

postnord

**Annual and
Sustainability Report
2015**



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Reporting according to GRI G4

PostNord is reporting on its sustainability work for 2015 according to the Global Reporting Initiative's (GRI) G4 Guidelines. The GRI Index on pages 90-91 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 2014 financial year was published in March 2015. It was also drawn up according to the GRI Guidelines, G4.

Auditing of the report

The Board of Directors and the President & Group CEO of PostNord AB (publ.), corporate identity number 556771-2640, hereby present their Annual and Sustainability Report for the 2015 financial year. The Board of Directors' report comprises pages 4-13, pages 16-25, the section on environmentally licensed operations on page 34, and pages 38-49, and has been audited as stated in the Auditor's Report on page 85. The Sustainability Report comprises pages 26-37 and pages 86-91 and has been reviewed according to the Assurance Report on page 92.

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Many PostNord employees have demonstrated a strong commitment to helping displaced people. In early September, PostNord decided to support individual initiatives via a collaboration with UNHCR. In addition to making a direct donation of SEK 300,000 to UNHCR, PostNord also assisted with the transportation of various kinds of essential items. These actions were carried out jointly with individual customers. PostNord's employees also made their own donations in the form of money, clothing or other essential items.



In 2015, PostNord issued the first joint charity stamp in Sweden and Denmark. The fact that the money raised will go to the World Wildlife Fund WWF is consistent with PostNord's view on sustainability and the Company's work to minimize the environmental impact of its operations. Sales of the stamp, launched in May 2015, had generated some SEK 1 million for WWF by December 31, 2015.

We deliver!

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

With our expertise and strong distribution network, we develop new solutions for the communication, e-commerce, distribution and logistics of tomorrow in the Nordic region.

In 2015, the Group had around 35,000 employees and sales of approximately 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.



5.2 billion letters and other mail items were delivered by PostNord in 2015.



approximately 130 million parcels reached their intended recipients on time.¹⁾



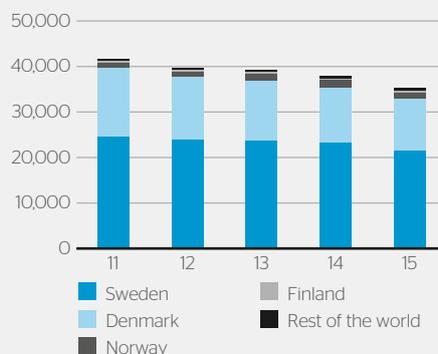
approximately 6,000 distribution points in the Nordic countries offer reliable service and convenient opening hours.

¹⁾ Eliminated for intra-Group volumes between countries.

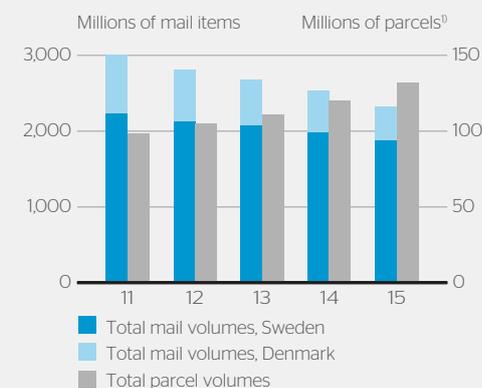
Revenue per country



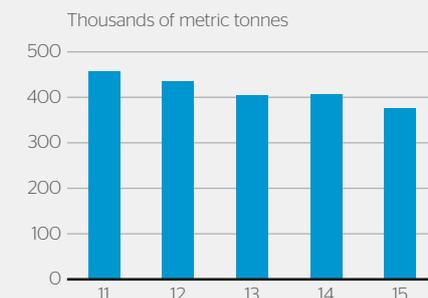
Average number of employees per country



Total mail and parcel volumes



Carbon dioxide emissions



Right priorities strengthening PostNord's position

The pace of digitalization is accelerating. To PostNord, this means rising parcel volumes thanks to robust growth in e-commerce in all Nordic markets, but also lower letter volumes, above all in Denmark. Therefore, we are working on two fronts. We are adapting our steadily shrinking letter operation in order to align the organization not only with the prevailing market situation but also with the one in which we will be operating in going forward. At the same time, we are creating the right conditions and a sustainable business model to be a long-term winner on the Nordic logistics market.

Yet another exciting year has come to a close. We are in the midst of a paradigm shift as the entire industry is adapting to lower mail volumes and growing e-commerce. This transition is essential for PostNord to be a modern and competitive logistics and communications company for the future. We are proud of our ability to perform our service obligations by delivering a high quality mail service throughout Sweden and Denmark. We are now offering certain mail services in Norway as well, where the former postal monopoly is now being dismantled. Further adaptation of capacity, product development and cost efficiency measures, along with changes to the system of postal regulations are necessary to ensure long-term profitability and competitiveness.

Our focus is on implementing our strategic priorities. And I can say that we're on the right track.

Meanwhile, our operating environment is becoming increasingly challenging. This means we have to maintain a high tempo in everything we do. We are constantly driving the development of new and improved Nordic end-to-end offerings of mail and logistics services to corporate and private customers. One important stage in this process is the launch of a joint brand, which was implemented rapidly during the year, above all in Sweden, Norway and Finland. The roll-out of PostNord's brand is now being accelerated in Denmark in 2016.

At the end of the year, the decision was taken to integrate Strålfors more closely with the rest of the Group with regard to service development and product ownership of physical and digital communication services. Together, these operations make up the new business area Communication Services. We are also moving eCommerce to the Logistics business area now called e-Commerce & Logistics.

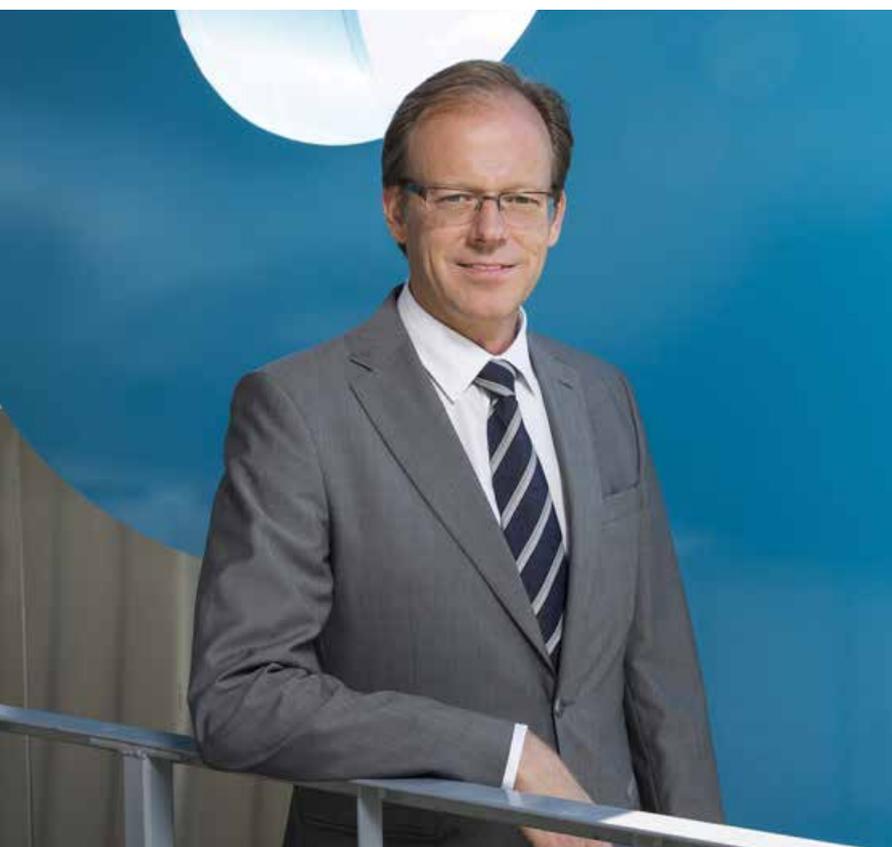
Strong e-commerce growth boosting logistics volumes

E-commerce is continuing to grow robustly and increased by 14% to just over SEK 160 billion in the Nordic region in 2015. The most popular online purchases are clothes, books, toys and home electronics. Deliveries tailored to customer requirements make it convenient for consumers to shop online. From an already leading position, our logistics business is continuing to grow steadily, despite tough competition. About a third of the new agreements that we sign are in the e-commerce segment. Parcel volumes grew by 10% in 2015, of which e-commerce-related B2C volumes rose 15%.

During the year, we expanded our strategic cooperation with the international network DPDgroup, which is the second largest service provider in the European parcel market. This gives PostNord access to service points at over 20,000 locations in Europe, as well as a solid international foothold. 2015 also saw the acquisition of the Finnish company Uudenmaan Pikakuljetus Oy (UPK). The deal reinforces PostNord Finland's position in logistics solutions on the Finnish market.

Accelerating digitization demands regulatory changes

Mail volumes decreased by 8% of which 6% in Sweden and 16% in Denmark. Since the turn of the millennium, 53% of priority mail volumes in Sweden have moved over to digital communication. In Denmark, the volume of



first-class mail has fallen 82%. We see this trend accelerating. It is therefore vital that changes to the regulations that impact our business are implemented as quickly as possible. Regulations must be adapted to customers' constantly changing needs and expectations. This is vital if we are to maintain a universal postal service in the long term under reasonable economic conditions. We therefore welcome the Swedish government's decision in 2015 to appoint a special inquiry official to review Sweden's postal regulations.

In April, the European Court of Justice (ECJ) announced its ruling against the Swedish State that postal services not covered by individually negotiated agreements should be VAT-exempt. PostNord is now awaiting ongoing amendments to Swedish VAT legislation. This may entail a slight increase in costs for PostNord through a reduced right to deductions for input VAT.

This years' performance

PostNord's net sales declined by 3% in 2015, to SEK 39,351m. Reported operating income amounted to SEK 564m. The operating margin was 1.4%. Adjusted for items affecting comparability, operating income totaled SEK 927m and the operating margin was recorded at 2.4%. To realign the business to declining mail volumes and ensure long-term competitiveness and improved earnings, essential restructuring programs were initiated during the year. Within the framework of our capital efficiency program, our property in central Copenhagen was divested during the year, and our Danish headquarters relocated to rented premises.

The PostNord Group ¹⁾	2015	2014
Net sales, SEKm	39,351	39,950
Operating income (EBITDA), SEKm	2,436	2,198
Operating margin (EBITDA), %	6.2	5.5
Operating income (EBIT), SEKm	564	351
Operating margin (EBIT), %	1.4	0.9
Adjusted operating income (EBIT), SEKm	927	861
Adjusted operating margin, %	2.4	2.2
Net income, SEKm	278	176
Cash flows from operating activities, SEKm	1,670	670
Net debt, SEKm	-171	3,672
Net debt ratio (net debt/equity), %	-2	46
Return on capital employed, %	5.4	31

¹⁾ For definitions of financial key ratios, see Note 31 on page 78.
For measurement and calculation methods for non-financial key ratios, see pages 86-87.

Continued efficiency enhancements, responsible restructuring

The restructuring work to establish a more efficient, clearer and more customer-oriented PostNord is progressing rapidly. Extensive efficiency improvements were made in 2015, resulting in the reduction of staff numbers. The Employee Index and Leadership Index failed to show satisfactory results over the year. Naturally this is disappointing. And as a result, we have brought in further actions to raise commitment and improve leadership during the extensive change process that we are undergoing. One such action is the launch of the extensive "Move - change for diversity" program to strengthen diversity in all areas of the Group. Another is the leadership training program "Leading Change at PostNord".

Focus on right priorities producing results

Our strategy, which aims to lay the groundwork for achieving our goals, is based on a number of priorities. These aim to enforce PostNord's position on the market and respond to customers' rising demands for service. Our ambition is that our customers want, and are able, to grow with us by utilizing our complete portfolio of communications and logistics products and services. In a close co-operation we are developing new, simple and sustainable solutions that will strengthen competitiveness and generate lasting profitability for our customers and for us. PostNord's target is a return of 10.5% on capital employed and a net debt/equity ratio of 10-50%. Outcomes for 2015 were 5.4% and -2% respectively, an improvement on the previous year. Our ambitious environmental target is to reduce carbon dioxide emissions by 40% from the level in 2009 by 2020. We have cut emissions by 23% to date. This has been achieved by initiatives in a number of areas, including purchasing of green electricity, a higher content of biofuel in diesel and the introduction of the integrated production model.

The Board of Directors and management are focusing closely on further strengthening PostNord's sustainability work. Indeed, this is one of the priority areas in the Group's strategy. We support and run our business in accordance with the principles of corporate responsibility stated in the UN Global Compact and the OECD guidelines for multinational enterprises.

PostNord delivers

In the past year, we worked on building a stronger and more integrated PostNord. All employees will be working under a joint brand, towards same goals and in the same direction. Considerable emphasis has been placed on establishing a harmonized and customer-oriented Nordic product portfolio. We are creating greater clarity for our customers, while meeting their need for easily accessible and more cost-effective deliveries.

I would like to express my sincere gratitude to all employees for the professional and determined way in which they have contributed towards modernizing and streamlining the Group. I would also like to thank all our customers and partners for fruitful collaboration and I look forward to further developing our business together, to create added value for our owners and other stakeholders as well.

We are on the right track and are continually consolidating our position as a leading logistics and communication services company. We focus on the customer. We're now going to continue on the path we've started out on, to deliver on our customer promise and our values without compromising on quality.

Solna, February 2016



Håkan Ericsson
President and Group CEO

An integrated Nordic marketplace

Commerce between the Nordic countries comprises a significant and growing portion of total commerce in the Nordic region. This market will become increasingly integrated, which in turn will require comprehensive, cross-border customer offerings.

Nordic end-to-end solutions

PostNord's corporate customers are increasingly requesting Nordic end-to-end solutions. The Group's logistics and communications offerings are being adapted in response to changes in demand.

In order to strengthen PostNord's Nordic profile, offerings are being marketed within logistics, e-commerce and communications under the joint PostNord brand. The new brand structure is gradually being implemented in all the Nordic countries. The joint brand is a signal that the Group is taking the next step in its evolution from a traditional postal company towards a modern Nordic logistics and communications company.

The Nordic region as an international hub

The Nordic region is regarded as a marketplace in a broader international perspective. Foreign distributors are choosing business partners based on this premise. During the year, PostNord expanded its strategic cooperation with the international network DPDgroup, the second largest service provider in the European parcel market. The core of the expanded cooperation is a powerful B2C strategy, which will link PostNord to DPDgroup's extensive networks. These cover 500 cross-border line-hauls (fixed long-distance routes between two cities) daily and a distribution network of 20,000 local partner outlets in Europe.

Continued robust growth in e-commerce

The Nordic e-commerce grew by 14% in 2015, amounting to about SEK 160 billion¹⁾. It is expected to continue to

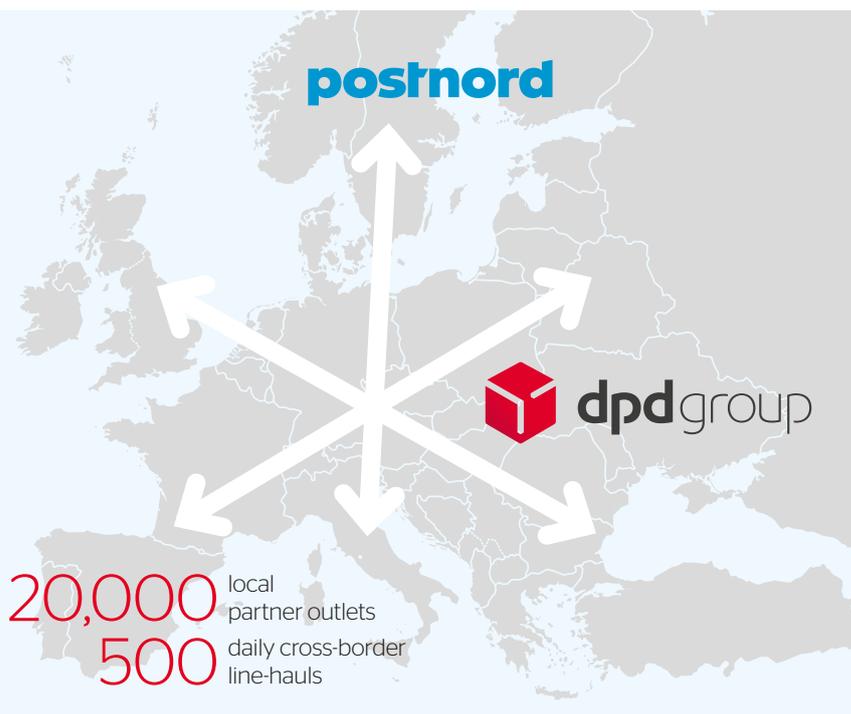
increase by more than 10% per year over the next few years. Given that e-commerce currently only accounts for roughly 6% of total trade in the Nordics, the potential is huge. About a third of the new agreements that PostNord signs are in the fast growing e-commerce segment.

The basic driving forces of e-commerce are simplicity and accessibility for consumers. One strong trend is the significance of omnichannel concepts. These are based on integrated underlying system solutions that give the same customer experience irrespective of channel. This allows physical stores and digital channels to be integrated, which responds to growing consumer demands for being able to shop when and where it suits them best. This may be at home, at the computer, requesting home delivery of a purchase, but next time the consumer might purchase a similar product directly in a shop.

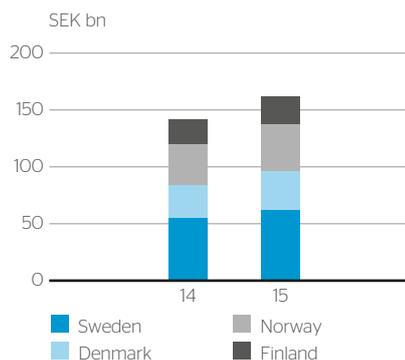
The major share of e-commerce purchases are still made from domestic companies, but it is increasingly common for consumers to look for products beyond their country's borders. Above all, sites in the United Kingdom, Germany, the United States and China attract Nordic consumers. PostNord has launched a partnership with Alibaba Group, which gives PostNord the right to establish a Nordic platform on the shopping portal Tmall global. This will make it easier for Nordic e-commerce companies that have not yet established themselves in China to reach the roughly 350 million Chinese consumers who shop online. PostNord will also be responsible for the logistics from the Nordics to China. One of the most important competitive factors is the logistics underpinning e-commerce. The method, location, time and price of goods delivery have become increasingly important for consumers at the time of purchase.

Today, 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. PostNord's offer to corporate customers is based on in-depth understanding of customers, broad logistics expertise in the retail trade and in omnichannel concepts. This is combined with a high level of accessibility, with the largest network of distribution points in the Nordics and daily deliveries

In 2015, PostNord extended its international partnership with DPDgroup of Germany, to include their entire distribution network, which covers the whole of Europe.



E-commerce in the Nordics¹⁾



¹⁾ Source: E-commerce int the Nordics 2016, PostNord. (E-commerce estimated by consumers)



“PostNord makes life easier for our customers”

Zalando is one of Europe’s leading fashion e-commerce platforms. And as with all online retailers, it is delivery that is the key to success. Customers must experience a seamless process. This is why Zalando works with PostNord throughout the Nordic region.

“I’m very satisfied with how PostNord delivers,” says Marc Mahler, who is responsible for logistics at Zalando. “Our partnership runs smoothly and we

keep up a continual dialogue about how we can develop it. This means we can quickly grasp opportunities to improve the customer experience.” Zalando uses a logistics service that is secure, quick, and that features a simple returns system.

“PostNord makes life easier for our customers,” adds Marc Mahler. “And when customers are satisfied with the delivery, it generates more business for us.”



PostNord is the leading supplier of communication and logistics solutions to, from and within the Nordic region. PostNord delivered 5.2 billion letters and other mail items in 2015.

PostNord Norway

 Net sales
SEK 4,112m

 Number of distribution points
approximately 1,400

PostNord Sweden

 Net sales
SEK 23,080m

 Number of letters
1,872 million

 Number of distribution points
approximately 1,900

PostNord Denmark

 Net sales
SEK 9,987m

 Number of letters
460 million

 Number of distribution points
approximately 1,600

PostNord Finland

 Net sales
SEK 787m

 Number of distribution points
approximately 1,100

PostNord Strålfors

Information logistics, omnichannel communication
Net sales: **SEK 2,335m**
Operations in Sweden, Denmark, Finland, Norway, Poland, the United Kingdom and France.

Direct Link

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

to all mailboxes in Sweden and Denmark. PostNord helps companies 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.

A growing logistics market

Globalization, population growth and technological advances are fueling global trade. In turn this creates

rising demand for logistics solutions. The development of the logistics market in the Nordic region has been relatively stable with a moderate increase. The logistics players are focusing 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, known as third-party logistics (TPL). This means that market players must constantly review and adapt their offer to meet customers' rising demands.

The Nordic logistics market that is relevant to PostNord equates to about SEK 160-190 billion, which includes everything from home deliveries of parcels, road freight, to advanced logistics services such as TPL. PostNord operates in all the Nordic countries. Via its subsidiary Direct Link, PostNord also runs international operations in the form of distribution solutions for lightweight goods, and it offers global logistics solutions in cooperation with the global logistics network DPD.

The Nordic logistics market is characterized by consolidation, intense competition and a focus on costs. Its largest logistics operators are Bring, DB Schenker, DHL, DSV, GLS, Posti and PostNord.

Service logistics that make family life easier

Service logistics is the common name for services providing home deliveries of items such as food and medication. Demand for all these services is expected to rise in the years ahead. For example, the market for home deliveries of food and groceries today currently accounts



for about 1-2% of the total groceries market in Sweden and Denmark, but their share of the total market is expected to grow over the next few years.

Service logistics also includes areas such as welfare distribution, which includes equipment for telemedicine. The market for welfare distribution is expected to grow robustly in the Nordic countries over the next few years, driven by demographic change with a rising elderly population, needs for savings in the public sector and new technological opportunities. An additional area consists of the market for returning old and used products. This market is predicted to grow under increased regulation and more stringent legislation on product liability and sustainability requirements. This presents PostNord with opportunities for new types of services.

Digital gaining ground on advertising market

The total advertising market saw a slight rise in Sweden and Denmark, almost exclusively within digital channels. However, the decline in the traditional advertising market is continuing, mainly within print and addressed and unaddressed direct mail.

Reduced mail volumes present a challenge

The European mail market is liberalized. However, there is no joint market yet, and instead a number of national markets for postal services operate. PostNord provides this 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 by the universal postal service and are thus subject to regulation and monitoring, and which requirements are placed on delivery times and quality levels.

Fewer and fewer letters are being sent. Total mail volumes declined by about 39% in Sweden and by 68% in Denmark between 2000 and 2015. This is nearly entirely a result of the switch to digital alternatives. The dramatic reduction in Denmark is a consequence of several coordinated initiatives, such as legislation about digital communications to and from the public sector from both the business sector and consumers. In 2015, mail volumes in Denmark were 16% lower than in 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 to encourage increased digital communication.

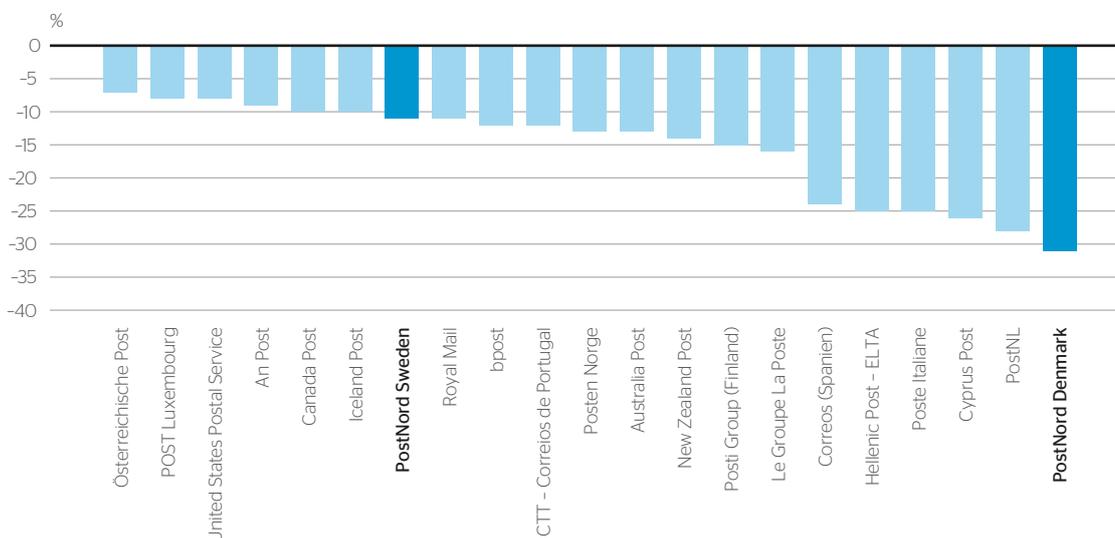


Mail volumes in Sweden in 2015 declined by 6% compared to 2014.

The decline in mail volumes is expected to both continue and increase going forward. Nevertheless, a basic need for physical communications will prevail. This market change is a challenge to all postal corporations. In some countries, political decisions have been taken to modernize the regulatory conditions for postal corporations to run competitive and financially sustainable operations while meeting the changed needs of consumers and businesses for postal services.

PostNord is engaged in ongoing dialogue with the Swedish and Danish States about the market situation and the challenges that substantial falls in volume mean to the business and the need for regulatory adaptations to changes in demand.

Total mail volumes, aggregated 2011-2014



Source: IPC.

Right direction through responsiveness and insight

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 brings with it a great responsibility. It is crucial to predict, understand and act on the issues that our stakeholders perceive as important if the Group is to develop in the right direction.

Customers

PostNord is the leading communications and logistics company in the Nordic region. Our corporate and private customers should be able to reach their recipients reliably, efficiently and on time, whether a global logistics solution, an advertising campaign or a birthday greeting is concerned.

Owners

PostNord is 40% owned by the Danish State and 60% by the Swedish State. The overall mission from the owners is to ensure the universal service obligations while creating value.

Employees

With around 35,000 employees, PostNord is one of the largest employers in the Nordic region and bears a considerable measure of social responsibility. PostNord is to offer an attractive, stimulating workplace.



Capital market

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

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 valued at billions of kronor, and the company has around 6,000 distribution points.

Society

PostNord plays a key role in the business community and society. Operating a stable and profitable business in the long term, with a focus on the environment and social responsibility, strengthens competitiveness and satisfies expectations regarding accountability.

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

PostNord's vision is to deliver world-class communications and logistics solutions to satisfied customers. Our motivation, using the knowledge of our 35,000 employees and a unique distribution network, is to contribute towards reinforcing our customers' business and customer relationships. Together with our customers, we also develop new solutions for the communication, e-commerce, distribution and logistics of tomorrow.

With a combined population of 25 million and nearly two million businesses within a large geographic area, the Nordic market poses major logistics challenges. PostNord knows its domestic market.

PostNord is proud to take responsibility for the postal service in Denmark and Sweden. Through that, the Group helps provide a key service for citizens and institutions. Our long experience as a postal company has given us unique logistics expertise, enabling senders and recipients to trust that PostNord will deliver as promised. Our ambition is to always be accessible and give both corporate customers and consumers the best service possible.



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 everywhere, securely, at the right time and to the right place.



Accessible

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



Business partner

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



Sustainable

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

Code of Conduct

PostNord's Code of Conduct, which was adopted by the Board in 2014, specifies requirements for the ways that the Group must act in the areas that are most important to PostNord in ensuring sustainable business practices. The Code supplements applicable law and external regulations and is the starting point for all relevant intra-Group rules. The Code applies to all Group employees and relevant parts of the Code are also to be incorporated into agreements with business partners.

Ultimate responsibility for compliance lies with PostNord management, but all employees are responsible for following applicable rules, 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. The Code has been supplemented by discussion material for workplace meetings.

The Code of Conduct is available in eight languages and can be accessed via the Group's intranet at www.postnord.com. The Code is discussed at the annual employee performance meetings and at recruitment.

Focus on implementation a basis for enhanced competitiveness

PostNord's strategy aims to consolidate the Company's position as the leading Nordic logistics and communications business. The process of change is based on the Group's key priorities.

Origins of the Group's strategy

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.

To achieve our vision of delivering world-class logistics and communications solutions to satisfied customers, PostNord needs to manage the transition to lower mail volumes and create a balanced logistics operation with a high focus on e-commerce on the Nordic domestic market.

One Group, one strategy

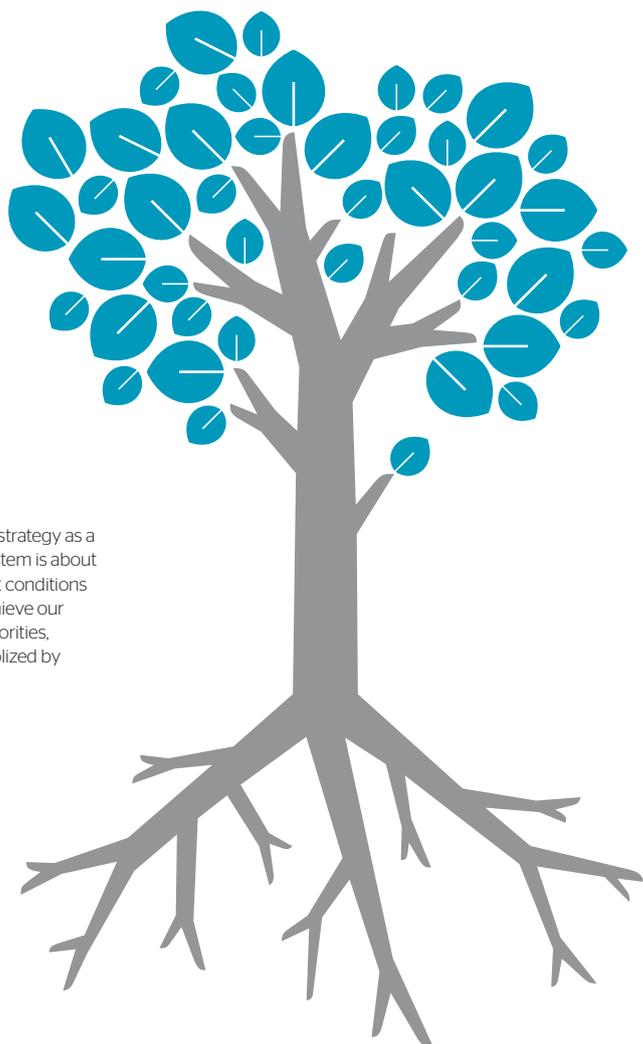
The strategy is at the heart of achieving long-term financial and non-financial targets (see page 13). The strategy is common to all units within the Group and is based on ten

priority areas. The ten priorities will enable us to build, reposition and develop the business into the leading Nordic logistics and communications company. The strategy is visualized internally using the image of a tree. The treetop symbolizes selected initiatives and priorities. They are about how customers should perceive PostNord and what the company needs to develop to achieve the desired strategic position on the Nordic market.

Key milestones in 2015

Significant progress was made during the year in all priority areas.

- Cost-cutting program established and implemented, which has created a more cost-effective administration.
- Significant IT infrastructure and software upgrades carried out, which have improved IT stability.
- PostNord's service offering creates a better and more seamless experience for e-commerce recipients and senders.
- Logistics growth strategy drawn up, with strong focus on gaining a position within road freight, third-party logistics (TPL) and business parcels.
- Value offerings and concept for communications business developed and preparations for entry to Norwegian market.
- Group-wide organization for service logistics initiated and majority of suppliers of online-bought foodstuffs in Denmark are now PostNord's customers.
- Strategic objectives for harmonized and customer-oriented product portfolio adopted and implementation plan developed for 2016.
- Review and updating of strategic sustainability targets, with clear activities to reduce carbon dioxide emissions, increase gender equality and diversity and ensure a sustainable supply chain.
- Implementation of team-based approach and diversity program initiated for the Group.



We visualize our strategy as a tree. The root system is about creating the right conditions to allow us to achieve our initiatives and priorities, which are symbolized by the treetop.

