

# Annual Report 2013



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The Board of Directors and the CEO hereby submit the Annual Report and consolidated financial statements for PostNord AB (publ) for financial year 2013. The company's corporate identity number is 556771-2640. The group's consolidated financial review comprises all information through page 4, pages 8–41, the section on environmentally licensed operations on page 60, and pages 70–98, 138 and 140. Financial data prior to July 2009 is pro forma.

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

# This is PostNord

PostNord offers communication and logistics solutions to, from and within the Nordic region. We are the regional industry leader and meet our customers under the Posten, Post Danmark, PostNord Logistics and Strålfors brands.

PostNord AB was formed in 2009 through the merger of Post Danmark A/S and Posten AB. The parent company, PostNord AB, is a Swedish public company headquartered in Solna, Sweden. PostNord is owned 40% by the Danish State and 60% by the Swedish State. Votes are allocated 50/50 between the owners.

Operations are run in three areas: Mail (business areas Mail Denmark and Mail Sweden), Logistics and Strålfors.

In 2013 PostNord had 39,000 employees and net sales of approximately SEK 40 billion.

[www.postnord.com](http://www.postnord.com)

In 2013 PostNord delivered

## 5.9 billion

letters and other mail items





## 110 million

parcels

## 2.5 billion

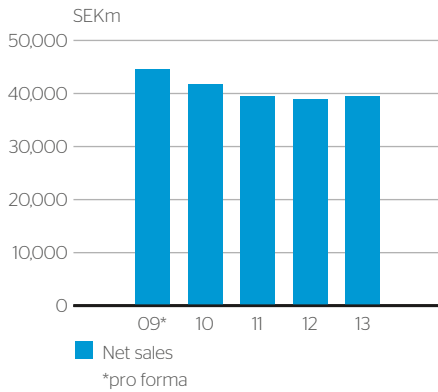
kilos of goods

to the Nordic region's 25 million residents and 2 million businesses.

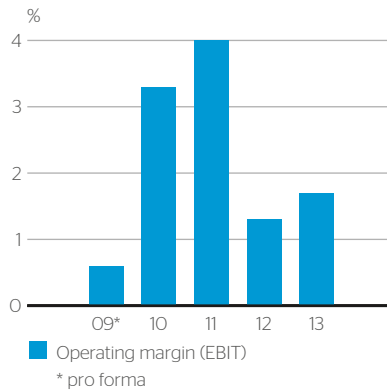
Business area	Brands	Services	Core customers	Markets
<b>MAIL DENMARK</b> MAIL <b>MAIL SWEDEN</b>	 	Postal services Communication services	Businesses Individual customers	Denmark Sweden
<b>LOGISTICS</b>		Logistics solutions	Businesses Individual customers	Nordic region
<b>STRÅLFORS</b>		Communication services for businesses with large customer bases	Businesses	Nordic region Poland Great Britain France

# PostNord in numbers

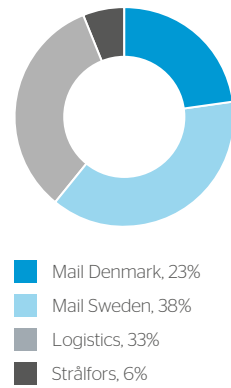
## Net sales



## Operating margin

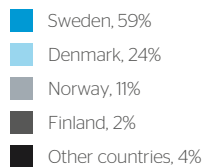
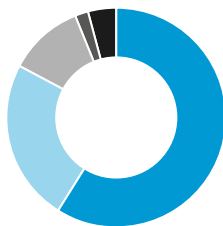


## Net sales 2013, by business area<sup>1)</sup>

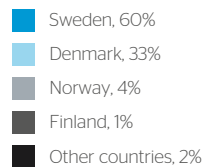
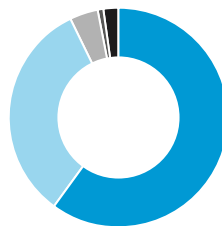


<sup>1)</sup> Share of external net sales.

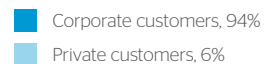
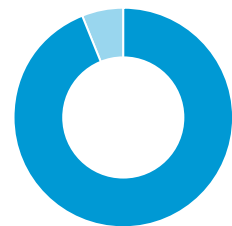
## Revenue 2013, by country



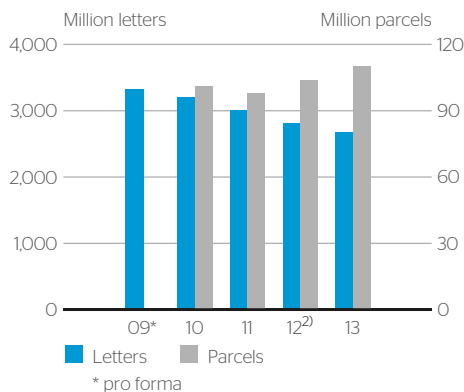
## Average number of employees 2013, by country



## Net sales 2013, private and corporate customers

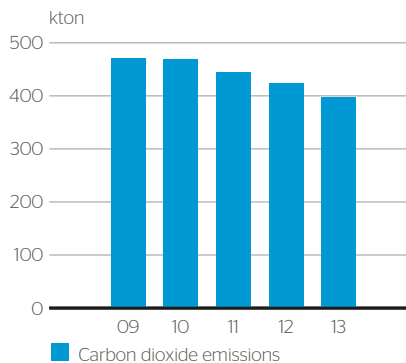


## Total letter and parcel volumes



<sup>2)</sup> Previously reported values have been adjusted.

## CO<sub>2</sub> emissions<sup>3)</sup>



<sup>3)</sup> Emissions data includes completed acquisitions. Previously reported values have been adjusted.

