and newly gained experience. The assessments and estimates that are most material to PostNord were made in the following areas:

Prepaid stamp liability, SEK 433m (403)

PostNord's pre paid stamp liability is calculated for stamps sold but not used. The extent of the liability is determined on the basis of a number of assumptions. Assumptions are based on the number of stamps sold but not used in Sweden and Denmark. To ensure that the assumptions are reasonable, studies are carried out in both Denmark and Sweden. If the study indicates changes in the behavior of the population, or that a sample group is not representative of the population, the size of the liability may be affected.

Intangible assets, SEK 4,691m (4,900)¹⁾

Assumptions are made about future conditions in order to calculate future cash flows that determine the recoverable value of goodwill, brands and customer relations. The recoverable value is compared with the carrying amount for these assets and forms the basis for possible impairment or reversals. The assumptions that most affect the recoverable value are future changes in volume, changes in profit margin, discount rate and estimated useful life of the asset. If future environmental factors and circumstances change, these assumptions may be affected so that the carrying amounts of intangible assets change.

¹⁾ Restated due to adjusted report from a subsidiary.

Note 2 (cont.)

**Pension commitments, liabilities SEK 388m
(assets SEK 609m)**

In making the actuarial calculation for PostNord's pension commitments, a number of assessments are made in order to arrive at reasonable assumptions. The most material of these are assumptions about discount rate, expected rate of return on assets under management, future pay trends and inflation. Changes in pension commitments due to altered external factors may affect PostNord's income, net financial items and other comprehensive operating income, as well as balance sheet items such as financial receivables and pension liability. Changes in assumptions affect the forecast cost for the year ahead.

Provisions for transition regulations, SEK 784m (746)

As a consequence of Posten AB's corporatization in Sweden in 1994, PostNord assumed a contingent liability (transition regulations) such that certain categories of the workforce may choose to retire early, at the age of 60 or 63. Provision in the balance sheet is calculated on the basis of previous experience of the proportion of persons who have elected to exercise their right to early retirement under these provisions. If the proportion of employees choosing this option should change, the liability will change accordingly. A change of 5 percentage points in the take-up rate impacts income by +/-SEK 4m.

Deferred tax assets, 566 (537) SEKm¹⁾

Tax assets consisting of tax loss carry-forwards have been measured on the basis of business plans and estimates of future taxable profits for which tax loss carry-forwards may be used. Estimates have been made of non-deductible costs and non-taxable income in accordance with current tax regulations. Account has also been taken of future income in the foreseeable future in order to evaluate the recognized tax claim at the tax rates currently in force. Changes to tax legislation in Sweden and other countries where PostNord operates, and changes in interpretation and application of relevant legislation may affect the size of recognized tax assets and liabilities. Changes in circumstances that impact the assumptions will also influence financial results for the year.

¹⁾ Restated due to adjusted report from a subsidiary.

NOTE 3 REVENUE DISTRIBUTION**Net sales**

Net sales consist for the most part of services provided.

Other operating income

SEKm	2014	2013
Rental income	20	27
Insurance claim payments	12	1
Commission income	11	15
Capital gains, buildings	384	40
Capital gains, machinery and equipment	11	6
Capital gains, current receivables/ liabilities	2	1
Exchange rate gains	59	23
Other	133	120
Total	632	233

NOTE 4 SEGMENT REPORTING

PostNord's organization into business areas is based on the manner in which PostNord is governed and activities are reported to management. Market pricing applies to internal dealings between PostNord business areas. There is no scope for purchasing externally where the service is available internally. In PostNord's operational structure, though not in its legal structure, cost distribution for corporate shared service functions is at cost price.

Under the new matrix organization introduced on March 31, 2014, business activities are integrated within each market, whereupon the markets have overall responsibility for the entire product and service portfolio, as well as for sales in each country region. Along with the developed brand structure, the new organization further highlights PostNord's profile to its customers as a Nordic logistics operator. It also creates the right conditions for the Group to develop its end-to-end offering for the fast-growing e-commerce sector in the Nordic region.

Countries

Markets are divided into the following country organizations: PostNord Sweden, PostNord Denmark (incl. Germany), PostNord Norway/Finland, PostNord Strålfors and Other countries.

Segments

Business area Mail & Communication provides distribution solutions in the communication market through its nationwide distribution networks in Sweden and Denmark. The business area offers physical and digital mail, direct mail and newspaper delivery services, as well as facility management services.

Business area Logistics offers logistics services in Parcels, Express & Courier, Full- & Part-Loads, Groupage, Thermo, Air & Ocean and Third-Party Logistics. Business area Logistics has an end-to-end offering and distribution network for businesses and individual customers in the Nordic market. Parcel services in Denmark were reported in Business area Mail Denmark under the previous organizational structure, but are now reported in Logistics.

PostNord Strålfors operates in information logistics. The company develops and offers communication solutions that create stronger, more personal customer relationships for companies with large customer bases.

Other comprises shared services and corporate functions including the Parent Company and Group adjustments. The adjustments consist of IFRS adjustments for pensions in accordance with IAS 19, Employee Benefits, and finance leasing in accordance with IAS 17, Lease Agreements. Service costs for shared services and corporate functions are allocated from Other to the business areas. Cost allocations are taken up as Other operating income, internal. Within the business areas, cost allocations are recognized in Other Expenses.

Eliminations consists of the elimination of internal transactions.

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Note 4 (cont.)

Jan-Dec, SEKm	Mail and Communication ¹⁾		Logistics ¹⁾		PostNord Strålfors ²⁾		Other ¹⁾		Eliminations ¹⁾		PostNord Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net sales, external	21,645	22,012	15,717	15,018	2,588	2,504		-1			39,950	39,533
Net sales, internal	160	112	223	169	75	108	2	3	-460	-392	0	0
Total net sales	21,805	22,124	15,940	15,187	2,663	2,612	2	2	-460	-392	39,950	39,533
Other operating income, external	127	96	62	45	0	15	443	77			632	233
Other operating income, internal	2,710	2,332	597	1,234	5	0	3,158	3,067	-6,470	-6,633	0	0
Income	24,642	24,552	16,599	16,466	2,668	2,627	3,603	3,146	-6,930	-7,025	40,582	39,766
Personnel expenses	-13,001	-13,333	-3,899	-3,874	-805	-820	-551	-622 ¹⁾	44	23	18,212	18,626
Transportation expenses	-3,372	-3,249	-6,883	-6,897	-412	-113	-7	-7	842	1,313	9,832	8,953
Other expenses	-6,901	-6,641	-5,448	-5,148	-1,327	-1,490	-2,724	-2,297	6,044	5,689	-10,356	-9,887
Depreciation and impairments	-791	-769	-443	-425	-188	-202	-425	-252			-1,847	-1,648
Expenses	-24,065	-23,992	-16,673	-16,344	-2,732	-2,625	-3,707	-3,178¹⁾	6,930	7,025	-40,247	-39,114
Participations in earnings by associated companies and joint ventures	15	10			1						16	10
OPERATING INCOME	592	570	-74	122	-63	2	-104	-32¹⁾	0	0	351	662
Net financial items											-106	-208
Income before tax											245	454
Tax											-69	-148
Net income											176	306

¹⁾ Restated due to organizational changes implemented in spring 2014.

²⁾ Restated due to adjusted report from a subsidiary.

Division by geographical areas based on domicile of companies, SEKm	2014			2013		
	Income	Assets	Investments	Income	Assets	Investments
Sweden	23,634	12,958	1,245	23,290	12,756	1,593
Denmark	9,891	8,113	231	9,741	8,840	351
Norway	4,490	3,325	187	4,536	3,001	253
Finland	662	428	6	612	495	11
Other countries	1,905	640	21	1,587	626	33
Total	40,582	25,464	1,690	39,766	25,718	2,241

NOTE 5 EMPLOYEES, PERSONNEL EXPENSES AND EXECUTIVE REMUNERATION

Average number of employees per country	2014				2013			
	Women	Men	Total	% men	Women	Men	Total	% men
Sweden	7,954	15,226	23,180	66%	8,166	15,555	23,721	66%
Denmark	4,543	7,672	12,215	63%	4,796	8,234	13,030	63%
Finland	84	148	232	64%	100	175	275	64%
Norway	283	1,371	1,654	83%	261	1,378	1,639	84%
Other countries	264	431	695	62%	243	397	640	62%
Total	13,128	24,828	37,976	65%	13,566	25,739	39,305	65%

Personnel expenses, SEKm	2014	2013
Salaries and other remuneration	14,104	14,175
Statutory social costs	2,567	2,715
Pension expenses ¹⁾	1,421	1,498
Other personnel expenses	120	238 ²⁾
Total	18,212	18,626

¹⁾ Of the Group's pension expenses, SEK 5m (4) pertains to current and earlier Presidents and Executive Vice Presidents. Commitments outstanding on behalf of these persons total SEK 158m (131)

²⁾ Restated due to adjusted report from a subsidiary.

Note 5 (cont.)

Salaries and other remuneration per country, SEKm	2014				2013			
	Presi- dents ¹⁾	Of which, bonus	Other employ- ees	Total	Presi- dents ¹⁾	Of which, bonus	Other employ- ees	Total
Sweden	19		7,629	7,648	29		7,636	7,665
Denmark	9		5,208	5,217	14		5,301	5,315
Finland	2		100	102	2		105	107
Norway	4		950	954	5		925	930
Other countries	2		181	183	2		157	159
Total	36		14,068	14,104	52		14,124	14,176

¹⁾ Current and former Presidents and Executive Vice Presidents.

Salaries and other remuneration to Group Executive Team, SEKm	2014				2013			
	Salary	Pension expenses	Other benefits	Total	Salary	Pension expenses	Other benefits	Total
Håkan Ericsson, President and Group CEO (from October 2013)	9.1	2.7	0.1	11.9	2.2	0.7	0.4	3.3
Lars Idermark, President and Group CEO (up to May 15, 2013)					4.2	1.1	0.0	5.3
K.B. Pedersen, Executive Vice President (acting CEO May 16, 2013 - to Sept. 2013)	4.7			4.7	4.7			4.7
Total, President and Group CEOs and Executive Vice President	13.8	2.7	0.1	16.6	11.1	1.8	0.4	13.3
Johanna Allert	2.1	0.6	0.1	2.8	2.0	0.6	0.0	2.6
Gunilla Berg (from September 29, 2014)	1.1	0.3	0.0	1.4				
Henning Christensen	3.4		0.1	3.5	3.0		0.2	3.2
Joss Delissen	3.0	0.9	0.0	3.9	3.1	0.9	0.0	4.0
Andreas Falkenmark	4.5	1.3	0.1	5.9	4.4	1.3	0.1	5.8
Annemarie Gardshol	3.4	1.1	0.1	4.6	3.3	1.0	0.1	4.4
Finn Hansen (from Jan. 21, 2013)	3.7			3.7	3.3			3.3
Lo Hjorth (up to Jan. 20, 2013)					0.1	0.0	0.0	0.1
Anders Holm (from April 2014)	2.2	0.6	0.0	2.8				
Henrik Höjsgaard (up to Dec. 2013)					4.3	1.3	0.1	5.7
Mats Johansson (from Jan. to March 31, 2014)	0.5	0.1	0.0	0.6				
Peter Kjaer Jensen (from April 2014)	2.1	0.6	0.0	2.7				
Lena Larsson (from May 12 to Sept. 28, 2014)	0.7	0.2	0.0	0.9				
Per Mossberg	3.0	0.9	0.1	4.0	3.0	0.9	0.1	4.0
Robin Olsen (from April 2014)	2.9	0.6	0.0	3.5				
Henrik Rättzén (up to May 11, 2014)	1.9	0.6	0.0	2.5	4.6	1.4	0.1	6.1
Per Samuelson (up to end Oct. 2014)	3.2	0.9	0.0	4.1	3.8	1.1	0.0	4.9
Total, other Group Executive Team	37.7	8.7	0.5	46.9	34.9	8.5	0.7	44.1
Total, Group Executive Team	51.5	11.4	0.6	63.5	46.0	10.3	1.1	57.4

Benefits to senior executives

On behalf of all senior executives in Sweden, a pension provision of no more than 30% of the person's monthly salary is made. Under the relevant contracts, the pensionable age is 65 or 62 years.