	STRATEGY	TARGET
DEVELOP	Establish a harmonized and customer-oriented Nordic product portfolio	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.
	Create a goal-oriented performance culture	PostNord is investing broadly in strengthening its corporate culture based on the Group's values. This includes focusing more on the Company's own responsibility and attaining the joint goals within the specified time.
	Sustainability in everything we do	PostNord will integrate sustainability aspects into everything that is done to position the Group as one that runs sustainable operations, i.e. is a responsible business that benefits customers, employees, owners and society.
REPOSITION	Consolidate the position as the leading Nordic e-commerce player	PostNord will consolidate its position as the leading Nordic e-commerce player. E-commerce is creating further opportunities for growth, and PostNord is focusing on creating Nordic-wide concepts. PostNord's strength lies in understanding and meeting the needs and requests of both recipients and senders.
	Secure profitable growth within prioritized logistics segments	PostNord will continue to establish itself as the leading logistics player in the Nordic region with a Nordic-wide offering and stronger services within prioritized segments, including cross-border trade.
	Gain the position of first-choice Nordic partner in omnichannel communication	PostNord will develop a competitive omnichannel communications offering based on digital and physical communications solutions, and seek pan-Nordic expansion of communications services based on a light asset approach.
	Develop a common business model within service logistics	PostNord will develop a common business model for service logistics and develop Group-wide offerings that harness the existing distribution network for delivering items such as food and medication.
BUILD	Reduce and adapt the cost base	The cost base must be adapted to declining mail volumes and the new business model with its growth areas of e-commerce and logistics. Additional savings are required, such as cutting external costs and reducing administration in order to improve earning capacity and increase financial value.
	Secure stable and efficient IT operations	A stable and efficient IT platform is a prerequisite for customers being able to receive their items on time with high delivery quality. It is also a prerequisite for rapidly getting new products to the market. The Group's challenge consists of securing the stable operation of established systems while also introducing new, Group-wide IT solutions.
	Implement an integrated production model	Irrespective of whether handling mail or logistics, PostNord must be able to use the same terminals and vehicles for both mail and parcels in the future. Find out more on page 12.



Integrated production model offers greater customer benefit and flexibility

In 2015, PostNord continued to develop 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.

One company, one distribution concept

Work started in 2014, with changes mainly to the operations in Denmark and Sweden, as these are the markets in which PostNord runs both mail and logistics businesses. The whole project, scheduled to be completed in 2020 for the entire Group, comprises major changes to, above all, the infrastructure and distribution chain in the Nordic countries. The integrated production model will create synergies such as making more efficient use of vehicles and premises at lower cost and with less environmental impact. Additional synergies in the form of a single vehicle fleet, coordination and increased efficiency in IT systems, materials and machinery for large parts of the Group will also cut costs.

Terminal networks are being developed to adapt to growing logistics volumes and declining mail volumes, with coordinated processing of mail, parcels and pallets. Synergies arise here by coordinating the operations and thereby obtaining more efficient use of production equipment, in turn making more efficient coordinated transportation between terminals possible. Instead of the former national networks, a cohesive Nordic distribution network is being established with fewer processing and transportation stages and improved service times for customers.

Distribution hubs will be established **in the major urban areas**.

The hubs will coordinate the processing of all product categories, and flows will be coordinated and consolidated. This will then allow us to distribute and collect several product categories simultaneously to and from the same customer.

The hubs will be supplemented by **distribution depots** so that mail carriers can operate closer to recipients. No sorting will take place at the depots, just loading.

Transportation with improved efficiency in the last mile

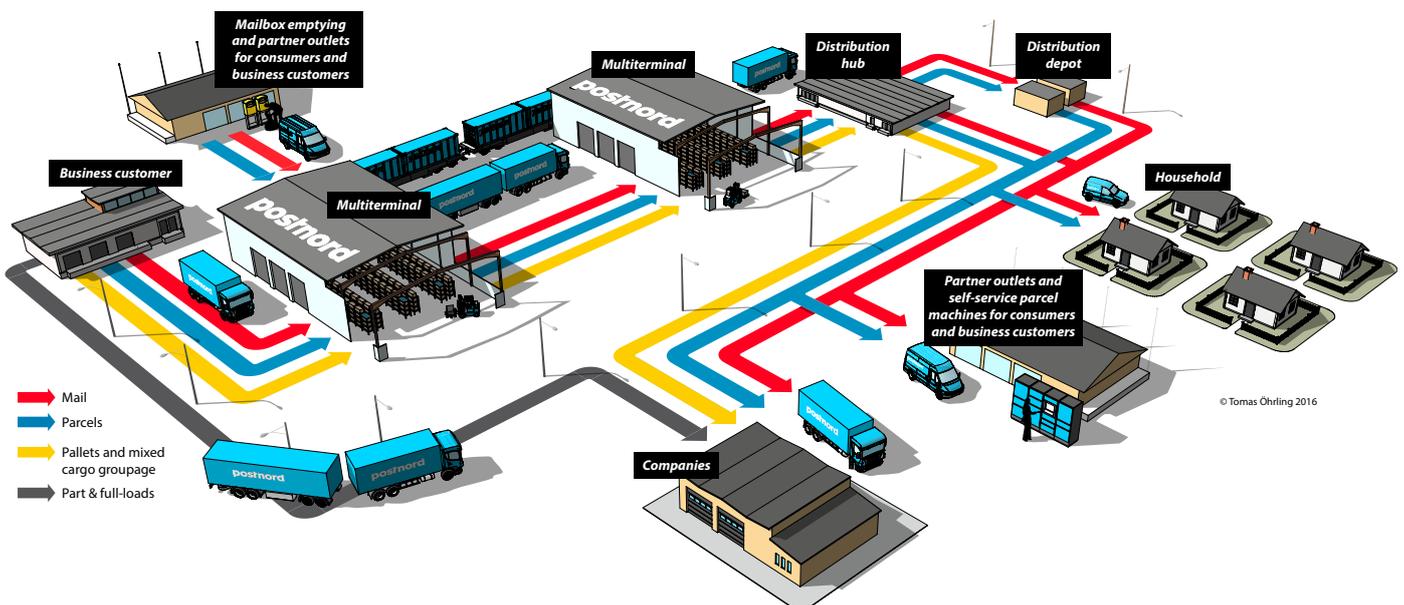
Mail and parcels will to an ever-greater extent be collected on the same route. This means, for example, that a van collects parcels and large mail items from the partner outlet and empties mailboxes on the same round. It is the same for customers - one van collects pallets, parcels and mail. When parcels,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

Single vehicle fleet cuts costs and generates economies of scale

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

Standardization of machinery and materials simplifying and streamlining

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 handling goods across national borders easier and more efficient.



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

Financial targets	Outcome 2015 (2014)	Comment	History												
Profitability Return on capital employed: 10.5%	5.4% (31)	The improvement results from cost-cutting measures implemented. PostNord is continuing with its restructuring work in accordance with the Group strategy, in order to create conditions for achieving agreed targets. Find out more on page 24.	<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>10</td> <td>6</td> </tr> <tr> <td>2014</td> <td>45</td> <td>4</td> </tr> <tr> <td>2015</td> <td>-2</td> <td>5</td> </tr> </tbody> </table>	Year	Net debt ratio (%)	Return on capital employed (%)	2013	10	6	2014	45	4	2015	-2	5
Year	Net debt ratio (%)	Return on capital employed (%)													
2013	10	6													
2014	45	4													
2015	-2	5													
Capital structure Net debt ratio 10-50%	-2% (46)	The net debt ratio (net debt/equity) was -2% on December 31, 2015 due to a positive net. Find out more on page 24.													
Dividend 40-60% of net income for the year (standard value 50%)	0 (0)	Considering the Company's results and continued restructuring requirements the Board of Directors proposes that no dividend be paid.													

Non-financial targets	Outcome 2015 (2014)	Comment	History																		
Customer Improve the Customer Value Index (CVI) Improve the Corporate Image Index (TRIM)	67 (68)* 41 (38) * Outcome 2014 restated, see page 87.	A weak trend in Denmark was offset primarily by a continuingly stable level among corporate customers in Sweden, as well as by a positive trend in Finland and Strålfors. The improvement in TRIM for three units is the result of an overall positive trend both in Sweden and in Denmark.	<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>2011</td> <td>65</td> <td>35</td> </tr> <tr> <td>2012</td> <td>65</td> <td>35</td> </tr> <tr> <td>2013</td> <td>65</td> <td>35</td> </tr> <tr> <td>2014</td> <td>65</td> <td>35</td> </tr> <tr> <td>2015</td> <td>67</td> <td>41</td> </tr> </tbody> </table> <p>¹⁾ Values for 2011-2014 have been restated, see page 87.</p>	Year	CVI index	TRIM index	2011	65	35	2012	65	35	2013	65	35	2014	65	35	2015	67	41
Year	CVI index	TRIM index																			
2011	65	35																			
2012	65	35																			
2013	65	35																			
2014	65	35																			
2015	67	41																			
Delivery quality Group, Mail: 93.4% Group, Parcels: 98.0%	90.7% (93.7) 96.8% (97.1)	Mail quality was negatively affected by changes to distribution procedures. Furthermore, extreme weather conditions and a strike in Denmark impacted on the result. PostNord has a Group target for parcel quality, adopted in 2015. The target was not achieved, mainly owing to lower quality in both Sweden and Denmark, but also in Norway. Find out more on pages 17, 19, 20 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>2011</td> <td>93.4</td> <td>93.4</td> </tr> <tr> <td>2012</td> <td>93.4</td> <td>93.4</td> </tr> <tr> <td>2013</td> <td>93.4</td> <td>93.4</td> </tr> <tr> <td>2014</td> <td>93.4</td> <td>93.4</td> </tr> <tr> <td>2015</td> <td>90.7</td> <td>96.8</td> </tr> </tbody> </table>	Year	Sweden (%)	Denmark (%)	2011	93.4	93.4	2012	93.4	93.4	2013	93.4	93.4	2014	93.4	93.4	2015	90.7	96.8
Year	Sweden (%)	Denmark (%)																			
2011	93.4	93.4																			
2012	93.4	93.4																			
2013	93.4	93.4																			
2014	93.4	93.4																			
2015	90.7	96.8																			
Environment Reduce carbon dioxide emissions by 40% by 2020 from the level in 2009	2009-2015: -23%	The reduction has been achieved as a result of initiatives within a number of areas, including purchasing green electricity in more parts of the business, a higher content of biofuel in diesel and centralization of operations. The introduction of the integrated production model has already begun to contribute to the reduction. Find out more on pages 33-35.	<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>450</td> </tr> <tr> <td>2011</td> <td>450</td> </tr> <tr> <td>2012</td> <td>450</td> </tr> <tr> <td>2013</td> <td>450</td> </tr> <tr> <td>2014</td> <td>450</td> </tr> <tr> <td>2015</td> <td>450</td> </tr> </tbody> </table>	Year	Carbon dioxide emissions (thousands of metric tonnes)	2009	450	2010	450	2011	450	2012	450	2013	450	2014	450	2015	450		
Year	Carbon dioxide emissions (thousands of metric tonnes)																				
2009	450																				
2010	450																				
2011	450																				
2012	450																				
2013	450																				
2014	450																				
2015	450																				
Employees Improve the Employee Index (MIX) and Leadership Index (LIX)	MIX 63 (65)* LIX 68 (68)* * Outcome 2014 restated, see page 87.	The result for MIX was affected by the fact that the ongoing intensive restructuring work being pursued in response to declining mail volumes is affecting how employees are perceiving their ability to influence their workload, working atmosphere and opportunities for professional development, as well as their confidence in the future. The outcome for LIX is mainly explained by the fact that confidence in line managers remains high. Find out more on page 30-32.	<table border="1"> <caption>MIX and LIX</caption> <thead> <tr> <th>Year</th> <th>MIX</th> <th>LIX</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>63</td> <td>68</td> </tr> <tr> <td>2015</td> <td>63</td> <td>68</td> </tr> </tbody> </table>	Year	MIX	LIX	2014	63	68	2015	63	68									
Year	MIX	LIX																			
2014	63	68																			
2015	63	68																			
40% female managers by 2015	28% (29)	Despite various actions, the result is roughly the same as in the preceding year. The target that 40% of manager will be female by 2015 was therefore not achieved, but remains in place as a long-term goal. Efforts to improve diversity are now being stepped up via the "Move - change for diversity" program. Find out more on page 32.	<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>2011</td> <td>28</td> </tr> <tr> <td>2012</td> <td>28</td> </tr> <tr> <td>2013</td> <td>28</td> </tr> <tr> <td>2014</td> <td>28</td> </tr> <tr> <td>2015</td> <td>28</td> </tr> </tbody> </table>	Year	Women in managerial positions (%)	2011	28	2012	28	2013	28	2014	28	2015	28						
Year	Women in managerial positions (%)																				
2011	28																				
2012	28																				
2013	28																				
2014	28																				
2015	28																				
Reduce sick leave levels	5.8% (5.2)	The increase is mainly explained by sickness levels in Sweden rising as a result of the major organizational changes that have been implemented and that place new demands on employees, mainly within distribution. Find out more on page 31.	<table border="1"> <caption>Sick leave</caption> <thead> <tr> <th>Year</th> <th>Sick leave (%)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>5.2</td> </tr> <tr> <td>2012</td> <td>5.2</td> </tr> <tr> <td>2013</td> <td>5.2</td> </tr> <tr> <td>2014</td> <td>5.2</td> </tr> <tr> <td>2015</td> <td>5.8</td> </tr> </tbody> </table>	Year	Sick leave (%)	2011	5.2	2012	5.2	2013	5.2	2014	5.2	2015	5.8						
Year	Sick leave (%)																				
2011	5.2																				
2012	5.2																				
2013	5.2																				
2014	5.2																				
2015	5.8																				

A partner that powers the customer's business

Deliveries these days involve so much more than just moving items from A to B. PostNord's business spans the entire commercial chain – from business generation via logistics, warehousing, processing, distribution and delivery, to following up advertising campaigns. We have a clear customer promise: whether it is a consumer or corporate customer, PostNord ensures that customers reach their recipients reliably, efficiently and on time.



The first choice for consumers as recipients of items purchased online.

One partner all the way

PostNord's focus and area of expertise is logistics and communication. It is about making everyday life easier for customers, so that they can focus 100% on their core business.

PostNord offers logistics solutions throughout the chain, from warehousing, including inward deliveries, to delivery. To, from and within the Nordic region. This creates the right conditions for being the natural partner for Nordic e-retailers, but also the first choice for consumers as recipients of items purchased online. With about 6,000 distribution points, a comprehensive network of terminals and a network of international partners, PostNord caters for customers' logistics needs, whatever the destination.

PostNord also offers 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. PostNord reaches recipients at the right time, in the right channel, in the right place and at the right price. PostNord helps companies find new customers and retain their existing ones.

1. Improve customer's offering

With a broad service portfolio, PostNord can streamline customers' communication and boost its impact. Based on customer insight, PostNord helps companies produce results in both physical and digital channels. PostNord also maintains and develops information databases.

PostNord's offering is based on helping the customer identify the right target group, whether it is a case of finding new end-customers or retaining and developing business with existing customers. This is regardless of whether the communication channel is digital or physical. With PostNord's Direct Marketing services, the customer is able to monitor the impact of a campaign and continually hone their offers. The customer may wish to enrol the end-customer in a loyalty program, or send them advertising. PostNord offers all these services.

2. Improve customer's goods flows

PostNord offers complete logistics solutions for all customers' delivery requirements within the Nordic region and internationally. The customer needs just one supplier for inbound deliveries and deliveries to the end-customer, irrespective of the quantity or weight of the items to be processed. PostNord provides solutions to enable the company and recipient to track the status of the item in the distribution chain.

PostNord can also take over warehousing via the Group's third-party logistics solutions (TPL). The solutions allow PostNord to keep the items in storage and repack them as required or configure them in some other way to suit the company's end-customer prior to distribution to the addressee.

Mail is distributed by PostNord's mail carriers – direct to the end-customer. Parcels are delivered direct to the recipient or via one of PostNord's distribution points across the Nordic region, for convenient collection when it suits the recipient. PostNord also enables the efficient processing of any returns.

3. Improve customer's business communication

A successful business transaction does not end on delivery. Business communication on the recipient's terms builds on a successful transaction, reassures the customer and helps ensure that end-customers stay loyal.

PostNord has the capacity to produce and distribute all forms of business communication, both in physical and digital format, or in a combination of both these modes of delivery. Sometimes it is a case of handling customers' invoicing, whether it be a physical invoice, an e-invoice or a complete EDI file. Sometimes it may also involve follow-up communication, such as security codes, SIM cards, user instructions or suchlike.

OUR OFFERING TO CORPORATE CUSTOMERS



PostNord Sweden

PostNord's Swedish business offers a broad palette of communications and logistics services and is responsible for the universal postal service. With about 1,900 distribution points in Sweden, PostNord is a strong business partner for the growing e-commerce sector. In 2015, net sales for PostNord Sweden totaled SEK 23,080m. The adjusted operating income was SEK 847m.

Market conditions and competition

In 2015, the Swedish communications market continued to feel the effects of ongoing digitization. PostNord's offering in business communications faces competition mainly from digital options. The biggest competitor in terms of mail services is Bring Citymail. Various initiatives have been undertaken in Sweden in recent years to increase the digitization of communication by companies and public authorities. As a result, mail volumes in the Swedish market fell by 6% – equating to 111 million letters – in 2015. However, the initiatives have so far not been as coordinated and far-reaching as those in Denmark.

The advertising market is also being affected by ongoing digitization, and traditional advertising channels such as TV and newspapers are being heavily impacted by the new media habits of consumers. Direct mail is holding up well against the competition from digital channels, primarily because it is perceived as more personal, and not as intrusive. PostNord's offering within direct marketing comprises market and customer analyses, direct mail and digital advertising services via partnerships. In Sweden PostNord is competing with Bring Citymail and Svensk Direktreklam on the direct mail market.

The Swedish logistics market is characterized by consolidation, intense competition and cost focus. This

is evidenced by rising demand for more, and increasingly advanced, services. The outsourcing of logistics solutions is on the rise as more and more companies are opting to outsource all or parts of their supply chains. Customers are demanding professional, cost-effective end-to-end solutions. In recent years PostNord Sweden has broadened its focus on consignment goods, mixed cargo groupage and third-party logistics solutions (TPL). PostNord's competitors in Sweden are, mainly, other major logistics companies such as DB Schenker and DHL.

E-commerce in Sweden continues to grow – in 2015 by 12%, to just over SEK 61 billion¹⁾ – and it is becoming more integrated with the traditional retail trade. Customers' new patterns of purchasing behavior are demanding more of the retail trade in terms of seamless transitions between physical and digital methods, such as allowing the customer to view the item in one channel and buy it in another, combined with fast, customized deliveries. PostNord is the retailers' partner in everything from deliveries, warehousing and pick and pack, to market analyses and direct marketing.

Events during the year

- Late April saw the verdict of the European Court of Justice on the case brought by the European Commission against the Swedish State for non-implementation of EU rules regarding value added tax on postal services. The verdict went in the Commission's favor, with the result that postal services not covered by individually negotiated agreements are to be VAT-exempt. For PostNord, this will entail higher costs because VAT paid for business-related costs, concerning VAT-exempt operations, will not be VAT deductible. Agreements that are not individually negotiated and that are to be VAT-exempt relate primarily to the sale of stamps, which comprise a small part of PostNord's sales.
- PostNord's integrated production model is being gradually introduced in a number of areas.
- At Svensk Franchise's annual Frannygala, PostNord Sweden's network of partner outlets was named Franchise Chain of the Year.
- PostNord Sweden's new rail hub outside Stockholm, Rosersberg, was opened.

Regulatory changes

In August 2015 the Swedish government established an investigation of the Swedish postal legislation and appointed a special inquiry official to review the system of postal regulation. The aim is for the official to submit the final report in August 2016. PostNord welcomes this inquiry.

The post-specific regulations must be adapted to altered market conditions as soon as possible to secure

¹⁾ Source: E-commerce in the Nordics 2016, PostNord. (E-commerce estimated by consumers)



The post-specific regulations must be adapted to altered market conditions as soon as possible.

efficient postal services in the long term on reasonable economic terms, despite the decline in mail volumes, and also to enable the Group to attain its environmental targets.

Delivery quality

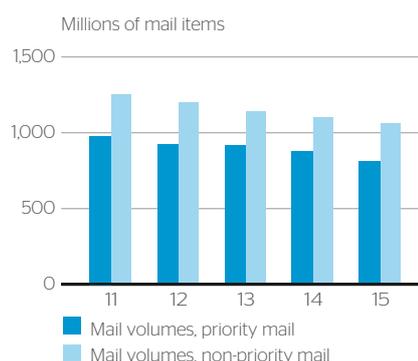
Delivery quality at PostNord Sweden was 90.3% (93.5) for 1st class mail and 96.8% (96.9) for parcels, as against PostNord's own target of 93.0% for 1st class mail and 98.0% for parcels. The Swedish State's requirement is that at least 85% of 1st class mail be delivered on the following working day and 97% within three days. 2015 saw the launch of Koncept Utdelning ("Concept Distribution"), which involves changes to mail delivery procedures. The changes, which aim to achieve greater flexibility and improved cost efficiency, mean that letters will to a greater extent be sorted by machine into delivery order, which will involve changes to mail carriers' delivery rounds. The changes were gradually implemented across Sweden during the year and were in part implemented alongside other more significant changes, such as the relocation of volumes to the new mail terminal in Rosersberg. Delivery quality was negatively affected during the running-in periods.

Performance over the year

Net sales were unchanged. Mail & Communication reported a 4% drop in sales as a result of a 6% decline in mail volumes. In 2014 extra mailings were carried out relating to the EU Parliament election and the Swedish general election. Sales for Logistics increased 3% as a result of higher parcel volumes and new customer contracts, mainly within third-party logistics (TPL).

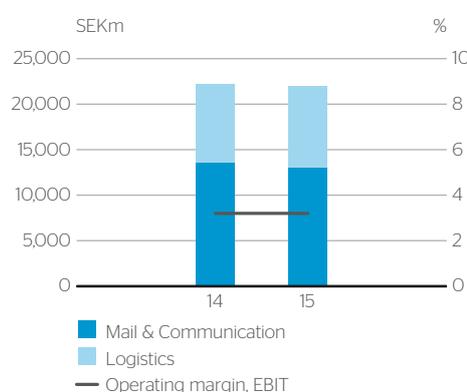
Adjusted operating income totaled SEK 847m (869). Cost reductions and growth within Logistics yielded results, but declining mail volumes, higher social insurance costs for young people and increased sickness absence had a negative impact on earnings.

Mail volumes, Sweden



External net sales

Operating margin, EBIT



PostNord Sweden ^{1),2)}	2015	2014	Change	Change ³⁾
Net sales, SEKm	23,080	23,154	0%	0%
of which Mail & Communication (external)	12,995	13,513	-4%	-4%
of which Logistics (external)	9,012	8,756	3%	3%
Operating income (EBIT), SEKm	750	748		
Operating margin, % ⁴⁾	3.2	3.2		
Adjusted operating income (EBIT), SEKm ⁵⁾	847	869		
Adjusted operating margin, % ^{4),5)}	3.7	3.8		
Priority mail, millions of items	811	880	-8%	n/a
Non-priority mail, millions of items	1,061	1,103	-4%	n/a

¹⁾ Division into geographic areas is principally based on registered corporate domicile.

²⁾ Figures for 2014 have been adjusted in line with the new organization.

³⁾ Change excluding acquisitions/divestments and currency.

⁴⁾ New definition of operating margin (operating income as % of net sales). See Note 31, Definitions.

⁵⁾ Adjusted for items affecting comparability. See Note 31, Definitions.

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 full-range logistics offering, including welfare distribution and service logistics. PostNord has a distribution network consisting of about 1,200 post offices (called posthus) and approximately 500 self-service parcel boxes. In 2015, net sales in PostNord Denmark totaled SEK 9,987m, with adjusted operating income amounting to SEK -371m.

Market conditions and competition

Denmark is one of the world's most digitized 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. The digitization process has had a substantial impact on mail volumes, which declined by 16% in 2015. Rapid communication is now handled via text message, e-mail and other social media, which is particularly clear from the declining amount of priority mail sent in Denmark. Competitors in the Danish market for mail distribution and market communications include Bladkompagniet and FK Distribution.

The Danish logistics market is continuing to grow, driven by both the expanding volume of e-commerce and rising optimism in the Danish business sector. In 2015, e-commerce grew by 16% to approximately SEK 34 billion¹⁾.

There are many players competing for a share in the growing logistics market. This is creating intense 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, DB Schenker and UPS. In 2015, PostNord strengthened its position as the leading distributor in the expanding service logistics market, particularly in the groceries distribution segment.

Events during the year

- In June 2015, a property in central Copenhagen that housed the country office for Denmark was divested for DKK 925 million, resulting in a capital gain of SEK 500 million.
- During the year, PostNord signed a significant contract with the Coop cooperative supermarket chain in Denmark regarding the distribution of direct marketing. The contract came into force at year-end 2015/2016.
- In 2015, PostNord Denmark established new post offices at external partners.
- Presentation of new business model. Customer demand has driven a shift of volumes from priority to non-priority mail. As a result, priority mail has essentially become an express service. A substantial increase in the price of priority mail has been announced to apply from January 1, 2016, in order to attain reasonable economic conditions for this faster form of delivery.
- PostNord Denmark has streamlined its collection process for letters and parcels. Previously, a large number of mailboxes and post offices had separate routes for emptying and pick-up at fixed times. These have now been coordinated with the daily delivery.

¹⁾ Source: E-Commerce in the Nordics 2016, PostNord. (E-commerce estimated by consumers)



Regulatory changes and challenges

The changes to Danish postal legislation that were adopted in 2014 have been implemented. No further changes to Danish postal legislation occurred in 2015.

The dramatic fall in mail volumes in Denmark mean that further changes to postal regulations are required to make them sufficiently flexible to make essential future adaptations possible, in response to the continually changing needs of customers. This is a prerequisite for maintaining a universal postal service under reasonable economic conditions in the long term.

Delivery quality

Delivery quality at PostNord Denmark was 92.8% (94.8) for 1st class mail and 97.1% (98.0) for parcels, compared to PostNord's own target of 95.0% for 1st class mail and 98.0% for parcels. The Danish State's requirement is 93% for both mail and parcels. The focus during the year was on improving the delivery quality for 1st class mail, while certain changes were implemented. Quality was negatively affected by extreme weather conditions in the last few months of the year, the establishment of new hubs in Helsingør and Gladsaxe and an unlawful strike.

Performance over the year

Net sales fell by 2%. Excluding acquisitions and exchange rate effects, net sales declined by 4%. Excluding exchange rate effects, Mail & Communication declined by 10% as a result of a 16% fall in mail volumes. Logistics increased by 7%.

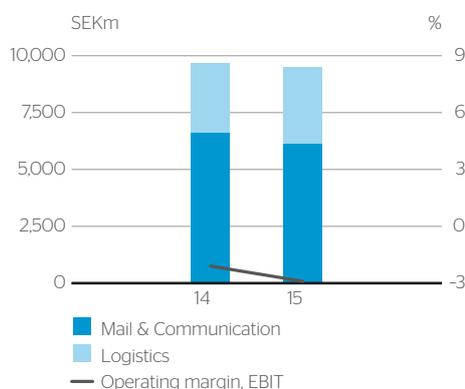


Mail volumes, Denmark



External net sales

Operating margin, EBIT



excluding exchange rate effects, as a result of higher volumes in parcel logistics and new customer contracts in service logistics. Adjusted operating income totaled SEK -371m (-150). The result was substantially affected by lower mail income that has not yet been possible to fully offset through cost adjustments. An extensive restructuring program is under way for the Danish business. In the fourth quarter, agreements were entered into with the Danish trade unions regarding adaptations to current employment terms, which will allow annual cost savings of just over SEK 200m. In order to continually adapt the organization to declining mail volumes, provisions related to restructuring totaling SEK 384m (434) were recognized in the fourth quarter.

PostNord Denmark ^{1,2)}	2015	2014	Change	Change ³⁾
Net sales, SEKm	9,987	10,164	-2%	-4%
of which Mail & Communication (external)	6,109	6,600	-7%	-10%
of which Logistics (external) ⁶⁾	3,400	3,079	10%	7%
Operating income (EBIT), SEKm	-287	-218		
Operating margin, % ⁴⁾	-2.9	-2.1		
Adjusted operating income (EBIT), SEKm ⁵⁾	-371	-150		
Adjusted operating margin, % ^{4),5)}	-3.7	-1.5		
Priority mail, millions of items	201	237	-15%	n/a
Non-priority mail and C-mail, millions of items	259	308	-16%	n/a

¹⁾ Division into geographic areas is principally based on registered corporate domicile.

²⁾ Figures for 2014 have been adjusted in line with the new organization.

³⁾ Change excluding acquisitions/divestments and currency.

⁴⁾ New definition of operating margin (operating income as % of net sales). See Note 31, Definitions.

⁵⁾ Adjusted for items affecting comparability. See Note 31, Definitions.

⁶⁾ Including Logistics' operations in Germany.

PostNord Norway

In Norway, PostNord is one of 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 2015, net sales totaled SEK 4,112m and adjusted operating income SEK -25m.



Market conditions and competition

Market growth within e-commerce remains strong, and in 2015 e-commerce grew by 18% to just over SEK 41 billion¹⁾. The intense competition and accompanying price pressure in the Norwegian logistics market remains. The Norwegian market was impacted negatively by the low oil price during the year, which has put considerable pressure on the Norwegian business sector. PostNord Norway is tackling the market situation by continuing to focus on increasing cost-effectiveness and flexibility in the business and by providing a competitive end-to-end offering. The main competitors are Bring and DB Schenker, but DHL and smaller players also compete.

Events during the year

- On May 1, the transport and logistics company Jetpak Borg AS was acquired. Jetpak Borg is a well-respected transport and logistics company offering tailored solutions for long-distance deliveries in Norway. Jetpak Borg's unique distribution system provides nightly long-distance shipments from centralized warehouses in Scandinavia to more than 500 recipients in Norway.
- September saw the commissioning of the new sorting machines in Alfaset, which coupled with the new depots will ensure improved operational stability and cost-effective delivery quality.
- Extended contract with Coop Norge SA, which has become an even bigger player since the acquisition of ICA's operations in Norway.

¹⁾ Source: E-commerce in the Nordics 2016, PostNord. (E-commerce estimated by consumers)

Regulatory changes

EEA member Norway had not previously implemented the same liberalization measures in the postal market as the EU Member States, so the Norwegian postal market remained regulated up until the end of 2015/beginning of 2016. In September 2015, the Norwegian government announced that a new postal law will come into force as of January 1, 2016. As a result, the mail monopoly in the country is being phased out.

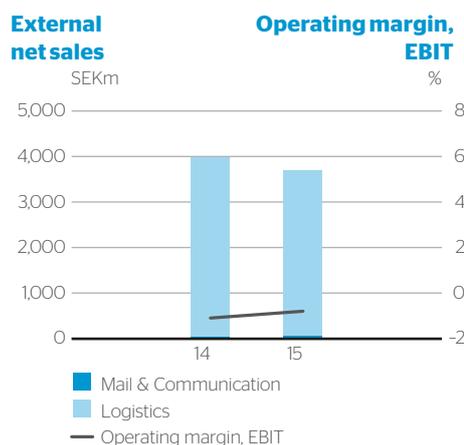
An opening up of the Norwegian mail market could bring opportunities for PostNord and other postal operators to expand their mail operations to Norway.

Delivery quality

Delivery quality for parcels reached 96.2% (96.4). The aim is to achieve delivery quality of 98% and improvement activities are continually under way to achieve this target.

Performance over the year

Year-on-year net sales fell 5%. Excluding acquisitions and exchange rate effects, net sales decreased by 3%. Growth in the e-commerce market remains strong, but the tough price competition in logistics is holding back both sales and profitability. The latter half of 2015 was also affected by the slowdown in the Norwegian economy. The adjusted full-year operating income improved, to SEK -25m (-35).



PostNord Norway^{1), 2)}

	2015	2014	Change	Change ³⁾
Net sales, SEKm	4,112	4,313	-5%	-3%
of which Mail & Communication (external)	47	37	27%	32%
of which Logistics (external)	3,660	3,933	-7%	-5%
Operating income (EBIT), SEKm	-34	-46		
Operating margin, % ⁴⁾	-0.8	-1.1		
Adjusted operating income (EBIT), SEKm ⁵⁾	-25	-35		
Adjusted operating margin, % ^{4), 5)}	-0.6	-0.8		

¹⁾ Division into geographic areas is principally based on registered corporate domicile.