# How we meet our customers

## BRANDS AND SERVICES



Services for business and marketing communication, newspaper distribution, goods distribution and home deliveries. Postal service for individual customers.



Services for business and marketing communication, newspaper distribution, parcel and goods distribution and home deliveries. Postal service for individual customers.



Logistics solutions for deliveries to, from and within the Nordic region. Focus on the distribution of parcels, palletized goods and outsourcing of logistics flows (third-party logistics).



Communication solutions for businesses with large customer bases that create stronger, more personal relationships.

## MARKET PRESENCE

### Corporate customers

### Individual customers

Sweden



Denmark



Norway



Finland



Other countries



For more information on PostNord's new brand structure, see pages 24-25.

# We keep the Nordic economy moving

**PostNord is the Nordic region's leading communication and logistics company. The group is young, but the business is run based on nearly 400 years of operational experience in the region.**

**PostNord literally keeps the Nordic economy moving. Every day we enable millions of businesses, government authorities and private individuals to do business, shop and communicate with each other.**



### Unique capacity to meet customer needs

People want to be able to send and receive their mail safely and securely. They want their goods and products to be delivered to their home, or as close to their home as possible. They want their newspapers to be delivered to their mailboxes every morning, and they want to choose how companies and government authorities communicate with them.

To be able to compete, companies are dependent on efficient logistics. Stock-keeping, logistics management and supply of goods are increasingly being outsourced. Many companies are also looking for ways to improve the efficiency of their communication with customers.

PostNord is well-established in the region and delivers mail, newspapers, products and goods every day – even to the most remote areas.

The group's capacity is based on a robust structure of thousands of mail carriers and drivers as well as logistics and mail terminals throughout the region – over 5,300 distribution points and the largest vehicle fleet in the Nordic region.

## “Partner to businesses in multiple industries”

PostNord also has industry-leading experience and solutions for ways in which companies can optimize their logistics or communicate more effectively with their customers.

This gives us a unique capacity to meet customers' service requirements in the region.

### Rapid changes

Demand for PostNord's services is based on the fundamental needs of society and the business sector for transport and communication. But, due to the current and extremely rapid change in customer needs, the contents of mailbags and postal trucks are changing. Increasing e-commerce is driving demand for goods distribution and logistics services. New ways of communicating have reduced demand for letters as a mode of communication.

# 5,300

distribution points in the Nordic region

In recent years PostNord has made extensive changes to the business to meet customer demands, develop competitiveness and reduce environmental impact. This includes significant investments to improve production capacity, making it more adaptable and better equipped to meet customer needs.

The sweeping changes have been implemented without any contribution from the owners and while maintaining a high quality service level.

### An explicit commitment

PostNord is preparing for the future. Continued investments are being made in the business. The group is becoming increasingly efficient.

We have made an explicit promise for the future to the Nordic business sector and society. You will be able to reach your recipients on time, securely and cost-effectively. PostNord is your reliable, accessible and sustainable business partner for communication and logistics.

# Improved earnings and clearer direction going forward

**PostNord reported improved year-on-year results for 2013. This development follows extensive changes to the business to capitalize on growth opportunities within logistics and to develop in line with demand for communication services.**

PostNord's net sales increased 2 percent in 2013, due chiefly to acquisitions and organic growth within the logistics business following the continued strong e-commerce trend. Group operating profit improved and the operating margin rose to 1.7 percent due to increased net sales, continued streamlining efforts and lower restructuring costs.

In view of the development in our markets - with a dramatic structural transition in the communication market and a weak macroeconomic trend in the Nordic countries - this is good performance. Nevertheless, it is not a satisfactory result. Profitability is low or negative in all business areas, and earnings are insufficient. We need to step up the pace of implementing our streamlining efforts and service development throughout the entire group. Additional structural changes need to be made to enable PostNord to meet the challenging market trend and create greater financial value.

## Growing logistics business

The logistics business continues to grow, both organically and through acquisitions, and accounts for over one-third of the group's external net sales. In 2013 we continued the implementation of our strategy to create end-to-end solutions and cross-border capacity in the Nordic region. We made complementary acquisitions,

including the acquisition of a mixed cargo, consignment goods and thermal transport business in northern Sweden. We also expanded our capacity within parcel and pallet handling. A new state-of-the-art logistics terminal was put into operation in Sweden during the year.

Demand for outsourcing services is on the rise, as more companies are choosing to outsource their supply lines. We won several attractive third-party logistics contracts in 2013, thanks not least to the acquisitions made by the group in 2012.

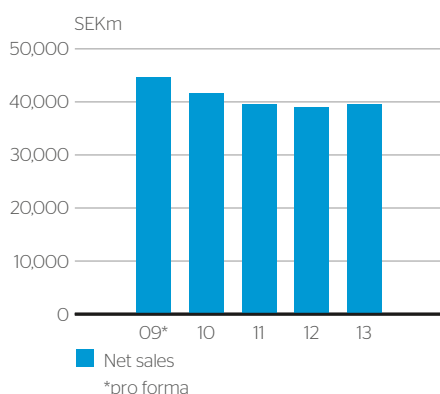
During the year we initiated the migration of our multiple logistics brands to the new PostNord Logistics brand. The launch will be done gradually and our goal is to develop and establish PostNord Logistics over time as the Nordic region's leading logistics brand.