In the case of senior executives employed in Denmark, the pension cost is included in the salary and the pensionable age adheres to guidelines and generally accepted practice in the country. In the case of senior executives in Norway, premium-based pensions are applied, and the pensionable age adheres to guidelines and generally accepted practice in the country. The pension cost for the current President is set at 30% of the person's monthly salary. The period of notice of termination is 6 months.

The period of notice of termination for other members of the Group Executive Team is 6-12 months by the Company and 6 months by the individual. If the employment is terminated at the employer's initiative, severance compensation corresponding to the value of the person's monthly salary will be paid for a maximum of 12 months. Whenever a new employment contract is signed, the value of company car benefit is not nowadays included in the calculation of the severance compensation. Older employment contracts still exist, in which the value of company car benefit is included in the basis of calculation for severance compensation. For senior executives, the rule applied is that income from new employment or own business is deducted from termination salary and severance compensation.

Summary of guidelines on compensation to senior management in the Group

(adopted at the AGM, held on April 23, 2014).

The total remuneration paid to senior executives shall be well-balanced, competitive, capped, reasonable and fit-for-purpose,

and should serve the purpose of sound ethics and a healthy corporate culture. The level of remuneration shall not be pay-setting relative to comparable enterprises, but shall be characterized by restraint.

On behalf of the Group President and other senior executives (employed under Swedish labor law) in the Group, individual premium-based pension agreements are contracted, where the charge amounts to no more than 30% of the monthly salary. The required insurance policies are contracted within the scope of this charge. The retirement age is currently 62 or 65 years. In future recruitment, this will be 65 years. In the case of senior executives employed under Danish law, premium-based pensions solely will be applied and the pensionable age for such executives will adhere to Danish labor law.

In new employment contracts, the period of notice where the employment is terminated by the employer shall not exceed six months. Employment contracts signed earlier, with a period of notice of 12 months where the employment is terminated by the employer, shall continue to apply. Where the employment contract is terminated by the senior executive, the notice of termination shall be six months. Where the employment is terminated by the employer, severance compensation may be paid in an amount corresponding to no more than 12 month's salary. If the employee takes up new employment or receives income from other business activities, the salary paid during the notice period and the severance pay will be reduced by an amount corresponding to the new income.

Variable salary will not be paid to the senior executives. In the light of other principles in the government's guidelines on terms of employment for senior executives in State-owned companies, variable salary may be paid to other employees.

Note 5 (cont.)

	Dec. 31, 2014		Dec. 31, 2013	
	% women	% men	% women	% men
Gender representation among senior executives, %				
Group Board of Directors	38	62	38	62
Group Management	27	73	18	82
Board members and presidents of subsidiaries	34	66	36	64

Fees to Board of Directors of PostNord Group and PostNord AB, SEK ¹⁾	Audit Committee	Remuneration Committee	2014	2013
Jens Moberg from April 2013		Chairman	638	450
Gunnel Duveblad	Chairman		313	313
Fritz Schur (Ch.) to end of April 2013		Chairman		188
Anne Birgitte Lundholt to end of April 2013	Member			112
Sisse Fjelsted Rasmussen from April 2013	Member		300	188
Christian Ellegaard from April 2013	Member		300	188
Jonas Iversen to end of February 2014	Member			
Magnus Skåninger from April 2014	Member			
Anitra Steen from April 2013		Member	275	188
Mats Abrahamsson		Member	275	275
Ingrid Bonde to end of April 2013		Member		88
Bjarne Hansen to end of April 2013	Member			112
Torben Janholt		Member	275	275
Total			2,376	2,377

¹⁾ Board members are entitled to invoice via a company or sole proprietorship, including associated social insurance costs. However this is done, it is cost-neutral to PostNord.

Remuneration approved by Annual General Meeting, held on April 23, 2014, SEK	Board of Directors	Audit Committee	Remuneration Committee
Chairman	600	63	38
Member	250	50	25

NOTE 6 OTHER EXPENSES

SEKm	2014	2013
Costs of premises	2,143	2,204
Provisions	1,013	441
Terminal charges	1,249	1,024
Cost of goods and materials	919	1,107 ¹⁾
Procured IT resources	1,605	1,472
Capitalized development costs, IT	-199	-194
Other	3,626	3,833 ¹⁾
Total	10,356	9,887
Specification of provisions and reversals regarding restructuring initiatives		
Mail & Communication	658	209
Logistics	116	12
PostNord Strålfors	73	30
Other	166	190
Total	1,013	441

¹⁾ Restated due to adjusted report from a subsidiary.

Strålfors' provisions for restructuring initiative in 2014 consisted of three elements: In the first quarter, it was decided to undertake a reorganization in Strålfors, with accompanying personnel reductions. One effect of the reorganization was to cut the number of divisions from four to three. In the fourth quarter, PostNord decided on further cost savings in administration and other support functions, measures that will also affect Strålfors. Specific measures were also approved for Strålfors, including the closure of a production unit in the United Kingdom. Provisions in other business operations related in the main

to personnel expenses, as one element of PostNord's efficiency initiatives in Group administrative support functions.

In the segment Other, provisions relate primarily to early retirements and participations in organizations dealing with redundant personnel. Personnel redundancies consist primarily of those affected by ongoing efficiency programs in the Group functions.

**NOTE 7 FEES AND REIMBURSEMENT
OF EXPENSES TO AUDITORS**

SEKm	2014	2013
Audit services		
KPMG	10	8
Total	10	8
Other auditing services		
KPMG	2	0
Total	2	0
Tax consultancy		
KPMG	2	1
Total	2	1
Other services		
KPMG	1	1
Total	1	1

Audit services consist of statutory review of the annual and consolidated accounts and accounting records and the administration by the Board and the President, as well as review and other auditing procedures performed as per agreement or contract.

This also includes other duties that fall to the Company's auditor, and advice or other support occasioned by observations made during audits or the performance of such other duties.

NOTE 8 DEPRECIATION AND IMPAIRMENTS

SEKm	2014	2013
Depreciation/Amortization		
Licenses and similar assets	247	225
Capitalized development costs	146	105
Buildings and land	115	153
Machinery and equipment	1,189	1,162
Total	1,697	1,645
Impairments		
Other intangible assets		2
Capitalized development costs, IT	150	
Machinery and equipment		1
Total	150	3

NOTE 9 NET FINANCIAL ITEMS

SEKm	2014	2013
Financial income		
Interest income	23	35
Interest income, pensions	52	0
Other financial income	14	15
Total	89	50
Financial expenses		
Interest expenses	-107	-98
Interest expenses, pensions	-64	-98 ¹⁾
Interest expenses, finance leases	0	-24
Other financial expenses	-15	-16
Net change in exchange rates	-9	-22
Total	-195	-258
Net financial items	-106	-208

See Note 29 Financial risk management and financial instruments, on page 82. For more on interest expense relating to pensions, see also Note 23 Pensions, on page 75.

NOTE 10 TAX

SEKm	2014	2013
Current tax	-61	-19
Deferred tax		
Change in deferred tax in property, plant and equipment	-25	15
Other temporary difference in balance sheet items	179	-202
Change in deferred tax in tax loss carry-forwards	-162	58
Total	-8	-129
Total tax	-69	-148¹⁾

¹⁾ Restated due to adjusted report from subsidiary.

	2014		2013	
Reconciliation of effective tax rate	%	SEKm	%	SEKm
Income before tax	22.0	244	22.0	454 ¹⁾
Tax at current tax rate for Parent Company		-54		-100
Non-deductible expenses		-11		-22
Tax-exempt income		4		23
Effect of unused tax losses incurred during the year		-16		-14
Tax attributable to previous year		1		8
Impairment of previously capitalized tax loss carry-forwards		-2		-5
Impairment of deferred tax asset relating to temporary year-on-year differences, not utilized		1		-18
Effect of changes in tax rates and introduction of new taxes		2		6
Effect of other tax rates in foreign subsidiaries		-2		-8
Other		8		-18
Total		-69		-148

Uncapitalized tax loss carry-forwards relate to operations outside Sweden, see Note 17, page 74.

NOTE 11 PARTICIPATIONS IN ASSOCIATED COMPANIES AND JOINT VENTURES**Participations in associated companies**

At the financial year-end, Post Danmark A/S owned shares in equity in the associated company e-Boks A/S to a value of SEK 83m (65). The company e-Boks A/S has its registered office in Ballerup, Denmark, and is owned by 50%.

At the financial year-end, Strålfors Svenska AB held 30% of the shares in equity in the associated company DM-byrå Friends & Tactics Sweden AB, a Stockholm-based agency specializing in direct and relational marketing. The company's book value at year end was SEK 0.7m (0.4).

Participations in joint ventures

Strålfors Svenska AB owns 50% of the company Tand 2:103 Fastigshets AB, in Östersund, Sweden. The value of the participation on consolidation at year end was SEK 0m (0).

NOTE 12 INTANGIBLE ASSETS

SEKm	Goodwill		Other intangible assets					
	2014	2013	Licenses and similar assets		Capitalized development expenditure		Total other intangible assets	
			2014	2013	2014	2013	2014	2013
Acquisition cost, opening balance	3,303	3,198	2,150	2,085	2,036	1,781	4,186	3,866
Acquisition of subsidiaries		167	8	30			8	30
Other investments			34	111	178	234	212	345
Disposals/scraping			27	-11		-41	-27	-52
Reclassifications			249	-20 ¹⁾	-209	28	40 ²⁾	8
Translation differences	77	-62	18	-45	59	34	77	-11
Accumulated acquisition cost at year-end	3,380	3,303	2,432	2,150	2,064	2,036	4,496	4,186
Amortization, opening balance			-1,195	-1,023	-855	-740	-2,050	1,763
Depreciation for the year			-247	-225	-146	-105	-393	-330
Disposals/scraping			18	19		33	18	52
Reclassifications				18	1	-18	1 ²	0
Translation differences			-16	16	-47	-25	-63	-9
Accumulated amortization at year-end			-1,440	-1,195	-1,047	-855	-2,487	-2,050
Impairments, opening balance	-8	-8	-10	-8	-521	-516	-531	-524
Impairments for the year			-76	-2	-74		-150	-2
Translation differences					-9	-5	-9	-5
Accumulated impairments at year-end	-8	-8	-86	-10	-604	-521	-690	-531
Closing balance	3,372	3,295	906	945	413	660	1,319	1,605

¹⁾ Restated due to adjusted report from a subsidiary.

²⁾ Reclassifications from inventories.

Other intangible assets

Internally generated intangible assets are recognized as Capitalized development expenditure. Capitalized development expenditure referred in the main to system support for PostNord-wide IT systems and integration of the IT infrastructure. Capitalized development projects have been tested for impairment, leading to impairment losses of SEK 150m (0) as a result of increased standardization and thus streamlining of the system portfolio and infrastructure platforms. Capitalized development processes on December 31, 2014 totaled a carrying amount of SEK 413m (660).

Other intangible assets consisted primarily of licenses and similar assets and totaled SEK 906m (945) on December 31, 2014.

No general changes to amortization periods were applied in 2014. For more on amortization periods used, see page 65. For more on acquisitions of intangible assets made through acquisition of subsidiaries, see Note 31 Acquisitions and disposals, on page 86.

Goodwill

Goodwill is the only intangible asset in the Group with an indeterminable useful life. Goodwill is not amortized but is tested annually for impairment. In order to allow for testing of impairment, goodwill in the Group has been allocated to cash-generating units in accordance with PostNord's organization into business areas. In view of the fact that the production and sales of acquired businesses have been integrated with other PostNord operations, it is no longer possible to separate out the cash flow and assets of the units as originally acquired. Goodwill values have in certain cases been tested at a higher level, although no higher than at segment level.