²⁾ Figures for 2014 have been adjusted in line with the new organization.

³⁾ Change excluding acquisitions/divestments and currency.

⁴⁾ New definition of operating margin (operating income as % of net sales). See Note 31, Definitions.

⁵⁾ Adjusted for items affecting comparability. See Note 31, Definitions.

PostNord Finland

In Finland, PostNord mainly operates logistics services but also offers the distribution of parcels to consumers. PostNord has about 1,100 distribution points in Finland. In 2015, net sales totaled SEK 787m. Adjusted operating income was SEK -1m.

Market conditions and competition

The logistics market in Finland is relatively fragmented, with many local players. The economic situation in Finland is challenging and competition is tough. Against that background, PostNord Finland constantly focuses on increasing cost effectiveness in business operations and on offering competitive end-to-end solutions. Meanwhile, e-commerce continues to grow, increasing by 12% to approximately SEK 25 billion¹⁾ in 2015.

PostNord Finland is among the leading operators in overnight distribution, especially of car spares, and in B2C distribution, via its extensive network of distribution points. The main competitors are Posti Group and DB Schenker.

Events during the year

- In September, Uudenmaan Pikakuljetus Oy (UPK) was acquired from DSV Road Oy. The deal strengthens PostNord's position in Finland within domestic parcel transportation, scheduled deliveries, logistics solutions for healthcare and e-commerce and temperature-controlled transport services.
- Major contracts were signed during the year with the following customers:
 - Bauhaus byggmarknad. Deliveries within e-commerce and warehousing arranged by PostNord.
 - Lejos, importer of fast-moving consumer goods (FMCG). Warehousing arranged by PostNord.
 - Musti ja Mirri, the leading Nordic supplier of pet goods. Export deliveries arranged by PostNord.

Regulatory changes

In line with the government program, the Ministry of Transport and Communications in Finland has initiated a process to improve the legal conditions and as part of this work a project to reform postal regulations was launched. The aim is to draw up postal legislation that is more flexible and better adapted to the changing demands of the market. The reform is intended to reduce any barriers preventing potential operators from entering the Finnish market, and to simplify the administrative requirements imposed on postal operations.

¹⁾ Source: E-commerce in the Nordics 2016, PostNord. (E-commerce estimated by consumers)



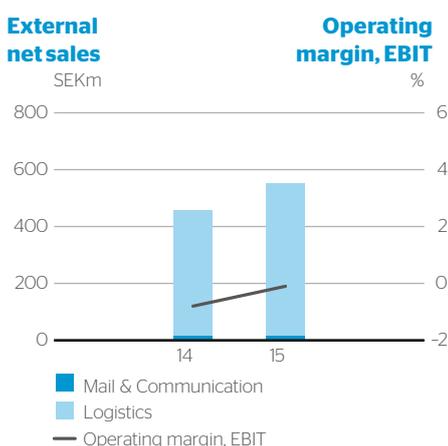
Delivery quality

Delivery quality for parcels showed a positive trend and significantly improved to 95.7% (92.2). The improvement is a result of a long-term focus on quality, better measurement methods and follow-up, as well as a proactive dialogue with subcontractors.

Performance over the year

Net sales grew by 18%. Excluding acquisitions and exchange rate effects, net sales increased 4%, primarily in parcels and pallets.

Adjusted operating income totaled SEK -1m (-5). The improvement is attributable to higher sales and previously implemented cost-cutting measures. Transaction and integration expenses in connection with acquisitions had a negative impact on earnings during the latter half of the year.



PostNord Finland^{1), 2)}

	2015	2014	Change	Change ³⁾
Net sales, SEKm	787	665	18%	4%
of which Mail & Communication (external)	15	15	0%	-3%
of which Logistics (external)	538	441	22%	1%
Operating income (EBIT), SEKm	-1	-5		
Operating margin, % ⁴⁾	-0.1	-0.8		
Adjusted operating income (EBIT), SEKm ⁵⁾	-1	-5		
Adjusted operating margin, % ^{4), 5)}	-0.1	-0.8		

¹⁾ Division into geographic areas is principally based on registered corporate domicile.

²⁾ Figures for 2014 have been adjusted in line with the new organization.

³⁾ Change excluding acquisitions/divestments and currency.

⁴⁾ New definition of operating margin (operating income as % of net sales). See Note 31, Definitions.

⁵⁾ Adjusted for items affecting comparability. See Note 31, Definitions.

PostNord Strålfors

PostNord Strålfors offers physical and digital communications solutions that give companies with a large customer base unique opportunities to build stronger and more personal customer relationships. In 2015, net sales totaled SEK 2,335m and adjusted operating income SEK 86m.



Market conditions and competition

The market for customer communication is changing, and it is becoming increasingly important for companies to communicate on the recipient's terms, both physically and digitally. PostNord Strålfors enables its customers (whoever the sender may be in the customer organization) via simple means to ensure consistent messages tailored to the language and needs of the recipient/end-customer. Over the years, PostNord Strålfors' communications solutions have helped companies strengthen their brands, generating new business by optimizing customers' results. Smarter communication produces strong customer loyalty, increased sales and greater efficiency. Competitors with a coordinated Nordic offering for physical and digital services on the Nordic market include Opus Capita and Logica. In Sweden, companies Parajett, KMD, Logica, Evry and Xerox are included.

The strength of PostNord Strålfors' offering is built on the database that has a unique ability to intelligently process large volumes of information and, in so doing, manage the company's relationships with its end-customers. The customer offering covers everything from analysis of the delivery preferences of the company's customers, graphic design of communication material such as invoices, print solutions for physical communication, handling of digital or physical communication, to final analysis and follow-up. Given that a rising number of

companies are moving over to digital communication with their customers, physical volumes and print are declining. At the same time, however, this loss is being offset by higher digital volumes and new customer contracts.

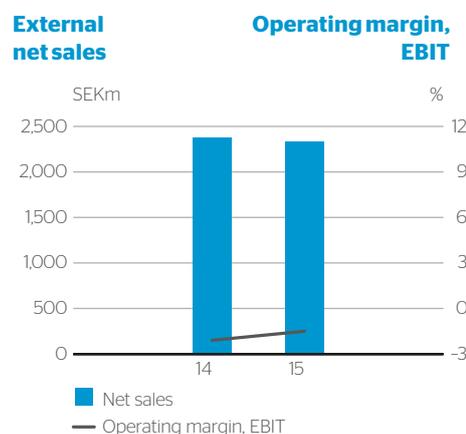
Events during the year

- At the beginning of the year the Swedish fulfillment business, a TPL solution, was transferred to PostNord Sweden.
- After evaluating possible divestment of Strålfors, PostNord has decided to retain Strålfors in the Group.
- Annemarie Gardshol, who has been the acting CEO of Strålfors since May 2015, took on the permanent position of CEO of Strålfors in October.
- As of 2016, PostNord Strålfors' service development business will be part of the Group's new joint business area Communication Services.

Performance over the year

Net sales fell by 2%. Excluding acquisitions and exchange rate effects, net sales decreased by 3%.

Adjusted operating income totaled SEK 86m (15). The improvement is mainly attributable to implemented cost-cutting programs.



PostNord Strålfors ^{1), 2)}	2015	2014	Change	Change ³⁾
Net sales, SEKm	2,335	2,380	-2%	-3%
Operating income (EBIT), SEKm	-36	-49		
Operating margin, % ⁴⁾	-1.5	-2.1		
Adjusted operating income (EBIT), SEKm ⁵⁾	86	15		
Adjusted operating margin, % ^{4), 5)}	3.7	0.6		

¹⁾ Division into geographic areas is principally based on registered corporate domicile.

²⁾ Figures for 2014 have been adjusted in line with the new organization.

³⁾ Change excluding acquisitions/divestments and currency.

⁴⁾ New definition of operating margin (operating income as % of net sales). See Note 31, Definitions.

⁵⁾ Adjusted for items affecting comparability. See Note 31, Definitions.



“With PostNord, we reach the right people at the right time”

It is particularly important in the consumer electronics industry to communicate with the right customers about the right offerings, and at the right time. SIBA has therefore chosen to invest in direct mail, as a complement to its digital media mix. “Unaddressed direct mail gives us a greater physical reach, while offering good opportunities to target our marketing so that we get to the right people

at the right time,” explains Marina Davarinou, SIBA’s marketing director.

“PostNord’s delivery reliability and distribution opportunities are two of the reasons why we work with them,” adds Marina Davarinou. “But the people we work with are equally important. Our team at PostNord is skilled and highly committed.”



Financial overview 2015

Net sales and income

SEKm	2015	2014 ¹⁾	% ²⁾
Net sales			
PostNord Sweden	23,080	23,154	0
of which Mail & Communication (ext)	12,995	13,513	-4
of which Logistics (ext)	9,012	8,756	3
PostNord Denmark	9,987	10,164	-4
of which Mail & Communication (ext)	6,109	6,600	-10
of which Logistics (ext)	3,400	3,079	7
PostNord Norway	4,112	4,313	-3
of which Mail & Communication (ext)	47	37	32
of which Logistics (ext)	3,660	3,933	-5
PostNord Finland	787	665	4
of which Mail & Communication (ext)	15	15	-3
of which Logistics (ext)	538	441	1
PostNord Strålfors	2,335	2,380	-3
Other countries	1,327	1,303	2
Group total	39,351	39,950	-3
Adjusted operating income (EBIT)	927	861	
Operating income, EBIT	564	351	
Net income for the period	278	176	

¹⁾ Comparative figures have been restated to reflect organizational changes.

²⁾ Change excluding acquisitions/divestments and currency.

Excluding acquisitions and exchange rate effects, PostNord's net sales decreased by 3%. Mail volumes declined by a total of 8%; 16% in Denmark and 6% in Sweden. Parcel volumes increased by 10%, of which e-commerce-related B2C parcel volumes rose 15%.

The Group's adjusted operating income amounted to SEK 927m (861). The result has been adjusted for items affecting comparability totaling SEK 363m, net, (510). Cost reductions in both production and administration had a positive impact on earnings, while lower mail income mainly in Denmark has had a negative effect.

The Group's reported operating income totaled SEK 564m (351). The operating margin was 1.4% (0.9). Net financial items totaled SEK -113m (-106) and tax was SEK -173m (-69). Net income totaled SEK 278m (176). For further information on developments in PostNord's country organization, see pages 16-22.

Business areas

External net sales, SEKm ^{1), 2)}	2015	2014	%
Mail & Communication	20,490	21,438	-6
Logistics	16,610	16,207	2
PostNord Strålfors	2,251	2,305	-4
Group total	39,351	39,350	-3

¹⁾ Comparative figures have been restated to reflect organizational changes.

²⁾ Change excluding acquisitions/divestments and currency.

Year-on-year net sales for Business area Mail & Communication was down 6% excluding acquisitions and exchange rate effects. The fall in net sales is mainly attributable to continued digitization and declining mail volumes.

Year-on-year net sales for Business area Logistics rose 2%. E-commerce is showing consistently strong growth and parcel volumes increased by 10%, of which e-commerce-related B2C volumes rose 15%. Volumes increased on all markets. However, the tough price competition in logistics is subduing sales growth.

Equity and net debt

For full-year 2015, equity increased to SEK 9,150m from SEK 7,991m on December 31, 2014. The increase mainly stems from revaluation of pension obligations and pension assets under management totaling SEK 1,388m, net, which was mainly affected by higher interest rates and a positive return on the pension assets, as well as improved net income. However, translation differences of SEK -342m and a change in deferred tax of SEK -166m reduced equity.

SEKm	Dec 31, 2015	Dec 31, 2014
Financial receivables	2,117	1,092
Cash and cash equivalents	1,894	1,843
Interest-bearing liabilities	-3,840	-5,384
Pensions ¹⁾	0	-1,223
Net debt	171	-3,672

¹⁾ Including plan assets. When the plan assets exceed the estimated present value of the pension obligations, they are recognized under the heading of Financial receivables.

The Group's net debt fell by SEK 3,843m during the year to SEK -171m, i.e. a positive net. The decrease is largely a result of the above-mentioned revaluation of pension obligations and pension assets under management, as well as the divestment of property.

Cash flows

Cash flow from operating activities totaled SEK 1,670m (670). The improvement on last year was mainly due to 2014 was negatively affected by payment deferrals at the turn of 2013/2014 as well as improvements in working capital and operating income during 2015.

Cash flow from investing activities totaled SEK -646m (-1,386). During the second quarter 2015, a property was divested in Copenhagen for SEK 1,164m. In conjunction with the divestment, the buyer took over a property loan of SEK 665m, and SEK 495m was paid. During the fourth quarter 2014, a property was divested in Copenhagen for DKK 400m. Investments in property, plant and equipment decreased as new terminals were completed and investment activities were more strictly governed.

Cash flow from financing activities totaled SEK -967m (566). In the course of 2015, bond loans under the MTN program and commercial paper totaling SEK 740m were repaid. Loans of SEK 750m, net, were raised in 2014.

Parent Company

The Parent Company has conducted very limited operations in the form of intra-Group service, and at December 31 the Company had three employees. No net sales were recognized during the year. Operating expenses totaled SEK 39m (40). Financial items totaled SEK -28m (31). Of financial items, dividend from subsidiaries accounted for SEK 0m (200). Income for the year totaled SEK -7m (192).

Proposed distribution of earnings

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

SEK	
Carried forward	3,623,747,627
Total	3,623,747,627

Considering the Company's results and continued restructuring requirements the Board of Directors proposes that no dividend be paid.

Key events 2015

Q1

Cost-saving program

The restructuring program to phase out just under 800 positions in administration and other support functions was concluded. The majority of the positions were eliminated by mid-year. It is estimated that the program will bring annual savings of around SEK 500m.

Q2

Verdict of the European Court of Justice on charging VAT

Late April saw the verdict of the European Court of Justice on the case brought by the European Commission against the Swedish State for non-compliance with EU rules regarding value added tax on postal services. The verdict went in the Commission's favor, with the result that universal postal services not covered by individually negotiated agreements are to be VAT-exempted.

Annual General Meeting 2015

PostNord's Annual General Meeting (AGM) took place on April 23, 2015, at the Group's headquarters in Solna. The Chairman and all Board members were re-elected and the accounting firm KPMG AB was re-appointed to serve in the period until the end of the next AGM. The AGM resolved that no dividend would be paid.

New managing director for Postens Pensionsstiftelse (the Posten Pension Fund)

On June 1, 2015, John Vivstam took up his position as the new Managing Director of Postens Pensionsstiftelse. The foundation manages and secures pension obligations for the PostNord Group AB and PostNord Sverige AB companies.

Divestment of property in Denmark

A property in central Copenhagen was divested for a purchase consideration of DKK 925m, which resulted in a capital gain of SEK 500m. In conjunction with the transaction, a property loan of SEK 665m was taken over by the buyer. Cash and cash equivalents of SEK 499m were settled in July 2015.

Q3

Acquisition of the company

Uudenmaan Pikakuljetus Oy (UPK) in Finland

Following approval by the Finnish Competition and Consumer Authority, PostNord Oy acquired the company Uudenmaan Pikakuljetus Oy (UPK) on September 1. UPK reported sales of about EUR 24 million in 2014 and has around 60 employees. The deal considerably strengthens PostNord's position in Finland within domestic parcel transportation, scheduled deliveries, logistics solutions for healthcare and e-commerce and temperature-controlled transport services.

Evaluation of conditions for possible divestment of the Strålfors business completed

After evaluating possible divestment of Strålfors, PostNord has decided to retain Strålfors in the Group. PostNord will integrate its digital and physical communication business more strongly to build more customer benefit and competitiveness. The Group's service development in physical and digital communication will be pooled in one new, joint business area - Communication Services - based on the Mail & Communication business area and Strålfors' service development business.

Annemarie Gardshol, acting CEO of Strålfors since May, took on the permanent position of CEO of Strålfors.

Q4

Focus on digital Communications

Details surrounding the new organization that came into force on January 1, 2016, were announced:

- The Communication Services business area was established, based on Business area Mail & Communication and Strålfors' service development business. Andreas Falkenmark was appointed Head of Communication Services.
- Business area e-Commerce & Logistics business area was established by merging Business area Logistics and the Group unit eCommerce. Peter Kjaer Jensen remains head of the business area.
- The Group function Strategy & Commercial Excellence was established, with Jan Starrsjö as head and member of the Group Executive Team.

Important events after the reporting period

Björn Ekstedt appointed CIO

Björn Ekstedt took over from Joss Delissen, who decided to leave PostNord. Björn Ekstedt joined the Group on February 1, 2016, and takes over CIO responsibility from March 1, when he will also become a member of PostNord's Group Executive Team.

Sustainability in everything we do

PostNord will integrate sustainability aspects into everything we do in order to be able to conduct sustainable operations - in other words, be a responsible business that benefits customers, employees, owners and society.

Integrating sustainability into everything that PostNord does is a priority area in the Group's strategy. This means taking social, economic and environmental parameters into account, in day-to-day work, on a more strategic level and during decision-making.

The Swedish State's ownership policy and guidelines for State-owned enterprises require PostNord to act in an exemplary fashion in the area of sustainable enterprise. State-owned companies must have a carefully considered and well-established policy and strategy, together with strategic targets for sustainable enterprise. Like other State-owned companies, PostNord's performance is measured against both financial and non-financial targets.

The Group Executive Team, in which the HR Director also bears main responsibility for sustainability issues, is charged with overall responsibility for PostNord's work on sustainability. This work is managed functionally via a strategic, tactical and operational working group, whose principal task is to ensure that the Group's strategic agenda for sustainability is integrated into the areas of responsibility of the country organizations. The working group is made up of representatives of the country organizations and of the Group's sustainability and communication departments.

During the year, analysis and validation continued to ensure that PostNord is focusing on the most material sustainability issues (for more on the Materiality Assessment, see pages 88-89).

The demands of PostNord's stakeholders regarding the supply chain have grown. At the same time, the Group's need for greater flexibility has made it increasingly necessary for PostNord to engage subcontractors in, for example, transportation. Overall, this has resulted in the setting of requirements for and screening in the supply

chain being given higher priority. As of 2016, the Group has adopted a new target for sustainable supply chain and has sharpened its focus on follow-up (see page 36).

Constant improvements with management system

Certification is a competitive advantage that many customers request. This involves regular internal evaluations and external audits, which form an important element of the work on internal improvement.

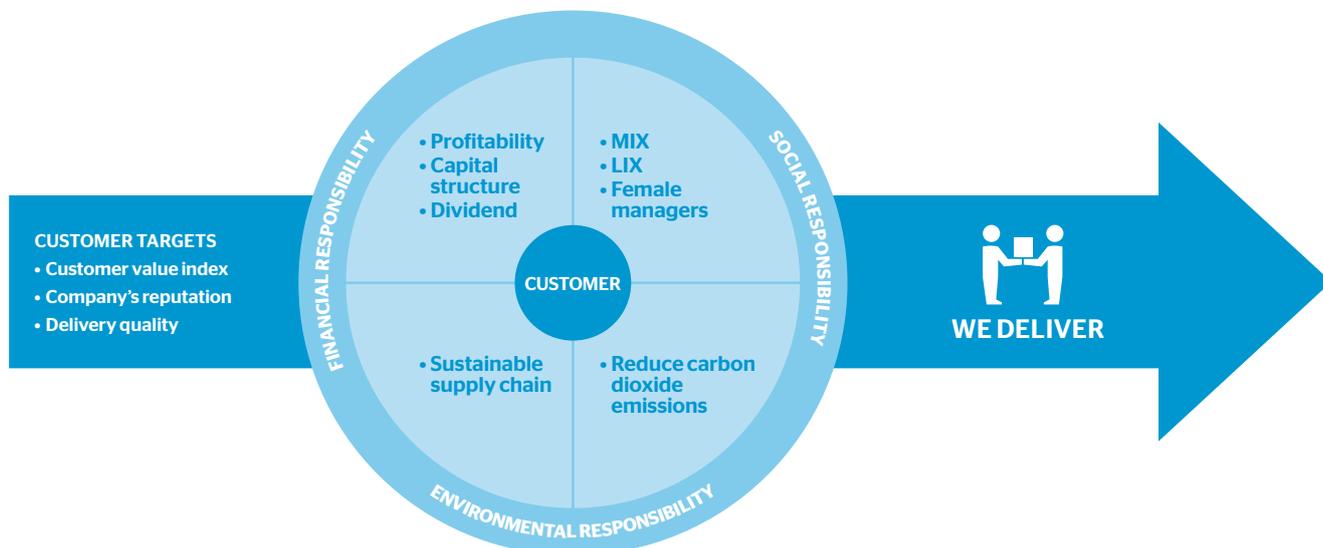
The Swedish and Danish parts of the organization have already been certified to the standards for occupational health and safety (OHSAS 18001), quality (ISO 9001) and the environment (ISO 14001). PostNord Norway and PostNord Strålfors have their own quality and environmental certificates.

Focus on material aspects

If the Group is to move forward in the right way, the ability to predict, understand and act on the issues that our stakeholders perceive as important will be essential. The issues that are most material to PostNord are as follows:

- We are striving for long-term, sustainable development
- We enable companies and consumers to do business and communicate
- We take responsibility for our environmental impact.
- We care about our employees
- We take responsibility for our impact on society
- We make demands when purchasing goods and services
- We comply with legislation and regulations

With the customer in focus, we integrate sustainability into everything we do



By understanding and acting on the issues that PostNord's stakeholders perceive as important, the Group can move forward in the right way. In addition, understanding which issues are most important to PostNord's stakeholders is a

prerequisite of functioning as a competitive enterprise. The groups that are most impacted by or are most dependent on PostNord's operations are described below.

	Target	Dialogue and follow-up	Issues in focus
CUSTOMERS PostNord is a leading player in communication and logistics in the Nordic region and aims to be the first choice for customers and recipients throughout the region	Improve ratings in Corporate Image Index and Customer Value Index, improve performance vis-à-vis quality targets for delivery of mail and parcels (see page 13).	Customer meetings, customer service, drivers and mail carriers, PostNord's service network, customer ombudsman/appeals body, customer and reputation surveys.	Delivery quality, accessibility, high level of expertise among sales representatives, good customer service, security, environment, focus on customer solutions, sustainability in supply chain.
OWNERS The overall mission from PostNord's owners is to ensure provision of a universal postal service and at the same time create value	Return on capital employed 10.5%, net debt/equity ratio 10-50%, dividend, reduce carbon dioxide emissions, improve gender equality (see page 13).	Annual General Meeting (AGM), annual report and sustainability report, interim financial statements, ongoing dialogue via discussions and meetings.	Value creation and financial stability, responsible and attractive employer, sustainable logistics, sustainable products and services, sustainability in supply chain, performance of universal service obligation stipulated by law, and license conditions.
SOCIETY PostNord plays a key role in the Nordic business community and society	Improve rating in Corporate Image Index, reduce carbon dioxide emissions (see page 13).	Dialogues with public authorities, politicians and opinion leaders. Dialogue and collaboration with trade associations, stakeholder groups (e.g., rural), organizations for sustainable development and social responsibility. Dialogues with students.	Delivery quality, environment, security, reliability, accessibility, consideration of customer needs, degree of value for money of products and services.
EMPLOYEES With around 35,000 employees, PostNord is one of the biggest employers in the Nordic region	Improve ratings in employee index (MIX) and leadership index (LIX), increase gender equality (see page 13).	Performance appraisals, workplace meetings, employee dialogues, employee surveys, communication via in-house channels, dialogue with trade unions.	Customer, information on the development and direction of the Group, responsible restructuring, working conditions, health and safety, development opportunities, gender equality.
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 to a value of billions of kronor. The Group has around 6,000 distribution points	80% of annual volume of purchasing from suppliers who have signed up to and comply with the PostNord Code for Suppliers.	Supplier meetings, tenders and purchasing negotiations, dialogue with partner outlets.	Partnership, delivery reliability, information from PostNord in support of customer service. Transparency in procurement processes, capacity for payment, quality of delivery. Sustainability in the supply chain.
CAPITAL MARKET PostNord finances its business partly through bonds. Capital market confidence is therefore important to PostNord	Ambition to be an "investment grade company".	Interim financial statements, annual report and sustainability report, meetings and discussions with analysts and investors.	Value creation and financial stability, net debt/equity ratio, cash flow, business model, ownership structure.

An enabler in 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 private individuals to do business and communicate with each other. PostNord's universal service obligation is vital in enabling all Sweden to function.

Postal service for all

PostNord is commissioned to provide the universal postal service throughout Sweden and Denmark. The Group's wide-ranging presence enables trade between companies and consumers, regardless of geographical distance. This 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 the door at no extra cost.

PostNord's valued partner outlets in Sweden and post offices in Denmark offer the most in-demand services, such as collection and dispatch of large items. The Group makes considerable demands of its network of partner outlets in terms, for example, of distance, business hours, parking facilities and disabled access, to ensure high accessibility and standards of service for its customers.

Distributor of community information

The universal postal obligation means that PostNord is the only player that reaches all households with physical community information. This information also reaches households who have opted out of receiving advertising by post. With its unique distribution capacity and special role, PostNord bears a major responsibility. The Group does not discriminate against senders or types of mail items, provided that the content is legal.

In some cases, recipients may object to the delivery of certain political information, for example, which may affect the work environment of mail carriers. The safety of mail carriers always comes first and PostNord has highly developed work environment and safety procedures. To facilitate the work of mail carriers, briefings are held in the workplaces prior to delivery of sensitive material.

Cooperation on security issues

PostNord's stringent requirements for delivery reliability focus on delivery of intact mail and parcels to the right place, and high delivery

quality is assured by adding equally high demands to delivery at the right time and perfect condition.

PostNord works in close dialogue with public authorities and trade organizations on continuously reviewing and adapting its capacity to maintain deliveries in the event of disruptions and downtime of various types. PostNord's program for business continuity management complies with the ISO 22301 standard.

Rising levels of fraud in society, in particular the use of forged identity cards for the collection of mail and parcels, demand a great deal from PostNord's processes and procedures in terms of security. As fraud is already a fact before, for example, collection, PostNord is driving issues such as more effective customer and order checking at companies and a review at national level and action programs. The total number of criminal acts against the Group, including theft and fraud, has been reduced and the number of criminal acts discovered and prevented has risen since 2014. Work on establishing a statistical and predictive capacity for security analysis was initiated during the year.

The number of high-value products in the logistics flow continues to increase, which is placing pressure 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 reviewed annually.

Information security and privacy protection

As a major player in communication services, the Group also has a responsibility regarding information security, for example in the form of handling personal data, card information and other sensitive private information, as well as in terms of counteracting threats and risks to information security.

Managing personal data constitutes a major part of PostNord's services and PostNord bears a major responsibility as personal data processor. 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 as personal data controller.

During the year, the information security framework was implemented and fine-tuned, comprising policies and the instructions on which they are based, which comply with the ISO 27000 standard. Along 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.

In 2015, no complaints were received from public authorities or other bodies regarding how personal data was handled, and no known cases of identified leaks, thefts or losses of personal data occurred.

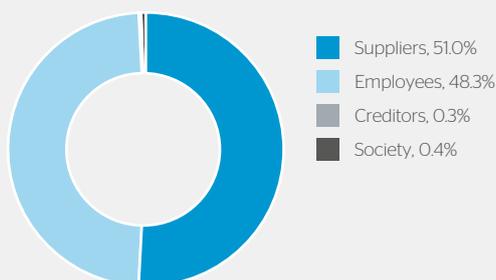
Many forums for meeting with customers

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 serves as an aid to PostNord's development. In order to predict, understand and meet various customer needs, work on sharing information/experience is prioritized within the Group. Placing 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 to many

A long-term, stable and profitable business creates opportunities for meeting and exceeding 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, lenders and citizens in the countries in which PostNord operates, who benefit via tax payments. The total value distributed in 2015 was SEK 37,987m, as shown below:

Distribution of total value, 2015





“In PostNord, we have a partner for all our needs”

“We make sure we have good products and prices. But that isn’t enough,” says Ole Vinje, CEO at Komplett. “The delivery itself is just as important. If the transport process doesn’t work - if our customers don’t get their goods at the right time and in perfect condition - we’re the ones who take the hit. We’ve been doing this for a while and know just how vulnerable we can be.”

Since 2014, PostNord has been taking care of all of Komplett’s deliveries in Norway, Denmark and Sweden.

“The partnership’s working very well. In PostNord, we have a partner for all our needs. In addition, their services make a perfect fit for us as an e-retailer, partly because of their seamless handling of returns.”



Continued competence renewal and responsible restructuring

The structural transformation under way – adaptation to lower letter volumes and expansion of e-commerce – is a reality affecting the entire industry, every part of the Group and, ultimately, every single employee. For this change to be managed successfully and in a responsible way, the process of competence renewal and adjustment will have to be managed carefully, with greater insight in the market situation and clear leadership.

A Nordic employer

At year-end 2015, PostNord had 42,111 (44,859) employees, of whom 7,292 (8,793) were temporary staff. The average number of employees (FTEs) over the year was 35,256 (37,407). The majority are employed in the Nordic region and work as mail carriers, drivers or employees 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 per cent of the workforce is covered by collective agreements, which are signed in each respective country.

Number of employees per category at the end of the period – basic staff	2015	2014
Administrative personnel	4,412	5,148
<i>of whom, women</i>	1,963	2,405
<i>of whom, men</i>	2,449	2,743
Production personnel	30,407	30,918
<i>of whom, women</i>	9,490	9,573
<i>of whom, men</i>	20,917	21,345
Total, Group	34,819	36,066

Responsible restructuring

The restructuring of the Group to adapt the business to the lower mail volumes has been in progress for several years and has led to several savings programs. HR work in 2015 focused mainly on the staff cutbacks initiated 2014, as well as on organizational changes. In total 4,768 (3,785) employees left the Group during the year. PostNord's ambition is to act responsibly during staff reductions, working closely with the unions. To a major extent, the

cutbacks in Sweden and Denmark are being facilitated by the Group's various restructuring programs. These differ according to country but in some cases cover extended periods of notice, coaching, education and similar support.

Closer focus on leadership during change

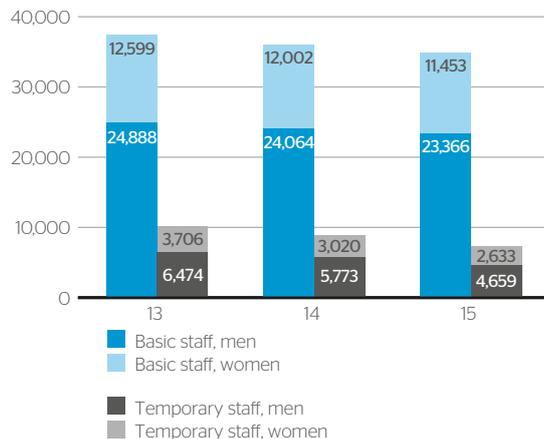
As a way of supporting managers in the challenging work of leading an organization in transformation, a training program entitled "Leading Change at PostNord" was launched in 2015. The program was conducted within all management teams in 2015 and is continuing in 2016. The aim is to take ownership of the work of transformation and to raise the level of commitment among employees via better insight into how changes in the world outside and new aspects of customer behavior impact on their day-to-day work.

Employees sounded out in survey

PostNord carries out an annual Group-wide employee survey in which employees answer questions on topics such as commitment, cooperation, well-being and health, and the leadership of their immediate manager. The response frequency in 2015 was 81% (84). The result for the Employee Index in 2015 was 63 (65¹⁾). The result is dominated by the way in which the continued intensive process of transformation aimed at dealing with the constant decline in letter volumes is affecting how employees perceive their ability to influence their work load, climate at work, opportunities for development and confidence in the future. The result for the Leadership Index was 68 (68¹). The main factor explaining the result is that trust in employees' immediate manager and his/her leadership qualities remains high. By providing additional tools for leading change to all managers, PostNord is set to improve both results during 2016.

¹⁾ Results for 2014 adjusted. See page 87.

Number of employees at end of period



Team-based work approach

In order to create better opportunity for both influence and participation, PostNord has introduced a team-based work approach. At year-end 2015, 98% of all PostNord units had started to implement the team-based model. The objective for 2016–2017 is to develop this approach and ensure that the desired effect is achieved, with the focus on collaboration across team, national and functional boundaries.