## Continued strong e-commerce growth

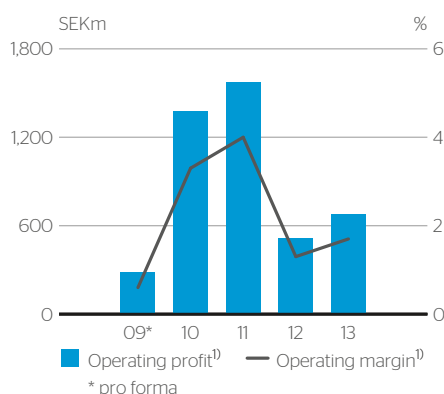
E-commerce continued its strong growth, with double-digit growth in the Nordic region. One distinct trend is that large retail companies are increasing their investments in e-commerce. And due to always-on Internet access, consumers are increasingly able to look at products in physical stores before comparing prices and making their purchases online.

Both mail and logistics volumes benefit from this trend. Our B2C parcel volumes, which are closely

## Net sales



## Operating profit



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





## 2013 highlights

- Improved group operating profit.
- Strong e-commerce growth in Nordic region - increased parcel volumes.
- Continued organic and acquisition-driven growth within Logistics.
- Continued streamlining efforts within Mail.
- Start-up of operations in new terminals in Sweden.
- Carbon dioxide emissions decreased 6 percent during the year.
- Development of group strategy - prioritization of e-commerce.
- New organization and new brand structure as of 2014.

linked to e-commerce, rose 12 percent during the year. E-commerce services are one of our most important development areas in coming years.

### Investments in Nordic capacity

Demand for mail distribution services continued to decline due to sustained digitization and a weak macroeconomic trend. Although the volume trend is dramatic, particularly in Denmark, it is thus far within the scope of our expectations.

## “Improved operating profit”

Our assessment is that the volume trend will be sustained over the next few years. Physical letters will continue to play an important role in the business sector and society - although the actual content of envelopes and the terms and conditions for mail are changing.

PostNord wants to be able to continue offering an efficient, self-financed postal service. One prerequisite for this is the evolution of the regulatory framework in line with changes in the market. Significant steps have been taken in many European countries, including Denmark, in recent years to adapt the scope and alignment of the universal postal service to market changes. We welcome the Danish Parliament's enactment of a new Danish Postal Services Act. It will allow further market adaptation of our Danish mail business. Similar changes will also need to be made in Sweden.

We are investing in the Nordic region. In recent years we have made major investments in production capacity, primarily within Mail. The investments are a crucial component of our conversion strategy and are aimed at meeting the negative mail volume trend by improving scalability and at reducing our carbon dioxide emissions. We are investing in vehicles and equipment as well as new, highly efficient terminals. In 2013 we started operations at a new postal terminal in Hallsberg, Sweden and next year we will open a new terminal outside Stockholm.

### Financial development

SEKm, unless otherwise specified	Jan-Dec, 2013	Jan-Dec, 2012	Change, %
<b>Income statement</b>			
Net sales	39,533	38,920	2
Other income	233	253	-8
<b>Income</b>	<b>39,766</b>	<b>39,173</b>	<b>2</b>
Operating expenses	-37,452	-36,770 <sup>1)</sup>	-2
Participations in the earnings of associated companies	10	7	43
<b>Operating profit (EBITDA)</b>	<b>2,324</b>	<b>2,410<sup>1)</sup></b>	<b>-4</b>
Depreciation and impairments	-1,648	-1,899	13
<b>Operating profit (EBIT)</b>	<b>676</b>	<b>511<sup>1)</sup></b>	<b>32</b>
Net financial items	-208	-144 <sup>1)</sup>	-44
<b>Profit before tax</b>	<b>468</b>	<b>367<sup>1)</sup></b>	<b>28</b>
Tax	-146	-120 <sup>1)</sup>	-22
<b>Net profit</b>	<b>322</b>	<b>247<sup>1)</sup></b>	<b>30</b>
<b>Cash flows</b>			
Cash flows from operating activities	1,662	1,825 <sup>1)</sup>	
<b>Financial position</b>			
Cash and cash equivalents	1,973	3,046	-35
Equity	9,063	7,533 <sup>1)</sup>	20
Net debt	2,991	4,299 <sup>1)</sup>	30
<b>Key ratios</b>			
Operating margin (EBIT), %	1.7	1.3 <sup>1)</sup>	
Operating margin (EBITDA), %	5.8	6.2 <sup>1)</sup>	
Return on equity, rolling 12-month, %	3.9	2.6	
Return on operating capital, rolling 12-month, %	5.7	4.7	
Earnings per share, SEK	0.16	0.12 <sup>1)</sup>	
Net debt/EBITDA, rolling 12-month, times	1.3	1.8	
Financial preparedness	3,973	5,046	
Equity-Assets ratio, end of period, %	35	27 <sup>1)</sup>	
Average number of employees	39,305	39,713	

<sup>1)</sup> Restated due to IAS 19 Revised, Employee Benefits.

### Key societal function

PostNord is one of the largest companies in the Nordic region. We play a key role in the region's business sector and society. We make it possible for businesses and Nordic residents to do business and communicate with each other, each and every day. This carries with it great responsibility.

# 12%

PostNord's B2C parcel volumes increased 12 percent in 2013

The quality of our services is central for customers and recipients alike, and is based on the sender reaching the right recipient on time. We will sustain the high quality level of our services in the future.

We work actively to reduce the inevitable environmental impact of our operations, particularly our transports. Our goal is to dramatically reduce our carbon dioxide emissions, and we know that this is also demanded by our customers. We have reduced our emissions by 16 percent since 2009.

We support and run our operations in accordance with the corporate responsibility principles of the UN Global Compact and OECD guidelines for multinational companies.

### Strategy development focused on e-commerce services

During late 2013/early 2014, we further developed the group's strategy and clarified our direction going forward.

We continue with implementation of key conversion efforts with production development, streamlining and increased coordination of our communication solutions offer for our Mail customers, to create sustainable profitability in this area despite declining mail volumes.