Goodwill on December 31, 2014 was reported in the amount of SEK 3,372m (3 295), and was allocated to the following cash-generating units:

Cash-generating unit	Goodwill Dec. 31 2014, SEKm	Rate of growth after forecast period, %	Discount rate before tax (%)
PostNord Logistics Norway	921	3	12.4
PostNord Logistics Sweden	832	3-4	12.8
Post Danmark	766	1	12.6
Strålfors Group	710	3	12.3
PostNord Logistics Denmark	88	1	13.2
PostNord Logistics Finland	46	3	14.5
Direct Link Group	7	2.5	12.7
Svensk Adressändring AB/ Addresspoint AB	2	-1	12.3
Total goodwill	3,372		

The recoverable amount (that is, value in use or fair value after deduction of the cost of sales, whichever is the higher) is determined on the basis of value in use, obtained by using discounted cash flow calculations. The calculations are based on business plans (3-6 years) approved by management.

Management's assessments reflect historical experience, analysis of external trends and other available external information. Key assumptions on which cash flows during the business planning period were based were volume growth, trend of EBIT margin, discount rate (weighted average cost of capital, WACC) and growth in working capital.

On impairment testing of goodwill in the fourth quarter 2014, the values in use calculated exceeded the carrying amounts in all units. No reasonably conceivable changes to assumptions with an important bearing on the values in use are likely to give rise to impairment losses.

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

SEKm	Buildings and land		Machinery and equipment		Construction in progress and advance payments		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Acquisition cost, opening balance	5,780	6,022	15,182	14,117	1,390	1,286	22,352	21,425
Acquisition of subsidiaries	401	25		332			401	357
Other acquisitions	306	368	773	1,133 ²⁾	399	395	1,478	1,896
Disposals/scraping	-190	-586	-554	-665	-217	-34	-961	-1,285
Reclassifications	756 ¹⁾	-81 ¹⁾	179	157	-1,133	-262	-198	-186 ¹⁾
Translation differences	219	32	342	108	9	5	570	145
Accumulated acquisition cost at year-end	7,272	5,780	15,922	15,182	448	1,390	23,642	22,352
Depreciation, opening balance	-1,943	-2,389	-10,941	-10,217	-1	-1	-12,885	-12,607
Depreciation for the year	-116	-152	-1,188	-1,162			-1,304	-1,314
Acquisition of subsidiaries		-2		-162				-164
Disposals/scraping	59	562	784	664			843	1,226
Reclassifications	17 ¹⁾	62 ¹⁾	14	30	1		32	92 ²⁾
Translation differences	-92	-24	-266	-94			-358	-118
Accumulated depreciation at year-end	-2,075	-1,943	-11,597	-10,941		-1	-13,672	-12,885
Impairments, opening balance	-10	-10	-46	-46			-56	-56
Impairment losses for the year				-1				-1
Reclassification	4		6				10	
Translation differences			-1	1			-1	1
Accumulated impairments at year-end	-6	-10	-41	-46			-47	-56
Closing balance	5,191	3,827	4,284	4,195	448	1,389	9,923	9,411

¹⁾ Reclassifications to Assets held for sale total SEK 50m (104).

²⁾ Restated due to adjusted report from a subsidiary.

NOTE 14 LEASED MACHINERY, EQUIPMENT AND PROPERTY LEASES**Operating leases**

Lease charges for the PostNord Group paid during the year totaled SEK 1,514m (1,535). Outstanding lease charges at the end of the period, at the exchange and interest rates prevailing for the Group totaled SEK 5,302m (5,204). The minimum lease charges for operating leases fall due for payment as follows:

SEKm	Machinery and equipment		Premises	
	2014	2013	2014	2013
Within 1 year	62	109	1,254	1,304
Between one and five years	74	164	2,612	2,401
More than five years		9	1,300	1,217
Total	136	282	5,166	4,922

The major share of machinery and equipment employed via leases operate at Mail & Communication and consist of machinery for production of electronic mail services.

Finance leases

The lease charges for financial leases contracted fall due for payment as follows:

SEKm	Minimum lease payments		Interest		Present value	
	2014	2013	2014	2013	2014	2013
Within 1 year	12	31	1	3	11	28
Between one and five years	18	54	2	6	16	48
Total	30	85	3	9	27	76

Financial lease assets

Financial lease assets reported as property, plant, and equipment consist of:

SEKm	2014	2013
Acquisition cost		
Machinery and equipment	127	146
Premises		533
Closing balance	127	679
Accumulated depreciation		
Machinery and equipment	-81	-81
Premises		-533
Closing balance	-81	-614
Carrying amount	46	65

Lease charges under financial leases amounted to SEK 30m (85) during the year.

Note 29, Financial risk management and financial instruments, specifies the maturities of the non-current liabilities relating to financial leases.

The financial leases relate to a terminal building, decommissioned on December 31, 2013, in Sweden, and vehicles in Norway and Sweden.

The reason for the changes in acquisition cost lies in existing contracts at companies acquired.

See also Note 26 Pledged assets, contingent liabilities and contingent assets on page 82.

NOTE 15 FINANCIAL INVESTMENTS

SEKm	Dec. 31, 2014	Dec. 31, 2013
Financial investments treated as non-current assets		
Endowment insurance	143	145
Other non-current investments	114	66
Closing balance	257	211
Short-term investments treated as current assets		
Other short-term investments		150
Closing balance		150

NOTE 16 NON-CURRENT RECEIVABLES

SEKm	Dec. 31, 2014	Dec. 31, 2013
Carrying amount relating to funded defined-benefit disability pension plans measured in accordance with IAS 19	841	984
Payroll tax, disability pension plans	-5	4
Deposits, property leases	50	24
Other	1	4
Total	887	1,015

NOTE 17 DEFERRED TAX

SEKm	2014				2013			
	Opening balance	Recognized via the income statement	Acquisition/disposal of business Change in IAS19 and translation differences	Closing balance	Opening balance	Recognized via the income statement	Acquisition/disposal of business Change in IAS19 and translation differences	Closing balance
Deferred tax assets								
Other provisions	325	116		441	338	-13 ¹⁾		325
Loss carry-forwards	377	-162	-3	212	287	58	32	377
Provision for pensions	0			0	1,279		-1,279	
Finance leases	3	-2		1	4	-1		3
Offset against liabilities	-168		80	-88	-495		327	-168
Total	537	-48	77	566	1,413	44	-920	537
<i>Of which, outside Sweden</i>	<i>168</i>			<i>194</i>	<i>109</i>			<i>168</i>
Deferred tax liability								
Non-current intangible assets	-156	58	77	-21	-281	132	-7	-156
Property, plant and equipment	-433	-25	-40	-498	-454	15	6	-433
Current assets	-70	56		14	-39	-31		-70
Provision for pensions	-526	-49	370	-205	-1,114	-290	878	-526
Offset against receivables	168		-80	88	495		-327	168
Total	-1,017	40	327	-650	-1,393	-174	550	-1,017
<i>Of which, outside Sweden</i>	<i>-213</i>			<i>-229</i>	<i>-149</i>			<i>-213</i>

¹⁾ Restated due to adjusted report from a subsidiary.

Receivables and liabilities in Sweden have been recognized at SEK 247m (245) net, while other receivables and liabilities have been recognized gross. Receivables outside Sweden have been recognized at SEK 194m (168) and liabilities at SEK 229m (213).

Non-recognized receivables pertaining to deferred tax attributable to tax loss carry-forwards amount to SEK 112m (103), consisting for the most part of SEK 107m (100) in France.

NOTE 18 INVENTORIES

SEKm	Dec. 31, 2014	Dec. 31, 2013
Goods for resale etc.	98	105 ¹⁾
Raw materials	79	121
Closing balance	177	226

¹⁾ Restated due to adjusted report from a subsidiary.

The major share of the raw materials and goods for resale held in inventories are at Strålfors.

Impairment losses on inventories totaled SEK 1m (1) in 2014.

NOTE 19 TRADE RECEIVABLES

Trade receivables are recognized after taking account of impairment losses totaling SEK 20m (25) during the January - December period. Anticipated bad debts totaled SEK -57m (-58). For more details of the accounting principle, please see Note 1 Accounting principles, on page 64. For more information on risk management and age breakdown of trade receivables due but not impaired, see Note 29 Financial risk management and financial instruments on page 82.

**NOTE 20 PREPAID EXPENSES AND
ACCRUED INCOME**

SEKm	Dec. 31, 2014	Dec. 31, 2013
Accrued interest income		30
Accrued postal charges	98	102
Accrued commission income	2	2
Prepaid rent	225	247
Prepaid insurance premiums	26	16
Prepaid salaries	161	150
Terminal fees	472	334
Forward foreign exchange contracts	12	
Other items	293	645
Closing balance	1,289	1,526

NOTE 21 CASH AND CASH EQUIVALENTS

SEKm	Dec. 31, 2014	Dec. 31, 2013
Cash and bank balances	1,502	1,529
Short-term investments treated as cash and cash equivalents	341	452
Closing balance	1,843	1,981

Short-term investments have been classified under Cash and cash equivalents if they are readily convertible into cash, have a maturity of no more than 3 months from the date of acquisition and present a negligible risk of value fluctuations.

NOTE 23 PENSIONS

Note 1 Accounting principles includes a description of PostNord's pension plans, on page 61. PostNord operates both defined-benefit pension and defined-contribution pension plans. There are also a small number of personnel categories that are entitled to a retirement pension under special arrangements made at corporatization. Postens Pensionsstiftelse (Posten's Pension Fund) manages pension obligations on behalf of Posten AB, Posten Meddelande AB and PostNord Logistics AB. For more information on internal dealings between the Group and Postens Pensionsstiftelse, see the section Assets under management and Note 30 Related party transactions on page 86. Postens Pensionsstiftelse is regulated under

NOTE 22 INTEREST-BEARING LIABILITIES

SEKm	Dec. 31, 2014	Dec. 31, 2013
Non-current interest-bearing liabilities		
Liabilities to credit institutions	4,399	4,126
Finance leases	28	41
Other non-current liabilities	150	148
Closing balance	4,577	4,315
Current interest-bearing liabilities		
Liabilities to credit institutions	557	
Commercial paper	200	200
Utilized credit line	39	61
Finance leases	11	13
Closing balance	807	274

See Note 29 Financial risk management and financial instruments, on page 82.

Tryggandelagen (1967:531) (the Swedish Pension Obligations Vesting Act). Postens Pensionsstiftelse is supervised by the Stockholm County Administrative Board and Finansinspektionen (the Swedish Financial Supervisory Authority). Postens Försäkringsförening is regulated under Swedish Friendly Societies Act (1972:262) and is under the supervision of Finansinspektionen. As a result, Postens Försäkringsförening must maintain a capital base that exceeds the required solvency margin. The pension plan in Norway is regulated under the Norwegian Company Pension Scheme Act, while in France the pension plan is governed by collective agreement in the graphical sector.

Balance sheet items for defined-benefit pension plans

Pension obligations and assets under management, net, SEKm	Dec. 31, 2014				Dec. 31, 2013			
	Funded pension plans	Unfunded pension plans, vested pensions	Unfunded pension plans, non-vested pensions	Total	Funded pension plans	Unfunded pension plans, vested pensions	Unfunded pension plans, non-vested pensions	Total
Present value of defined-benefit commitments	18,461	1,670	785	20,916	15,573	1,764	747	18,084
Assets under management, fair value	-19,649			-19,649	-17,571			-17,571
Net liability on balance sheet	-1,188	1,670	785	1,267	-1,998	1,764	747	513
Special payroll tax	-171	77	191	97	-373	-6	181	-198
Net liability on balance sheet including effect of special payroll tax	-1,359	1,747	976	1,364	-2,371	1,758	928	315
<i>Of which:</i>								
<i>Other provisions, see also Note - Other provisions</i>			976	976			928	928
<i>Pension provisions</i>	-523	1,747		1,224	-1,383	1,758		375
<i>Non-current receivables, see also Note - Non-current receivables</i>	-836			-836	-988			-988
The net amount is made up of plans in the following countries, SEKm								
Sweden				1,357				309
France				5				5
Norway				1				1
Total				1,363				315
Work-related injuries				42				42
Total, including work-related injuries				1,405				357

Note 23 (cont.)