Dialogue as a tool

PostNord is holding structured employee dialogues to improve communication between managers and employees. In the course of 2015, 71% of the Group's employees took part in the annual manager-led employee dialogue. The point of the structured annual employee dialogue is firstly to offer all employees the same information on the Group's goals and future, and secondly to promote the adoption of the discussion format as an integral element of every workplace. The dialogue held in 2015 focused on the Group's strategic objectives for 2020, and everyone was given the opportunity to talk about and establish consensus on the Group's priorities.

Focus on health and the work environment

PostNord's focus on health and the work environment is challenging and important in times of great change and restructuring. Sick leave is a substantial cost to the Group. PostNord works in a structured way on leading, managing and improving the work environment. These activities are governed by the Group policy certified at PostNord Sweden and PostNord Denmark in accordance with OHSAS 18001.

The total sick leave in the Group was 5.8% (5.2). A change of one percentage point in sick leave translates in an increase/decrease of around SEK 102m in costs. Sick leave is increasing the most in Sweden, mainly due to the effects of the major organizational changes carried out in recent years which are making new demands of employees. Work on process optimization is playing a crucial role in the improvement program. The team-based approach that has been implemented will make it easier for employees

to lighten each other's load, which will have a positive effect on the mental and physical health of employees.

Sick leave, %	Total, 2015	for men	for women	Total, 2014
Sweden	6.3	5.6	7.9	5.4
Denmark	4.9	4.5	5.8	4.9
Norway ¹⁾	6.1	n/a	n/a	5.8
Finland	2.8	2.6	3.0	3.5
Other countries	2.6	2.2	3.3	4.9
Total, Group	5.8	5.1	7.0	5.2

¹⁾ A gender breakdown for sick leave is not available for Norway. As a result, sick leave for Norway is presented only on an aggregated level.

Structured reporting for occupational injuries

Most occupational injuries in the Group are sustained in production and distribution and consist mostly of various types of fall accidents. PostNord operates a structured system of reporting for accidents and near-accidents in order to create a framework 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 per 1 million hours worked	Total, 2015	Total, 2014
Sweden	43.5	45.0
Denmark	32.6	28.0
Norway	18.4	31.0
Finland	11.9	21.0
Other countries	4.4	9.0
Total, Group	38.0	38.0

No occupational fatalities occurred during 2015 and 2014.

Annual planning for competence requirements

An analysis of critical competences at PostNord led to an overall workforce supply plan for 2015–2020. The plan was adopted in October 2014. An assessment of competence requirements based on the Group's strategy and business plan is in progress as part of the annual business planning process.





An organization with great diversity

PostNord bases its work on equality and diversity on the view that differences among people make a workplace more dynamic and attractive. In production, above all, PostNord's workforce is characterized by a high degree of diversity. PostNord's manager must serve as role models in this work and must actively promote equality and diversity. PostNord's owners also set requirements in terms of driving development towards a balanced gender distribution in senior executive positions. In 2015, PostNord produced guidelines and templates for equality and equal opportunity in the Nordic region. The objective is to underpin a common strategic direction, level of ambition and long-term structured program to promote equality and diversity.

The target since 2010 has been to maintain a balanced gender distribution among managers by the end of 2015. The target of having women in 40% of management roles was not achieved in 2015 but remains as a long-term target. In the case of senior managers, where recruitment often takes place both in-house and externally, the success rate is higher. Managers at other levels are mostly recruited in-house and in that area long-term measures are needed to establish a more equal

gender distribution. For the period up to 2018, the equality target has been sub-divided into two categories. The target for management levels 1-3 are that 38% should be women, while the target for management levels 4+ is 31%.

The manager concerned is responsible for the equality issue in the recruitment process and for equality and diversity activities in general, with support from the HR function.

Every managerial and project manager position is to be advertised, at least in-house. Every effort is to be made to have both genders represented among the final candidates.

Gender distribution, basic staffing	2015	2014	2013
Managers	1,702	1,861	2,201
of whom, % women	28	29	29
Number of employees	34,819	36,066	37,487
of whom, % women	33	33	34

“Move - Change for Diversity”

To comply with the Company's Code of Conduct and work actively on diversity and equality at all levels, PostNord has established a three-year program: “Move - Change for Diversity”. Through the program PostNord aims to bring the various equality-related issues into focus. Another aim is to develop internal mobility. The objective of an active diversity and equality program is that the composition of the management groups should better reflect the world outside and the organization. A management team showing diversity creates a better balance, providing the conditions for a wider perspective in the work of management, and consequently higher quality.

Age analysis, basic staffing, 2015	Total	%
-29	4,856	14
30-50	15,873	46
51-	14,090	40
Total, Group	34,819	100

Move - Change for Diversity 2015 to 2016	How is the initiative helping to develop diversity and equality at PostNord?
Dialogues in management groups on equality and diversity.	Provides ownership and prioritization and educates about the area, and where the organization is.
Mentorship program.	Better networks and visibility for more leadership talents. Initiatives to educate about prejudices and standards.
Seminars on workplace equality and diversity.	Increase knowledge about facts and in-house work on diversity.
Focus on broader selection for management candidate and talent programs.	Ensures that there is a plentiful supply of applicants with good potential for senior positions.
Diversity and equality part of training courses and programs.	Educates in how to make the most of differences and the value of diversity.
Follow-up gender distribution among applicants and employees for management, leadership and project manager positions.	Provides framework for ensuring that agreed guidelines are observed.
Highlight what we can offer our employees and the diversity we have in our organization, in-house and externally.	Attract greater numbers of and a wider diversity in competent applicants.

Initiatives to reduce climate impact are delivering results

Being one of the Nordic region’s foremost suppliers of communications and logistics solutions, PostNord is associated with environmental impact, mainly in the form of carbon dioxide emissions from road transport. Through its focus on reducing its energy consumption and cutting its emissions, PostNord is clearing the way to becoming a more environmentally sound company.

As a transportation company, emissions of carbon dioxide from PostNord’s own vehicles and outsourced transportation services represent the largest environmental impact. The Group uses all types of transportation in its business – from airplanes and trucks to mopeds and bicycles. Reducing the Group’s carbon dioxide emissions is one of the key areas in sustainability. The Group’s long-term environmental targets require a reduction of 40% in carbon dioxide emissions by 2020, compared to the level in 2009.

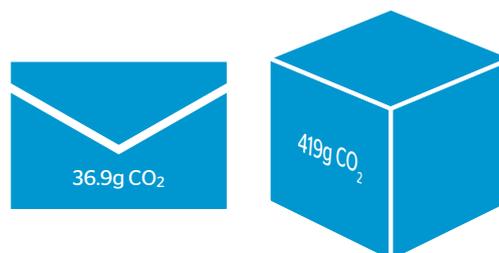
We have made good progress on the way

Since 2009, PostNord has cut its carbon dioxide emissions by around 23%. During 2015, the reduction was nearly 8%. This was achieved through actions in several areas, including purchasing green electricity in more parts of the organization, raising the biofuel content of diesel and merging operations. The introduction of the integrated production model (see page 11), in which letter and logistics operations are merged and vehicle management is coordinated, has already helped to reduce carbon dioxide emissions. In Sweden, the launch of Konzept Utdelning (Concept Distribution), which introduced changes in delivery routines, also contributed to the reduction in 2015 (see page 17).

How PostNord is continuing to cut its carbon dioxide emissions

In 2015, an in-depth analysis was carried out to identify what further measures would be required to achieve the target of lower carbon dioxide emissions. The analysis took accounts of external factors, developments and conditions in the market and PostNord’s strategic direction. The conclusion was that the target will be achieved via initiatives in seven principal areas: capacity utilization, use of fuels, biofuels, electric vehicles, increased use of rail and less use of air transport, building-related and other.

Carbon dioxide emissions per item, 2015



Emissions per letter increased slightly in 2015, while emissions per parcel declined.

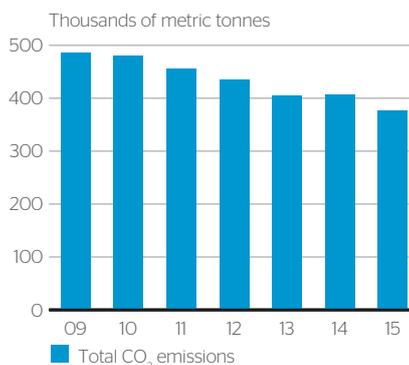
Emissions

(tonnes unless otherwise stated)

	2015	2014 ¹⁾	2013 ¹⁾
Fossil carbon dioxide emissions, total	375,810	407,138	405,377
Direct carbon dioxide emissions (EN15, Scope 1)	129,084	141,960	165,774
<i>Own transportation</i>			
Fossil fuels	127,853	140,237	163,937
Renewable fuels	24,290	15,636	11,458
<i>Direct heat consumption (gas and oil)</i>	1,230	1,722	1,837
Indirect carbon dioxide emissions (EN16, Scope 2)	24,521	46,606	37,469
<i>Heat and electricity</i>	81,386	112,346	82,563
<i>Purchase of eco-labeled electricity (EN19)</i>	-56,865	-65,741	-45,094
Other indirect carbon dioxide emissions (EN17, Scope 3)	222,206	218,573	202,134
<i>Subcontractors, transportation (road, rail, air and sea)</i>			
Fossil fuels	217,255	212,853	195,415
Renewable fuels	22,514	9,883	10,889
<i>Business travel, EN17</i>	4,951	5,720	6,720
Other emissions to air through transportation (EN21)			
Carbon monoxide	362	607	596
Nitrogen oxides	1,674	2,854	1,767
Hydrocarbons (VOC)	300	287	216
Particulates	63	122	57

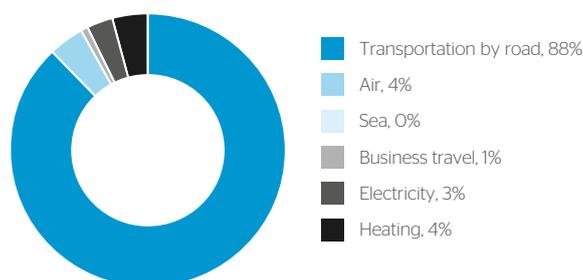
¹⁾ Emissions data includes completed acquisitions. Previously reported emissions have been adjusted.

Carbon dioxide emissions, 2009-2015¹⁾



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

Distribution of total carbon dioxide emissions per category



For the environmental target to be met, certain investments and project development will be necessary. Since 2009, PostNord has had an internal environmental fund that aims to increase the pace of environmental efforts. The Group earmarks substantial funds for environment improvement measures and gives employees the opportunity to make suggestions about how the money should be used. During the years, funds were granted for energy optimization measures in buildings, installation of LED lighting and automatic external doors.

Conditions for target fulfillment

The Group is influenced by politics and instruments of governance at national, regional and local level in different transportation segments. PostNord and other players in the industry see a major 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 crucial importance. Alternative fuels and more electric vehicles are required if PostNord is to achieve its target. In Sweden, several fuel suppliers provide diesel with a high proportion of biofuel, a diesel standard that is not available to the same extent in the other countries where PostNord operates.

PostNord strives to conduct all functions with the minimum possible impact on the environment. Both the Swedish and the Danish postal regulations stipulate requirements for overnight delivery. To meet such 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. This means that carbon dioxide emissions per shipment are not decreasing at the same pace as the overall decrease in mail volumes. In recent years mail volumes have fallen sharply in Denmark. The transfer of priority mail to non-priority mail and C-mail is creating extra flexibility and will also, in the long term, affect emissions per letter in Denmark (see pages 18-19).

Organization for a more environment-friendly PostNord

PostNord's environmental targets and its strategic environmental work are also included within the HR Director's areas of responsibility. Outcomes are followed up on a quarterly basis through reporting to the Group Executive Team and Board. The Group's environment working group consists of representatives of the sustainability section and the Group's country organizations. The function of the group is to ensure that the strategic environmental work is carried out and to share experiences and best practice in the Group.

During the year, the environment working group met six times.

The environmental policy is incorporated into the Code of Conduct (see page 9). The Group's environmental aspects are regularly reviewed and assessed. Instructions on practical action in handling PostNord's environmental impact are included in the management system, for example actions to be taken in incidents that may affect the environment, chemicals management and waste management. The instructions take the precautionary principle into account. When businesses are established or relocated, or when new products and services are developed, environmental impact assessments are performed, for example with a view to minimizing environmental risks. The Group's environmental work is evaluated internally through internal controls and evaluations for example. The Group's management system is revised annually by an external party. PostNord's operations in Sweden, Norway and Denmark, as well as in Strålfors, are environmentally certified according to ISO 14001.

Environmentally licensed operations

PostNord conducts operations in Sweden, Denmark, France and Poland that are subject to licensing in accordance with national legislation. In Sweden, France and Poland, this affects Strålfors' facilities for graphic production. In Sweden, a number of vehicle-washing facilities are also subject to environmental licensing.

We train employees in environmental issues

In 2012, a new Group-wide web-based environmental training program was introduced, with the aim of improving 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.

Environmentally sustainable product solutions

PostNord customers set the environmental bar high, giving PostNord even more reason to reduce its emissions and environmental impact. One of the most important customer demands is that the business must be environmentally certified.

Many corporate customers have their own ambitious environmental targets and, as a transportation supplier, PostNord can help them achieve these targets. The services offered by PostNord include environmentally sound services such as maximized use of rail transport wherever possible, consolidation of loads for optimized capacity utilization and climate efficient direct mail. PostNord also contributes to customers' reports and communication. This may be done in the form of customer-specific environmental reports. Customers use these reports to monitor and streamline their logistics process, as well as for documentation in their own environmental and sustainability reporting.

PRINCIPAL CORRECTIVE MEASURES, 2016-2020

Capacity utilization

Integrated production model (see page 12), load factor and other logistical optimization.

Biofuel

Optimizing use of biofuel in own and subcontractors' vehicles, cooperation with fuel suppliers, purchasing requirements.

Fuel efficiency

Eco-driving, competitions for employees, requirements for subcontractors.

Building-related

Energy efficiency measures, energy conservation competitions, optimize area, green electricity.

More by rail, less by air

Use of rail transport as much as possible.

Electric vehicles

Increase the proportion of electric vehicles used, above all for deliveries.

More rail transport, less air

PostNord transports 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 placed two new terminals in service, one in Hallsberg and one in Rosersberg. The terminals are located near the main Swedish rail network, with tracks that go right into the buildings, which simplifies the flows transported by rail.

To meet the requirements for overnight delivery, letters and parcels must be flown within Sweden. Transportation by air accounts for 4% (4) of the Group's total carbon dioxide emissions. In 2012, PostNord entered into a partnership with the Group's air services partner, as a result of which new radio equipment and training in eco-flying are reducing carbon dioxide emissions from Swedish inland transportation. During 2015, a reduction of approximately 750 tonnes of carbon dioxide was made through these initiatives. Nearly 2,400 tonnes of carbon dioxide have been saved since start-up.

Capacity utilization

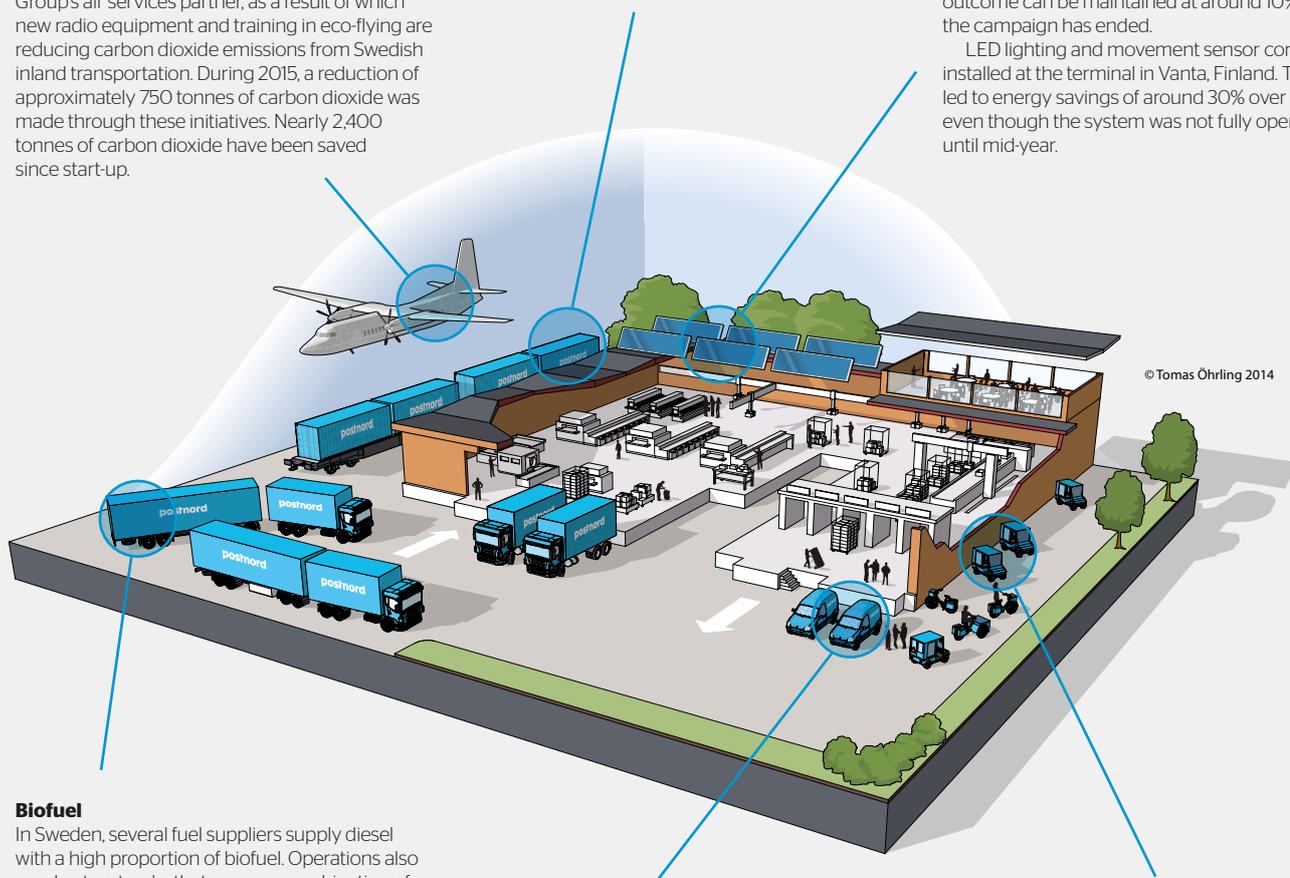
PostNord is filling up vehicles and optimizing routes. Constantly striving to ensure that vehicles are filled to capacity and taking the most intelligent routes possible to cut the costs and reduce the environmental impact of each shipment. PostNord's Integrated Production Model increases the possibilities for improving the capacity utilization of its vehicles (see page 12).

Building-related

The mail terminal in Rosersberg was certified as a Green Building in 2015. At this terminal, 2,000 m² of solar panels have been installed, delivering around 200,000 kWh over a year and meeting roughly 4% of the terminal's need for electricity.

During the year, PostNord Sweden ran an energy savings competition in a number of units. On average, participating units reduced their energy consumption by 19%. Experience from earlier energy saving campaigns in PostNord's Danish operations shows a similar outcome and that the outcome can be maintained at around 10% after the campaign has ended.

LED lighting and movement sensor control were installed at the terminal in Vanta, Finland. This has led to energy savings of around 30% over 2015, even though the system was not fully operational until mid-year.



© Tomas Öhrling 2014

Biofuel

In Sweden, several fuel suppliers supply diesel with a high proportion of biofuel. Operations also employ two trucks that run on a combination of liquid methane and diesel, as well as a number of gas-powered vans. In 2015, approximately 13% of the fuel used in the Group's road transportation was from biogenic sources, including HVO, low-admixture FAME and ethanol. In Sweden, where several fuel suppliers offer a high admixture in their diesel, the biogenic component amounts to around 18%.

Fuel efficiency

In the course of 2015, PostNord Denmark focused actively on eco-driving; in the program, some of PostNord Denmark's best eco-drivers provided training to their colleagues. To date, approximately 1,400 out of a total of 2,100 drivers received training. Customers have also been offered the chance to take part in events focusing on eco-driving. With training in eco-driving, fuel consumption can be reduced by up to 20%. Provided that focus and follow-up is maintained, a long-term effect of 10% is anticipated. During the autumn, PostNord Denmark held a competition in eco-driving. The competition winners will represent the Danish part of the organization in the Group's 2016 competition, which all country organizations will enter.

Electric vehicles

PostNord operates a large electric vehicle fleet. Of PostNord's vehicle fleet, electric vehicles account for roughly 27%. Electric vehicles are less expensive to operate and maintain, with a lower noise levels than conventional vehicles. Since 2013, 50 such vehicles have been in operation in the Group's Danish business. In 2014, two electrically powered vans entered service 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.

PostNord has signed up to a consortium developing an electrified road system at Arlanda Airport. The planned electrified road will enable fossil-fuel-free road transport of goods between Stockholm's Arlanda Airport and PostNord's Green Building certified terminal in the Rosersberg logistics zone.

Focus on sustainable supply chain

Every year, PostNord procures goods and services for substantial amounts. This means that the Group's supply chain is an important part of our sustainability work.

Nordic supplier base

Every year, PostNord's Nordic operations procure goods and services for substantial amounts. The largest procurements are made in the category of transportation.

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

Control and structure

Group Sourcing, part of Group function Finance, is responsible for strategic control of how the Group is to manage sustainability in the supply chain. This includes updating and following up on the Group-wide plan for managing sustainability in the supply chain. Operational responsibility for management and follow-up of risks relating to procured transport services lies with the respective country organization, but is also followed up and aggregated on an ongoing basis at Group level.

Risk assessment of suppliers

In autumn 2015, a Group-wide risk analysis of PostNord's total procurement volumes was carried out. The analysis, which clearly describes and classifies environmental and social risk issues such as working conditions, human rights and anti-corruption, indicated that the category of road transportation is the biggest risk. As a result of the risk analysis, PostNord formulated and adjusted its long-term sustainability target for its supply chain for the period

until 2020. The adjustment is intended to create a more clearly defined basis for continuous follow-up. The target until 2020 is formulated as, based on the annual risk analysis, no less than 80% of PostNord's annual procurement volumes shall be made from suppliers who have signed up to and comply with the PostNord Code for Suppliers. In addition, as of 2016, PostNord has introduced a non-negotiable requirement that all suppliers sign up to the Code for Suppliers. During the year, the Group-wide action plan for control activities, training and follow-up for compliance with the Code for Suppliers was updated on the basis of the new risk analysis. The plan will continue to be updated annually or as needed, under the supervision of Group Sourcing. The plan for monitoring of suppliers is prioritized. To date, it has been based on close dialogue and self-assessment.

Influence through supplier requirements

By making demands on its business partners, PostNord can influence various industries in a direction towards sustainability. The basic requirements made of suppliers are summarized in PostNord's Code for Suppliers. Also, where necessary, PostNord makes product- or service-specific demands in addition to the Code for Suppliers. In December 2015, PostNord presented an updated Code for Suppliers, which is also based on the requirements described in the Group's Code of Conduct. The primary aim of the update was to simplify and clarify PostNord's requirements for suppliers and thus make them more readily understood. The updated Code for Suppliers is available at www.postnord.com.



Governance to ensure responsibility and compliance

Acting responsibly is a requirement in order to continue creating value for owners and maintain trust in the Group. Naturally, PostNord must as a minimum requirement comply with applicable legislation, regulations and general rules in the industry. In addition, 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 human rights, labor, the environment and anti-corruption.

Anti-corruption

PostNord shall be a good player in the community why it is especially important that the business should be characterized by good business ethics. PostNord has a zero tolerance approach to corruption. The Code of Conduct includes rules, for example, on handling of conflicts of interest, sponsorship 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. Within the scope of PostNord's compliance program regarding anti-corruption, a new Group-wide instruction, supplementary to the Code of Conduct, was agreed in 2015. The instruction specifies the circumstances in which third-party business entertainment may be offered and accepted by PostNord. The new rules apply to all employees and in part implement the provisions of the Swedish Code of Business Conduct, administered by the Swedish Anti-Corruption Institute (IMM). The instruction has been supplemented by background information and a new set of in-house training material. Typically, purchasers and salesmen run a greater risk of becoming involved in corruption. PostNord has for some time offered training in topics such as anti-corruption legislation, aimed at employees in these categories. During the year, the Group Executive Team, large sections of our sales force and many middle-managers underwent training in the new instruction and associated legislation.

Competition on equal terms

Effective competition on equal terms is a key component of a properly functioning economy. On that basis, the Code of Conduct emphasizes how important it is to respect PostNord's separate compliance program regarding competition law. During the past year, large numbers of PostNord sales personnel, along with employees with special duties within the compliance program relating to competition law, received training in competition law. This training is given on a regular basis.

General compliance work

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



Follow-up of compliance

Compliance at PostNord is followed up via PostNord's special reporting procedure (whistleblower), among other routines, which allows anonymous reports to be made in the event of suspicions of certain types of violations. The system is accessed via the intranet and postnord.com. During the year, no case arose in which a subsequent investigation indicated any violation of the law or serious breach of PostNord's Code of Conduct. Further, PostNord was not in 2015 subject to any judgments with binding effect in cases where PostNord has been found to have committed serious breaches of the law. PostNord was also not ordered to pay any fines in connection with violations of environmental legislation or other external environmental regulations. The same applied to anti-corruption and competition law.

Proactive and target-oriented risk management

Proactive, structured risk management creates the conditions to enable PostNord to reach its targets and create value. Risk management is essential to the governance and control of PostNord's activities.

PostNord operates in an international market characterized by changes taking place in several different areas. Structured preparedness is necessary to best adapt and optimize the business and to take advantage of various opportunities, while at the same time minimizing risks and losses. The overarching objective of 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 into the Group's business planning and in all operations.

The risk management process

The Group works continuously on identifying, evaluating, managing and following up risks in the world outside and within the business. PostNord's risk management process ensures the uniformity and comparability of risks, in order to prioritize decisions in line with strategic objectives, business-related decisions and external factors. PostNord strives to establish an optimal balance between preventive and risk-limiting measures and the transfer of risks for example via insurance and contractual procedures.

Organization of and responsibility for risk management

PostNord's Board of Directors and Group Executive Team bear 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 manager concerned. The Group's risk management function is responsible for developing and establishing Group-wide procedures, methods and instructions for risk management. The risk management function is also responsible for consolidating risks and reporting to PostNord's management, Audit Committee and Board of Directors.

Risk areas and risk-limiting measures

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

Strategic risks

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

Regulatory risks

PostNord is tasked with providing 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, for example, the business model, service range and pricing.

Among the most-highly prioritized regulatory risks are those that relate to the writing of licensing conditions and that may impact both the Group's ability to compete and its ability to fulfill its universal service obligation efficiently under reasonable financial conditions. PostNord manages these regulatory risks via external and scenario analyses, a compliance program, advocacy work, and by adapting the business.

Risks related to changes in market conditions

PostNord operates in a competitive market where market changes and position shifts may pose challenges to PostNord's competitive advantages and profitability.

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

Changing and adapting PostNord's business model are creating several risks on a more strategic level, relating to issues such as cost adjustments, governance and planning, and development of various customer offerings. PostNord manages these risks by analysis of the market, customers and competitors on an ongoing basis, continuous restructuring measures, and strategy and business development.

Operational risks

PostNord is exposed to several operational risks. The most critical of these relate to goal fulfillment in restructuring programs and cost-saving objectives, together with delivery quality and continuity in IT. IT risks include internal and external delivery problems and disruptions that may affect the Group's production, customer deliveries and PostNord's financial reporting. Management of risks concerning information security and data storage were focused on more closely during the year.

PostNord is also exposed to operational risks relating to non-current assets, infrastructure and vehicles. PostNord's goal is for high quality, efficiency, security and continuity to be characteristic of the Group's services, deliveries and internal activities. Ensuring that good continuity and efficiency is maintained in production is a key part of the work to restructure the business. This 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 is based on 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 engages in risk analysis and continuity planning on an ongoing basis to ensure the Group's ability to manage consequences of any critical events, downtime or quality issues.

Financial risks

Financial risks mainly consist of credit risks, refinancing risks, investment risks and risks associated with pension commitments. PostNord secures financing of the business partly through its operating cash flow and partly by maintaining an effective capital structure that includes the continued use 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.

Read more about the management of financial risks in Note 26, on the Group's material assessments and estimates including intangible assets in Note 2 and on the management of pensions in Note 21.

Sensitivity analysis

Area	Variable	Change	Impact on income, SEKm
Personnel risks	Change in personnel expenses	+/- 1 percentage point	176
	Change in sick leave levels	+/- 1 percentage point	102
Volume risks	Volume change in physical mail	+/- 1 percentage point	110
	Volume change in logistics business	+/- 1 percentage point	111
Interest rate risk	Change in market interest rate	+/- 1 percentage point	1
Currency risk ¹⁾	Translation exposure	+/- 1 percentage point	50
Pensions	See also Note 21, Pensions, page 69.		

¹⁾ Excluding derivatives.

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 and information security.	Downtime analysis, incident reporting, requirements for suppliers, security analysis concerning data storage.
	Risks concerning adapting personnel and organization.	Continuity planning, including security of workforce planning.
	Risks concerning facilities and infrastructure.	Review of insurance protection.
Financial risks	Credit risks, refinancing risks, investment risks, currency risks.	The financial policy governs financial risk exposure. Systematic credit evaluation and risk limits.
	Risk of insufficient payment readiness.	Cost-savings program, capital efficiency program and securing of 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.

Corporate governance for long-term value creation

Properly functioning corporate governance is one of the requirements for creating long-term value for owners and other stakeholders, and to ensure the fulfillment of universal postal service obligation on a commercial basis. 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 divided 50/50 between the States. PostNord AB is the Parent Company of the PostNord Group.

Control and organizational structure

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

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

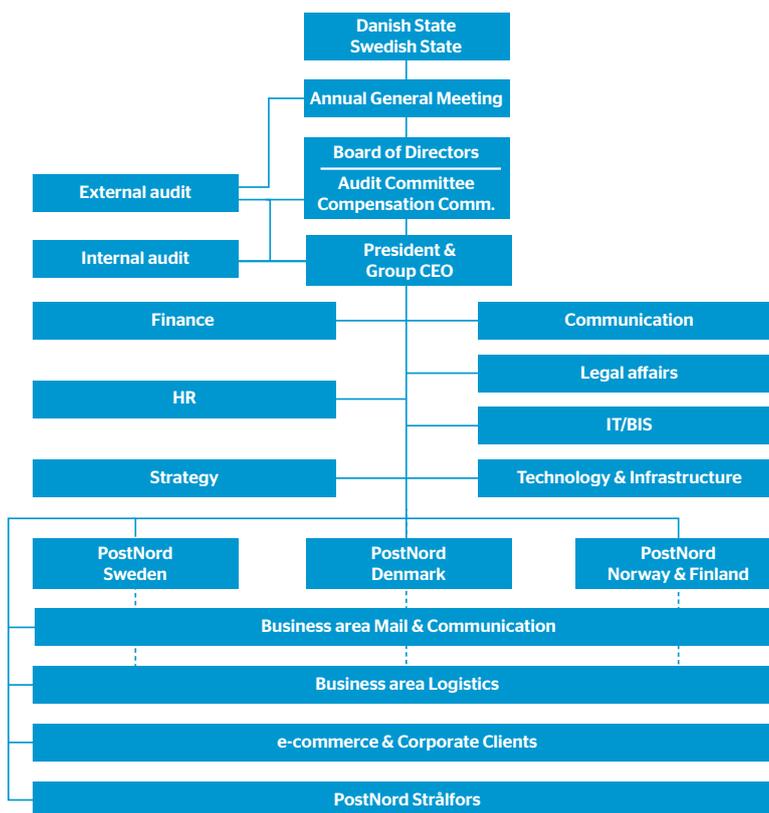
The Board of Directors has the overall responsibility for the organization and administration of the Company through continuous monitoring and control of operations. The Chair of the Board oversees the work of the Board. The Audit and Remuneration Committees assist the Board in its work.

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

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

The Group's operational structure differs from its legal structure. As a main principle, organization and governance are based on the operational structure, in which the country organizations are responsible for optimizing marketing and sales activities, production structure and organization across all business areas. The second level is made up of the business areas. The business areas are responsible for marketing and service development in their particular field throughout the Nordic region, across the boundaries of the country organizations. Postal licenses, however, are tied to the legal structure; this means that formal responsibility for compliance with the conditions of the licenses follows the legal structure.