The logistics business will continue to grow, mainly organically, and will strengthen profitability through efficiency improvements. Our goal is to take the position as the leading logistics partner in the Nordic region.

PostNord holds a strong position as the leading e-commerce partner in the Nordic region, and we will increase our focus on developing our service offer in this area. We can capitalize more on our unique structure and regional scope. This structure also enables us to further develop attractive offers for different types of home deliveries and other service logistics.

Strålfors is focusing on the three growth divisions Data Management, Marketing Communication and Service Fulfillment and continuing with further optimization of the printing-related operations.

### New brand structure

PostNord is becoming increasingly distinguished as a Nordic company. More and more of our customers demand comparable services across the region. A key component in the development of our position is the establishment of a more uniform profile. During the coming three-year period, we will therefore gradually be integrating our commercial brand symbols with PostNord's logo and give the PostNord brand greater scope in communication with our customers.

### Improved profitability and competitiveness

Efficiency improvement is an integral part of our agenda. The group has succeeded in reducing its costs by several billion kronor in recent years through various streamlining and rationalization programs. These changes have strengthened PostNord's competitiveness.

But much work remains to be done, especially considering the continued decline in mail volumes. One challenge is our relatively high share of fixed costs – a situation normally associated with the delivery of universal postal services. With the initiatives we are taking to generate growth and reduce and change the cost base, we count on being able to generate gradual margin improvement in coming years.

Success with these efforts requires that we have the right organizational environment in place. We are now implementing a new organization that will enable us to provide greater uniformity for our customers and create potential for greater synergies – as an example, through increased integration of production. The new organization also includes the establishment of a strategic unit for e-commerce services.

### One group

The group has undergone major changes since the merger of Posten and Post Danmark five years ago. The synergies that were anticipated back then have long since been realized. We are constantly identifying new opportunities to coordinate, develop and streamline the business. These efforts will continue for many years to come. Compared to five years ago, what's different now is that the work is being done within one group, with one corporate culture and one strategic direction.

Solna, February 2014

**Håkan Ericsson**  
President & Group CEO



# Perfect e-commerce fit - no blisters



Nordic e-commerce had sales of approximately SEK 100 billion in 2012, a 14 percent year-on-year increase. The sharp increase continued in 2013, with nearly one in three Nordic residents shopping online each month. And all indications are that this trend will continue.

The reason is simple: shopping online offers major advantages for you as a consumer. It's more convenient. It's often less expensive. You decide where and when to shop. You save time. And you have an increasingly broad range to choose from. The most popular product categories are home electronics, clothes, shoes, books and cosmetics.

The Internet and mobile solutions have been crucial driving forces in shifting the shopping experience from stores to wherever you happen to be. But this development would not have been possible without well-fitting logistics solutions. Today's prompt deliveries and efficient returns management are key reasons for this success.

PostNord is the strongest e-commerce partner in the Nordic region. With our coordinated distribution network and our solutions for logistics outsourcing and customer communication, we can decrease the distance between e-retailers and end consumers. This looks to be a model that suits modern consumers to a tee.

# How we create business advantage

PostNord strives to improve its customers' competitiveness by solving their communication and logistics needs on time, securely and cost-effectively. Our offer spans the entire commercial chain - from business generation to fulfillment and follow-up.



#### 1. Marketing and sales

The commercial chain starts with a company doing marketing and creating a sales opportunity. PostNord offers solutions for effective physical and digital marketing to small or large target groups. PostNord also maintains and develops information databases.

#### 2. Outgoing or incoming logistics

The company orders goods from a supplier. PostNord picks up or receives the goods from the manufacturer. The goods are delivered directly to the end consumer or transported to one of PostNord's warehouses for processing.

Alternatively, a letter or parcel is sent directly from the company and collected by PostNord (e-letters are printed and enveloped by PostNord).

#### 3. Stock-keeping and processing

PostNord warehouses, repackages or configures the goods to suit the company's end consumer. The letter or parcel is sorted at one of PostNord's many terminals for further distribution to the addresses.

#### 4. Outbound logistics

The goods are distributed by PostNord directly to the end consumer. The letter or parcel leaves PostNord's terminal and is transported to the end consumer's area where it is sorted for distribution.

PostNord provides solutions that allow the company and recipient to track the status of the mail item in the distribution chain.

#### 5. Distribution

Mail is distributed by one of PostNord's thousands of mail carriers - directly to the end consumer. Parcels are delivered directly to the recipient of via one of PostNord's more than 5,300 distribution points located throughout the Nordic region, for convenient pick-up as suits the recipient. PostNord also facilitates efficient return management.

#### 6. Customer communication

Naturally, a good business transaction ends with a completed delivery. PostNord assists its customers with invoice management and follow-up communication. The transaction may require printed material and the distribution of codes, SIM cards, user manuals or similar - which PostNord can assist with. The customer may want to include their end consumer in a loyalty program or send them advertisements. PostNord also offers services to take care of these needs.

# Market in structural change

**The development of Internet-based communication solutions creates new patterns in terms of how we conduct business and how we communicate with one another. For PostNord, this entails rapid structural changes.**

## Global growth and increasing trade

### Driving demand for logistics solutions

Globalization, population growth and technological development are driving the growth of trade and creating increasing demand for transport and logistics solutions.

The Nordic logistics market is driven by global growth and the increase in international trade and is highly correlated with GNP. It is marked by rising demand for more, and increasingly advanced, services. Outsourcing and logistics solutions are on the rise as more and more companies elect to outsource all or parts of their supply lines.

The Nordic logistics market is also characterized by consolidation, tough competition and cost focus. Customers demand international end-to-end solutions that are professional and cost-efficient. Scale and regional strength are critical success factors in terms of meeting this trend.