When the value of the assets under management exceeds the present value of the pension calculation, this results in an asset for the Group (see Non-current receivables). The Group judges

that the value of asset exceeds the present value of future repayments from the plan and has lowered future payments into the plan.

Specification of present value of defined-benefit commitments, SEKm	2014				2013			
	Funded pension plans	Unfunded pension plans, vested pensions	Unfunded pension plans, non-vested pensions	Total	Funded pension plans	Unfunded pension plans, vested pensions	Unfunded pension plans, non-vested pensions	Total
Opening balance	15,573	1,764	746	18,083	16,455	1,866	781	19,102
Costs relating to service during current year	271	7	20	298	313	7	23	343
Costs relating to service during preceding year	0	-2	0	-2	0	0	0	0
Interest expense	597	65	30	692	549	64	27	640
Occupational pensions	0	125	0	125	0	121	0	121
Payments of benefits	-791	-323	0	-1,114	-810	-328	0	-1,138
Reductions and adjustments	0	0	0	0	0	0	0	0
Transfers	769	-654	-115	0	0	104	-104	0
Actuarial gains (minus) and losses (plus) - change in financial assumptions	2,252	168	78	2,498	-1,134	-85	-18	-1,237
Actuarial gains (minus) and losses (plus) - change in demographic assumptions	0	0	0	0	0	0	0	0
Actuarial gains (minus) and losses (plus) - experienced-based	-210	517	26	333	200	15	37	252
Exchange rate differences in foreign plans	0	3	0	3	0	0	0	0
Closing balance	18,461	1,670	785	20,916	15,573	1,764	746	18,083
Weighted duration of plan, years	15	12	6	14	13.4	10.8	6.1	12.8

The group anticipates paying benefits totaling SEK 1,035m in respect of defined-benefit plans during 2015.

Fair value of assets under management	2014	2013
Opening balance	17,571	16,408
Interest income	672	551
Contributions from employer	854	194
Credit	-881	-111
Payments of benefits	-70	-68
Reductions and adjustments	0	0
Actual return above (plus) and below (minus) interest income	1,503	597
Exchange rate differences in foreign plans	0	0
Closing balance	19,649	17,571

Return on assets under management, SEKm	2014	2013
Actual return on assets under management, SEKm	2,175	1,148
Interest income	672	551
Actual return above (plus) and below (minus) interest income on assets under management during the period	1,503	597

Provision for estimated future non-vested pensions

PostNord is liable for its Swedish subsidiaries' non-vested pension commitments under what is referred to as the interim provisions. The interim provisions apply to certain personnel who, under the terms of their employment, are entitled to retire at 60 or 63 years of age. A condition is that the employee had reached the age of 28 years by no later than January 1, 1992 and remained in the same function. The total obligation, calculated in accordance with the Pension Obligations Vesting Act, for pensions under the interim provisions was SEK 2,682m (2,720) on December 31, 2014. Experience indicates that on average 25% of those eligible exercise their right under the interim provisions, and so the provision is set at this proportion of the total obligation. The special payroll tax is taken into account and the amount recognized as a liability totals SEK 976m (928), including special payroll tax. For more information on accounting under IAS 19, see the tables in this Note on Unfunded pension plans, non-vested pensions, together with Non-vested pension commitments in Note 24 Other provisions on page 80.

Provision for ultimate liability

PostNord bears liability for an obligation, known as the ultimate liability, that Posten AB assumed at its corporatization. This obligation was previously recognized as a contingent liability. At the time of transition to IAS 19, a provision was made for this obligation. On the basis of available information, this obligation was calculated at SEK 114m (118) on December 31, 2014. In addition, a provision was made for special payroll tax. The obligation is included in the balance shown for Unfunded pension plans non-vested pensions, see the tables in this Note, together with Non-vested pension commitments in Note 24 Other provisions on page 80.

Liability for maintaining value

In 2000, pension commitments previously guaranteed via Postens Pensionsstiftelse were redeemed through the purchase of insurance policies. The capital value of these commitments on December 31, 2014 was SEK 34m (37). PostNord retains a liability for maintaining the value and coordinating the gross value of these pension commitments.

Note 23 (cont.)

Expenses and income for defined-benefit and defined-contribution pension plans, SEKm.	2014				2013			
	Funded pension plans	Unfunded pension plans, vested pensions	Unfunded pension plans, non-vested pensions	Total	Funded pension plans	Unfunded pension plans, vested pensions	Unfunded pension plans, non-vested pensions	Total
Costs relating to service during current year	271	7	20	298	313	7	23	343
Costs relating to service during preceding year	0	-2	0	-2	0	0	0	0
Interest expense (plus) and interest income (minus)	-75	65	30	20	-2	64	27	89
Occupational pensions	0	125	0	125	0	121	0	121
Reductions and adjustments	0	0	0	0	0	0	0	0
Total defined-benefit pension plans	196	195	50	441	311	192	50	553
Defined-contribution pension plans				1,054				1,053
Less net financial items				-20				-90
Reversal of provision for restructuring measures, relating to expenses for occupational pensions				-67				-33
Other defined-benefit pension expenses				13				15
Total pension expenses				1,421				1,498

Actuarial assumptions

The actuarial valuation of PostNord's defined-benefit pension commitments and pension expenses is based on the assumptions described below. These assumptions are stated as weighted mean values for the particular pension plan. Changes in any of these fundamental assumptions may have considerable impact on estimated pension commitments, financing requirements and annual pension expenses.

Actuarial assumptions, %	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Discount rate	2.60	4.00	3.50
Future annual pay raises	2.40	2.60	2.60
Change in income base amount	3.00	3.00	3.00
Inflation	1.50	2.00	2.00
Employee turnover	4.50	4.50	4.50
Life expectation assumption	FFFS 2007:31	FFFS 2007:31	FFFS 2007:31

The expenses for 2014 are based on the actuarial assumptions established at the beginning of 2014. At the end of 2014, PostNord established assumptions that were applied to the calculation of the outcome as per December 31, 2014. These actuarial assumptions are also used in the forecast for expenses in 2015. In the process, it was also taken into account that all assumptions used in the valuation should in the long term be mutually compatible.

The discount rate is determined in accordance with IAS 19, that is, on the basis of high-quality corporate bonds traded on an active market as defined by IFRS, by reference to the Swedish housing bond market. Against this background, management takes the view that the discount rate applied reflects the time value of money and offers a reasonable present value for the Group's pension obligations. Future annual salary increases reflect anticipated percentage pay rises, as a composite product of inflation, period of service and rank. The income base amount is determined annually by the government and is used for example to establish the ceiling for pensionable pay in the national pension system. The group has elected for an assumed inflation rate of 1.5%. This reflects the view of the actors in the financial markets regarding inflation in the pricing of securities, that is, implicit inflation. A rate of 1.5% is assumed to reflect expectations of future inflation and is more mutually compatible with the reference interest rate from the housing bond market. The personnel turnover is the composite expectation for future business growth, real pay rises and the productivity growth required to maintain profitability, and also takes into account the personnel turnover experienced over recent years. The factor of average remaining service life is determined on the basis of the current age breakdown for the Group's employees. The life expectancy assumption is based on Finansinspektionen's directions, published as FFFS 2007:31.

Note 23 (cont.)

Alecta

Obligations for retirement and family pensions for salaried employees in Sweden may be secured through an insurance policy with Alecta. In the Group, only a few companies use insurance as a means of securing pension benefits, and the amounts are not substantial.

Assets under management

The major share of the Group's assets under management are administered by Postens Pensionsstiftelse (PostNord's Pension Fund). Other assets under management consist of assets in Postens Försäkringsförening (PostNord's Insurance Association), pension insurance with Skandia and assets under management relating to Norwegian pension plans. Total assets under management amount to SEK 19,649m (17,571).

The activities of The Pension Fund are governed by an investment policy subject to the approval of its Board of Directors. The assets transferred by Posten to the Pension Fund are required to generate a reasonable return. To achieve this, a degree of risk-taking is necessary. In order to prevent the level of risk becoming excessive, The Pension Fund diversifies its investments over various categories of asset.

The Pension Fund's allocation strategy is based on an asset liability management (ALM) analysis. The forecast pension liability is measured against the anticipated return on the assets, together with risk and historical correlations, in order to determine an appropriate asset allocation and level of risk.

The asset allocation and the Pension Fund's management shall ensure that the long-term target for return on investment is achieved, at a level of risk that is justifiable and reasonable. The return achieved on asset management varies from year to year, depending on a range of separate external factors. This means that the return on investment target is to be regarded as a target for return achieved over a longer term.

The Pension Fund strives for a well-balanced diversification between and within categories of asset, on the basis of historic risk-adjusted return and correlations, as well as anticipated risk-adjusted return. Diversification reduces the risk represented by the assets. The allocation over various classes of asset is determined across ranges of flexibility.

63% of the Pension Fund's assets are traded in an active market. Postens Pensionsstiftelse's assets at year-end 2014 and 2013 were as follows:

Postens Pensionsstiftelse's assets under management, market value, SEKm	2014		2013	
	Dec. 31	%	Dec. 31	%
Interest-bearing securities ¹⁾	2,059	11	1,911	12
High yield	919	5	1,197	7
Liquidity ²⁾	651	4	1,091	7
Hedge funds	4,420	25	3,430	21
Infrastructure	905	5	807	5
Properties	1,917	11	1,720	11
Swedish shares	883	5	1,243	8
Foreign shares	5,206	29	3,835	24
Raw materials	0	0		
Private equity	1,058	6	759	5
Total Assets under management at Postens Pensionsstiftelse	18,018		15,993	

¹⁾ Including accrued interest.

²⁾ Including asset classes that were classified as Other assets in the preceding year.

The asset allocation at the PostNord Pension Fund on December 31, 2014 is shown in the above table. The overarching objective of the Pension Fund is to manage its assets with regard to the Group's pension obligations for which the Pension Fund has received the funds concerned. The composition of and return on the assets shall adequately ensure that the Group can meet the pension payments that the Pension Fund assures.

Other assets under management, market value, SEKm	Dec. 31, 2014	Dec. 31, 2013
Postens Försäkringsförening	1,590	1,536
Pension insurance, Skandia	42	42
Total Other assets under management	1,632	1,578

Note 23 (cont.)

Sensitivity analysis

At year-end 2014, PostNord had funded pension commitments of SEK 18,461m (15,573) and assets under management of SEK 19,649m (17,571). In addition to funded commitments, a pension liability is provided for on the balance sheet, divided into vested pension commitments of SEK 1,670m (1,764) and non-vested pension commitments of SEK 785m (746). The Group's pension commitments are measured on the basis of the above-mentioned actuarial assumptions and the assets under management are measured at fair value.

With regard to the interim provisions, an allocation of 25% of the total obligation is made under the interim provisions, since this is what experience has shown is the take-up rate. Account is also taken of the special payroll tax. Any change in the obligation as required by the interim provisions by virtue of any change in the take-up rate is recognized as income or expense. For more information on the impact on income from changes in take-up rate in interim provisions, see table.