Corporate governance at PostNord in 2015



Annual General Meeting

Under the provisions 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 Board and auditor, and resolves on how to distribute the Company's earnings, discharging the Board and CEO from liability, and making decisions on other matters as set out in legislation and the Company's Articles Of Association.

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

Annual General Meeting 2015

The 2015 AGM was held on April 23, 2015. The AGM adopted the Group's and Parent Company's income statement and balance sheet and voted to discharge the Board of Directors and President and Group CEO from liability for the 2014 financial year. The AGM also adopted guidelines for remuneration to senior executives and remuneration to Board members and the auditor. Jens Moberg was re-elected Chairman of the Board. The AGM re-elected Mats Abrahamsson, Gunnel Duveblad, Christian Ellegaard, Sisse Fjelsted Rasmussen, Torben Janholt, Magnus Skåniger and Anitra Steen as Board members. Accounting firm KPMG AB was re-elected as auditor through the close of next year's AGM, with authorized public accountant Helene Willberg as senior auditor. The complete minutes of the Annual General Meeting are posted on www.postnord.com.

Annual General Meeting 2016

PostNord's 2016 AGM will take place on April 28, 2016 at PostNord's Group headquarters at Terminalvägen 24, Solna, Sweden.

Proposed guidelines for remuneration to senior executives

The Board proposes that the AGM adopt guidelines for remuneration to senior executives. The main amendment in the proposals compared to the guidelines that the AGM voted on in 2015 is contained in the following paragraph:

- The pensionable age for employees in Sweden is 65 years. Senior executives in Norway who are employed under Norwegian labor law are subject to the pension arrangements collectively agreed within the Norwegian company. The pensionable age is 65 years. In the case of senior executives employed in Denmark, pensions are included in an amount corresponding to 10% of the agreed monthly salary. The pensionable age is that laid down in Danish legislation.

The guidelines adopted at the 2015 AGM are summarized in Note 5. The Board's proposals to the 2016 AGM will be posted in their entirety at www.postnord.com.

Internal and external regulations

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

External regulations:

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

Postal regulations:

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

Internal rules and regulations

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

Responsible enterprise

In addition to the law, PostNord must comply with *Swedish State ownership policy and guidelines for State-owned businesses*. This means, for example, 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 up to the Global Compact in 2010. The Global Compact is based on ten principles, which in turn are based on the UN Universal Declaration of Human Rights (un.org), 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). These regulations are reflected in PostNord's Code of Conduct. Because PostNord has issued bonds on the NASDAQ Stockholm Exchange, it must also comply with that organization's regulations for issuers.



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 through consultation between the owners.
- Section 4.5, requirement for Board members' independence from owners. The purpose of the rule is to protect minority owners (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.

Board of Directors

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

Composition of the Board

The Board of Directors is appointed by the AGM, which has determined that the Board shall be composed of eight AGM-elected Board members and no deputies. The Board also includes three members elected by employee organizations and their three deputies. The Swedish State's ownership policy prescribes that the representation of each gender on the Board shall be at least 40%. The female/male distribution of PostNord's Board of Directors was 38%/62% in 2015 (ordinary members).

The Board's work

Work procedures

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

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

Board meetings and issues in 2015

In 2015, the Board met on nine occasions, including the statutory first meeting and two per capsulam meetings.

The CEO presented the business and market situation at each meeting. The CFO reported on the Group's economic and financial position and performance. The Board also discussed the Group's strategy, acquisitions, employment issues and business plan, and on an ongoing basis addressed reports from the Audit and Remuneration Committees, as well as reports on internal control and financial activities. The Company's auditor delivered an account of the year's auditing activities and these issues were discussed.

The Audit Committee

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

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

In 2015, the Committee met on a total of six occasions. The topics discussed include the following:

- Reporting by the Group's auditors regarding the year-end and interim reports and the audits of the financial statements.
- Supervision of financial reporting and the effectiveness of PostNord's internal governance and control.

Board meeting attendance 2015

Director	Board meetings	Audit Committee	Remuneration Committee
Jens Moberg	8/10	-	2/2
Mats Abrahamsson	10/10	-	2/2
Gunnel Duveblad	10/10	6/6	-
Christian Ellegaard	10/10	6/6	-
Sisse Fjelsted Rasmussen	5/10	5/6	-
Torben Janholt	6/10	-	2/2
Magnus Skåninger	10/10	6/6	-
Anitra Steen	8/10	-	2/2
Lars Chemnitz	9/10	-	-
Ann-Christin Fällén	10/10	-	-
Johan Lindholm ¹⁾	8/10	-	-
Alf Mellström ²⁾	2/10	-	-

¹⁾ Elected at the AGM in April 2015.

²⁾ Resigned at the AGM in April 2015.

- Supervision of risk management systems and processes.
- Assessment of the of external auditors.

The Remuneration Committee

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

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

In 2015, 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.
- Remuneration to members of the Group Executive Team.
- Evaluation of goal attainment and potential, together with succession planning for senior managers.

President and Group CEO and Group Executive Team

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

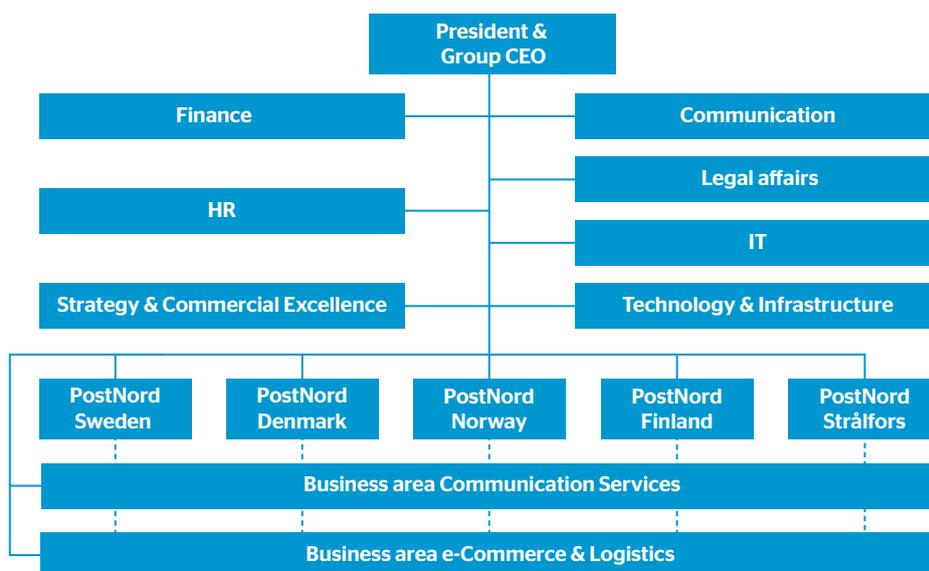
appoints, and is assisted by, the Group Executive Team. The CEO is responsible for day-to-day administration of the Company and the Group in accordance with the Board’s guidelines and directions. The relationship between the Board of Directors and the CEO is governed by the Board’s rules of procedure and the instructions to the CEO.

The CEO is accountable to the Board for the day-to-day running of the business and is responsible for implementing the strategic direction 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 develops in line with the strategic direction established by the Board of Directors. The CEO oversees the work of the Group Executive Team.

Remuneration at PostNord

Decisions on terms of employment and remuneration for the President and Group CEO are taken by the Board of Directors. The Board addresses remuneration issues via the Remuneration Committee. Salaries and wages for PostNord employees shall be in line with the market. For further details on remuneration for senior executives, see Note 5, Employees, personnel expenses and remuneration to senior executives, in the consolidated financial statements. Guidelines on remuneration to senior executives adopted by the 2015 AGM are available in their entirety at www.postnord.com under Corporate Governance.

PostNord - organization from the start of 2016



Adjusted organization effective January 1, 2016

- Business area Communication Services has been created from Business area Mail & Communication business area and Strålfors’ service development business. Andreas Falkenmark appointed Head of Business area Communication Services.
- Business area e-Commerce & Logistics has been created from Business areas Logistics and the Group eCommerce unit. Peter Kjaer Jensen remains head of the business area.
- Group function Strategy & Commercial Excellence is being established, headed by Jan Starrsjö, a member of the Group Executive Team.

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

The Board of Directors is required to ensure, in accordance with the Board's Rules of Procedure, that the work of the Board is reviewed once a year via a systematic and structured process in order to develop the work procedures and efficiency of the Board and its members. The areas to be further evaluated include, for example, whether the right issues are addressed by the Board, the integrity of supporting documentation and how accurately decisions and discussions are recorded in the Board minutes. In 2015, external consultants were engaged in connection with the Board's review. The review took place in the form of surveys and interviews with the Board and some members of the Group Executive Team. The findings of the review were presented by the external consultant at the Board meeting in December and were discussed by the Board. In addition, the Chair of the Board communicated the findings to the Company's owners at a meeting.

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

Remuneration to the members of the Board of Directors

Remuneration for Board members was determined by the 2015 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 the work of the Audit Committee is SEK 50,000 for members and SEK 62,500 for the Chair. The fee for the work of the Remuneration Committee is SEK 25,000 for members and SEK 37,500 for the Chair. Board and Committee member remuneration is not paid to members employed by the Government Offices of Sweden.

Auditors

PostNord's 2015 AGM appointed KPMG AB as the Company's auditor, with authorized public accountant Helene Willberg as senior auditor. The auditors meet with the Board at least once per year and also participate in a number of Audit Committee meetings. In 2015, the Board met with the auditor at one 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.

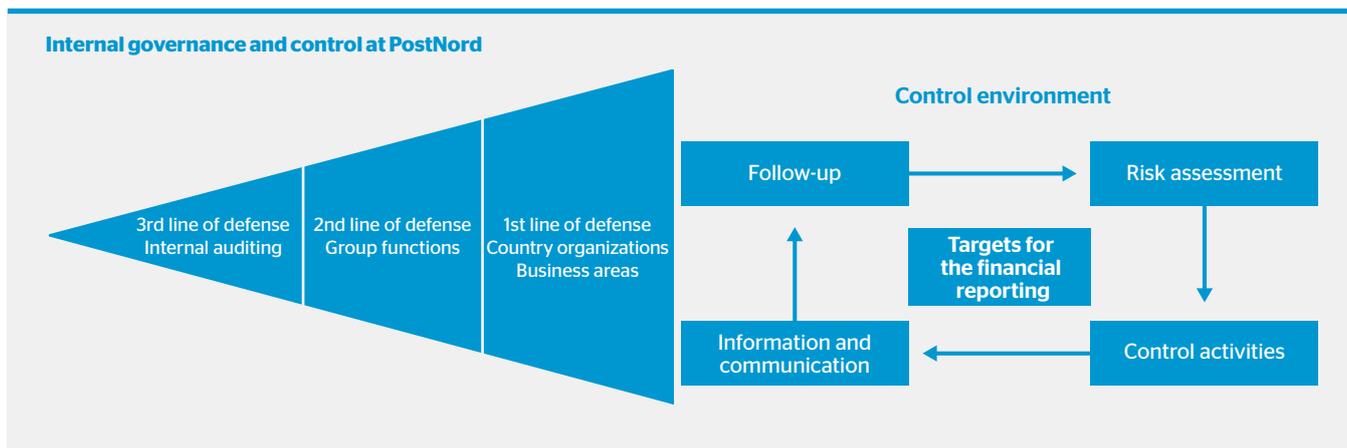
Board's report on internal governance and control of financial reporting

Governance model

PostNord's operational governance consists of seven main elements. Core Group governance includes Formal Governance, Functional Governance, which together with PostNord's Strategy and Plans, set the frameworks, conditions and direction for the Group's operations. The other three elements consist of management by objectives, managing and operating Group projects and business management systems with associated certificates for quality, environment and work environment. The management system is followed up and evaluated on the basis of the EFQM (European Foundation of Quality Management) Excellence Model, and by external parties. The Group Executive Team is responsible for translating proposed potential improvements into practice.

Framework

PostNord's framework for internal governance and control is based on the framework developed by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission. 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 organization'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 setting requirements and supporting the first line of defense. This is done, for example, by producing governance documents and processes, supporting documents and via training programs. This line of defense must also ensure compliance and may also implement its own controls and create conditions for the detection and management of any risks or errors that may pass through the first line



of defense. The second line of defense includes Enterprise Risk Management (ERM) and the Security Function. The third line of defense is the Group Internal Audit function, the Board's independent audit and control function that is 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, as well as governing principles and guidelines for operations. The Code clarifies what may be expected of PostNord, such as the kind of conduct that is expected of all Group employees. The Code is also linked to PostNord's whistleblower system, the special reporting procedure that may be used on an anonymous basis. Where necessary, detailed internal documents in the form of specific policies, instructions, guidelines and recommendations are linked to the Code of Conduct. Operational Governance for the PostNord Group is an overarching document that describes the business and governs issues such as general internal division of roles and responsibilities. The governance document for subsidiaries, together with delegated authorities, are linked to the document.

The work and responsibilities of the Board are governed by the Board's rules of procedure. The Board of Directors is ultimately responsible for ensuring the Company has an effective system of internal governance and control. The Board's rules of procedure define internal governance and control of financial reporting as a process through which the Board, the President and Group CEO and employees ensure beyond reasonable doubt that the financial reporting is reliable. The Audit Committee is tasked with preparing the Board to perform its duty of assuring the quality of the Company's financial reporting. The Committee oversees the effectiveness of the Company's internal governance and control, as well as risk management systems and processes concerning financial reporting. The work is performed through measures such as regular 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 adopted 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 2015, PostNord's operations were guided by the governance model presented on page 44. Risks associated with

financial reporting are identified and evaluated along with other types of risks within the framework of the Group's organization-wide risk management process and through an annual self-assessment and analyses of the Group's various companies and units. Financial reporting risks are also addressed by the Audit Committee and the Board, which evaluate and monitor the management of these risks on a regular basis. See also Risks and Risk Management, page 38.

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. Governing documents and processes concerning accounting and financial reporting are updated by the Group's Finance function in the event of amendments to legislation, accounting rules, reporting requirements, etc. In Sweden, finance and payroll administration services are outsourced. Quality is ensured through the monitoring of internal control activities and reporting on the degree to which agreed service levels and quality criteria are achieved. 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

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 communicated via the Group's intranet, among other channels. The Board and Audit Committee receive and review all interim reports and the Group's annual report before publication. Information to the Group's external stakeholders is communicated through press releases and PostNord's website. Financial reporting is also addressed directly to the Danish and Swedish owners.

Follow-up

PostNord's business activities are reported and evaluated monthly based on business objectives. PostNord's financial situation is discussed at each Board meeting. Board committees play important roles with regard to 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 presented to the Audit Committee, the Board, PostNord country organizations and Group functions. In 2015, portions of the self-assessment responses from the Group's companies and units were subject to a limited review.

Board of Directors



Jens Moberg

Born 1962.
Graduate Diploma in Business Administration.
Chair of the Board since April 2013.
Chair of the Remuneration Committee since April 2013.
Previous experience includes positions at IBM Denmark and subsequently at Microsoft Corporation, most recently as Corporate Vice President.
Chair of the boards of Grundfos Holding, LE34, 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 Fjelsted 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.
Board member and member of Audit Committee at Inwido AB.



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, Bunker Holding A/S, Uni Tankers A/S and Torm A/S.



Magnus Skåniger

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



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, AFA Försäkring and Oral Care Holding SWE AB.
Board member of Stockholms Sjukhem.
Ordinary member of the Swedish Press Council.



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.



Johan Lindholm

Born 1979.
Union representative appointed by the Union of Service and Communication Employees (Seko).
Board member since April 2015.
Deputy employee representative since April 2012.
Employed by Posten since 1999.



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.

Ulf Sjödin

Born 1956.
Union representative appointed by the Union of Civil Servants (ST).
Deputy employee representative since April 2015.
Employed by PostNord since 1997.

Sandra Svensk

Born 1977.
Union representative appointed by the Union of Service and Communication Employees (SEKO).
Deputy employee representative since April 2015.
Employed by PostNord since 1995.

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 Wag-onlit Travels, CEO of Loomis Cash Handling, Executive Vice President at SAS, Managing Director of DHL European freight operation, and senior positions in the Danzas, ASG and Fraktarna logistics groups.



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 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 Communication Services since 2016.
Member of Group Executive Team since 2009.
Previous positions: Head of Business area PostNord Mail & Communication, Head of Business area Meddelande Sverige; CEO of NK Förvaltnings AB; CEO of Duka AB; CEO of Coop Sverige AB; and CEO of Observer Northern Europe.



Annemarie Gardshol

Born 1967.
Master of Engineering.
CEO of Strålfors since 2015.
Member of Group Executive Team since 2012.
Previous positions: Head of Group Strategy, Head of e-Commerce & Corporate Clients. Previous positions: Executive roles at Gambro and as a management consultant at McKinsey & Company.
Board member of Etac AB and SCA 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 Breve Danmark, Deputy Director of Distribution, Deputy Director of Mail Production and Transport and 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 e-Commerce & Logistics since 2016.
Member of Group Executive Team since 2014.
Previous positions: Head of Business area PostNord Logistics, various managerial positions at Maersk Line, Maersk Logistics and Damco International A/S, most recently as COO/CTO at Damco International.



Kristina Lilja

Born 1967.
Master of Laws.
General Counsel and Board Secretary.
Member of Group Executive Team since 2015.
Previous positions: 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.
B.Sc. Economics.
Chief Communications Officer since 2009.
Member of Group Executive Team since 2009.
Previous positions: Head of Corporate Communications at Posten AB; partner at JKL AB; Executive VP (Communications) at Telia AB; Senior VP (Communications) at Trygg-Hansa SPP AB, Nobel Industrier and AB Bofors; and CEO of Näringslivets EU-fakta and Näringslivets Ekonomifakta. Chair of the Board, Sveriges Kommunikatörer



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.



Jan Starrsjö

Born 1960.
BSc of Economics.
Head of Strategy & Commercial Excellence since 2016.
Member of Group Executive Team since 2016.
Previous positions; VP Sales PostNord Mail Sweden and other executive positions within Posten AB. CEO for a venture capital firm and a IT services firm and management consultant at McKinsey & Co. Member of the board at Södersjukhuset AB.

Adjusted organization effective January 1, 2016

- Business area Communication Services has been created from Business area Mail & Communication business area and Strålfors' service development business. Andreas Falkenmark appointed Head of Business area Communication Services.
- Business area e-Commerce & Logistics has been created from Business areas Logistics and the Group eCommerce unit. Peter Kjaer Jensen remains head of the business area.
- Group function Strategy & Commercial Excellence is being established, headed by Jan Starrsjö, a member of the Group Executive Team.
- Björn Ekstedt took over from Joss Delissen, who has decided to depart from PostNord. Björn Ekstedt joined the Group on February 1, 2016, taking over as CIO from March 1, 2016, at which point he also joins PostNord's Group Executive Team.

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PostNord Group

Income statement

SEKm	Note	2015	2014
	1, 2, 4		
Net sales		39,351	39,950
Other income	3	765	648
Income		40,116	40,598
Personnel expenses	5	-17,624	-18,212
Transportation expenses		-10,051	-9,832
Other expenses	6, 7, 23	-10,005	-10,356
Depreciation, amortization and impairments		-1,872	-1,847
Operating expenses		-39,552	-40,247
OPERATING INCOME		564	351
Financial income	8	21	89
Financial expenses	8	-134	-195
Net financial items		-113	-106
Income before tax		451	245
Tax	9	-173	-69
NET INCOME		278	176
Attributable to			
Parent Company shareholders		276	173
Non-controlling interests		2	3
Earnings per share, SEK		0.14	0.09

Statement of comprehensive income

SEKm	2015	2014
NET INCOME	278	176
OTHER COMPREHENSIVE INCOME		
Items that cannot be transferred to net income		
Revaluation of pension liabilities	1,388	-1,682
Change in deferred tax	-166	370
Total	1,222	-1,312
Items that have been or may be transferred to net income		
Cash flow hedges after tax	4	-12
Translation differences	-342	237
Total	-338	225
TOTAL OTHER COMPREHENSIVE INCOME	884	-1,087
COMPREHENSIVE INCOME	1,162	-911
Attributable to		
Parent Company shareholders	1,160	-914
Non-controlling interests	2	3

Statement of financial position

SEKm	Note	Dec. 31, 2015	Dec. 31, 2014
	1,2		
ASSETS			
Goodwill	10	3,236	3,372
Other intangible assets	10	955	1,319
Property, plant and equipment	11,12	8,664	9,923
Participations in associated companies and joint ventures	13	71	83
Financial investments	14,26	250	257
Non-current receivables	15	1,945	887
Deferred tax assets	16	484	566
Total non-current assets		15,605	16,407
Inventories	17	150	177
Tax assets		527	367
Trade receivables	26	4,524	4,620
Prepaid expenses and accrued income	18	1,251	1,289
Other receivables		563	389
Cash and cash equivalents	19,26	1,894	1,843
Assets held for sale		209	372
Total current assets		9,118	9,057
TOTAL ASSETS		24,723	25,464
EQUITY AND LIABILITIES			
Equity			
Capital stock		2,000	2,000
Other contributed equity		9,954	9,954
Reserves		-2,030	-1,692
Retained earnings		-777	-2,275
Total equity attributable to Parent Company shareholders		9,147	7,987
Non-controlling interests		3	4
TOTAL EQUITY		9,150	7,991
LIABILITIES			
Non-current interest-bearing liabilities	20,26	3,705	4,577
Other non-current liabilities		40	59
Pensions	21		1,223
Other provisions	22	1,712	1,730
Deferred tax liabilities	16	861	650
Total non-current liabilities		6,318	8,239
Current interest-bearing liabilities	20,26	134	807
Trade payables		2,294	2,010
Tax liabilities		47	65
Other current liabilities		1,727	1,742
Accrued expenses and deferred income	23	4,404	3,929
Other provisions	22	649	681
Total current liabilities		9,255	9,234
TOTAL LIABILITIES		15,573	17,473
TOTAL EQUITY AND LIABILITIES		24,723	25,464

For more information on the Group's pledged assets and contingent liabilities, see Note 24.

Statement of cash flows

SEKm	Note	2015	2014
OPERATING ACTIVITIES			
Income before tax		451	245
Adjustments for non-cash items	28	554	1,295
Taxes		-79	-116
Cash flows from operating activities before changes in working capital		926	1,424
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in inventories		28	48
Increase (-)/Decrease (+) in other current receivables		76	138
Increase (+)/Decrease (-) in current liabilities		629	-947
Other changes in working capital		11	7
Changes in working capital		744	-754
Cash flows from operating activities		1,670	670
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-1,027	-1,478
Sale of property, plant and equipment		525	582
Purchase of other intangible assets		-82	-212
Divestment of intangible assets			5
Acquisition of subsidiaries, net	29	-81	-85
Change in financial assets		19	-198
Cash flows from investing activities		-646	-1,386
FINANCING ACTIVITIES			
Amortized debts		-843	-600
New debts raised			1,350
Dividend paid		-3	-132
Net pension transactions		-85	-85
Increase (+)/decrease (-) in other interest-bearing liabilities		-36	33
Cash flows from financing activities		-967	566
CASH FLOWS FOR THE PERIOD			
Cash and cash equivalents, opening balance		1,843	1,981
Translation difference in cash and cash equivalents		-6	12
Cash and cash equivalents, closing balance	19	1,894	1,843

Statement of changes in equity

2014, SEKm	Equity attributable to Parent Company shareholders						Total equity
	Share-capital 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 for the period					173	3	176
Other comprehensive income for the period			237	-12	-1,312		-1,087
Total comprehensive income for the period			237	-12	-1,139	3	-911
Dividend					-129	-3	-132
Equity, closing balance	2,000	9,954	-1,680	-12	-2,275	4	7,991

2015, SEKm	Equity attributable to Parent Company's shareholders						Total equity
	Share-capital ¹⁾	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	
Equity, opening balance	2,000	9,954	-1,680	-12	-2,275	4	7,991
Total comprehensive income							
Net income for the period					276	2	278
Other comprehensive income for the period			-342	4	1,222		884
Total comprehensive income for the period			-342	4	1,498	2	1,162
Dividend						-3	-3
Equity, closing balance	2,000	9,954	-2,022	-8	-777	3	9,150

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

Notes to the consolidated financial statements

NOTE 1 ACCOUNTING PRINCIPLES

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2. Basis of preparation of the annual accounts
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1. Introduction

The consolidated accounts comprise PostNord AB and its subsidiaries, together with holdings in joint ventures and associated companies. The Parent Company is a Swedish public limited company with its registered office in Solna, Sweden.

2. Basis of preparation of the annual accounts

The consolidated financial statements were prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), as applying to the financial year beginning on January 1, 2015. In addition, the Swedish Financial Reporting Board's RFR 1, Supplemental Financial Statements for Groups, were also applied.

The accounting principles described below have been applied consistently to all periods presented in the consolidated financial statements. Assets and liabilities are recognized at acquisition cost, except in the case of revaluation of financial assets and derivatives.

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 (Trygghandelagen) and, to some extent, tax considerations.

The reporting currency of the Parent Company and the Group is Swedish kronor, SEK. The financial statements are therefore presented in SEK. Unless otherwise stated, all amounts are rounded off to millions of SEK.

3. Changes in accounting principles arising from new or amended IFRS

Amendments to IFRSs applicable as of January 1, 2015 have not had any material effect on the consolidated financial statements.

A number of new or amended IFRSs will not come into force until future financial years and have not been adopted early in the preparation of financial statements.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard deals with classification, measurement, impairments and recognition of financial instruments. It also sets out rules on hedge accounting. The Group's intention is to apply the new standard no later than in the financial year that commences on January 1, 2018. IFRS 9 is not expected to have any material impact on the consolidated financial statements. IFRS 9 has not yet been approved by the EU for implementation.

IFRS 15 Revenue from Contracts with Customers is a new standard on revenue recognition. The standard describes an integrated model for revenue recognition irrespective of industry and type of transaction. The model is applied via a five-step process that, in brief, requires an entity to recognize income as the performance obligations of the contract are completed. For every contract with a customer, the entity has to identify the performance obligations for every product or service and then set a transaction price that is apportioned over the performance obligations. IFRS 15 is not expected to have any material impact on the consolidated financial statements. The Group's is to apply the new standard no later than in the financial year that commences on January 1, 2018. IFRS 15 has not yet been approved by the EU for implementation.

IFRS 16 Leases New standard on accounting for leasing. As far as lessees are concerned, the classification into operating and financial leases under IAS 17 is abolished and replaced by a model in which assets and liabilities relating to lease agreement are to be reported. In the income statement, depreciation items are to be recognized separately from interest expense attributable to the lease liability. No major changes are anticipated for lessors. The rules stated in IAS 17 are largely unchanged, other than for additional disclosure requirements. IFRS 16 is to be implemented from January 1, 2019. Earlier adoption is permitted provided that IFRS 15 is also applied from the same point in time. The EU has not yet announced any date regarding approval of the new standard.

4. Classification

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

Assets are classified as being held for sale when their recognized value will be recovered from sale rather than via continued use. This condition is regarded as being met when the management and board of directors have approved a decision to dispose of the assets, an active selling process has been started, the assets are available for immediate sale in their current condition, and that it is very likely that the sale will take place within a year. Non-current assets and related long-term liabilities classified as being held for sale are transferred to current assets or current liabilities, as appropriate. Assets held for sale are measured at recognized the carrying amount or fair value, whichever is the lower.

5. Principles of consolidation and business combinations

The consolidated financial statements comprises the Parent Company and the subsidiaries over which the Parent Company, directly or indirectly, exercises a controlling interest. A controlling interest is defined as exercising control over the entity or having rights to variable returns from the entity and having the ability to affect those returns through its power over the entity.

Acquisitions of subsidiaries are reported using the acquisition method. In this method, the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition method establishes the fair value on the acquisition date of identifiable assets acquired and liabilities assumed, and any holding without a controlling interest. In the case of a business combination where the consideration transferred exceeds the fair value of assets and liabilities acquired, the difference is recognized as goodwill. Transaction costs attributable to the acquisition are recognized as an expense.

Income from subsidiaries acquired during the year is included in the Group's income as of the date on which the subsidiary came under the Group's control. Income from subsidiaries disposed of during the financial year is included in the Group's income up until the point when the Group no longer exercises a controlling influence over the subsidiary. All intra-Group transactions, items in the statement of financial position, income and expenses are eliminated on consolidation.

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Note 1 (cont.)

In the case of acquisition of subsidiaries where other shareholders with non-controlling interests are involved (minority interests), the Group recognizes net assets attributable to shareholders with non-controlling interests net at the fair value of all net assets, including goodwill.

A conditional purchase consideration is calculated as fair value at the date of acquisition. Any adjustment to the related liability for the conditional purchase consideration made in the period up to the date of settlement is recognized in income.

When acquisition of a subsidiary entails acquisition of net assets that do not constitute a business (asset deal), the acquisition cost is apportioned over the individual identifiable assets and liabilities on the basis of their fair value on the day of acquisition.

6. Associated companies and joint ventures

Holdings in both associated companies and joint ventures are recognized 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.

7. Foreign currency

Transactions in foreign currency in the Group's Swedish companies are translated into SEK at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are translated into SEK using the exchange rate prevailing at the end of the reporting period. Exchange rate differences arising in translation are recognized in income for the year. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rate prevailing at the time of the transaction.

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 in other comprehensive income and aggregated as a separate item in the translation reserve in equity, designated translation reserve.

8. Income

Income is recognized in the income statement when the amount can be reliably calculated and when material risks and benefits associated with the goods have passed to the purchaser. Income from services is recognized in the income statement as a proportion of completion at the end of the reporting period. Income is recognized at fair value, excluding value added tax and price and volume discounts.

Income in Mail & Communication is generated from services in business and market communications, newspaper distribution and postal service for individual customers. In the mail and communication businesses, income is recognized when the physical item is received for physical transportation.

Income in Logistics is generated from logistics services for deliveries to, from and inside the Nordic region, with the focus on distribution of parcels, consignment goods, pallet goods and bulk logistics (mixed-cargo groupage), as well as third-party logistics. In the logistics business, income is recognized when the physical item is received for physical transportation.

Income in Strålfors is generated by communication services for businesses, in the form of digital business and market communications, printing and enveloping. 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.

All revenue from services is recognized in the income statement on the degree-of-completion principle at the end of the reporting period.

9. Operating expenses and financial income and expenses

Operating expenses

Other operating expenses are recognized in the period in which the item or service is delivered or used (for example, in the case of rental costs).

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

Costs of 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.

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

10. Financial instruments

Financial instruments recognized in the statement of financial position include, on the assets side, cash and cash equivalents, accounts receivable, shares, loan receivables and derivatives. Liabilities include accounts payable, debt and equity instruments issued, loan liabilities and derivatives.

Recognition in and derecognition from Statement of financial position

A financial asset or financial liability is recognized in the statement of financial position 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 in the statement of financial position when an invoice has been sent. A financial asset is removed from the statement of financial position when the rights in the agreement are realized or expire or the company loses control over them.

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 liability is removed from the statement of financial position when the obligation in the agreement is discharged or otherwise expires. Acquisitions and disposals of financial assets are recognized at the trade date, that is, the date on which the transaction is completed. Receivables or liabilities are recognized gross under the heading Other liabilities or Other receivables, between the trade date and the settlement date.

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 that have terms of less than three months at 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.

Classification and measurement

Financial instruments are classified into categories at first recognition on the basis of the purpose for which the instrument was acquired. The classification determines how the financial instrument is measured after the first occasion of recognition.

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, which are recognized exclusive of transaction costs.

If the term or anticipated period of holding for the investment 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. Non-current liabilities have an anticipated term of more than one year, while current liabilities have a term of less than one year.

Methods for determination of fair value

The note Financial risk management and financial instruments describes which financial instruments are measured at fair value and indicates the level in the measurement hierarchy into which the input data used to calculate the fair value is classified. 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.

The categories are as follows:

Financial assets reported at fair value via income

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 as net financial items in the income statement. 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.

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.

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. Non-current receivables, accounts receivable and other current receivables are classified into the category Loan receivables and trade receivable.

Doubtful account receivable

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 an account 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.

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.

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.

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 changes in value relating to impairments.

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

Financial liabilities measured at fair value via income

This category consists of two sub-categories: financial liabilities held for trading and other financial liabilities that the Company initially chooses to put in this category; see "Financial assets reported at fair value via income". The first category includes derivatives measured at negative fair value, except for derivatives used for hedge accounting. Changes in value recognized via the income statement.