## Digitization drives e-commerce

### Increasing demand for goods distribution solutions

Trade in the Nordic region is undergoing structural change, with an expanding amount of business volumes within e-commerce. This in turn drives demand for goods transport and distribution services. E-commerce often offers simplified distribution and lower prices, as well as greater flexibility for customers through Internet access. PostNord's estimation is that e-commerce in physical goods in the Nordic region increased around 14% in 2012. Growth was also in the double digits in 2013.

A growing number of large, traditional retailers have set up e-commerce solutions in recent years. And more and more channels are being used by retailers to reach consumers and drive sales (called

"omni-channels" or "multi-channel strategies"), which imposes new demands for logistics operators and their flexibility. Another trend is the increase in e-commerce across national borders. Competition between e-retailers has also become tougher.

In this environment, e-commerce logistics has become more and more of a competitive advantage. In what way, at what time and at what price goods are delivered have become more important issues for consumers at the time of purchase. Increasingly efficient logistics solutions have also helped drive the growth of e-commerce. Without fast deliveries and return options, e-commerce is impossible.

PostNord is the largest e-commerce service provider in the Nordic region and has strengthened its market position in this area in recent years. One competitive advantage for a national postal operator like PostNord is its unique distribution platform. The combination of mail delivery and thousands of distribution points enables prompt, eco-efficient delivery all the way to the end consumer. For many national postal operators, goods distribution and various forms of home delivery have the potential to generate more revenue than the distribution of mail. This change in the revenue mix is already a fact for some operators.





**Digitization of communication**  
Reduces demand for letters as a form of communication

The Internet has fundamentally altered the prospects for physical letters as a communication channel. New technological solutions and behavior patterns have led to a decline in demand for communicating via letter.

PostNord operates in markets where this trend is most evident. Mail volumes have fallen dramatically in Denmark in recent years, a reflection of the coordinated and far-reaching initiatives adopted by the

country's public and business sectors aimed at establishing digital infrastructures and new e-services for communication. Denmark leads Europe in this societal development, an example of which is the requirement for digital communication in the public sector. The Danish economy has also been weak in recent years, which has further hastened substitution.

Demand for letters as a form of communication has been somewhat more stable in Sweden, although mail volumes have declined significantly in recent years. Various initiatives have been taken in the Swedish market to increase the digitization of business and government authority communication. So far, these initiatives have not been implemented with the same degree of coordination and thoroughness as has occurred in the Danish market.

The decline in mail volumes is expected to continue in both Sweden and Denmark in coming years. Volumes will most likely eventually stabilize at a lower, more permanent level - a level that reflects the continued need for physical communication in the business sector and society.

**Growing climate awareness**  
Imposes demands for energy-efficient transports

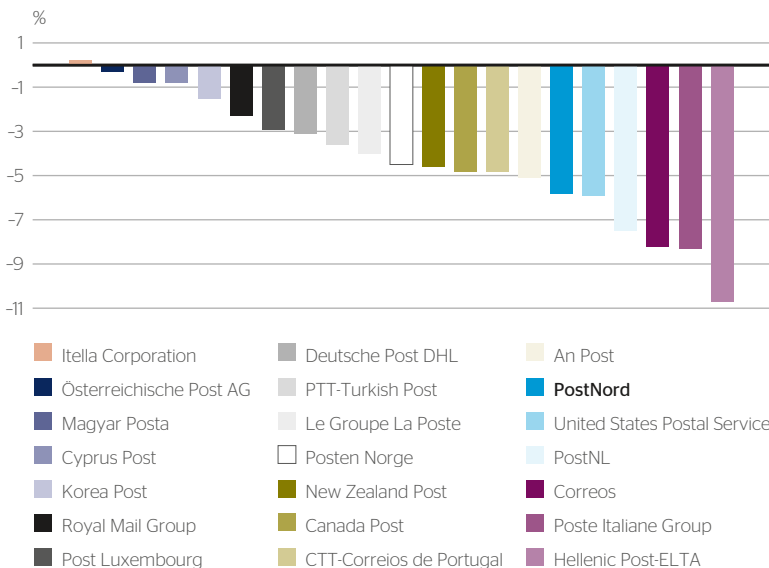
Climate change is a pervasive societal problem, one that has serious consequences that are difficult to comprehend. Nations and companies alike are setting targets and making efforts to reduce carbon dioxide emissions. Eco-efficiency is commercially important for PostNord. Many corporate customers have ambitious environmental goals and look beyond their own businesses to impose requirements on their suppliers. This applies particularly to the purchase of logistics services.

PostNord's operations involve various types of transport, and a high level of delivery quality requires

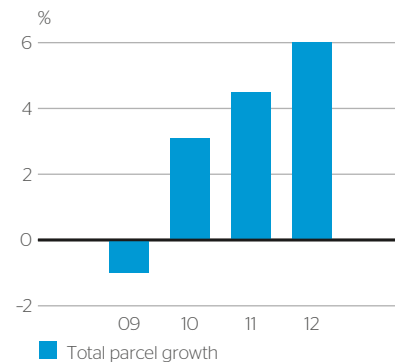
the use of many different means of transport. PostNord is pursuing an ambitious, target-oriented environmental agenda aimed at reducing carbon dioxide emissions by 40% between 2009 and 2020.



**Average annual mail volume development 2009-2012, total volumes per postal operator**



**Total parcel growth for sector companies 2009-2012<sup>1)</sup>**



<sup>1)</sup> Canada Post, CTT-Correios de Portugal, Deutsche Post DHL, FedEx, Hellenic Post-ELTA, Itella Corporation, Korea Post, Le Groupe La Poste, Magyar Posta, New Zealand Post, Posten Norge, Österreichische Post AG, Post Luxembourg, Poste Italiane Group, PTT-Turkish Post, Swiss Post, United States Postal Service, UPS.