Sensitivity analysis, SEKm	Change	Impact on income		Impact on balance sheet items and other comprehensive income		
		Forecast cost (service cost)	Net financial items	Impact on pension liability	Impact on market value of assets	Impact after tax on other comprehensive income
Actuarial assumptions						
Change in discount rate and anticipated return on assets under management	+0.1% point	5	7	-282		-220
	-0.1% point	-6	-7	299		233
Change in actual return on assets under management	+0.1% point	0	1		20	16
	-0.1% point	0	-1		-20	-16
Change in salaries	+0.5% point	-17	-8	328		256
	-0.5% point	17	8	-315		-246
Change in income base amount	+0.5% point	5	3	-100		-78
	-0.5% point	-6	-3	112		87
Change in inflation	+0.5% point	-18	-33	1,284		1,002
	-0.5% point	17	31	-1,181		-921
Life expectancy	+1 year	-9	-20	754		588
	-1 year	9	20	-749		-584
Take-up rate, rights under interim provisions						
Change in take-up rate, rights under interim provisions	+5.0% point	-4	-3	134		105
	-5.0% point	4	4	-134		-105

NOTE 24 OTHER PROVISIONS

2014 Jan-Dec, SEKm	Opening balance	Provisions	Reversals	Utilizations	Impact of translation	Closing balance
Restructuring activities						
Personnel reduction	745	1,078	-92	-606	39	1,164
Other closure costs	43	68	-1	-30	3	83
Non-vested pension commitments						
Special payroll tax	181	12	-27		25	191
Non-vested pension commitments in accordance with IAS 19	747	50	-115		103	785
Other						
Work-related injuries	42	3		-3		42
Pension settlement with Danish State	43		-13	-11	-20	-1
Provision, commemorative awards	140	5		-16	18	147
Total	1,941	1,216	-248	-666	168	2,411
<i>Of which current</i>	<i>555</i>					<i>681</i>
<i>of which non-current</i>	<i>1,386</i>					<i>1,730</i>

Anticipated payments, SEKm	1 year	2 years	3 years	> 3 years
Provisions for restructuring activities	666	264	230	87
Provisions for non-vested pensions in accordance with IAS 19 ^{1) 2)}	243	74	83	369
Other provisions ²⁾	21	34	19	167
Total	930	372	332	577

¹⁾ Anticipated payments for non-vested pensions (excl. special payroll tax) have been calculated in accordance with IAS 19.

²⁾ Estimated present value of anticipated payments. In view of the low discount rate, the anticipated payments are somewhat lower than the respective provision.

2013 Jan-Dec, SEKm	Opening balance	Provisions	Reversals	Utilizations	Impact of translation	Closing balance
Restructuring activities						
Personnel reduction	707	501	-75	-400	12	745
Other closure costs	43	15		-16	1	43
Non-vested pension commitments						
Special payroll tax	189		-8			181
Non-vested pension commitments in accordance with IAS 19	781	51	-104		19	747
Other						
Work-related injuries	43	4		-5		42
Pension settlement with Danish State	40	24		-22	1	43
Provision for commemorative awards	141	14		-24	9	140
Total	1,944	609	-187	-467	42	1,941
<i>Of which current</i>	<i>359</i>					<i>555</i>
<i>Of which non-current</i>	<i>1,585</i>					<i>1,386</i>

Note 24 (cont.)

Provisions for restructuring activities

Provisions for restructuring consist of the expenses that have arisen as a result of the Group's efficiency programs in administration and its decisions to increase production efficiency. The amounts are calculated on the basis of management's best estimates. The provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimate. If it is no longer likely that an outflow of funds will be required to settle the commitment, the provision is reversed.

New provisions and reversals are recognized within the business activity that decides upon closure.

In 2014, provisions and reversals relating to restructuring with an income impact in Other expenses amounted to SEK 1,013m, see also Note 6 Other expenses. The effect of provisions for non-vested pension commitments, pension settlement with the Danish State and provision for commemorative awards are recognized in personnel expenses.

Utilizations for costs in 2014 totaled SEK 663m, with personnel expenses accounting for SEK 633m.

Translation differences arising from foreign exchange effects are recognized in comprehensive income.

Provision for estimated future non-vested pensions

PostNord is liable for non-vested pension commitments under what is known as the interim provisions. The interim provisions apply to certain personnel who, under the terms of their employment, are entitled to retire at 60 or 63 years of age. Special payroll tax has also been taken into account.

For further information see also Provision for estimated future non-vested pensions and Provision for ultimate liability in Note 23 Pensions on page 75.

Other provisions

Provision for work-related injuries consists of payments in the form of accident annuities as defined in the law on occupational injury insurance, and of occupational injury annuities.

Pension settlement with Danish State refers to future commitments regarding a specific category of salaried employees in the Post Danmark Group.

Provisions for anniversary bonus consist of anticipated future anniversary bonuses in the form of extra pay and holidays awarded when the employee has completed 25 or 40 years of service in the Post Danmark Group.

Present value

Provisions for which the payment period extends over several years are normally discounted to present value. Effects of discounting included in the changes for the year are presented separately when they reach substantial amounts. Provisions for non-vested pensions have payment periods extending over several years. In the case of this provision, a present value calculation is not presented separately, since it is covered by IAS 19. See also Note 23 Pensions on page 75.

Anticipated payments for provisions

The amounts stated correspond to the anticipated outcome that forms the basis for calculating the amount for the provisions, but cannot be considered entirely as real payment flows since certain costs are not matched by payments. Such costs include, for example, certain retirement-related expenses.

NOTE 25 ACCRUED EXPENSES AND DEFERRED INCOME

SEKm	Dec. 31, 2014	Dec. 31, 2013 ¹⁾
Provision for stamps sold but not used	433	403
Accrued payroll expenses	611	607
Holiday pay liability	1,519	1,534
Special payroll tax, pension expenses	2	10
Social insurance costs	378	348
Terminal charges	320	289
Forward foreign exchange contracts	15	16
Other items	651	710
Closing balance	3,929	3,917

¹⁾ Restated due to adjusted report from a subsidiary.

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**NOTE 26 PLEDGED ASSETS AND
CONTINGENT LIABILITIES**

SEKm	Dec. 31, 2014	Dec. 31, 2013
Pledged assets for own liabilities		
Real estate mortgages ¹⁾	1,275	1,196
Pledged assets ²⁾	57	31
Total	1,332	1,227
Contingent liabilities		
Guarantees, PRI	93	97
Guarantees, other	44	144
Total	137	241

¹⁾ Collateral for part of Non-current interest-bearing liabilities.
²⁾ Collateral for part of Non-current receivables.

Disputes

PostNord conducts national and international operations on a major scale and so becomes involved in disputes and legal proceedings that from time to time arise in the business. Such disputes and legal proceedings are not expected to adversely affect PostNord's earnings, profitability or financial position, either individually or in combination, to any material degree.

NOTE 27 INVESTMENT COMMITMENTS

As of December 31, 2014 the Group had contracted to acquire property, plant and equipment for a total of SEK 490m (713), relating primarily to sorting equipment and vehicles. Investment commitments of SEK 115m (478) were made in conjunction with the establishment of Mail & Communication's new terminal structure in Sweden, and SEK 244m (150) was invested in the replacement of equipment in the business area's terminals. It is expected that most commitments will be settled in early 2015.

NOTE 28 STATEMENT OF CASH FLOWS, INTEREST

Cash flow from operating activities includes interest received of SEK 37m (50) and interest paid of SEK 143m (258).

**NOTE 29 FINANCIAL RISK MANAGEMENT
AND FINANCIAL INSTRUMENTS**

The Group's financial risks are governed by the financial policy adopted by PostNord's Board of Directors. The policy consists of guidelines on cash management, financing and financial risk management. For a description the Group's financial risks and policy, see the section Risks and risk management.

PostNord's financial risks are divided into the categories of refinancing risk, credit risk and market risk.

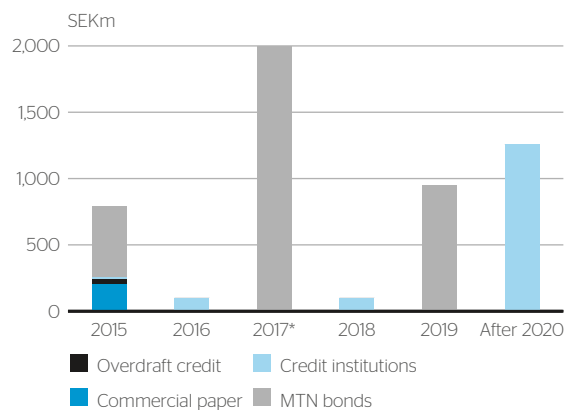
Refinancing risk

Refinancing risk is defined as the risk that cash and cash equivalents are not available and/or that financing either cannot be obtained or can only be obtained at considerably higher cost. The Group's refinancing risk policy consists of maintaining, at any one time, payment readiness of a scope that is designed such as to meet internal and external risks, as well as seasonal variations. Furthermore, the maturity structure of the loan portfolio shall be planned and managed such that the Group's payment readiness is not jeopardized.

Note 29 (cont.)

Cash and cash equivalents SEKm	Dec. 31, 2014	Dec. 31, 2013
Cash and bank balances, excl. cash in hand	1,502	1,521
Commercial paper	250	295
Other investments	10	10
Unutilized confirmed credit facilities	2,000	2,000
Total liquidity reserves	3,762	3,826
Unutilized amount, CERT program	2,800	2,800
Unutilized amount, MTN program	2,510	3,060
Unutilized amount, other borrowing facilities	154	118
Total, unutilized confirmed credit facilities	5,464	5,978
Total	9,226	9,804

Debt maturity profile



* An unutilized revolving credit facility (RCF) of SEK 2.0bn is in place, maturing in 2017.

Credit risk

Credit risk refers to the risk that a borrower may be unable to meet his obligations. Credit risk also includes the risk that, where an inability to meet a payment obligation exists, collateral or guarantee furnished may not cover the claim.

A credit risk arises (i) in sales to customers, in granting advance payments to suppliers and in the acceptance of guarantees, and (ii) within the Group's cash management and the use of derivative contracts. PostNord applies an extensive structure of limits regarding maturities and counterparties in order to manage credit risks. To further limit credit risk, ISDA agreements are drawn up for interest and currency swaps and other derivative translations.

Note 29 (cont.)

Credit risk in accounts receivable

Credit risk relating to credit sales is managed within the individual business areas and all customers are subject to a credit check, before the credit is granted for the first time, on the basis of information provided by the credit rating company. However, major lines of credit require central approval. In 2014, total accounts receivable amounted to SEK 4,619m (4,632) and the Group's confirmed bad debts totaled SEK 20m (25).

Credit risk in financial activities

Credit risk in financial activities are managed by the central financial management function, with a credit limit based on ratings from Moody's, Standard & Poor's or other official rating. Trading is governed via decisions on maximum credit risk per borrower. Every counterparty undergoes a credit check before being accepted as a borrower.

Age breakdown for trade receivables SEKm

	Dec. 31, 2014	Dec. 31, 2013
Trade receivables not due	3,968	4,063
Due but not impaired:		
1-5 days	283	280
6-20 days	200	163
21-30 days	69	52
31-60 days	55	53
61-90 days	35	27
>90 days	66	52
Total	4,676	4,690
Provision for bad debts	-57	-58
Total	4,619	4,632

Market risk**Currency risk**

Currency risk is the risk that the value of a cash flow in a foreign currency changes in the event of a change in exchange rates. The Group's policy is to limit the transaction exposure of Group companies in order to reduce the sensitivity of earnings to changes in exchange rates. Currency exposure in a particular currency is measured as the net position. Total currency exposure is calculated as the sum of the exposure to individual currencies.

Transaction exposure

Flows of commercial currency are very limited. As a result, only the value of contracted inward and outward payments in foreign currency is included in calculating risk in and hedging of transaction exposure.

Transaction exposure arises in relation to the functional currency of the individual group companies.

Transaction exposure is limited by matching currency flows and by making use primarily of forward currency and currency swap contracts.

Currency position

Currency	2014			2013		
	Position	Hedged	Net Position	Position	Hedged	Net Position
CHF	-23	23	0	0		0
DKK	-429	427	-2	-166	157	-9
EUR	-115	89	-26	-150	165	15
GBP	-10	8	-2	45	-42	3
HKD	-6	0	-6	0		0
JPY	-7	5	-2	-4	3	-1
NOK	900	-927	-27	372	-389	-17
PLN	0	0	0	44	-44	1
SGD	13	-12	1	12	-12	0
USD	-43	37	-6	-12	19	7
Total	279	-349	-71	142	-144	-2

Translation exposure

Translation exposure is defined as the value of equity in foreign Group companies and arises within the Group in relation to the functional currency of the Parent Company. The major exposures are in DKK, NOK and EUR. The Group's policy is that translation exposure represents a strategic risk. Consequently, translation exposure is limited only through annual adjustment to the Group companies' capital structure and when the Parent Company is financed in currencies other than its functional currency in order to obtain a natural hedge.