Other financial liabilities

Financial liabilities includes loans and accounts payable. These liabilities 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.

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.

Cash flow hedging

Forward contracts are used to hedge assets and liabilities against foreign exchange risk. Any changes in value are recognized via the income statement. 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.

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. 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.

11. Property, plant and equipment**Owned assets**

Property, plant and equipment at PostNord consists of properties, machinery, equipment, construction in progress and advance payments. The Group recognizes these assets at acquisition cost less deductions for accumulated depreciation and any impairment losses. Acquisition cost includes the purchase

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Note 1 (cont.)

price and costs directly attributable to the asset in order to bring the asset into place in the right condition to be used as intended.

The result from sale or disposal of property, plant and equipment is calculated as the difference between the value at sale and the carrying amount. Any profit or loss arising is recognized via income. 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.

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 the estimated useful life of the separate component is the basis for depreciation.

The following rates of depreciation are applied:

Buildings, land improvements and improvements to leased properties	10-50 years
Interiors and installations in leased premises	5-10 years
Sorting equipment	5-10 years
Vehicles	3-8 years
Computer equipment	3-7 years
Other machinery and equipment	5 years

Owner-occupied properties comprise a number of components with differing useful lives. The main category consists of buildings and land. The buildings comprise several components with various useful lives.

The following main categories of components have been identified and serve as a basis for depreciation of buildings:

Structure/roof	50 years
External cladding	30-40 years
Internal cladding	10 years
Electrical installations	40 years
Ventilation/cooling	15-20 years
Sewerage/water	40 years

Depreciation periods, residual values and useful lives are reviewed at every year-end.

Impairments

The carrying amounts for the Group's property, plant and equipment are tested at the end of each reporting period to determine whether there is any indication of need for impairment. Impairments are recognized as an expense in income for the year.

An impairment of assets is reversed if there is both an indication that a need for impairment no longer exists and that a change has taken place in the assumptions on that served as a basis for calculation of the impairment.

12. Leased assets

PostNord has entered into financial and operational lease agreements on machinery, equipment and business premises.

Lease agreements under which risks and benefits associated with ownership are in all essential respects transferred to the Group are classified as financial leases. Assets leased under financial leases are recognized as non-current assets in the balance sheet. When the leased asset is recognized for the first time, it is measured at fair value or the present value, whichever is the lower, of the minimum lease charges when the agreement is entered into. The obligation to pay future lease charges is recognized under Current and non-current liabilities. The leased assets are depreciated according to plan over the useful life of the particular asset, while the lease payments are recognized as interest and amortization of liabilities.

All other lease charges are classified as operating leases. Charges to be paid under operating leases are charged to income on a straight-line basis over the period covered by the lease agreement concerned.

13. Non-current intangible assets

Non-current intangible assets at PostNord consist of goodwill, capitalized development expenditures and other intangible non-current assets. The Group recognizes these at acquisition cost less deductions for any accumulated depreciation and impairment losses.

Intangible assets are recognized in the statement of financial position when:

- An identifiable non-monetary asset exists
- It is probable that the future economic benefits that may be attributed to the asset will flow to the Group
- The historical cost of the asset may be measured reliably

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 expenditures

Internally generated non-current intangible assets are recognized as Capitalized development expenditure and refer in the main to system development.

The carrying amount includes directly attributable expenditure in connection with, for example, services and equipment. Other development costs are expensed in the income statement as they arise. Capitalized development expenditure is recognized in the statement of financial position at acquisition cost less accumulated depreciation and impairment.

Other intangible assets

Other intangible assets comprise acquired brands, customer relationships, licences and similar assets. Other intangible assets are recognized at acquisition cost less accumulated depreciation and impairments.

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 indeterminable. Goodwill and other intangible assets with an indeterminable useful life, as well as capitalized development processes that have not been completed, 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 estimated useful lives are as follows:

Capitalized development processes completed	3-10 years
Brands, customer relationships, licenses and other rights	3-10 years

Impairments

The Group's reported assets are assessed 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.

For goodwill and other intangible assets with an indeterminable useful life and intangible assets not yet ready for use, the recoverable amount is assessed annually. 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 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, for example, risk-free interest and the risk associated with the specific asset. Such estimates are based on the Group's business plan, supplemented by other relevant information.

Note 1 (cont.)

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.

14. Inventories

Good in inventories are stated at either cost or net realizable value, whichever is the lower. The acquisition cost is calculated using the first-in, first-out (FIFO) principle.

15. Dividend paid

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

16. Employee benefits**Short-term benefits**

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.

Post-termination benefits

The Group's pension commitments consist partly of defined-benefit plans with an agreed promise of a future 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 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 statement of financial position.

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 the Company 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.

17. Provisions

A provision differs from other liabilities in that it is subject to uncertainty as to the time of payment or the size of the amount required to effect the provision. A provision is recognized in the statement of financial position when there is a present legal or constructive obligation as a result of an event that has occurred, it is likely that an outflow of funds will be required to settle the commitment and the amount can be reliably calculated.

A provision for restructuring is recognized when there is an agreed detailed and formal restructuring plan and the restructuring has either already begun or has been officially announced. No provision is made for future operating costs.

A provision for an onerous contract is recognized when the anticipated economic benefits that the Group is expected to receive from a contract are lower than the unavoidable costs of fulfilling the obligations under the contract.

18. Taxes

Income taxes consist of current tax and deferred tax. Income taxes are recognized in the income statement except when the underlying transaction is recognized in Other comprehensive income or directly in equity, whereupon the associated tax effect is also recognized in Other comprehensive income or in equity. Current tax is tax that is calculated on the basis of the current year's taxable income and that it is to be paid or received for the current year, on the basis of the tax rates enacted or in practice enacted at the end of the reporting period. 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.

19. 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.

20. 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.

21. Statement of cash flows

The Statement of cash flows is prepared in accordance with the indirect method and allocated to operating activities, investing activities and financing activities. Acquisitions and sales of subsidiaries are included, net of cash and cash equivalents, under the heading of Investing activities. Cash flows arising in transactions in foreign currency are recognized in the Group's functional currency by translation of the amount in the foreign currency into SEK using the exchange rate prevailing at the time of the cash flow.

Cash and cash equivalents are made up of cash, bank deposits and short-term investments. See also Note 19 Cash and cash equivalents.

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NOTE 2 SIGNIFICANT ASSESSMENTS AND ESTIMATES

When preparing the Group's financial statements, the Company's 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 of presentation of the accounts, and on historical experience and the assumptions that management considers reasonable in the given circumstances. The amounts stated are based on the conclusions that management has reached. 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 new experience. The assessments and estimates that are most material to PostNord have been made in the following areas:

Prepaid postage stamp liability, SEK 411m (433)

PostNord's prepaid postage stamp liability is calculated for stamps sold but not used. The extent of the prepaid postage stamp 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.

Intangible assets, SEK 4,191m (4,691)

Assumptions are made about future conditions in order to calculate future cash flows that will determine the recoverable value of goodwill, brands and customer relations.

Pension commitments, SEK 1,867m assets (388 liabilities)

In 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 affect PostNord's income, net financial items and other comprehensive operating income, as well as financial receivables and pension liability recognized in the statement of financial position. Changes in assumptions also affect the forecast cost for the year ahead.

Provisions for transition regulations, SEK 712m (785)

As a consequence of the Company's corporatization in Sweden in 1994, PostNord assumed a contingent liability (special transition regulations) such that certain categories of the workforce may choose to retire early, at the age of 60 or 63 years. Provision in the statement of financial position 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. A change of 5 percentage points in the take-up rate impacts operating income by +/-SEK 4m.

Deferred tax assets, SEK 484m (566)

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.

NOTE 3 ANALYSIS OF REVENUE SOURCES

Net sales

Services provided account for the major share of net sales.

Other income

SEKm	2015	2014
Rental income	18	20
Insurance claim payments	2	12
Commission income	9	11
Capital gains, buildings	521	384
Capital gains, machinery and equipment	13	11
Capital gains, current receivables/liabilities		2
Exchange rate gains	105	59
Other	97	149
Total	765	648

NOTE 4 SEGMENT REPORTING

PostNord's organization into segments is based on the manner in which PostNord is governed and activities are reported to management. Market pricing applies to internal transactions between PostNord's segments. No latitude is allowed 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. As of 2015, financial reporting for the segments is applied per country organization. Comparative periods have been restated.

Markets are divided into the following segments: PostNord Sweden, PostNord Denmark (incl. Germany), PostNord Norway, PostNord Finland, PostNord Strålfors and Other. The segments market and sell the total offerings of the business areas in the Nordic region.

PostNord Sweden operates in letters, logistics and e-commerce in the Swedish market and is responsible for all aspects of PostNord's fulfillment operations.

PostNord Denmark operates in letters, logistics and e-commerce in the Danish market and is responsible for the e-commerce and logistics part of PostNord's operations in Germany.

PostNord Norway and PostNord Finland operate in letters, logistics and e-commerce in the Norwegian and Finnish markets, respectively.

PostNord Strålfors operates in information logistics. The company develops and offers communications solutions for companies with large customer bases.

Other includes business operations outside the scope of the above segments, shared services and corporate functions including the Parent Company, Group adjustments and items affecting comparability. The Group adjustments comprise IFRS adjustments for pensions under IAS 19, Employee Benefits, and finance leasing under IAS 17, Lease Agreements. Service costs for shared services and corporate functions are allocated from Other to the segments. In Other, cost allocations are taken up as Other operating income, internal. Within the countries, cost allocations are recognized in Other Expenses. Other also includes items affecting comparability as of 2015; the period of comparison has been adjusted.

Eliminations consists of the elimination of internal transactions.

Note 4 (cont.)

2015 Jan-Dec, SEKm	PostNord Sweden	PostNord Denmark	PostNord Norway	PostNord Finland	PostNord Strålfors	Other	Elimina- tions	PostNord Group
Net sales, external	22,008	9,509	3,707	553	2,251	1,323		39,351
Net sales, internal	1,072	478	405	234	84	4	-2,277	
Total net sales	23,080	9,987	4,112	787	2,335	1,327	-2,277	39,351
Other operating income, external	151	25	7	1	14	567		765
Other operating income, internal	281	24	0	0	27	3,414	-3,746	
Income	23,513	10,035	4,119	788	2,377	5,308	-6,022	40,116
Personnel expenses	-9,720	-5,524	-951	-101	-625	-711	8	-17,624
Transportation expenses	-5,086	-1,383	-2,704	-475	-458	-258	313	-10,051
Other operating expenses	-7,170	-3,112	-347	-206	-1,095	-3,776	5,701	-10,005
Depreciation and impairments	-690	-387	-142	-7	-114	-534		-1,872
Expenses	-22,666	-10,406	-4,144	-789	-2,291	-5,279	6,022	-39,552
OPERATING INCOME	847	-371	-25	-1	86	28		564
Net financial items								-113
Income before tax								451
Tax								-173
Net income								278
2014 Jan-Dec, SEKm	PostNord Sweden	PostNord Denmark	PostNord Norway	PostNord Finland	PostNord Strålfors	Other	Elimina- tions	PostNord Group
Net sales, external	22,269	9,684	3,937	456	2,305	1,299		39,950
Net sales, internal	885	481	375	210	75	4	-2,030	
Total net sales	23,154	10,165	4,312	666	2,380	1,303	-2,030	39,950
Other operating income, external	142	57	8	1	1	439		648
Other operating income, internal	294	58	0	0	3	3,148	-3,503	
Income	23,590	10,280	4,320	667	2,384	4,890	-5,533	40,598
Personnel expenses	-9,918	-5,748	-987	-89	-685	-830	45	-18,212
Transportation expenses	-4,900	-1,325	-2,819	-389	-389	-300	290	-9,832
Other operating expenses	-7,231	-2,950	-418	-186	-1,170	-3,599	5,198	-10,356
Depreciation and impairments	-672	-407	-131	-8	-125	-504		-1,847
Expenses	-22,721	-10,430	-4,355	-672	-2,369	-5,233	5,533	-40,247
OPERATING INCOME	869	-150	-35	-5	15	-343		351
Net financial items								-106
Income before tax								245
Tax								-69
Net income for the period								176

Restated due to organizational changes implemented.

Organization into geographical areas based on domicile of companies, SEKm	2015			2014		
	Revenue	Assets	Investments	Revenue	Assets	Investments
Sweden	23,457	12,500	708	23,634	13,118	1,245
Denmark	9,665	5,935	189	9,907	8,147	231
Norway	4,211	5,081	179	4,490	3,297	187
Finland	830	415	22	662	262	6
Other countries	1,953	792	11	1,905	639	21
Total	40,116	24,723	1,109	40,598	25,464	1,690

NOTE 5 EMPLOYEES, PERSONNEL EXPENSES AND EXECUTIVE REMUNERATION

Average number of employees per country	2015				2014			
	Women	Men	Total	% Men	Women	Men	Total	% Men
Sweden	7,272	14,190	21,462	66	7,749	15,041	22,790	66
Denmark	3,703	7,661	11,364	67	4,453	7,583	12,036	63
Norway	251	1,262	1,513	83	283	1,371	1,654	64
Finland	88	178	266	67	84	148	232	83
Other countries	268	383	651	59	264	431	695	62
Total	11,582	23,674	35,256	67	12,833	24,574	37,407	66

Personnel expenses, SEKm	2015	2014
Salaries and other remuneration	13,621	14,104
Statutory social insurance costs	2,577	2,567
Pension expenses ¹⁾	1,351	1,421
Other personnel expenses	75	120
Total	17,624	18,212

¹⁾ Of the Group's pension expenses, SEK 5m (5) relates to current and former Presidents and Executive Vice Presidents. Commitments outstanding on behalf of these executives total SEK 158m (158).

Salaries and other remuneration per country, SEKm	2015				2014			
	Presi- dents ¹⁾	Of which, bonus ²⁾	Other employees	Total	Presi- dents ¹⁾	Of which, bonus ²⁾	Other employees	Total
Sweden	20	1	7,348	7,368	19	0	7,629	7,648
Denmark	9		5,098	5,107	9		5,208	5,217
Finland	5		840	845	2		100	102
Norway	4		109	113	4		950	954
Other countries	3		184	187	2		181	183
Total	41	1	13,579	13,620	36	0	14,068	14,104

¹⁾ Current and former Presidents and Executive Vice Presidents.

²⁾ Acquisitions of subsidiaries included agreements on bonuses to presidents provided that targets for EBIT were achieved or surpassed, which occurred in two subsidiaries. These agreements were limited in time until the 2014 financial year-end, and the last payment was made in 2015.

Salaries and other remuneration to Group Executive Team, SEKm	2015				2014			
	Salary	Pension expenses	Other benefits	Total	Salary	Pension expenses	Other benefits	Total
Håkan Ericsson, President & CEO	9.1	2.7	0.1	11.9	9.1	2.7	0.1	11.9
K.B. Pedersen, Executive Vice President (acting CEO May 16, 2013 - to Sept. 2013)					4.7			4.7
Total, President and Group CEOs and Executive Vice President	9.1	2.7	0.1	11.9	13.8	2.7	0.1	16.6
Johanna Allert	2.2	0.6	0.1	2.9	2.1	0.6	0.1	2.8
Gunilla Berg (from September 29, 2014)	4.3	1.3	0.0	5.6	1.1	0.3	0.0	1.4
Henning Christensen	3.6		0.1	3.7	3.4		0.1	3.5
Joss Delissen	3.1	0.9	0.0	4.0	3.0	0.9	0.0	3.9
Andreas Falkenmark	4.0	1.2	0.1	5.3	4.5	1.3	0.1	5.9
Annemarie Gardshol	3.5	1.1	0.0	4.6	3.4	1.1	0.1	4.6
Finn Hansen	3.8			3.8	3.7			3.7
Anders Holm (from April 2014)	3.3	0.9	0.1	4.3	2.2	0.6	0.0	2.8
Mats Johansson (from Jan. to March 31, 2014)					0.5	0.1	0.0	0.6
Peter Kjaer Jensen (from April 2014)	2.9	0.9	0.1	3.9	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
Kristina Lilja (from Jan. 2015)	2.0	0.6	0.0	2.6				
Per Mossberg	3.1	0.9	0.1	4.1	3.0	0.9	0.1	4.0
Robin Olsen (from April 2014)	3.6	0.2	0.2	4.0	2.9	0.6	0.0	3.5
Henrik Rättzén (up to May 11, 2014)					5.6	1.2	0.0	6.8
Per Samuelson (up to end Oct. 2014)					3.2	0.9	0.0	4.1
Total, other Group Executive Team	39.4	8.6	0.8	48.8	41.4	9.3	0.5	51.2
Total, Group Executive Team	48.5	11.3	0.9	60.7	55.2	12.0	0.6	67.8

Note 5 (cont.)

Benefits to senior executives

On behalf of all senior executives in Sweden, a pension premium of no more than 30% of the person's monthly salary is applied. 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 Danish legislation. Senior executives in Norway are subject to Norwegian labor law and the same pension conditions as for other employees. The pensionable age is 65 years.

The pension benefit for the current President is set at 30% of the executive's monthly salary. The period of notice is 6 months for both President and employer.

The period of notice 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 28, 2015).

The total remuneration paid to senior executives shall be well-balanced, competitive, capped, reasonable and fit-for-purpose, and should be in keeping with sound ethics and

a healthy corporate culture. The remuneration shall not be pay-setting relative to comparable enterprises, but shall be characterized by restraint.

Individual premium-based pension plans are contracted for the President & Group CEO and other executives employed in Sweden, with contributions not to exceed 30 percent of the fixed monthly salary. The required insurance policies are contracted within the scope of this charge. The pensionable age is currently 62 or 65 years. In future recruitment, this will be 65 years. For executives employed in Denmark and Norway, premium-based pensions are provided to their full extent, and the pensionable age must be in line with the guidelines and practice in each respective country.

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 employment is terminated by the employer, shall continue to apply. Where the employment contract is terminated by the senior executive, the period of notice 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 months' 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.

Gender representation among senior executives, %	Dec. 31, 2015		Dec. 31, 2014	
	% Women	% Men	% Women	% Men
Group Board of Directors	38	62	38	62
Group Board of Directors Group Management	31	69	27	73
Board members and presidents of subsidiaries	39	61	34	66

Fees to Board of Directors of PostNord Group and PostNord AB, SEKT¹⁾

	Audit Committee	Remuneration Committee	2015	2014
Jens Moberg		Chairman	638	638
Gunnel Duveblad	Chairman		313	313
Sisse Fjelsted Rasmussen	Member		300	300
Christian Ellegaard	Member		300	300
Jonas Iversen to end of February 2014	Member			
Magnus Skåninger from April 2014	Member			
Anitra Steen		Member	275	275
Mats Abrahamsson		Member	275	275
Torben Janholt		Member	275	275
Total			2,376	2,376

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 28, 2015, SEKT

	Board of Directors	Audit Committee	Remuneration Committee
Chairman	600	63	38
Member	250	50	25

NOTE 6 OTHER EXPENSES

SEKm	2015	2014
Costs of premises	2,104	2,143
Provisions ¹⁾	671	1,013
Terminal fees	1,198	1,249
Cost of goods and materials	889	919
Procured IT resources	1,499	1,605
Capitalized development costs, IT	-58	-199
Other	3,702	3,626
Total	10,005	10,356
Provisions and reversals regarding restructuring measures		
PostNord Sweden	96	222
PostNord Denmark	419	506
PostNord Norway	9	37
PostNord Strålfors	17	73
Other	130	175
Total	671	1,013

¹⁾ See also Note 22 Provisions.

NOTE 7 FEES AND REIMBURSEMENT OF EXPENSES TO AUDITORS

SEKm	2015	2014
KPMG		
Auditing assignments	12	10
Other auditing services	2	2
Tax consultancy	1	2
Other services	1	1
Total	16	15

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 NET FINANCIAL ITEMS

SEKm	2015	2014
Financial income		
Interest income	11	23
Interest income, pensions		52
Other financial income	9	14
Total	21	89
Financial expenses		
Interest expenses	-83	-107
Interest expenses, pensions	-25	-64
Interest expenses, finance leases	-0	-0
Other financial expenses	-11	-15
Net change in exchange rates	-14	-9
Total	-134	-195
Net financial items	-113	-106

See also Note 29 Financial risk management and financial instruments; for more on interest expense relating to pensions, see also Note 21 Pensions.

NOTE 9 TAX

SEKm	2015	2014
Current tax	-55	-61
Deferred tax		
Change in deferred tax in property, plant and equipment	224	-25
Other temporary difference in balance sheet items	-336	179
Change in deferred tax in tax loss carry-forwards	-6	-162
Total	-118	-8
Total tax	-173	-69

Reconciliation of effective tax rate	2015		2014	
	%	SEKm	%	SEKm
Income before tax	22	451	22	245
Tax at current tax rate for Parent Company		-99		-54
Non-deductible expenses		-35 ¹⁾		-11
Tax-exempt income		3		4
Effect of unused tax losses incurred during the year		-20		-16
Tax attributable to previous year				1
Effect of changes in tax rates		-8		2
Effect of other tax rates in foreign subsidiaries		-5		-2
Other		-9		8
Total		-173		-69

¹⁾ Of which SEK -22m is attributable to impairment losses on goodwill participations in associated companies.

Uncapitalized tax loss carry-forwards relate to operations outside Sweden, see Note 16.

NOTE 10 NON-CURRENT INTANGIBLE ASSETS

SEKm	Goodwill		Other intangible assets					
	Goodwill		Licenses and similar assets		Capitalized development expenditures		Total Other non-current intangible assets	
	2015	2014	2015	2014	2015	2014	2015	2014
Acquisition cost, opening balance	3,380	3,303	2,432	2,150	2,064	2,036	4,496	4,186
Acquisition of subsidiaries	58		15	8			15	8
Other investments			27	34	55	178	82	212
Disposals/scraping			-156	-27	-12		-168	-27
Reclassifications			-477	249	477	-209		40 ¹⁾
Translation differences	-138	77	-63	18	-31	59	-94	77
Accumulated historical costs at year-end	3,300	3,380	1,778	2,432	2,553	2,064	4,331	4,496
Depreciation, opening balance			-1,440	-1,195	-1,047	-855	-2,487	-2,050
Depreciation for the year			-221	-247	-156	-146	-377	-393
Acquisition of subsidiaries			-2				-2	
Disposals/scraping			155	18	22		177	18
Reclassifications			250		-250	1		1 ¹⁾
Translation differences			46	-16	32	-47	78	-63
Accumulated depreciation at year-end			-1,212	-1,440	-1,399	-1,047	-2,611	-2,487
Impairments, opening balance	-8	-8	-86	-10	-604	-521	-690	-531
Impairments for the year	-58		-9	-76	-73	-74	-82	-150
Reclassifications			76		-76			
Translation differences	2				7	-9	7	-9
Accumulated impairments at year-end	-64	-8	-19	-86	-746	-604	-765	-690
Closing balance	3,236	3,372	547	906	408	413	955	1,319

¹⁾ Reclassifications from inventories.

Other intangible assets

Internally generated intangible assets, consisting for the most part of system support, are recognized as Capitalized development expenditure. Capitalized development processes on December 31, 2015 were valued at a carrying amount of SEK 408m (413).

Other non-current intangible assets consisted primarily of licenses and similar assets.

Licenses and similar assets on December 31, 2015 were valued at a carrying amount of SEK 547m (906).

Tighter control has enabled investments to be brought to a lower level. No general changes to amortization periods were applied in 2015. For more on amortization periods used, see Note 1 Accounting principles. For more on acquisitions of intangible assets through acquisition of subsidiaries, see Note 29 Acquisitions and disposals.

Other non-current intangible assets have been impairment-tested. As a result impairments of SEK 82m (150) have been applied in the segment Other, relating primarily to capitalized development expenditures relating to system support.

Goodwill

Goodwill is recognized as a non-current intangible asset with an indeterminable useful life at acquisition cost less accumulated impairment losses. Goodwill on December 31, 2015 was valued at a carrying amount of SEK 3,236m (3,372). For more on goodwill attributable business combinations, see Note 29 Acquisitions and disposals.

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 per segment. The allocation to cash-generating units is shown in the table below.

Cash-generating unit	Goodwill Dec. 31, SEKm		Rate of growth after forecast period (%)		Discount rate before tax (%)	
	2015	2014	2015	2014	2015	2014
PostNord Norway	861	921	2.6	3	12.1	12.4
PostNord Sweden	1,054	832	1	3-4	12.8	12.8
PostNord Denmark	739	854	1	1	12.3	12.6
Strålfors Nordic region ¹⁾	430	710	2	3	11.9	12.3
PostNord Finland	143	46	3	3	14.5	14.5
Other cash-generating units	9	9	-1-2.5	-1-2.5	11.9-12.6	12.3-12.7
Total goodwill	3,236	3,372				

¹⁾ In 2014, countries outside the Nordic region were also included in this cash-generating unit.

Note 10 (cont.)

The recoverable amounts for the cash-generating units has been calculated from the value in use, based on the management's (3-year) business plan, obtained by using discounted cash flow calculations. Management's assessments reflect historical experience, analysis of external trends and other available external information.

The most important assumptions used in determining the value in use are estimated volume growth and working capital requirement. All assumptions are applied per cash-generating unit. In determining the discount rate, factors taken into account included type of business, location of the business and risk and volume premium.

During the evaluation of a possible divestment of Strålfors conducted during 2015, a review of the Group's fulfillment (third-party logistics) business was carried out. The result of the evaluation was that the Group's fulfillment operations in Sweden, Norway and Poland were transferred from the Strålfors segment to the PostNord Sweden segment. Goodwill was reallocated from Strålfors to Sweden in an amount corresponding to the proportion of the recoverable amount represented by the business. PostNord decided to retain Strålfors in the PostNord Group.

During the restructuring of the Group's segments in 2014, no goodwill relating to DPD was reallocated to Finland. This was

rectified in 2015, with goodwill based on the recoverable amount being reallocated from PostNord Denmark to PostNord Finland in an amount corresponding to the proportion of the DPD business represented by Finland.

During impairment testing of goodwill in the fourth quarter of 2015, a need for impairment totaling SEK 58m emerged in the new cash-generating unit Strålfors outside the Nordic region. The goodwill was amortized to zero.

The sensitivity in the calculations by the cash-generating units indicates that the goodwill value could be sustained in the event of reasonable changes to important assumptions other than those for the cash-generating units, as shown in the following.

The sensitivity in the calculations by the cash-generating unit PostNord Norway indicates that the goodwill value could not be sustained if the discount rate rose by 1.5 percent or if the long-term growth declined by 1 percent. The recoverable amount exceeds the carrying amount by 17 percent. The sensitivity in the calculations by the cash-generating unit PostNord Finland indicates that the goodwill value could not be sustained if the discount rate rose by 1 percent or if the long-term growth declined by 0.5 percent. The recoverable amount exceeds the carrying amount by 11 percent.

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

SEKm	Buildings and land		Machinery and equipment		Construction in progress and advance payments		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Acquisition cost, opening balance	7,272	5,780	15,922	15,182	448	1,390	23,642	22,352
Acquisition of subsidiaries	39	401	5		17		62	401
Other acquisitions	45	306	604	773	378	399	1,027	1,478
Disposals/scrapping	-33	-190	-790	-554		-217	-823	-961
Reclassifications	-1,208 ¹⁾	756 ¹⁾	335	179	-294	-1,133	-1,167	-198
Translation differences	-265	219	-307	342	-13	9	-585	570
Accumulated historical costs at year-end	5,850	7,272	15,769	15,922	536	448	22,155	23,642
Depreciation, opening balance	-2,075	-1,943	-11,597	-10,941	-	-1	-13,672	-12,885
Depreciation for the year	-143	-116	-1,172	-1,188			-1,315	-1,304
Acquisition of subsidiaries			-5				-5	
Disposals/scrapping	22	59	744	784			766	843
Reclassifications	465 ¹⁾	17 ¹⁾	8	14		1	473	32
Translation differences	94	-92	227	-266			321	-358
Accumulated depreciation at year-end	-1,637	-2,075	-11,795	-11,597	-	-	-13,432	-13,672
Impairments, opening balance	-6	-10	-41	-46	-	-	-47	-56
Impairments for the year	-10		-2				-12	
Reclassification		4		6				10
Translation difference				-1				-1
Accumulated impairments at year-end	-16	-6	-43	-41	-	-	-59	-47
Closing balance	4,197	5,191	3,931	4,284	536	448	8,664	9,923

¹⁾ Reclassifications to Assets held for sale total SEK 639m (50).

**NOTE 12 LEASED MACHINERY, EQUIPMENT
AND PROPERTY LEASES****Operating leases**

During the year, the Group paid lease charges of SEK 1,308m (1,514). Outstanding lease charges at the end of the period, at the exchange and interest rates prevailing for the Group totaled SEK 4,907m (5,302). The minimum lease charges for operating leases fall due for payment as follows:

SEKm	Machinery and equipment		Premises	
	2015	2014	2015	2014
Within 1 year	74	62	1,173	1,254
Between one and five years	92	74	2,449	2,612
More than five years			1,119	1,300
Total	166	136	4,741	5,166

Finance leases

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

SEKm	Minimum lease payments		Interest		Present value	
	2015	2014	2015	2014	2015	2014
Within 1 year	9	12	1	1	8	11
Between one and five years	11	18	1	2	10	16
Total	20	30	2	3	18	27

Financial lease assets

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

SEKm	2015	2014
Acquisition cost		
Machinery and equipment	91	127
Closing balance	91	127
Accumulated depreciation		
Machinery and equipment	-76	-81
Closing balance	-76	-81
Carrying amount	15	46

Lease charges under financial leases amounted to SEK 10m (30).

Note 26, Financial risk management and financial instruments, shows the maturities of the non-current liabilities relating to financial leases.

See also Note 24 Pledged assets and contingent liabilities.

**NOTE 13 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 valued at SEK 68m (83). The company e-Boks A/S has its registered office in Ballerup, Denmark, and is owned 50%.

At the financial year-end, Strålfors 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 3m (3).

Participations in joint ventures

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

NOTE 14 FINANCIAL INVESTMENTS

SEKm	Dec. 31, 2015	Dec. 31, 2014
Endowment insurance	152	143
Other non-current investments	98	114
Closing balance	250	257

NOTE 15 NON-CURRENT RECEIVABLES

SEKm	Dec. 31, 2015	Dec. 31, 2014
Funded defined-benefit disability pension plans measured in accordance with IAS 19	867	841
Defined-benefit plans measured in accordance with IAS 19	1,000	
Payroll tax, disability pension plans		-5
Deposits, property leases	41	50
Other	37	1
Total	1,945	887

NOTE 16 DEFERRED TAX

SEKm	2015				2014			
	Opening balance	Recognized via the income statement	Acquisition/disposal of business, recognized in Other comprehensive income	Closing balance	Opening balance	Recognized via the income statement	Acquisition/disposal of business, recognized in Other comprehensive income	Closing balance
Deferred tax assets								
Other provisions	441	-65		376	325	116		441
Loss carry-forwards	212	-6		206	377	-162	-3	212
Finance leases	1	-1			3	-2		1
Current assets		2		2				
Offset against liabilities	-88		-11	-99	-168		80	-88
Total	566	-70	-11	484	537	-48	77	566
<i>of which, outside Sweden</i>	<i>194</i>			<i>234</i>	<i>168</i>			<i>194</i>
Deferred tax liability								
Non-current intangible assets	-21	5		-16	-156	58	77	-21
Property, plant and equipment	-498	224		-274	-433	-25	-40	-498
Current assets	-14	14			-70	56		-14
Provision for pensions	-205	-291	-173	-669	-526	-49	370	-205
Offset against receivables	88		11	99	168		-80	88
Total	-650	-48	-162	-861	-1,017	40	327	-650
<i>of which, outside Sweden</i>	<i>-229</i>			<i>-76</i>	<i>-213</i>			<i>-229</i>

Receivables and liabilities in Sweden have been recognized at SEK 300m (247) net, while other receivables and liabilities have been recognized gross. Receivables outside Sweden have been recognized at SEK 234m (194) and liabilities at SEK 76m (229).

Non-recognized receivables pertaining to deferred tax accruing to tax loss carry-forwards amount to SEK 108m (112), consisting for the most part of SEK 102m (107) in France.

NOTE 17 INVENTORIES

SEKm	Dec. 31, 2015	Dec. 31, 2014
Goods for resale etc.	67	98
Raw materials	83	79
Closing balance	150	177

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).