**Deregulation**

**Opens markets and changes the rules of the game**

The rules of the game for postal operations are regulated chiefly by international agreements and in national postal legislation. Legislation in the EU is based on, among other things, the EU's Third Postal Directive, the purpose of which is to ensure good postal service in member states. One of the effects of the Third Postal Directive is that previously regulated EU postal markets have been opened to competition.

This happened in Denmark in 2011. Sweden opened its postal market to competition back in 1993.

Many EU member states have reviewed their postal legislation and provisions delineating universal postal services. These reviews resulted in regulatory changes in several countries, including Finland, Belgium, Great Britain and Denmark. The legislative changes include more flexible pricing, adaptation of delivery obligations, reducing the scope of services covered by the universal postal service, and requirements for the degree of market penetration for competing postal operators.

What many of the European regulatory changes have in common is that they improved opportunities for national operators to run profitable businesses and improved the prospect for long-term universal postal services in each market.

Posten Norge, the government-subsidized postal operator in EEA member state Norway, competes with PostNord in Sweden (through Bring Citymail). Norway has not yet liberalized its postal market in compliance with the EU directive and, consequently, the Norwegian postal market remains closed to competition.

**Tougher competition for attention**

**Increases the need for effective communication**

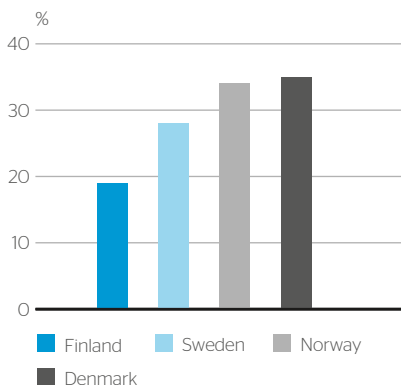
Technological developments and the way we use new technology have led to an information overload. People seem to find that too much information is distracting and has a negative effect on productivity and decision-making. The result is that, consciously or unconsciously, we distance ourselves from the information flow.

Not unexpectedly, many businesses are finding it harder to penetrate the noise. Despite the growing array of communication alternatives, it is increasingly challenging to reach customers. Effective communication needs to take place on the recipient's terms - when and where they are receptive. Messages also need to be relevant and individualized.

Physical communication is in many cases a powerful tool in the ever-increasing noise, especially when combined with digital communication.



**Percentage of population that buys products online at least once per month<sup>1)</sup>**



<sup>1)</sup> People with Internet access. Data from January 2013.

# PostNord's strategy and targets

**PostNord is the leading communication and logistics company in the Nordic region. The group's strategy focuses on creating long-term value for its owners and other stakeholders and ensuring the provision of universal postal services.**

Structural market changes challenge PostNord's ability to run a profitable mail business. Meanwhile, the logistics market is growing and holds potential for a strong regional operator like PostNord to further expand its Nordic presence and become the region's strongest operator.

PostNord's strategy is based on the group's mission, vision and values. It aims at developing the business and repositioning the group in line with market changes to secure profitability for Mail and develop the group's position in the Nordic logistics market.

The Group's current strategy is based on the strategy adopted in 2011. It was developed at year-end 2013/2014 with respect to the group's prioritized areas.

## Overall target picture

Posten AB and Post Danmark A/S merged in 2009 in order to secure a position as the leading operator on the Nordic logistics market and to maintain good postal service in all of Sweden and all of Denmark, in view of the market's ongoing structural changes.

The merger is completed, but PostNord is continuing to develop the business in line with the rationale for the merger.

PostNord will generate financial value for its owners by creating growth, improving profitability and utilizing the group's capital resources more effectively.

PostNord will be an attractive investment and be run as a listed company focused on returns and stability. This is crucial to PostNord's development, regardless of form of ownership, and entails focusing on growth for Logistics, profitability for Mail, further development of position within e-commerce and service logistics, optimizing our capital structure and generating dividends for our owners.

PostNord will continue to improve coordination and efficiency within the group. PostNord will be a more cohesive and strategically run group with a strong delivery culture and sustainability focus.

## Mission, vision and values

Mission	Vision	Values
<p><b>PostNord connects people and businesses reliably, efficiently and on time.</b></p>	<p><b>PostNord delivers world-class communication and logistic solutions to satisfied customers.</b></p>	<p><b>Reliable</b> PostNord keeps its promises and delivers mail everywhere securely, on time and to the right place.</p> <p><b>Accessible</b> PostNord is always close to its customers, listens to their views and helps them meet their challenges.</p> <p><b>Business partner</b> PostNord is a professional business partner to its customers, helping them meet their communication and logistics challenges.</p> <p><b>Sustainable</b> PostNord creates value for its customers and owners, is a socially responsible company and works actively to reduce its environmental impact.</p>

# “Develop our position as the leading e-commerce partner”

## Strategy and priorities

### 1. Secure profitability for Mail

PostNord is making structural changes within Mail aimed at securing profitability for the business given the declining demand for physical mail. Measures include streamlining within production and administration to further reduce the cost base and increase the share of variable costs, investing to optimize the production structure, improving scalability, and reducing carbon dioxide emissions. We are also improving the coordination of the group’s communication offer and increasing focus on value creation within Strålfors.

### 2. Nordic region’s leading logistics operator

PostNord is developing the logistics business by broadening the service offer and market presence to win market share and take the position as the leading logistics operator in the Nordic region. The business will continue to grow under profitability, mainly through upselling and possibly through strategic partnerships. Growth may also be accomplished through key acquisitions.