Translation exposure

Currency	Dec. 31, 2014			Dec. 31, 2013		
	SEKm	% +/-1%		SEKm	% +/-1%	
AUD	2	0.0		2	0	
DKK	3,149	55.9	31	3,693	60.8	37
EUR	379	6.7	4	458	7.6	5
GBP	96	1.7	1	86	1.4	1
HKD	47	0.8	0	31	0.5	0
NOK	1,902	33.8	19	1,743	28.7	18
PLN	36	0.6	0	17	0.3	0
SGD	44	0.8	0	21	0.3	0
USD	-25	-0.4	0	26	0.4	0
Total	5,630	100	55	6,077	100	61

Interest rate risk

Interest rate risk is defined as the risk of the Group's earnings being adversely affected by changes in market interest rates. Interest rate risk is calculated on the basis of the Group's net indebtedness, including derivative instruments. Shorter fixed-interest periods mean higher earnings sensitivity. Longer fixed-interest periods mean higher earnings stability but may also be a disadvantage when market interest rates fall. Interest rate derivatives may only be used to manage underlying loans in order to adjust the average duration of the loan portfolio.

The Group's policy is to limit earnings sensitivity in the short term in the event of changes in market interest rates and to strive for an attractive cost of cost of capital in the long term.

Earnings sensitivity is managed via a stress test on the existing net loan portfolio and the anticipated changes in the loan portfolio. At year-end 2014, an increase of +/-1% point gave rise to an impact on income before tax of SEK -7m (-7), all other factors being equal. At year-end, 32% of the Group's loan portfolio was subject to a variable interest rate, as against 53% in 2013.

Note 29 (cont.)

Dec. 31, 2014	Next fixed- interest date	SEKm	Dura- tion, years	Dec. 31, 2013	Next fixed- interest date	SEKm	Dura- tion, years
Debt portfolio				Debt portfolio			
Property loan, variable interest	06/30/2015	840	0.5	Property loan, variable interest	06/30/2015	788	0.5
Property loan, fixed interest	03/31/2015	435	0.2	Property loan, fixed interest	03/31/2015	408	1.2
MTN, variable interest	03/20/2015	1,000	0.2	MTN, variable interest	03/20/2014	1,000	0.2
MTN, fixed interest	09/20/2015	1,000	2.6	MTN, fixed interest	09/20/2017	1,000	3.5
MTN, variable interest	03/03/2015	390	0.2	MTN, variable interest	03/04/2013	390	0.2
MTN, fixed interest	06/03/2015	150	0.4	MTN, fixed interest	06/03/2015	150	1.4
MTN, variable interest	06/03/2015	400	0.2	MTN, variable interest	06/12/2019	400	0.2
MTN, variable interest	03/12/2015	550	0.0	Commercial paper	SEK 1-7bn	200	0.3
Svensk Exportkredit	01/02/2015	200	0.0	Bank overdraft facilities		61	0.0
Commercial paper	SEK 1-2bn	200	0.1	Total		4,397	1.3
Bank overdraft facilities		38	0.0	Interest swap MTN, fixed interest	2-5 years	500	3.3
Total		5,203	0.7	Duration of debt portfolio with interest rate swaps			
Interest swap MTN, fixed interest	1-4 years	500	2.4				1.6
Duration of debt portfolio with interest rate swaps				Investment portfolio			
			0.9	Accounts		1,816	
Investment portfolio				Commercial paper		295	0.1
Accounts		1,502	0.0	Total		2,111	0.1
Commercial paper		250	0.2	Earnings sensitivity next 12 months, net			
Total		1,752	0.0				-2.7
Earnings sensitivity next 12 months, net							-7.0

Maturity structure of Group's currency and interest contracts/forward contracts, 2014, nominal amounts

Maturity structure, Dec. 31, 2014	Less than 3 months	3-6 months	6-12 months	1-5 years	Total
Interest rate derivatives				500	500
SEK, variable to fixed interest					
Currency derivatives					
CHF	11	9			20
DKK	388	19	14		421
EUR	85		4		89
GBP	8				8
HKD	-13				-13
JPY	5				5
NOK	-892	-19	-14		-925
PLN	-73				-73
USD	36				36
Total	445	9	4	500	68

Maturity structure of Group's currency and interest contracts/forward contracts, 2013, nominal amounts

Maturity structure, Dec. 31, 2013	Less than 3 months	3-6 months	6-12 months	1-5 years	Total
Interest rate derivatives				500	500
SEK, variable to fixed interest					
Currency derivatives					
CHF	5				5
DKK	157				157
EUR	98	15	48	7	168
GBP	-42				-42
HKD	-11				-11
JPY	2				2
NOK	-408		-163		-571
PLN	-73				-73
USD	20				20
Total	-252	15	-115	507	155

Market risk in assets under management

Assets are managed by the Group's related entities Postens Pensionsstiftelse and Postens Försäkringsförening. The Group shall strive to ensure that management of pension assets is conducted prudently. The allocation shall be based on regular ALM analysis to maintain a well-balanced level of risk at any one time. The entities manage assets that assure payment of certain of the Group's obligations, such as for example future pensions, sickness benefits and family pensions. Management consists of investing capital in various markets and instruments.

The Group's policy is, through board representation, to promote responsible allocation over various classes of asset.

Recognition and fair value measurement of financial instruments

The fair value of loan liabilities is calculated as the discounted value of future cash flows relating to repayment of capital amounts and interest. The value is discounted to the current loan interest rate.

In the case of trade receivables and payables with a remaining credit period of less than a year, the carrying amount is considered to represent the fair value. Trade receivables and payables with a remaining term of more than a year are discounted when the fair value is established.

Note 29 (cont.)

	Dec. 31, 2014	Dec. 31, 2013		Dec. 31, 2014	Dec. 31, 2013
Carrying amount and fair value of financial assets, SEKm	Carrying amount	Carrying amount	Carrying amount and fair value of financial liabilities, SEKm	Carrying amount	Carrying amount
Financial investments			Non-current interest-bearing liabilities		
Endowment insurance at fair value via the income statement	143	145	Financial liabilities at amortized cost ¹⁾	4,577	4,315
Other financial investments	114	66	Other non-current liabilities		
Other financial assets			Financial liabilities at amortized cost	59	79
Currency derivatives at fair value via the income statement	12	12	Current interest-bearing liabilities		
Trade receivables			Financial liabilities at amortized cost	807	274
Trade receivables	4,619	4,632	Trade payables		
Other receivables			Financial liabilities at amortized cost	2,010	2,878
Terminal settlements at fair value via the income statement	472	334	Other current liabilities		
Short-term investments			Terminal charges at fair value via the income statement	320	289
Interest-bearing receivables		163	Currency derivatives at fair value via the income statement	15	8
Cash and cash equivalents			Interest rate derivatives used for hedge accounting	20	4
Commercial paper at fair value via the income statement	250	295	Financial liabilities at amortized cost	1,742	1,974
Cash and bank balances	1,593	1,678	Total financial liabilities	9,550	9,821
Total financial assets	7,203	7,325			

¹⁾ The fair value of financial assets and liabilities accords essentially with the carrying amount in the table above. The fair value of financial liabilities at amortized cost is SEK 4,874m (4,196).

Certain of the Group's financial instruments are recognized at fair value on the basis of the three distinct levels defined in IFRS, as described in the following.

Level 1

The fair value of financial instruments is calculated on the basis of listed market prices at the end of the reporting period, without deduction of transaction costs. Level 1 consists primarily of treasury bills and standardized derivatives for which the listed price is used in valuation. At present, the PostNord Group has no financial assets or liabilities based on this level of valuation.

Level 2

The fair value of financial instruments is determined using valuation models based on other observable market data. Examples of observable data at level 2 are market interest rates and yield curves. In cases where a listed price is not available, straight interpolation is used.

Level 3

The fair value of financial instruments is determined using valuation models in which material input data is based on non-observable market data. At present, the PostNord Group has no financial assets or liabilities based on this level of valuation.

Financial assets and liabilities, by level, SEKm	Dec. 31, 2014			Dec. 31, 2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Endowment insurance		143			145	
Currency derivatives		12			12	
Terminal settlements		472			334	
Commercial paper		250			295	
Total financial assets		877			786	
Financial liabilities						
Currency derivatives		15			8	
Interest rate derivatives		20			4	
Terminal settlements		320			289	
Total financial liabilities		355			301	

NOTE 30 RELATED PARTY TRANSACTIONS

Group companies

For deliveries of services and products between Group companies, the principle of cost price plus a margin is used, except for services within the PostNord offering, where market prices apply. For a detailed list of Parent Company and Group participations in Group companies, associated companies and joint ventures, see Note 6 to the Parent Company's financial statements on page 92.

The Swedish State

Under Sweden's Postal Services Act, PostNord is mandated by the Swedish State to provide a universal postal service. Like other postal operators in Sweden, PostNord must obtain a license to operate postal services. For this license, PostNord paid SEK 15m (15) to the Swedish Post and Telecom Authority (PTS) during the period. In addition, PostNord paid PTS SEK 10m (9) for handling of "undeliverable" mail.

PostNord received SEK 24m (25) from PTS in remuneration under agreements on the procurement of postal services for the disabled.

Posten AB lent SEK 45m (50) to the Swedish Transport Administration in order to bring forward the construction of rail facilities for the Rosersberg Mail Terminal. Posten AB has undertaken to advance a provisional amount of SEK 130m, and has now lent a total of SEK 95m.

The Danish State

During the period, the Danish State paid pension premiums to the Danish State in the amount of SEK 165m (170) on behalf of the group of salaried employees who were employed before corporatization. In addition, a provision of SEK 3m (12) is made in the balance sheet to cover any further commitments on behalf of the same group.

Other organizations in Sweden

PostNords Försäkringsförening operates autonomously from the PostNord Group and under the supervision of Finansinspektionen. Försäkringsföreningen insures PostNord's obligations relating to employee sickness and family pension under the ITP-P scheme. During the period, the Group's Swedish companies received benefits totaling SEK 7m (7). In view of its well consolidated position, Försäkringsföreningen has not charged any premiums since 2011.

Postens Pensionsstiftelse manages pension obligations on behalf of Posten AB, Posten Meddelande AB and PostNord Logistics AB. These companies capitalize new pension obligations at Pensionsstiftelsen and are credited with pensions paid out. During the period a total of SEK 771m (111) was capitalized and SEK 771m (0) was credited. Credits totaling SEK 771m represent pension payments made in 2014.

Senior executives

For more information on salaries and other remuneration to senior executives and Board members, see Note 5 Employees, personnel expenses and executive remuneration on page 68.

All members of the Group Board of Directors and the Group Executive Team at PostNord have been requested to notify in writing any business relationships they have with PostNord and whether such were established on a commercial basis. It was disclosed that Per Samuelson, a member of the Group Executive Team, holds all shares outstanding in BTJ Holding Sverige AB, which in turn holds 55% of the shares outstanding in BTJ Sverige AB. BTJ Sverige AB procures logistics services from PostNord Logistics AB on a commercial basis.