NOTE 19 CASH AND CASH EQUIVALENTS

SEKm	Dec. 31, 2015	Dec. 31, 2014
Cash and bank balances	1,894	1,502
Short-term investments treated as cash and cash equivalents		341
Closing balance	1,894	1,843

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 18 PREPAID EXPENSES AND ACCRUED INCOME

SEKm	Dec. 31, 2015	Dec. 31, 2014
Accrued postal charges	95	98
Accrued commission income	2	2
Prepaid rent	275	225
Prepaid insurance premiums	25	26
Prepaid wages/salaries	133	161
Terminal fees	461	472
Derivatives	1	12
Other items	259	293
Closing balance	1,251	1,289

NOTE 20 INTEREST-BEARING LIABILITIES

SEKm	Dec. 31, 2015	Dec. 31, 2014
Non-current interest-bearing liabilities		
Liabilities to credit institutions	3,520	4,399
Finance leases	19	28
Other non-current liabilities	166	150
Closing balance	3,705	4,577
Current interest-bearing liabilities		
Liabilities to credit institutions	100	557
Commercial paper		200
Utilized overdraft facility	23	39
Finance leases	11	11
Closing balance	134	807

See also Note 26 Financial risk management and financial instruments

NOTE 21 PENSIONS

Note 1 Accounting principles includes a description of PostNord's pension plans. The Group operates both defined-benefit 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 (the Posten Pension Fund) secures pension obligations for the PostNord Group AB and PostNord Sverige AB companies. For more information on internal dealings between the Group and Postens Pensionsstiftelse, see the section Assets under management and Note 27 Related party transactions. Postens Pensionsstiftelse is regulated under 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). PostNords Försäkringsförening is regulated under Swedish Friendly Societies Act (1972:262) and is under the supervision of Finansinspektionen. As a result, PostNords 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. The Group's pension commitment is attributable 99.98 percent to pension benefits earned in its Swedish companies. The remaining amount is accounted for by the French and Norwegian businesses.

Provisions for pensions and similar commitments, SEKm	2015	2014
Pension commitments, OB	20,916	18,083
Transfer to assets under management	-8	
Costs relating to service during current year ¹⁾	307	296
Interest expense ²⁾	526	692
Occupational pensions	65	125
Payments of benefits	-1,071	-1,114
Actuarial gains (-) and losses (+) - change in financial assumptions ³⁾	-1,115	2,498
Actuarial gains (-) and losses (+) - change in demographic assumptions ³⁾	0	0
Actuarial gains (-) and losses (+) - experience-based ³⁾	223	333
Exchange rate differences in foreign plans	0	3
Pension commitments, CB	19,843	20,916
Assets under management, fair value, OB	19,649	17,571
Transfer from commitment	8	
Interest income	501	672
Contributions from employer	85	854
Credit		-881
Payments of benefits	-76	-70
Actual return above (plus) and below (minus) interest income	240	1,503
Assets under management, fair value, CB	20,407	19,649
Change in total assets or net debt		
Present value of defined-benefit commitments	19,843	20,916
Assets under management, fair value	-20,407	-19,649
Net (asset -, liability +) at year-end excluding special payroll tax⁴⁾	-564	1,267
Occupational injuries	39	42
Special payroll tax	-417	97
Net (asset -, liability +) liability in the statement of financial position, including effect of special payroll tax	-942	1,406

¹⁾ Costs of earned entitlement consist of SEK 278m (271) for funded plans and the remainder for unfunded plans.

²⁾ Of the interest expense, SEK 465m (597) is attributable to funded plans and the remainder to unfunded plans.

³⁾ Of actuarial gains and losses, SEK -765m (2,042) is attributable to funded plans and the remainder to unfunded plans.

⁴⁾ For more information on the allocation to funded pensions SEK -1,912m (-352), unfunded vested pensions SEK 1,503m (1,670) and unfunded non-vested pensions SEK 712m (785), see Other provisions and long-term receivables SEK -867m (-836).

In the course of 2016, the Group anticipates paying benefits totaling SEK 1,000m under defined-benefit plans. The weighted duration of the pension commitment is 14 (14) years.

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

Provision for non-vested pensions

PostNord is liable for its Swedish subsidiaries' non-vested pension commitments under "interim provisions". These 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 for pensions, calculated in accordance with the Pension Obligations Vesting Act, under the interim provisions was SEK 2,495m (2,682) on December 31, 2015. 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 775m (976), including special payroll tax. The obligation is included in the balance of Unfunded pension plans, non-vested pensions

Provision for ultimate liability

PostNord bears liability for an obligation, known as the ultimate liability, that PostNord Group 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 97m (114) on December 31, 2015. In addition, a provision was made for special payroll tax. The obligation is included in the balance of Unfunded pension plans, non-vested pensions

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, 2015 was SEK 44m (34). PostNord retains a liability for maintaining the value and coordinating the gross value of these pension commitments.

Note 21 (cont.)

Expenses and income for defined-benefit and defined-contribution pension plans	2015	2014
Costs relating to service during current year	307	298
Costs relating to service during preceding year		-2
Interest expense (plus) and interest income (minus) ¹⁾	25	20
Occupational pensions	65	58
Defined-benefit pension plans	396	374
Defined-contribution pension plans	951	1,054
Other pension expenses	28	13
Recognized within net financial items	-25	-20
Total pension expenses	1,351	1,421

¹⁾ Interest expenses and interest income are recognized within net financial items.

Actuarial calculation assumptions

The actuarial valuation of PostNord's defined-benefit pension commitments and pension expenses are 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, 2015	Dec. 31, 2014	Dec. 31, 2013
Discount rate	3.00	2.60	4.00
Future annual pay rises	2.40	2.40	2.60
Change in income base amount	3.00	3.00	3.00
Inflation	1.50	1.50	2.00
Employee turnover	4.50	4.50	4.50
Life expectation assumption	FFFS 2007:31	FFFS 2007:31	FFFS 2007:31

The costs for 2015 are based on the actuarial assumptions established at the beginning of the year. At the end of 2015, PostNord established assumptions that were applied in the calculation of the outcome as per December 31, 2015. These actuarial assumptions are also used in the forecast for expenses in 2016. 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, with reference to 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 pay 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. A new analysis of mortality rates was conducted within the DUS 14 study. PostNord is not a service enterprise in that sense, and in fact the demography is very much in line with FFFS 2007:31. Against that background, no change is being made to mortality assumptions and PostNord will continue to apply FFFS 2007:31.

Alecta

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

Assets under management

Total assets under management amounted to SEK 20,407m (19,649). The major share of the Group's assets under management are administered by Postens Pensionsstiftelse, SEK 18,623m (18,018). Other assets under management consist of assets in Postens Försäkringsförening, SEK 1,729m (1,590), pension insurance with Skandia, SEK 55m (42) and assets under management relating to Norwegian pension plans. Real return on assets under management totalled SEK 741m (2,175), including interest income of SEK 501m (672).

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

Pensionsstiftelsen'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.

Note 21 (cont.)

The asset allocation and Pensionsstiftelsen'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 over a longer term.

Pensionsstiftelsen strives for a well-balanced diversification between and within categories of asset, based on 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.

37% of Pensionsstiftelsen's assets are traded in an active market. The asset allocation at Postens Pensionsstiftelse on December 31, 2014, is as follows: fixed-income and high-yield SEK 2,500m (2,978), cash and cash equivalents including forward contracts SEK 2,114m (651), unlisted assets SEK 9,658m (8,300) and shares SEK 4,401m (6,089).

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.

Sensitivity analysis

At year-end 2015, PostNord had funded pension commitments of SEK 17,164m (18,461) and assets under management of SEK 20,407m (19,649). In addition to funded commitments, a pension liability is provided for on the balance sheet, divided into vested pension commitments of SEK 1,503m (1,670) and non-vested pension commitments of SEK 712m (785). 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 these 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 % -point, unless otherwise stated	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/-0.1	5/-5	9/-8	-257/262		-200/205
Change in actual return on assets under management	+0.1/-0.1	0/0	1/-1		20/-20	16/-16
Change in wages/salaries	+0.5/-0.5	-13/14	-9/9	299/-290		234/-226
Change in income base amount	+0.5/-0.5	4/-4	3/-3	-89/96		-69/75
Change in inflation	+0.5/-0.5	-17/17	-34/32	1,154/-1,064		900/-830
Life expectancy, years	+1/-1 years	-8/8	-20/20	690/-654		539/-510
Take-up rate, rights under interim provisions						
Change in take-up rate, rights under interim provisions	+5.0/-5.0	-4/4	-3/4	123/-123		96/-96

NOTE 22 OTHER PROVISIONS

2015 Jan-Dec, SEKm	Opening balance	Provisions	Reversals	Utilizations	Impact of translation	Closing balance
Restructuring measures						
Provision for personnel and other cutbacks	1,247	905	-234	-573	-35	1,310
Non-vested pension commitments						
Special payroll tax	191	10		-42	14	173
Non-vested pension commitments in accordance with IAS 19	785	40		-172	59	712
Other						
Work-related injuries	42	1		-4		39
Pension settlement with Danish State ³⁾	-1	11	-10			0
Provision, commemorative awards	147	11	-7	-14	-10	127
Total	2,411	978	-251	-805	28	2,361
<i>of which current</i>	<i>681</i>					<i>649</i>
<i>of which non-current</i>	<i>1,730</i>					<i>1,712</i>

Anticipated payments, SEKm	1 year	2 years	3 years	> 3 years
Provision for restructuring measures	634	217	307	152
Provision for non-vested pensions in accordance with IAS 19 ^{1), 2)}	259	87	74	313
Other provisions ²⁾	20	17	15	124
Total	913	321	396	589

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

²⁾ Anticipated payments are somewhat higher than the respective provision. This is because the provision is the estimated present value of the anticipated payments.

³⁾ Pension settlement with Danish State at the end of the reporting period was a net positive balance.

2014 Jan-Dec, SEKm	Opening balance	Provisions	Reversals	Utilizations	Impact of translation	Closing balance
Restructuring measures						
Provision for personnel and other cutbacks	788	1,146	-93	-636	42	1,247
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 for anniversary bonus	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>

Note 22 (cont.)

Provisions for restructuring measures

Provisions for restructuring consist of the expenses that have arisen as a result of the Group's efficiency programs in administration and support functions. Work commenced in quarter 4 and is expected to be completed during 2017. At PostNord Denmark, provision has also been made regarding changes to employment conditions and decisions on production efficiency measures. 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. In 2014, decisions were taken on cost cutbacks in administrative and support functions. During 2015, part of this provision was reversed. This resulted from lower-than-anticipated costs for personnel, above all in Denmark.

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

In 2015, provisions and reversals relating to restructuring with an income impact in Other expenses amounted to SEK 671m (1,013). 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 2015 totaled SEK 573m (636). The effect of discounting is recognized among financial items in the income statement. Translation differences arising from foreign exchange effects are recognized in Other comprehensive income.

Provision for non-vested pensions

PostNord is liable for non-vested pension commitments under "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 non-vested pensions and Provision for ultimate liability in Note 21 Pensions.

Other provisions

Provision for occupational 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 21 Pensions.

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 23 ACCRUED EXPENSES AND DEFERRED INCOME

SEK m	Dec. 31, 2015	Dec. 31, 2014
Provision for stamps sold but not used	411	433
Accrued payroll expenses	577	611
Holiday pay liability	1,424	1,519
Special payroll tax, pension expenses	526	2
Social insurance costs	344	378
Terminal fees	335	320
Derivatives	17	35
Other items	770	631
Closing balance	4,404	3,929

NOTE 24 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK m	Dec. 31, 2015	Dec. 31, 2014
Pledged assets for own liabilities		
Real estate mortgages¹⁾	476	1,275
Pledged assets²⁾	202	200
Total	678	1,475
Contingent liabilities		
Guarantees, PRI	98	93
Guarantees, other	46	44
Total	144	137

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

²⁾ Collateral for part of Non-current receivables.

Disputes

PostNord performs 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 25 INVESTMENT UNDERTAKINGS

As of December 31, 2015 the Group had contracted to acquire property, plant and equipment for a total of SEK 180m (490), relating primarily to transport and sorting equipment and vehicles. It is expected that the major share of these commitments will be settled in mid-2016.

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NOTE 26 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group's management of financial risks is 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. The Group's management of financial risk is intended to aid the Group in achieving its goals and realizing its strategies by sustainably securing financing, liquidity and a balanced financial position that at all times takes all financial risks into account. Financial risks are divided into the categories of refinancing risk, credit risk, interest rate risk, currency risk and market risk in asset management. The Head of Finance reports to the CFO on a monthly basis regarding financial risks, financing plan and any deviations from the Financial Policy.

Liquidity management and financing

The Group's policy is to centralize and coordinate management of the Group's cash and cash equivalents for effective use within predefined risk limits. The Group's policy is to coordinate financing in the main via the Group's Parent Company.

Risk definitions and policy

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, financial preparedness on a scale that is designed to meet internal and external risks, as well as seasonal variations. The Group's financial preparedness shall amount to no less than SEK 1,000m. During the year, no new loan financing was raised. At the same time, an MTN loan of SEK 540m was repaid and a property loan of around SEK 665m was transferred in connection with a property sale. Part of the Group's financial preparedness is an unutilized overdraft facility of SEK 2,000m which runs until 2017, with an option to extend the facility until 2018.

Liquidity preparedness SEKm	Dec. 31, 2015	Dec. 31, 2014
Cash and cash equivalents	1,894	1,593
Short-term liquid investments		250
Unutilized confirmed credit facilities	2,000	2,000
Short-term unconfirmed interest-bearing liabilities	-123	-796
Net liquidity preparedness	3,771	3,047

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.

The Group's policy is that the granting of credit shall be based on commercial considerations and risk assessment in order to ensure that the credit risk is balanced. When cash and cash equivalents are invested, credit risk is managed by investing in low credit risk assets and spreading risk. The Group's credit risk is to be limited via regular credit checks on major credit lines and by monitoring credit and payment information.

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 a credit rating company. However, major lines of credit require central approval.

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 the equivalent. Trading is governed via decisions on a maximum credit risk per borrower. Every counterparty undergoes a credit check before being accepted as a borrower. Derivative contracts have been entered into with three banks with which ISDA agreements are in place.

Age breakdown for trade receivables SEKm	Dec. 31, 2015	Dec. 31, 2014
Trade receivables not due	4,021	3,968
Due but not impaired:		
1-30 days	428	552
31-90 days	64	90
>90 days	57	67
Total	4,570	4,677
Provision for bad debts	-46	-57
Total	4,524	4,620

Trade receivables are recognized after taking account of confirmed impairment losses totaling SEK 24m (20).

Currency risk

The Group operates business in several geographical markets and conducts transactions in several foreign currencies, meaning that it is vulnerable to exchange rate fluctuations. This affects both transaction exposure and translation exposure.

Transaction exposure

Transaction exposure represents a risk that profitability will be adversely affected by changes in exchange rates. The major share of invoicing, purchases and wages/salaries are in the currency of the Group company concerned. Currency hedging is used primarily in the case of cross-border communication and logistics services. The Group limits its transaction exposure by matching inward and outward payment flows in the particular currency and enters into forward currency contracts.

Contracted transaction exposure

The table summarizes transaction exposure in the balance sheet and hedged investment flows. No hedging is used for forecast currency flows.

Transaction exposure

Currency, SEKm	2015			2014		
	Position	Hedged	Net Position	Position	Hedged	Net Position
DKK	3		3	-429	427	-2
EUR	-112	102	-9	-115	89	-26
NOK	-31	24	-8	900	-927	-27
Other currencies	-52	60	9	-77	62	-16
Total	-192	187	-5	279	-349	-71

Note 26 (cont.)

Translation exposure

Translation exposure is defined as the value of equity in foreign Group companies and arises within the Group during conversion to the functional currency of the Parent Company. 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 the functional currency in order to obtain a natural hedge.

Interest rate risk

Interest rate risk is defined as the risk of the Group's earnings being affected by changes in market interest rates. Interest rate risk is calculated on the basis of the Group's outstanding interest-bearing debt, 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. The Group's policy is to limit earnings sensitivity in the event of changes in market interest rates and to strive for an attractive cost of cost of capital. Interest rate sensitivity is controlled via a fixed-interest target for the Group's outstanding interest-bearing loan debt.

The Group's translation exposure

Currency	2015			2014		
	SEKm	% +/-1%		SEKm	% +/-1%	
DKK	1,746	35%	17	3,149	56%	31
EUR	301	6%	3	379	7%	4
NOK	2,735	55%	27	1,902	34%	19
Other currencies	203	4%	2	200	4%	1
Total	4,985	100%	50	5,630	100%	55

Contractual maturities of financial liabilities on Dec. 31, 2015	Nominal amount	within 0-1 years	within 1-2 years	within 2-3 years	within 3-4 years	within 4-5 years	Later
Bond loans	2,950		2,000		950		
Liabilities to credit institutions	694	123		100			471
Finance lease liabilities	31	11	9	5	3	2	1
Total interest-bearing liabilities	3,675	134	2,009	105	953	2	473
Interest payments		54	51	11	7	3	26
Interest/currency swaps							
- Liabilities		8	4	2			
- Receivables		2	1	0			
Total forecast interest payments		64	56	13	7	3	26
Total, net		199	2,065	118	960	5	499

Contractual maturities of financial liabilities on Dec. 31, 2014	Nominal amount	within 0-1 years	within 1-2 years	within 2-3 years	within 3-4 years	within 4-5 years	Later
Bond loans	3,690	740		2,000		950	
Liabilities to credit institutions	1,513	38	100		100		1,275
Finance lease liabilities	39	11	11	7	5	2	3
Total interest-bearing liabilities	5,242	789	111	2,007	105	952	1,278
Interest payments		69	54	51	11	7	31
Interest/currency swaps							
- Liabilities		10	8	4	2		
- Receivables		0	2	1	0		
Total forecast interest payments		79	64	56	13	7	31
Total, net		869	174	2,063	118	959	1,309

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.

Note 26 (cont.)

December 31, 2015						
Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets reported at fair value via income ¹⁾	Loan and trade receivables measured at amortized cost	Financial liabilities at fair value via income ¹⁾	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial investments	250				250	250
Derivatives	1				1	1
Trade receivables		4,524			4,524	4,524
Terminal fees	461				461	461
Cash and cash equivalents		1,894			1,894	1,894
Long-term interest-bearing liabilities, credit institutions				-3,520	-3,520	-3,581
Long-term interest-bearing liabilities, other			-166		-166	-166
Long-term interest-bearing liabilities, leases				-19	-19	-19
Current interest-bearing liabilities				-134	-134	-134
Trade payables				-2,294	-2,294	-2,294
Other current liabilities				-1,727	-1,727	-1,727
Derivatives			-17		-17	-17
Terminal fees			-335		-335	-335
Total financial assets and liabilities, by category, SEKm	712	6,418	-518	-7,694	-1,082	-1,143

December 31, 2014						
Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets reported at fair value via income ¹⁾	Loan and trade receivables measured at amortized cost	Financial liabilities at fair value via income ¹⁾	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial investments	257				257	257
Derivatives	12				12	12
Trade receivables		4,620			4,619	4,619
Terminal fees	472				472	472
Cash and cash equivalents		1,843			1,843	1,843
Long-term interest-bearing liabilities, credit institutions				-4,399	-4,399	-4,515
Long-term interest-bearing liabilities, other			-150		-150	-150
Long-term interest-bearing liabilities, leases				-28	-28	-28
Current interest-bearing liabilities				-807	-807	-809
Trade payables				-2,010	-2,010	-2,010
Other current liabilities				-1,742	-1,742	-1,742
Derivatives			-35		-35	-35
Terminal fees			-320		-320	-320
Total financial assets and liabilities, by category, SEKm	741	6,463	-505	-8,986	-2,288	-2,406

¹⁾ Financial assets and liabilities measured at fair value via income using the Fair value option.

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 view of the short terms for trade receivables and trade payables, it is assumed that the carrying amount is the best approximation of the fair value. Certain of the Group's financial instruments are recognized at fair value, with measurement being determined in accordance with the three levels defined in IFRS 7. In the PostNord Group only level 2 is used.

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.

Financial assets and liabilities, by level, SEKm	Level 2, Dec. 31, 2015	Level 2, Dec. 31, 2014
Financial assets		
Endowment insurance	152	143
Currency derivatives	1	12
Terminal settlements	461	472
Commercial paper		250
Total financial assets	614	877
Financial liabilities		
Currency derivatives	2	15
Interest rate derivatives	15	20
Terminal settlements	335	320
Total financial liabilities	352	355

NOTE 27 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 service 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.

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 9m (10) for handling of undeliverable mail.

PostNord received SEK 24m (24) from PTS in remuneration under agreements on the procurement of postal services for the disabled.

PostNord Group AB has undertaken to advance a provisional amount of SEK 130m to the Swedish Transport Administration in order to bring forward the construction of rail facilities for the Rosersberg Mail Terminal and on December 31, 2015 lent the sum of SEK 95m.

The Danish State

During the period, Post Danmark A/S paid pension premiums to the Danish State in the amount of SEK 157m (165) on behalf of the group of salaried employees who were employed before corporatization.

Other organizations in Sweden

PostNords Försäkringsförening operates autonomously from the PostNord Group and under the supervision of Finansinspektionen. The Association insures PostNord's obligations in employee sickness and family pension under the ITP-P scheme. During the period, the Group's Swedish companies received benefits totaling SEK 11m (7). In view of its well consolidated position, the Association has not charged any premiums since 2011.

Postens Pensionsstiftelse (the Posten Pension Fund) manages pension undertakings for PostNord Group AB and PostNord Sverige AB. These companies capitalize new pension obligations at the Fund and are credited with pensions paid out. During 2015, no capitalization was effected (SEK 771m) and no credits were received (SEK 771m).

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.

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. No such relations were reported in 2015. In 2014, it was disclosed that Per Samuelson, a member of the Group Executive Team, held all shares outstanding in BTJ Holding Sverige AB, which in turns 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 28 SUPPLEMENTARY DISCLOSURES,
STATEMENT OF CASH FLOWS**

	2015	2014
Interest payments		
Interest received	21	37
Interest paid	133	143
Adjustments for non-cash items		
Depreciation and impairments of assets	1,872	1,847
Capital gain/loss on assets	-482	-431
Change in pension liability	-713	-468
Other provisions	-117	341
Other non-cash items	-6	6
Total	554	1,295

NOTE 29 ACQUISITIONS AND DIVESTMENTS

	2015	2014
Effect of acquisitions on assets and liabilities, SEKm	Acquisitions	Acquisitions
Goodwill	58	
Non-current intangible assets	13	8
Property, plant and equipment	62	401
Other non-current assets	3	24
Total non-current assets	136	433
Current assets	71	25
TOTAL ASSETS	207	458
TOTAL LIABILITIES	-118	-351
NET ASSETS	89	107
Other items affecting cash flow		3
Purchase consideration paid	-89	-107
Cash and cash equivalents acquired	8	19
Net effect on cash and cash equivalents	-81	-85

Acquisition of subsidiaries

On May 1, PostNord AS acquired the transport and logistics company Jetpak Borg AS to supplement customized solutions for overnight long-distance deliveries to car dealers, workshops and similar segments in Norway. The company has annual sales of approximately NOK 120m. The purchase consideration amounted to SEK 28m. The acquisition analysis indicated surplus values on customer relationships and goodwill. Goodwill consists of synergy effects, result improvement potential and acquired competence knowledge to develop the line business. Net sales during the period of PostNord's ownership, May-December, amounted to SEK 84m. Income in the period in which the company was part of the PostNord Group amounted to SEK -2m. The surplus values on customer relationships, created in the Group through the acquisition, have been amortized according to plan in the amount of SEK -1m. The acquisition resulted in SEK -3m being charged to Group income.

On August 14, PostNord Group AB acquired PostNord Terminal Trondheim AS. The acquisition concerns land in Trondheim where a new terminal is to be built. The purchase consideration was SEK 19m.

On September 1, PostNord Oy acquired the company Uudenmaan Pikakuljetus Oy. The purchase consideration was SEK 40m. In 2014, UPK reported sales of about EUR 24 million in 2014 and had around 60 employees. The deal strengthens PostNord's position in Finland within domestic parcel transportation, timed deliveries, logistics solutions for healthcare and e-commerce and temperature-controlled transport services. The acquisition analysis indicated surplus values on customer relationships and goodwill. Goodwill consists of synergy effects, result improvement potential and acquired competence knowledge to develop the line of business. Net sales during the period of PostNord's ownership, September-December, amounted to SEK 86m. Income in the period in which the company was part of the PostNord Group totaled SEK 1m. The surplus values on customer relationships, created in the Group through the acquisition, have been amortized according to plan in the amount of SEK -1m. The acquisition contributed SEK 0m to Group income.

In 2015, an additional purchase consideration of SEK 2m relating to the earlier acquisition of PostNord Terminal Langhus AS was paid. The acquisition concerned a building.

No divestments took place during 2014 or 2015.

Note 29 (cont.)

2015 Jan-Dec, SEKm	Goodwill	Intangible assets	Property, plant and equipment	Other non-current assets	Current assets	Liabilities	Net asset
Acquired							
PostNord Terminal Langhus AS			2				2
Jetpak Borg AS	28	5		1	27	-33	28
PostNord Terminal Trondheim AS			59		5	-45	19
Uudenman Pikakuljetus OY	30	8	1	2	39	-40	40
Total acquired	58	13	62	3	71	-118	89

2014 Jan-Dec, SEKm	Goodwill	Intangible assets	Property, plant and equipment	Other non-current assets	Current assets	Liabilities	Net asset
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

NOTE 30 EVENTS AFTER THE REPORTING PERIOD

No significant events occurred after the reporting date.

NOTE 31 DEFINITIONS

Priority mail

Mail processed in a production stream for delivery on the first business day after mailing on a business day.

Return on equity

Net income divided by average equity.

Return on capital employed (ROCE)

Operating profit divided by average capital employed.

Non-priority mail

Mail processed in a production stream for distribution within three business days after mailing.

C-mail

In Denmark, mail with special posting conditions processed in a production stream for distribution within two to four days after mailing.

EBITDA

Earnings before interest, taxes, depreciations and amortizations/impairments.

Financial preparedness

Cash and cash equivalents and unutilized committed credit line.

Adjusted operating income (EBIT)

Total income less total costs, excluding items affecting comparability. These items are mainly provisions for restructuring costs (that cannot be seen as part of on-going restructuring work), material write-downs and capital gains/losses.

Adjusted operating margin

Adjusted operating income as % of net sales. Previously adjusted operating income as % of total income (net sales and other income).

Items affecting comparability.

Items that do not recur, that are not directly attributable to operational activities and provisions for restructuring referring to the coming year. The items must be significant. Examples: capital gains in the sale of assets, impairment of assets, provisions referring to the coming year. Running restructuring costs are not regarded as items affecting comparability.

Average number of employees (FTE)

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.

Net debt

Interest-bearing debt (including pension provisions) less cash and cash equivalents, financial receivables and current interest-bearing receivables.

Net debt/EBITDA

Net debt divided by EBITDA.

Net debt ratio

Net debt divided by equity.

Capital employed

Non-interest-bearing assets less non-interest-bearing liabilities.

Earnings per share

Share of net earnings attributable to parent company shareholders divided by the average number of shares outstanding.

Operating margin, %

Operating income as a percentage of net sales. Previously operating income as % of income (net sales and other income).

Parent Company

Income statement

SEKm	Note	2015	2014
	1, 2		
Other operating income		26	20
Income		26	20
Personnel expenses	3	-33	-37
Other operating expenses	4	-6	-3
Operating expenses		-39	-40
OPERATING INCOME		-13	-20
Dividends on shares in subsidiaries			200
Interest income and similar items	5	49	13
Interest expense and similar profit/loss items	5	-77	-183
Financial items		-28	30
Income after financial items		-41	10
Group contributions received		34	182
Appropriations		34	182
Income before tax		-7	192
Tax			
NET INCOME		-7	192

Statement of comprehensive income

SEKm	2015	2014
Net income for the period	-7	192
Other comprehensive income for the period		
COMPREHENSIVE INCOME	-7	192

Balance sheet

SEKm	Note	Dec. 31, 2015	Dec. 31, 2014
	1, 2		
ASSETS			
Participations in Group companies	6	11,676	11,676
Interest-bearing receivables		13	9
Total non-current assets		11,689	11,685
Interest-bearing receivables from Group companies		8,207	8,856
Other receivables from Group companies		38	183
Prepaid expenses and accrued income		2	4
Total current assets		8,247	9,043
TOTAL ASSETS		19,936	20,728
EQUITY AND LIABILITIES			
Restricted equity			
Capital stock		2,000	2,000
Share premium reserve		10,141	10,141
Non-restricted equity			
Retained earnings		3,630	3,438
Net income for the period		-7	192
TOTAL EQUITY		15,764	15,771
LIABILITIES			
Interest-bearing liabilities		3,067	3,160
Interest-bearing liabilities to Group companies		979	1,023
Total non-current liabilities		4,046	4,183
Current interest-bearing liabilities		100	541
Other current liabilities		1	201
Accrued expenses and deferred income		25	32
Total current liabilities		126	774
TOTAL LIABILITIES		4,172	4,957
TOTAL EQUITY AND LIABILITIES		19,936	20,728
PLEGDED ASSETS AND CONTINGENT LIABILITIES			
Pledged assets		13	9
Contingent liabilities			
Guarantees, PRI		135	136
Guarantees on behalf of subsidiaries		726	550
Total		861	686

Parent Company statement of cash flows

SEKm	2015	2014
OPERATING ACTIVITIES		
Income before tax	-7	192
Appropriations	-34	-182
Adjustments for non-cash items	-37	68
Cash flows from operating activities before changes in working capital	-78	78
Cash flow from changes in working capital		
Increase (-)/decrease (+) in operating receivables	-1	3
Increase (+)/decrease (-) in operating liabilities	-8	20
Changes in working capital	-9	23
Cash flows from operating activities	-87	101
INVESTING ACTIVITIES		
Changes in Group receivables	645	-814
Cash flows from investing activities	645	-814
FINANCING ACTIVITIES		
Borrowings		1,350
Amortization of loans	-740	-600
Dividend paid to Parent Company shareholders		-129
Group contributions received	182	92
Cash flows from financing activities	-558	713
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 year		
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
Shareholders' equity, opening balance 01/01/2015	2,000	10,141	3,630		15,771
Total comprehensive income			-7		-7
Shareholders' equity, closing balance 12/31/2015	2,000	10,141	3,623		15,764

¹⁾ No. of shares 2,000,000,001, quotient value per share SEK 1, of which 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 applies in the main 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's ability to apply IFRS under the Annual Accounts Act, the Act on Safeguarding of Pension Commitments (Tryg-gandelagen) 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.

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.

Financial instruments

Changes in value of derivatives are recognized in the Income statement for the Parent Company.

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 SIGNIFICANT 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 of presentation of the accounts, and on historical experience and the assumptions that management considers reasonable in the given circumstances.

The amounts stated are based on the conclusions that management has reached. 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 new experience.

Shares in subsidiaries

Assumptions are made about future conditions in order to calculate future cash flows that determine the recoverable value. The recoverable amount is compared with the carrying amount for these assets and represents the basis for possible impairment or reversals. The assumptions that most affect the recoverable amount are future changes in income, discount rate and useful life of the asset. If future environmental factors and circumstances change, these assumptions may be affected so that the carrying amounts of the Parent Company's assets change.

NOTE 3 EMPLOYEES AND PERSONNEL EXPENSES

Personnel expenses, SEKm	2015	2014
Salaries and other remuneration	20	23
Statutory social insurance costs	7	7
Pension expenses	6	7
Total	33	37

The Parent Company has three employees, the President and Group CEO, the Group CFO and the Group Head of Strategy. The President/Group CEO Håkan Ericsson is paid a salary of SEK 745,000 per month. On his behalf, the Parent Company pays for a pension insurance in the amount of SEK 37,000 per month, and endowment insurance in the amount of SEK 185,667 to secure the pension obligation.

NOTE 4 FEES AND REIMBURSEMENT OF EXPENSES TO AUDITORS

SEKm	2015	2014
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	2015	2014
Interest income from Group companies	1	13
Currency earnings	48	
Total	49	13
Interest expense from Group companies	-6	-7
Interest expenses	-64	-85
Currency earnings		-79
Other financial expenses	-7	-12
Total	-77	-183

For more information, see Note 26 Financial risk management and financial instruments.