### 3. Leading e-commerce operator

PostNord will develop its position as the leading e-commerce partner to, from and within the Nordic region. The group can capitalize more on its unique

regional structure and capacity. PostNord is increasing its focus on developing its service offer in the area for both customers and recipients.

### 4. Development within service logistics

PostNord is seeing a rise in demand for various types of service logistics services, such as home deliveries and other home services. The group continues to develop attractive and profitable offers in this area.

### 5. Increased competitiveness

PostNord will develop the group’s competitiveness by continuing to streamline operations to reduce expenses and increase the share of variable costs. Among other things, this involves focusing on improving integration of the group’s production operations and efforts to generate additional synergies within the group. Another prioritized area that is key to competitiveness is ensuring that IT operations remain stable and that the IT platform supports the needs of the business.

### 6. Winning culture

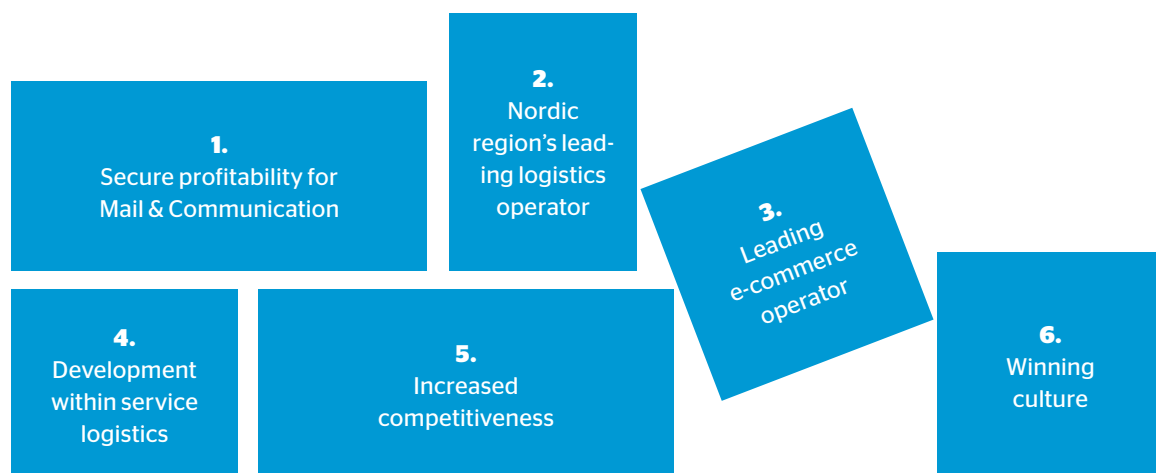
PostNord intends to strengthen the group’s goal-oriented delivery culture in order to increase our capacity for strategy implementation. The group will remain strongly focused on sustainability efforts to ensure an environmentally sound and gender-equal business.

## Financial strategy

### Strategic financial control

PostNord’s strategic financial control is aimed at ensuring financing of the group’s strategy in the long term.

PostNord is governed based on a number of financial targets set by its owners. These include targets for capital structure, returns and dividends. In addition to these targets, PostNord is governed based on several internal financial key ratios and associated



targets, including liquidity readiness, cash flows and internal funds provided as well as, particularly, key ratios concerning financial position.

A new governance model was introduced in 2013 to improve the efficiency of resource and capital allocation and value creation as well as the effectiveness of the group's target management.

### Financial policy

PostNord's financial policy includes a provision that the group shall have payment readiness of at least SEK 1.5 billion. As of December 31, 2013, PostNord's financial preparedness was SEK 3,973m. See also the section on Financial Development and Risks.

## “A comprehensive investment program”

### Dividend policy

PostNord's intention is to distribute 40% of net profit to the owners, taking into account the implementation of group strategy and the group's financial position and targets.

### Investments and streamlining efforts

PostNord is implementing a comprehensive investment program aimed chiefly at adapting the Mail businesses to the demand trend.

During the 2014-2016 period PostNord's total investments are expected to amount to 3-5% of group revenues, representing a somewhat lower investment level as compared with recent years.

Around half of the investments made in 2014-2016 will be replacement investments, mostly reinvestments in vehicles and machinery, and around half will be new investments in Mail production structures. A small portion of total investments will concern investments in intangibles such as new IT platforms.

In parallel with the investments, the businesses will be streamlined through measures including further significant personnel reductions.

### Financing

Financing is secured through improvements to operative cash flows and the maintenance of an effective capital structure that includes the utilization of external financing.

Improvements to cash flows from operating activities will be achieved through the gradual improvement of the businesses' operating profit and by releasing capital through improved capital efficiency. During 2013 PostNord identified additional potential for capital efficiency.

### 2014 outlook

Continued strong growth for e-commerce in the Nordic countries is projected for 2014, with positive effects for parcel and goods distribution volumes within Mail and Logistics.

PostNord anticipates sharp volume reductions for mail in Denmark and Sweden due to competition from digital alternatives. PostNord predicts a 4-5% drop in mail volumes in Sweden and a 9-11% decline in Denmark in 2014.

PostNord's group strategy includes the repositioning of group operations in relation to market changes, securing profitability within Mail & Communication and developing the group's position in the Nordic logistics market. This also involves focusing on cost reductions, the effective use of capital and continued financial stability.

During the 2014-2016 period, PostNord's total investments are expected to amount to 3-5% of group revenues.

The continued development of the business is expected to generate improved profitability and cash flows in coming years. PostNord's ambition is to maintain its standing as an investment grade company.

# Salmon migration



Salmon farming started in Norway back in the 1970s. This initiative was founded on high quality and safety standards as well as a goal-oriented focus on research and development ... all to create a distinct brand for Norwegian “laks”.