NOTE 31 ACQUISITIONS AND DIVESTMENTS

Effect of acquisitions and divestments on assets and liabilities, SEKm	2014			2013		
	Acquisitions	Divestments	Total	Acquisitions	Divestments	Total
Goodwill				167		167
Intangible assets	8		8	30		30
Property, plant and equipment	401		401	193		193
Other non-current assets	24		24			
Total non-current assets	433		433	390		390
Current assets	25		25	86		86
TOTAL ASSETS	458		458	476		476
TOTAL LIABILITIES	-351		-351	-175	-1	-176
NET ASSETS	107		107	301	-1	300
Capital gain on divested operations/Group company					-1	-1
Other items affecting cash flow	3		3	-54		-54
Purchase consideration paid/received	-107		-107	-301		-301
Cash and cash equivalents (acquired/divested)	19		19	19		19
Net effect on cash and cash equivalents	-85		-85	-336		-336

Acquisition of subsidiaries

On July 2, 2013, Posten AB (renamed as PostNord Group on January 1, 2015) signed an agreement with Bulk Eiendom AS to acquire all shares outstanding in Bulk Langhus 1 AS, after the company had constructed a logistics terminal just outside Oslo. In 2013, PostNord refinanced the company and financed the build-up of the terminal, occupancy of which was taken up on July 2, 2014. The business was consolidated in PostNord's accounts as of July 1, 2014. The company has been renamed PostNord Terminal Langhus AS.

The purchase consideration for the shares was SEK 94m and Posten AB had at the time of taking ownership of the shares issued a loan of NOK 260m to the company.

On July 1, 2014, the company became part of Business area Logistics. The acquisition analysis indicated surplus values on property and land.

The company's net sales in 2014 totaled SEK 11m. Net sales during the period of PostNord's ownership, July–December, amounted to SEK 11m. The company has only an internal lease with the Group for leasing of the terminal to PostNord Logistics AS. Income in 2014 totaled SEK 9m. Income in the period in which the company was part of the PostNord Group amounted to SEK 9m. The surplus values on the property, arising in the Group through the acquisition, have been depreciated according to plan by SEK -2m. The acquisition contributed SEK 7m to Group income.

Two other minor acquisitions were also made during the year. The purchase consideration amounted to SEK 13m.

Note 31 (cont.)

2014 Jan-Dec, SEKm	Goodwill	Intangible assets	Property, plant and equipment	Other non-current assets	Current assets	Liabilities	Net assets
Acquired							
PostNord Terminal Langhus AS			388	24	23	-341	94
Logsite ApS		8			2	-4	6
Fast AB Rosersberg 11:126			13			-6	7
Total acquired		8	401	24	25	-351	107
2013 Jan-Dec, SEKm							
2013 Jan-Dec, SEKm	Goodwill	Intangible assets	Property, plant and equipment	Other non-current assets	Current assets	Liabilities	Net assets
Acquired							
Distribution Services A/S	95		93		21	-35	174
Nordisk Kyl Logistik AB	46	9	86		25	-103	63
Transbothnia AB	26	21	2		40	-37	52
Rosersberg Brevterminal AB, additional payment			12				12
Total acquired	167	30	193		86	-175	301
Divested							
Tidningstorget AB						-1	-1
Total divested						-1	-1

NOTE 32 EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred since the end of the period, see page 26.

NOTE 33 DEFINITIONS

Adjusted income

Income less operating expenses excluding items that are considered to affect comparability. These items consist mainly of provisions for restructuring activities (that cannot be regarded as falling within the scope of the ongoing restructuring process), major impairments and capital gains/losses.

Adjusted operating margin

Adjusted operating income as a percentage of income (net sales and other income).

ADM (addressed direct mail)

Direct mail personally addressed to an individual. ADM is sent with a personal message when companies want to build relationships with existing customers and identify new customers.

Average number of employees

The total number of paid employee hours divided by the standard number of hours for a full-time employee during the cumulative period from the beginning of the year.

C-mail

In Denmark, mail with special posting conditions processed in a production stream for distribution within two to four days after mailing.

Capital employed

New definition effective 2014. Non-interest-bearing assets less non-interest-bearing liabilities (tax and provisions were not previously included in calculation).

Earnings per share

Share of net earnings attributable to Parent Company shareholders divided by the average number of shares outstanding.

EBITDA

Earnings before interest, taxes, depreciations and amortizations/impairments.

Financial preparedness

Cash and cash equivalents and unutilized committed credit line.

Net debt

New definition effective 2014. Interest-bearing debt (including pension provisions) less cash and cash equivalents, financial receivables and current interest-bearing receivables. (Non-financial receivables and current interest-bearing receivables were not previously included.)

Net debt/EBITDA

Net debt divided by EBITDA (rolling 12-month).

Net debt ratio

Net debt divided by equity.

Non-priority mail

Mail processed in a production stream for distribution within three business days after mailing.

Operating margin

Operating income as a percentage of income (net sales and other operating income). The calculation of operating margin by business area includes sales to other business operations and to Parent Company functions.

Priority mail

Mail processed in a production stream for delivery on the first business day after mailing.

Return on capital employed (ROCE)

Operating income for the 12 months to the end of the period divided by average capital employed for the 12 months to the end of the period.

UDM (unaddressed direct mail)

Direct mail sent without personal address by companies that, for instance, do not have their own client register or that wish to reach a new target Group. Through UDM, the customer has the option of reaching out widely to all national households or businesses or targeting mailings to a specific audience.

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Parent Company

Income statement

SEKm	Note	2014	2013
	1, 2		
Other operating income		20	24
Income		20	24
Personnel expenses	3	-32	-24
Other expenses	4	-8	-12
Expenses		-40	-36
OPERATING INCOME		-20	-12
Dividends on shares in subsidiaries		200	773
Write-down on shares in subsidiaries	6		-800
Interest income and financial income items	5	13	40
Interest expense and financial expense items	5	-183	-123
Financial items		30	-110
Income after financial items		10	-122
Group contributions received		182	92
Appropriations		182	92
Income before tax		192	-30
Tax			
NET INCOME		192	-30

Statement of comprehensive income

SEKm	2014	2013
Net income	192	-30
Other comprehensive income for the period		
COMPREHENSIVE INCOME	192	-30

Balance sheet

SEKm	Note	Dec. 31, 2014	Dec. 31, 2013
	1, 2		
ASSETS			
Non-current assets			
Participations in Group companies	6	11,676	11,676
Interest-bearing receivables		9	8
Total non-current assets		11,685	11,684
Current assets			
Interest-bearing receivables from Group companies		8,856	8,043
Other receivables from Group companies		183	95
Prepaid expenses and accrued income		4	5
Total current assets		9,043	8,143
TOTAL ASSETS		20,728	19,827
EQUITY AND LIABILITIES			
Restricted equity			
Capital stock		2,000	2,000
Share premium reserve		10,141	10,141
Non-restricted equity			
Retained earnings		3,438	3,597
Net income		192	-30
TOTAL EQUITY		15,771	15,708
LIABILITIES			
Interest-bearing liabilities		4,183	3,905
Total non-current liabilities		4,183	3,905
Liabilities to Group companies		541	
Other operating liabilities		201	201
Accrued expenses and deferred income		32	13
Total non-interest-bearing liabilities		774	214
Total current liabilities		774	214
TOTAL LIABILITIES		4,957	4,119
TOTAL EQUITY AND LIABILITIES		20,728	19,827
PLEGDED ASSETS AND CONTINGENT LIABILITIES			
Pledged assets		none	none
Contingent liabilities			
Guarantees, PRI		136	140
Guarantees on behalf of subsidiaries		550	381
Total		686	521

Parent Company statement of cash flows

SEKm	2014	2013
OPERATING ACTIVITIES		
Income before tax	192	-30
Appropriations	-182	-92
Adjustments for non-cash items	68	825
Cash flows from operating activities before changes in working capital	78	703
Cash flow from changes in working capital		
Increase (-)/decrease (+) in operating receivables	3	1
Increase (+)/decrease (-) in operating liabilities	20	-3
Changes in working capital	23	-2
Cash flows from operating activities	101	701
INVESTING ACTIVITIES		
Changes in Group receivables	-814	1,789
Cash flow from investing activities	-814	-1,789
FINANCING ACTIVITIES		
Borrowings	1,350	1,345
Amortization of loans	-600	-200
Dividend paid to Parent Company owner	-129	-103
Group contributions received	92	46
Cash flows from financing activities	713	1,088
CASH FLOWS FOR THE PERIOD	0	0
Cash and cash equivalents at start of year	0	0
Cash and cash equivalents at year-end	0	0

Parent Company changes in equity

SEKm	Restricted equity		Non-restricted equity	Total
	Capital stock ¹⁾	Share premium reserve	Retained earnings incl. net income for the year	
Opening balance, 01/01/2013	2,000	10,141	3,700	15,841
Comprehensive income for the period			-30	-30
Dividends			-103	-103
Closing balance, 12/31/2013	2,000	10,141	3,567	15,708
Shareholders' equity, opening balance 01/01/2014	2,000	10,141	3,567	15,708
Comprehensive income for the period			192	192
Dividends			-129	-129
Shareholders' equity, closing balance 12/31/2014	2,000	10,141	3,630	15,771

¹⁾ Number of shares 2,000,000,001:1,524,905,971 ordinary shares and 475,094,030 series B shares.

Notes to Parent Company financial statements

NOTE 1 ACCOUNTING PRINCIPLES

The Parent Company mainly applies the same accounting principles as the Group, and thus RFR 2, Accounting for Legal Entities. The differences between the Parent Company's and the Group's accounting principles result from limits on the Parent Company to apply IFRS under the Annual Accounts Act, the Act on Safeguarding of Pension Commitments (Tryggsandlagen) and, to some extent, tax considerations.

Participations in associated companies and joint ventures

Participations in subsidiaries, associated companies and joint ventures are recognized in the Parent Company in accordance with the cost method.

Dividends

Dividends from subsidiaries, associated companies and joint ventures are recognized as income when the right to distribution has been determined.

Anticipated dividends from subsidiaries are recognized if the Parent Company has the sole right to determine the size of the dividend and has determined the size of the dividend before publishing its financial statements.

If the carrying amount for the Parent Company's holding in the subsidiary, associated company or joint venture company exceeds the carrying amount in the financial statements, this is taken as an indication that an impairment loss has arisen and an impairment test is to be performed.

Group contributions are recognized as appropriations.

Employee benefits

Pension obligations on behalf of salaried employees, which obligations are secured via pension insurance policies, are recognized in the Parent Company under the heading Defined-contribution plan. Other pension expenses are charged to income

Financial guarantees

The Parent Company's financial guarantees consist of guarantees on behalf of subsidiaries and joint ventures. Under financial guarantees, the Company has an obligation to compensate holders of debt instruments in respect of losses that the latter incurs by reason of a specified debtor failing to make payment when due in accordance with the terms of the contract. In reporting financial guarantee agreements, the Parent Company applies RFR 2, a lighter regime than IAS 39 regarding financial guarantee agreements issued on behalf of subsidiaries, associated companies and joint ventures. The Parent Company recognizes financial guarantee agreements as an appropriation on the balance sheet in cases where PostNord is under an obligation for which payment is likely to be required to settle the obligation.

Taxes

In the Parent Company, untaxed reserves are recognized including deferred tax liabilities.

Segment reporting

The Parent Company's business consist only of one activity, the management of Group functions.

NOTE 2 MATERIAL ASSESSMENTS AND ESTIMATES

When preparing the financial statements, management has made assessments and estimates that affect the Group's reporting. These assessments and estimates are based on what was known at the time the accounts were presented, and on historic experience and the assumptions that management considers reasonable in the given circumstances. The conclusions that management has drawn are the basis on which amounts are stated. Actual outcomes, assessments and estimates in future financial statements over the year ahead may deviate from those contained in this report as a result of changes in external circumstances and newly gained experience.

Shares in subsidiaries

Assumptions are made about future conditions in order to calculate future cash flows that determine the recoverable value. The recoverable value is compared with the recognized value for these assets and represents the basis for possible impairment or reversals. The assumptions that most affect the recoverable value are future changes in income, discount rate and estimated useful life of the asset. If future environmental factors and circumstances change, these assumptions may be affected so that the recognized values of the Parent Company's assets change.