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NOTE 6 HOLDINGS OF SHARES AND PARTICIPATIONS IN GROUP COMPANIES

SEKm	2015	2014
Acquisition cost		
At start of year	11,676	12,476
Shareholder contributions paid		4,587
Disposals		-5,387
At year-end	11,676	11,676
Accumulated impairment losses		
At start of year		-800
Disposals		800
At year-end		0
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, 2015
				Direct	Indirect		
PostNord Group AB	556128-6559	Solna	Sweden	100		600,000	11,676
PostNord Sverige AB	556711-5695	Solna	Sweden		100	1,000	
Nils Hansson Logistics AB	556147-4254	Ljungbyhed	Sweden		100	2,500	
Tidningstjänst AB	556039-7480	Stockholm	Sweden		100	7,500	
Posten Leasing AB	556341-0009	Stockholm	Sweden		100	5,000	
Fastighets AB Penelope	556517-0544	Stockholm	Sweden		100	100	
Nässjöterminalen Kommanditbolag	916629-7458	Solna	Sweden		100		
Rosersberg Brevterminal AB	556819-9862	Stockholm	Sweden		100	1,000	
Hallsberg Brevterminal AB	556848-8133	Stockholm	Sweden		100	500	
KB Sveterm	916631-9492	Stockholm	Sweden		100		
Kardinalmärket 1 AB	556875-8899	Stockholm	Sweden		100	50,000	
Fastighets AB Skogskojan 1	556972-7547	Solna	Sweden		100	500	
Fast AB Rosersberg 11:126	556743-9574	Stockholm	Sweden		100	1,000	
Strålfors AB	556062-0618	Malmö	Sweden		100	21,381,288	
Strålfors Svenska AB	556102-9843	Ljungby	Sweden		100	50,000	
Tand 2:103 Fastighets AB	556594-3650	Östersund	Sweden		50	2,000	
Strålfors A/S	10068657	Brøndby	Denmark		100	200,000	
Strålfors Oy	0115061-7	Vantaa	Finland		100	2,100	
Stralfors SAS	775 727 761	Nanterre	France		100	1,630,000	
Strålfors AS	944997431	Oslo	Norway		100	870	
Stralfors Sp.zO.o	0000296330	Laskowice	Poland		100	2,200	
Friends Tactics Sweden AB	556888-3820	Stockholm	Sweden		30	180	
Stralfors plc	01626027	Redruth	United Kingdom		100	630,000	
PostNordbolagen AB	556158-7006	Ljungby	Sweden		100	1,000	
Svensk Adressändring AB	556476-3562	Stockholm	Sweden		85	850	
Addresspoint AB	556587-5597	Stockholm	Sweden		85	1,700	
Direct Link Worldwide Ltd.	2911080	Middlesex	Great Britain		100	110,000	
Direct Link Worldwide Distribution Pte. Ltd	199700772	Singapore	Singapore		100	700,000	
Direct Link Worldwide Pty. Ltd	95493459	Sydney	Australia		100	1	
Direct Link Worldwide Company Ltd.	199700772	Hong Kong	China		100	1	
Direct Link Worldwide Inc.	112-797-736/000	New Jersey	USA		100	100	
Direct Link Worldwide GmbH	217864281	Mörfelden-Walldorf	Germany		100	150	
PostNord Logistics GmbH	HRB8888HL	Lübeck	Germany		100	1	

Note 6 (cont.)

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, 2015
				Direct	Indirect		
PostNord AS	984054564	Oslo	Norway		100	117,570	
Jetpak Borg AS	910170759	Sarpsborg	Norway		100	2,000	
PostNord Terminal Trondheim AS	992 079 797	Oslo	Norway		100	406,220	
PostNord Terminal Langhus AS	990427321	Oslo	Norway		100	200,000	
PostNord Oy	1056251-7	Vanda	Finland		100	5,817	
PostNord OY Eesti filiaal	11472268	Harju	Estonia		100		
Uudenman Pikakuljetus OY	0896111-3	Vantaa	Finland		100	3,000	
PostNord Logistics A/S	20148586	Copenhagen	Denmark		100	500,001	
PostNord Scanning AB	556824-2852	Stockholm	Sweden		100	1,000	
PostNord Scanning Oy	2552507-3	Helsinki	Finland		100	1,000	
PostNord Logistics TPL AB	556161-7191	Haninge	Sweden		100	50,000	
PostNord Logistics TPL A/S	26115396	Brøndby	Denmark		100	100	
PostNord Fulfilment AB	556234-1353	Stockholm	Sweden		100	1,000	
PostNord Fulfilment AS	811873632	Oslo	Norway		100	1,000	
PostNord Fulfilment Sp.zO.o	5272719788	Warsaw	Poland		100	100	
PostNord Logistics Thermo AB	556454-1737	Östersund	Sweden		100	8,000	
Transbothnia AB	556278-8876	Umeå	Sweden		100	3,000	
Post Danmark A/S	26663903	Copenhagen	Denmark		100	25,000,000	
PostNord Scanning A/S	19803376	Copenhagen	Denmark		100	10	
Post Fleet Management A/S	79203114	Hvidovre	Denmark		100	400	
e-Boks A/S	25674154	Ballerup	Denmark		50	6,000,000	
Distribution Services A/S	56448810	Copenhagen	Denmark		100	30	
Logsite ApS	30733975	Copenhagen	Denmark		100	126,000	
Total holdings in Group companies							11,676

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The Board of Directors' and 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 25, 2016.

Solna, February 25, 2016

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

Ann-Christin Fällén
Employee Representative

Johan Lindholm
Employee Representative

Håkan Ericsson
President and Group CEO

Our Audit Report was submitted on March 3, 2016

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 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 4-13, 16-25 the section on environmentally licensed operations on page 34 and pages 38-84.

Responsibilities of the Board of Directors and the Chief Executive Officer for the annual accounts and consolidated accounts

The Board of Directors and the Chief Executive Officer 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 Chief Executive Officer 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 Chief Executive Officer, 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, 2015 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, 2015 and of their financial per-

formance 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 Chief Executive Officer of PostNord AB for the year 2015.

Responsibilities of the Board of Directors and the Chief Executive Officer

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 Chief Executive Officer 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 Chief Executive Officer is liable to the company. We also examined whether any member of the Board of Directors or the Chief Executive Officer 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 Chief Executive Officer be discharged from liability for the financial year.

Stockholm, March 3, 2016
KPMG AB

Helene Willberg
Authorized Public Accountant

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. As of 2015, Uudenman Pikakuljetus OY (UPK) and Jetpak Borg AS are included in the environmental data. Figures for earlier years have been adjusted. UPK is included in the employee data.

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

Transportation

Road

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

Emissions factors:

Denmark

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

Other Nordic

CO ₂	SPBI (Swedish Petroleum & Biofuel Institute)
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 Environ-

mental Choice). Rail transportation in Norway uses non-fossil-fuel 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

Electricity purchased in Sweden is mostly eco-labeled with Bra Miljöval (Good Environmental Choice), in Denmark it is largely wind generated and in Norway electricity is 100% hydropower-generated. This electricity is assumed to have no carbon dioxide emissions since only the use phase is included in the reporting. For other electricity, carbon dioxide emissions are calculated based on emissions factors from references given below.

Emission factors

Denmark

Electricity	Danish Energy Agency
District heating	Danish Energy Agency

Other Nordic

Electricity	Swedish Energy Markets Inspectorate, supplier data
Heating	SCB (Statistics, Sweden), supplier data
Gas	Swedish Environmental Protection Agency
Poland, France	GHG Protocol

UK

Department for Environment Food & Rural Affairs

Emissions intensity

CO₂/mail item refers to 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 refers to 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 (representing around 98% of the Group's average number of employees), employee data also comprises the non-Nordic operations of Strålfors.

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 at Christmas and during 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.

Work-related 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 and thus reporting is carried out on special forms and the data compiled at a health and safety commission. Statistics on reported occupational injuries can be retrieved from the systems, compiled into statistics and classified 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 into an employee index (MIX). Surveys are conducted in cooperation with an anonymous external party and analyzed by a partner independent of the Group. In 2015, the survey was performed by a new supplier. In addition, PostNord has decided as of 2015 to present and follow up the results using an average-based calculation method, in which the average of all results on a scale of 1-5 is used instead of, as before, measuring the percentage of 4s and 5s ("top box" method). For the purposes of comparability, the results for 2014 have been recalculated by the new supplier using comprehensive survey data from 2014. On that basis, PostNord takes the view that the 2014 figures provided for comparison, as presented in this report, are relevant and reliable. On the other hand, the results for 2014 stated in this report differ from the results reported in PostNord's Annual and Sustainability Report for 2014.

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. Results for 2014 restated (for further information see above, Employee index (MIX)).

Gender distribution

Data on gender affiliation are taken from the payroll system that the particular employee is registered on.

Corporate image

Corporate image is a survey conducted by an external company, TNS SIFO. The survey is based on a measurement whereby approximately 400 consumers per week (200 in Sweden and 200 in Denmark) reply to questions on how they perceive the (Swedish) Posten or Post Denmark brands. The survey comprises five key questions that, together, form an index. The total result is a weighting of results 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. Starting in 2015, measurements are carried out once a year (previously twice a year) and include all PostNord country organizations, with a focus on the Nordic countries. PostNord Strålfors also includes operations outside the Nordic region. The key ratio is made up of three overall satisfaction questions. The three questions were previously found in both KTA (Post Denmark) and NKI (Posten Sweden) surveys, and are also used in several external indicators such as the Swedish Quality Index (SKI), Danish Quality Index (DKI) and the European Performance Satisfaction Index (EPSI). In the 2015 survey, certain methodology adjustments were applied. The survey of consumers was conducted online instead of by telephone. The methodology adjustments were tested carefully to ensure comparability with earlier results. On that basis, PostNord takes the view that the 2013 and 2014 figures provided for comparison, as presented in this report, are relevant and reliable. On the other hand, the results for 2013 and 2014 differ from the results reported in PostNord's Annual and Sustainability Report for 2014.

Quality

Quality: 1st class mail

Swedish External Monitoring (SWEX) and Danish External Monitoring (DEX) are two independent external quality measurements that continuously gauge 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. Once the work is complete, PostNord will receive a Nordic-wide 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 operates in tune with its external environment 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 enterprise, is expected to act in an exemplary manner.

IDENTIFICATION

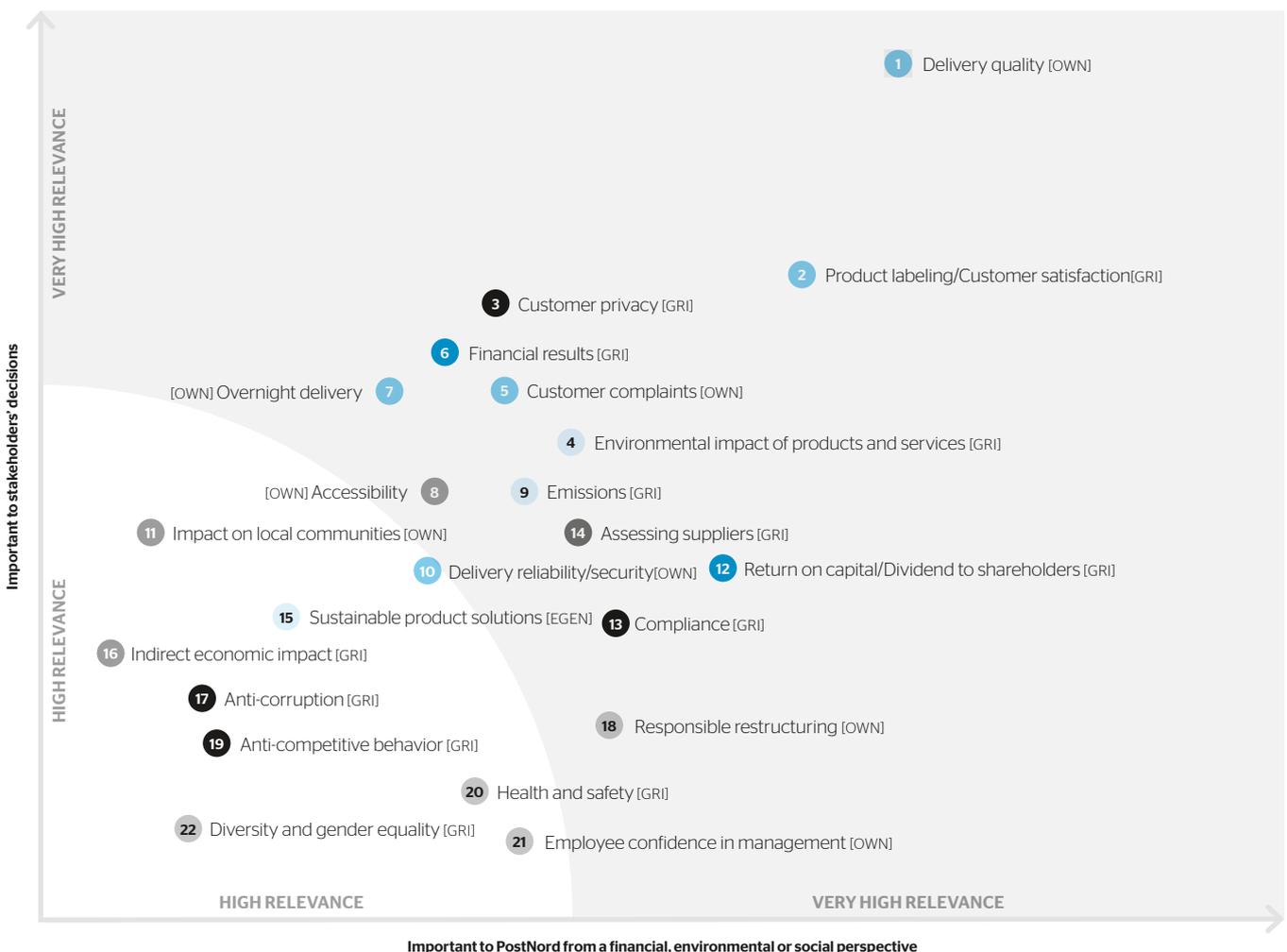
With identification with the GRI aspects, ISO 26000, the UN Global Compact, regulations and strategically important issues from stakeholder dialogues serving as a framework, an outline list of sustainability issues relevant to PostNord was drawn up in 2014.

PRIORITIES

In 2014, these sustainability issues were ranked according to their importance to PostNord, and their importance in terms of decision-making by PostNord's stakeholders, by a group consisting of the Group Executive Team and representatives of Group functions, country organizations and business areas. Over 2015, a number of in-depth interviews were conducted with personnel in management and other strategic functions, in order to inform about the initiative.

VERIFICATION

Work continued on validation of the results of the materiality analysis by selected representatives of selected stakeholder groups. Customers highlighted delivery quality, the environment and follow-up of the supply chain as important areas, while employee representatives emphasized health and safety, responsible restructuring, environmental issues and sustainability in the supply chain. Suppliers regarded environmental issues and follow-up of the supply chain as the most important issues. In the course of the year, PostNord's Swedish owners conducted a sustainability analysis of PostNord, focusing on issues such as responsible and attractive employer, sustainable logistics, sustainable products and services, procured transport services/sustainability in the supply chain.



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 were finally decided to lie within the interval "high to very high relevance to both external stakeholders and PostNord".

Compilation of results of the materiality assessment:

Important area	Sustainability issues in matrix on page 88	Important		Why important to stakeholders' decisions?	Why important to PostNord?
		Ext.	Int.		
We are striving for profitable long-term development <i>For more information, see pages 13 and 28.</i>	Financial results ⁶ Return on capital/Dividend Dividend to owners ¹²	x	x	A well-managed, profitable company is attractive in the eyes of the world outside – the company finds it easier to attract new customers, employees, suppliers and financiers. Dividends are paid to the owners 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.
We enable companies and consumers to do business and communicate <i>For more information, see pages 13 and 28.</i>	Delivery quality ¹ Delivery reliability/security ¹⁰ Product labeling/ Customer satisfaction ² Customer complaints ⁵ Overnight delivery ⁷	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 continued business and profitable development.
We take responsibility for our environmental impact <i>For more information, see pages 33-35.</i>	Environmental impact of products and services ⁴ Emissions ⁹ Sustainable product solutions ¹⁵	x	x	Many customers have ambitious environmental targets that PostNord, as supplier, can help to achieve. As a State-owned company, PostNord is expected to act in an exemplary manner in environmental matters.	Environmental efforts are becoming an increasingly important competitive factor and are crucial to PostNord's ability to rise to the challenge of competition. Lower environmental impact often means lower resource consumption, and consequently lower costs.
We care about our employees <i>For more information, see pages 30-32.</i>	Responsible restructuring ¹⁸ Health and safety ²⁰ Employee confidence in management ²¹ Diversity and gender equality ²²	x	x	Being a good employer is fundamental to attracting skilled personnel. Many customers also make demands in this respect.	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.
We take responsibility for our impact on society <i>For more information, see page 28.</i>	Accessibility ⁸ Impact on local communities ¹¹ Indirect economic impact ¹⁶	x	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 the performance of its universal postal service obligations, and by being a communication and logistics supplier with extensive coverage and capacity
We make demands when purchasing goods and services <i>For more information, see page 36.</i>	Screening of suppliers ¹⁴	x		Good relations with suppliers have a positive effect on cooperation. Customers and other stakeholders expect PostNord to manage its supply 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.
We comply with legislation and regulations <i>For more information, see page 37.</i>	Customer privacy ³ Compliance with regulations ¹³ Anti-corruption ¹⁷ Anti-competitive behavior ¹⁹	x	x	PostNord handles large volumes 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.

	STANDARD DISCLOSURES	Section, page	Comment	Global Compact (principle number)
G4-1	Strategy and analysis 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 2-3, Strategy pages 8-11		1-10
	Organizational profile			
G4-3	Name of organization	Inside cover		
G4-4	Primary brands, products and services	Pages 6, 9, 14-15		
G4-5	Location of headquarters	Inside cover		
G4-6	Number of countries and names of those in which the organization has significant operations	Page 6 and Note 4, page 61		
G4-7	Nature of ownership and legal form	Page 1 and Corporate Governance Report, page 40		
G4-8	Markets, (including geographic breakdown, sectors served and types of customers and beneficiaries)	Operations, pages 16-22		
G4-9	The scale of the organization, including total number of employees, operations, net sales and capitalization	Page 1, Note 4 page 61, Note 5 page 62, Statement of changes in financial position page 52		
G4-10	Number of employees per contract, gender, region and division into permanent and temporary employees	Employees, pages 30-32 and Note 5, page 62		6
G4-11	Percentage of total employees covered by collective bargaining agreements	Employees, page 30		3
G4-12	Description of the organization's supply chain	Suppliers, page 36.		
G4-13	Changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	Corporate governance, page 43, Note 29, page 77		
G4-14	Handling of the precautionary approach or principle	Environment, page 34.		7
G4-15	External sustainability principles and initiatives that the organization supports	President & Group CEO statement, page 3, Corporate Governance Report, page 41		
G4-16	Memberships of associations, industry organizations and advocacy organizations		PostNord is a member of relevant employer organizations, such as for example: Norway: Confederation of Norwegian Enterprise (NHO) and the Norwegian Logistics and Freight Association Sweden: Almega and the Swedish Confederation of Transport Enterprises Denmark: The Confederation of Danish Industry Finland: The Confederation of Finnish Industries	
	Identified material aspects and boundaries			
G4-17	Entities included in the report	Measurement and calculation methods, pages 86-87		
G4-18	Process for defining the report content	Strategy page 8, PostNord's Sustainability Work, page 26, GRI Index pages 88-89		1-10
G4-19	Material aspects identified	GRI Index, pages 88-89		
G4-20	The aspect boundary for each material aspect within the organization	GRI Index, page 89		
G4-21	The aspect boundary for each material aspect outside the organization	GRI Index, page 89		
G4-22	Effect of any restatements of information provided in previous reports	Measurement and calculation methods, page 86		
G4-23	Changes from previous reporting periods in the scope and aspect boundaries	Measurement and calculation methods, page 86		
	Stakeholder engagement			
G4-24	List of stakeholder groups	Strategy page 8, PostNord's Sustainability Work, page 27		
G4-25	Basis for identification and selection of stakeholders with whom to engage	Strategy, page 8		
G4-26	Approach to stakeholder engagement	PostNord's Sustainability Work, page 27, Measurement and calculation methods, page 87		
G4-27	Key topics and concerns that have been raised through stakeholder engagement	PostNord's Sustainability Work, 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 86 and pages 88-89		
G4-33	Policy and current practice for external assurance	Assurance Report, page 92		
	Governance			
G4-34	Governance structure, including committees and Board responsibility for economic, environmental and social performance	PostNord's Sustainability Work, page 26, Corporate Governance Report, pages 40-45		
	Ethics and integrity			
G4-56	Values, principles, standards and norms of behavior, e.g. Code of Conduct	Strategy, page 9, Compliance, page 37		1-10
	SPECIFIC STANDARD DISCLOSURES	Section, page	Comment	Global Compact (principle number)
	Economic - Economic performance			
G4-DMA	Disclosures on management approach	Strategy pages 11 and 13, Corporate Governance pages 40 et seq., page 89		
G4-EC1	Direct economic value generated and distributed	PostNord's Sustainability Work, page 28		

	SPECIFIC STANDARD DISCLOSURES	Section, page	Comment	Global Compact (principle number)
G4-DMA	Environmental - Emissions Disclosures on management approach	Strategy pages 11 and 13, Environment, pages 33-34, page 89	No climate compensation has taken place. 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 emissions (scope 1)	Environment, page 33, Measurement and calculation methods page 86		
G4-EN16	Indirect greenhouse gas emissions (scope 2)	Environment, page 33, Measurement and calculation methods page 86		
G4-EN17	Other indirect greenhouse gas emissions (scope 3)	Environment, page 33, Measurement and calculation methods page 86		
G4-EN18	Emissions intensity	Environment, page 33, Measurement and calculation methods page 86		
G4-EN19	Reduction in greenhouse gas emissions	Strategy page 13, Environment, page 33, Measurement and calculation methods page 86		
G4-EN21	Other significant air emissions	Environment, page 33, Measurement and calculation methods page 86		
G4-DMA	Environmental - Compliance Disclosures on management approach	Environment, page 34, page 89		7, 8, 9
G4-EN29	Fines for non-compliance with environmental laws	Compliance, page 37		
G4-DMA	Environmental - Assessing suppliers Disclosures on management approach	Strategy, page 11, Suppliers, page 36, page 89	For more information, see PostNord's Code for Suppliers: www.postnord.com/ Figures are being reported with effect from the start of 2016	7, 8, 9
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Suppliers, page 36.		
G4-DMA	Social - Human rights - Supplier screening Disclosures on management approach	Strategy, page 11, Suppliers, page 36, page 89	For more information, see PostNord's Code for Suppliers: www.postnord.com/ Figures are being reported with effect from the start of 2016	1-6
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Suppliers, page 36.		
G4-DMA	Social - Labor law - Health and safety Disclosures on management approach	Strategy, page 11, Suppliers, page 31, page 89		6
G4-LA6	Accidents, occupational injuries and sick leave	Strategy, page 13, Employees, page 31, Note 21 and 22, page 69 et seq.	A gender distribution for sick leave is not available for Norway. As a result, sick leave for Norway is presented only on an aggregated level	
G4-DMA	Social - Labor law - Workplace equality and diversity Disclosures on management approach	Strategy, page 11, Employees, page 32, page 89		1-6
G4-LA12	Gender and age distribution for all employees and managers	Strategy, page 13, Employees, page 32		
G4-DMA	Social - Labor law - Screening of suppliers Disclosures on management approach	Strategy, page 11, Suppliers, page 36, page 89	For more information, see PostNord's Code for Suppliers: www.postnord.com/ Figures are being reported with effect from the start of 2016	10
G4-LA14	Percentage of new suppliers that were screened for working conditions	Suppliers, page 36		
G4-DMA	Social - Society - Anti-corruption Disclosures on management approach	Compliance, page 37, page 89		
G4-SO5	Incidents of corruptions and action taken	Compliance, page 37		
G4-DMA	Social - Society - Anti-competitive behavior Disclosures on management approach	Compliance, page 37, page 89		
G4-SO7	Legal actions taken against anti-competitive activities	Compliance, page 37		
G4-DMA	Social - Society - Compliance Disclosures on management approach	Compliance, page 37, page 89		
G4-SO8	Non-compliance with laws and regulations	Compliance, page 37		
G4-DMA	Social - Product liability - Labeling of products and services Disclosures on management approach	PostNord's Sustainability Work, page 26, page 89		
G4-PR5	Customer satisfaction	Strategy, page 13, Measurement and calculation methods page 87		
G4-DMA	Social - Product liability - Customer privacy Disclosures on management approach	PostNord's Sustainability Work, page 28, page 89		
G4-PR8	Number of complaints regarding breaches of customer privacy	PostNord's Sustainability Work, page 28		
	Other material sustainability issues for PostNord	Section, page	Comment	Global Compact (principle number)
	Delivery quality	Strategy, page 13, Operations, pages 17, 19, 20, 21		
	Customer complaints	PostNord's Sustainability Work, page 28		
	Overnight delivery	Strategy, page 13, Operations, pages 17 and 19		
	Sustainable product solutions	Environment, page 34.		
	Accessibility	PostNord's Sustainability Work, page 28		
	Delivery reliability, security	PostNord's Sustainability Work, page 28		
	Impact on local communities	PostNord's Sustainability Work, page 28		
	Responsible restructuring	Strategy, page 13, Employees, page 30		
	Employee confidence in management	Strategy, page 13, Employees, page 30		

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 2015. 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 86 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 other generally accepted auditing standards in Sweden. The auditor applies ISQC 1 (the International Standard on Quality Control) and therefore uses a comprehensive system of quality control including documented guidelines and procedures regarding compliance with the requirements of professional ethics, standards as to the exercise of professions and relevant requirements of laws and other statutes. 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, 2016

KPMG AB

Helene Willberg
Authorized Public Accountant

Torbjörn Westman
Expert Member of FAR

Five-year review

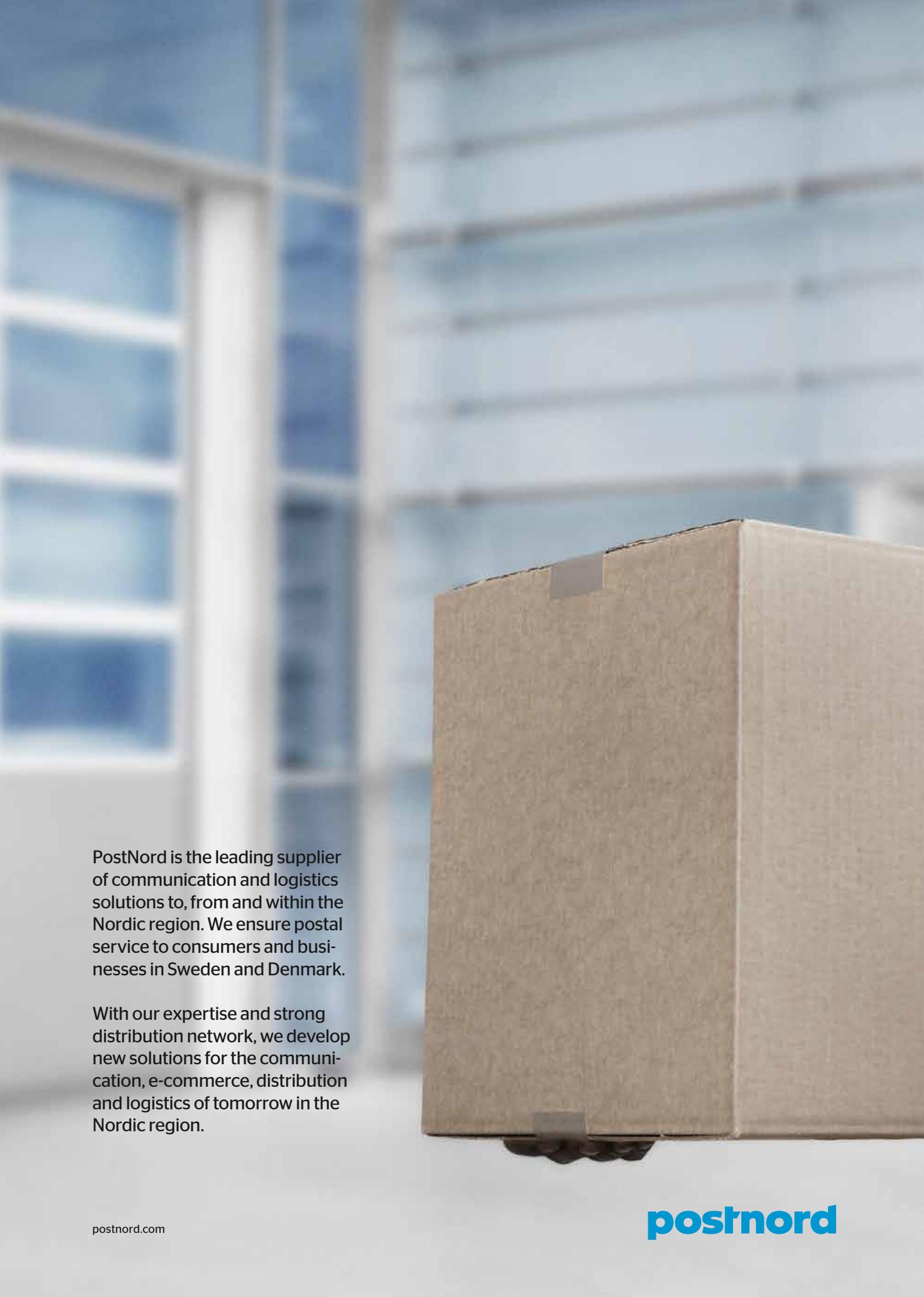
SEKm, unless otherwise specified	2011	2012	2013	2014	2015
PostNord Group¹⁾					
Net sales	39,466	38,920	39,533	39,950	39,351
Other operating income	274	253	233	632	761
Operating expenses	-38,167	-38,669	-39,114	-40,247	-39,552
<i>of which, personnel expenses</i>	-19,110	-18,338	-18,626	-18,212	-17,624
<i>of which, transportation expenses</i>	-7,540	-8,084	-8,953	-9,832	-10,051
<i>of which, other expenses</i>	-9,851	-10,348	-9,887	-10,356	-10,005
<i>of which, depreciation and impairments</i>	-1,666	-1,899	-1,648	-1,847	-1,872
Operating income (EBITDA)	3,237	2,410	2,310	2,198	2,436
Operating margin (EBITDA), %	8.1	6.2	5.8	5.5	6.2
Operating income (EBIT)	1,571	511	662	351	564
Operating margin (EBIT), %	4.0	1.3	1.7	0.9	1.4
Net income for the period	1,225	247	306	176	278
Cash flows from operating activities	1,634	1,825	1,657	670	1,670
Net debt	578	4,299	1,624	3,672	-171
Net debt ratio (net debt/equity), %			18	46	-2
Return on capital employed, %			6.0	3.1	5.4
Average number of employees	41,714	39,713	39,305	37,407	35,256
Number of employees at end of period	48,568	49,297	47,667	44,859	42,111
<i>of which, temporary employees</i>	9,871	10,473	10,180	8,793	7,292
Volumes, millions					
Group total, parcels	98	105	111	120	132
Denmark, priority mail	411	320	278	237	201
Denmark, non-priority and C-mail	366	365	337	308	259
Sweden, priority mail	980	925	912	880	811
Sweden, non-priority mail	1,251	1,198	1,144	1,103	1,061

¹⁾ Figures prior to 2012 have not been restated due to IAS 19 Revised, Employee Benefits.



Swan marked printed matter.

Photographers: Mads Armgaard, Hans Carlén, Christina Guardian, Kalle von Hausswoiff, Magnus Liam, Claus Peuckert, Peter Phillips, Calle Stoltz, June Witzoe and others.
Production: PostNord in partnership with Hallvarsson & Halvarsson. Printed by: Strålfors 2016.

A photograph of a brown cardboard box in the foreground, slightly out of focus. The background shows a modern building with large glass windows and a white pillar, also blurred. The lighting is bright, suggesting an outdoor setting.

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

With our expertise and strong distribution network, we develop new solutions for the communication, e-commerce, distribution and logistics of tomorrow in the Nordic region.