NOTE 3 EMPLOYEES AND PERSONNEL EXPENSES

Personnel expenses, SEKm	2014	2013
Salaries and other remuneration	19	15
Statutory social insurance costs	7	5
Pension expenses	6	4
Total	32	24

The Parent Company has three employees, the President and Group CEO, the Group CFO and the Group Head of Strategy. The President and Group CEO Håkan Ericsson is paid a salary of SEK 745,000 per month. On his behalf, the Parent Company pays for a retirement pension insurance policy in the amount of SEK 37,000 per month, and an endowment insurance policy in the amount of SEK 185,667 to secure the pension obligation.

NOTE 4 FEES AND REIMBURSEMENT OF EXPENSES TO AUDITORS

SEKm	2014	2013
Auditing assignments		
KPMG	1	1
Total	1	1

Audit assignments refers to the audit of the annual report and accounting records, as well as the Board of Directors' and the President & Group CEO's administration of the Company, other tasks incumbent on the Company's auditor and advice or other assistance resulting from observations made during such audits or the performance of such other tasks. The expense is recognized under the heading Other expenses.

NOTE 5 INTEREST INCOME, INCOME EXPENSES AND SIMILAR INCOME ITEMS

SEKm	2014	2013
Interest income from Group companies	13	40
Currency earnings		
Total	13	40
Interest expense from Group companies	-7	-2
Interest expense	-85	-82
Currency earnings	-79	-28
Other financial expenses	-12	-11
Total	-183	-123

For more information, see Note 29 Financial risk management and financial instruments in Notes to the financial Statements on page 82.

**NOTE 6 HOLDINGS OF SHARES AND PARTICIPATIONS
IN GROUP COMPANIES, JOINT VENTURES AND
ASSOCIATED COMPANIES**

SEKm	2014	2013
Acquisition cost		
At start of year	12,476	12,476
Shareholder contributions paid	4,587	
Disposals	-5,387	
At year-end	11,676	12,476
Accumulated impairment losses		
At start of year	-800	
Impairment losses for the year		-800
Disposals	800	
At year-end		-800
Closing balance	11,676	11,676

Shares held directly and indirectly by Parent Company PostNord AB, SEKm	Corporate registration number	Registered office	Country	Share of equity, %		No. of shares	Carrying amount in Parent Company Dec. 31, 2014	Dormant
				Direct	Indirect			
Posten AB, being renamed as PostNord Group AB.	556128-6559	Solna	Sweden	100		600,000	11,676	
Posten Meddelande AB, being renamed as PostNord Sverige AB	556711-5695	Solna	Sweden		100	1,000		
Strålfors AB	556062-0618	Malmö	Sweden		100	21,381,288		
Strålforsbolagen AB	556158-7006	Ljungby	Sweden		100	1,000		d
Strålfors Svenska AB	556102-9843	Ljungby	Sweden		100	5,000		
Tand 2:103 Fastighets AB	556594-3650	Östersund	Sweden		50	2,000		
EsonPac Group AB	556838-0868	Varberg	Sweden		48	4,800		
Strålfors A/S	10068657	Brøndby	Denmark		100	200,000		
Strålfors Oy	0115061-7	Helsinki	Finland		100	2,100		
Stralfors SAS	77572776100063	Paris	France		100	620,776		
Strålfors AS	944997431	Oslo	Norway		100	200		
Stralfors Sp.z.o.o	000296330	Laskowice	Poland		100	2,000		
Friends Tactics Sweden AB	556888-3820	Stockholm	Sweden		30	600		
Stralfors (UK) Ltd., in process of liquidation	00928859	Redruth	United Kingdom		100	100		
Chacewater Properties Ltd., in process of liquidation	03905657	Redruth	United Kingdom		100	1,000		d
DPS Holding Ltd., in process of liquidation	03239427	Orpington	United Kingdom		100	45,000		d
DPS Direct Mail Ltd. in process of liquidation	02683284	Orpington	United Kingdom		100	45,000		d
Stralfors plc	01626027	Redruth	United Kingdom		100	600,000		
Th Stralfors (Data Products) Ltd. in process of liquidation	02683284	Redruth	United Kingdom		100	10,000		d
Direct Link Worldwide GmbH	217864281	Mörfelden-Walldorf	Germany		100	150		
PostNord Logistics GmbH	HRB8888HL	Lübeck	Germany		100	1		
PostNord AS	984054564	Oslo	Norway		100	117,570		
PostNord Logistics AB	556711-5380	Solna	Sweden		100	1,000		
Nils Hansson Logistics AB	556147-4254	Ljungbyhed	Sweden		100	2,500		
PostNord Oy	1056251-7	Vanda	Finland		100	5,817		
PostNord OY Eesti filiaal	11472268	Harju	Estonia		100			
PostNord Logistics app A/S	20148586	Copenhagen	Denmark		100	500,001		
Swedish Adressändring AB	556476-3562	Stockholm	Sweden		85	850		
Tidningstjänst AB	556039-7480	Stockholm	Sweden		100	7,500		
Direct Link Worldwide Ltd.	2911080	Middlesex	Great Britain		100	110,000		
Addresspoint AB	556587-5597	Stockholm	Sweden		85	1,700		
Posten Leasing AB	556341-0009	Stockholm	Sweden		100	5,000		

Note 6 (cont.)

Shares held directly and indirectly by Parent Company PostNord AB, SEKm	Corporate registration number	Registered office	Country	Capital interest, %		No. of shares	Carrying amount in Parent Company		
				Direct	Indirect		Dec. 31, 2014	Dormant	
Direct Link Worldwide Inc.	112-797-736/000	New Jersey	USA		100	100			
Direct Link Worldwide AS	994072889	Oslo	Norway		100	1,000			
Fastighets AB Penelope Nässjöterminalen Kommanditbolag	556517-0544	Stockholm	Sweden		100	100			
Posten Scanning AB	916629-7458	Solna	Sweden		100				
Data Scanning Finland Ab	556824-2852	Stockholm	Sweden		100	1,000			
Rosersberg Brevterminal AB	2552507-3	Helsinki	Finland		100	1,000			
Hallsberg Brevterminal AB	556819-9862	Stockholm	Sweden		100	1,000			
Direct Link Worldwide Distribution Pte. Ltd	556848-8133	Stockholm	Sweden		100	500			
Direct Link Worldwide Pty. Ltd	199700772	Singapore	Singapore		100	700,000			
Direct Link Worldwide Company Ltd.	095493459	Sydney	Australia		100	1			
PostNord Logistics app TPL AB	199700772	Hong Kong	China		100	1			
PostNord Logistics app TPL A/S	556161-7191	Haninge	Sweden		100	50,000			
PostNord Fulfillment AB	22115396	Brøndby	Denmark		100	100			
KB Sveterm	556234-1353	Stockholm	Sweden		100	1,000			
Kardinalmärket 1 AB	916631-9492	Stockholm	Sweden		100			d	
Fastighets AB Skogskojan 1	556875-8899	Stockholm	Sweden		100	50,000			
Property AB Rosersberg 11:126	556972-7547	Solna	Sweden		100	500			
PostNord Terminal Langhus AS	556743-9574	Stockholm	Sweden		100	1,000			
PostNord Logistics app Thermo AB	990427321	Oslo	Norway		100	200,000			
Transbothnia AB	556454-1737	Östersund	Sweden		100	8,000			
PostNord Fulfillment Sp.zO.o	556278-8876	Umeå	Sweden		100	3,000			
Post Danmark A/S	5272719788	Warsaw	Poland		100	100			
Data Scanning A/S	26663903	Copenhagen	Denmark		100	25,000,000			
Post Fleet Management A/S	19803376	Copenhagen	Denmark		100	10			
e-Boks A/S	79203114	Hvidovre	Denmark		100	400			
Distribution Services A/S	25674154	Ballerup	Denmark		50	6,000,000			
Logsite ApS	56448810	Copenhagen	Denmark		100	30			
	30733975	Ishøj	Denmark		100	126,000			
Total holdings in Group companies							11,676		

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The Board of Directors' and President and Group CEO's certification

The Board of Directors and the President and Group CEO hereby declare that the annual accounts have been prepared in accordance with generally accepted accounting practice in Sweden and that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards as referred to in Regulation (EC) No. 1606/2002/EC of the European Parliament and of the Council dated July 19, 2002 on the application of international accounting standards. The annual accounts and the consolidated accounts give a true and fair view of the financial position and results of the Parent Company and the Group. Nothing of material importance has been omitted that might affect the view of the Company created by the annual report. The administration report for the Parent Company and the Group provides a true and fair picture of the development of the operations, financial position and performance of the Parent Company and the Group and also describes material risks and uncertainties to which the Parent Company and the other companies in the Group are exposed. The annual accounts and consolidated accounts were approved for publication by the Board and the President and Group CEO on February 26, 2015.

Solna, February 26, 2015

Jens Moberg
Chairman of the Board

Mats Abrahamsson
Director

Gunnel Duveblad
Director

Christian Ellegaard
Director

Sisse Fjelsted Rasmussen
Director

Torben Janholt
Director

Magnus Skåninger
Director

Anitra Steen
Director

Lars Chemnitz
Employee Representative

Alf Mellström
Employee Representative

Ann-Christin Fällén
Employee Representative

Håkan Ericsson
President and Group CEO

Our Audit Report was submitted on March 3, 2015

KPMG AB

Helene Willberg
Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders of PostNord AB, corp. id. 556771-2640

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of PostNord AB for the year 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages through 6-11, 24-26, the section on environmentally licensed operations on page 31 and pages 45-94.

Responsibilities of the Board of Directors and the President and Group CEO for the annual accounts and consolidated accounts

The Board of Directors and the President and Group CEO are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President and Group CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President and Group CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of December 31, 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of December 31, 2014 and of their financial

performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the income statement and statement of financial position for the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President and Group CEO of PostNord AB for the year 2014.

Responsibilities of the Board of Directors and the President and Group CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President and Group CEO are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President and Group CEO is liable to the company. We also examined whether any member of the Board of Directors or the President and Group CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President and Group CEO be discharged from liability for the financial year.

Stockholm, March 3, 2015
KPMG AB

Helene Willberg
Authorized Public Accountant

Five-year review

SEKm, unless otherwise specified	2010	2011	2012	2013	2014
PostNord Group¹⁾					
Net sales	41,669	39,466	38,920	39,533	39,950
Other operating income	289	274	253	233	632
Operating expenses	-40,589	-38,167	-38,669	-39,114	-40,247
<i>of which, personnel expenses</i>	-20,551	-19,110	-18,338	-18,626	-18,212
<i>of which, transportation expenses</i>	-7,384	-7,540	-8,084	-8,953	-9,832
<i>of which, other expenses</i>	-10,737	-9,851	-10,348	-9,887	-10,356
<i>of which, depreciation and impairments</i>	-1,917	-1,666	-1,899	-1,648	-1,847
Operating income (EBITDA)	3,292	3,237	2,410	2,310	2,198
Operating margin (EBITDA), %	7.8	8.1	6.2	5.8	5.4
Operating income (EBIT)	1,375	1,571	511	662	351
Operating margin (EBIT), %	3.3	4.0	1.3	1.7	0.9
Net income	1,031	1,225	247	306	176
Cash flows from operating activities	1,824	1,634	1,825	1,657	670
Net debt	-728	578	4,299	1,624	3,672
Return on capital employed, %				6.0	3.1
Average number of employees	44,060	41,714	39,713	39,305	37,976
Number of employees at end of period	51,405	48,568	49,297	47,667	44,859
of which, temporary employees	9,906	9,871	10,473	10,180	8,793
Volumes, millions					
Denmark, priority mail	602	411	320	278	237
Denmark, non-priority and business mail	283	366	365	337	308
Denmark, parcels	41	37	39	39	42
Sweden, priority mail	1,045	980	925	912	880
Sweden, non-priority mail	1,266	1,251	1,198	1,144	1,103
Sweden, parcels	59	61	66	72	80

¹⁾ Figures prior to 2012 have not been restated due to IAS 19 Revised, Employee Benefits.



Swan marked printed matter.

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Production: PostNord in partnership with Halvarsson & Halvarsson.