Today, Norway is the world’s second largest exporter of fish and shellfish, and perhaps the most environmentally-oriented producer. The industry represents a significant portion of Norway’s GNP, with products sold to over 150 countries. Norwegians themselves eat a lot of seafood – an annual average of 36 kilos of fish and shellfish per person, nearly twice the amount consumed by Swedes.

Norway’s geography provides optimal conditions for the fishing industry. The length of the country’s coastline is more than long enough to circle the Earth. And Norway has protected waters where the cold Arctic Ocean meets the warm Gulf Stream.

But the country’s geography also presents challenges. How are logistics to be managed once the fish are caught? Food transports – particularly fish and shellfish – require unbroken refrigerated and frozen supply chains and reliable, efficient transports. The complicated journey from fjord to table requires top-quality logistics solutions.

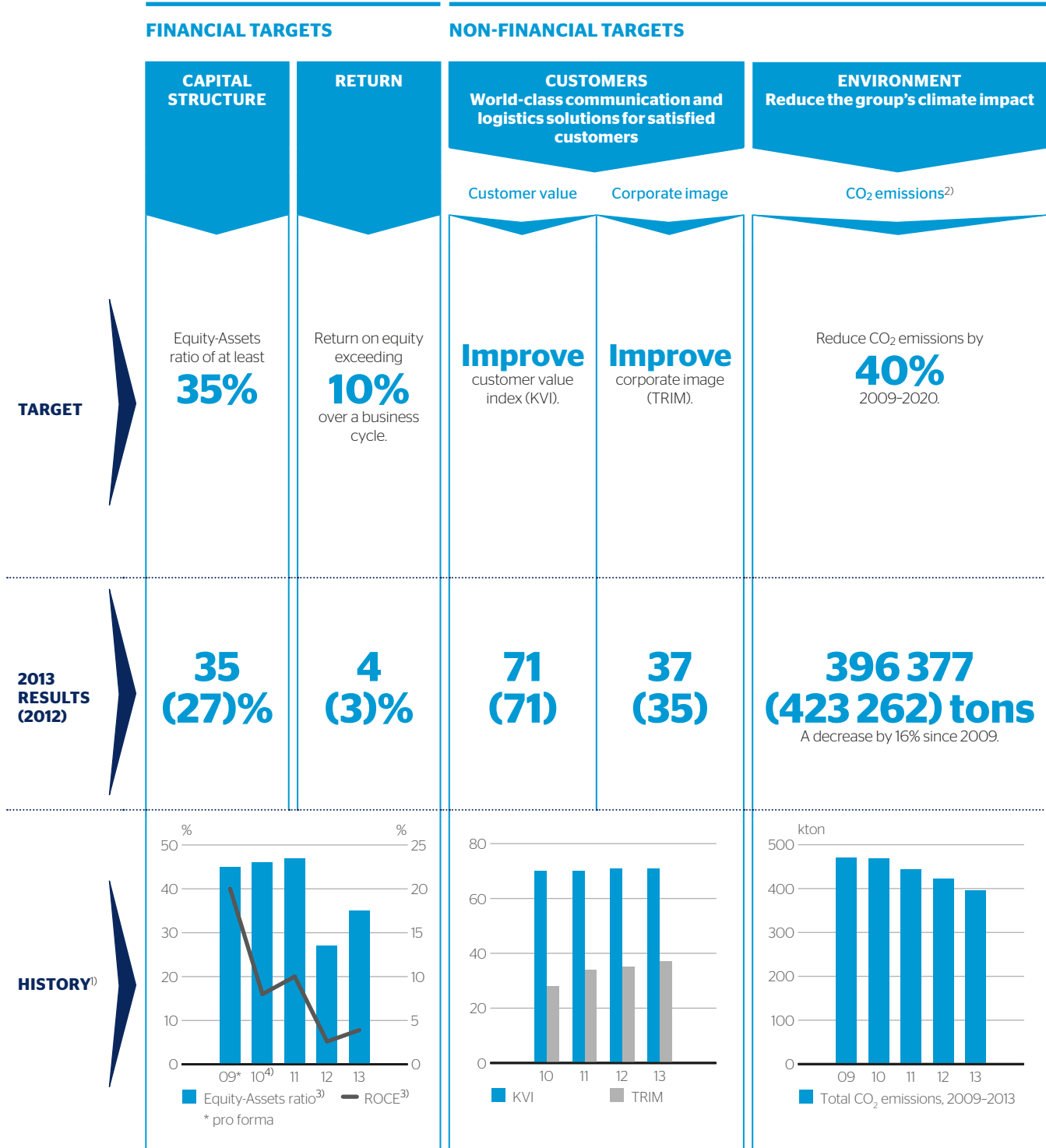
Every day, PostNord transports thousands of tons of fish and perishable foods in Norway. This makes us a leading supplier of logistics solutions to the Norwegian fishing industry. Seafood delicacies flow from our terminals in Norway to Norwegian grocery stores or are exported to other parts of the world. Talk about salmon migration!



### Targets and target fulfillment

PostNord's business is governed based on financial targets set by its owners, as well as by non-financial targets set by the Board of Directors. Target management includes quality, environmental

and employee aspects - areas of crucial importance for PostNord's sustainable long-term development.



<sup>1)</sup> Includes available historical data with comparable methods of measurement.

<sup>2)</sup> Figures include Nordic countries and Strålfors' non-Nordic operations. Historical figures have been adjusted for purposes of comparison.

<sup>3)</sup> Figures prior to 2012 have not been restated due to IAS 19 Revised, Employee Benefits.

<sup>4)</sup> Includes capital gain of SEK 2,002m on the sale of Post Danmark A/S share in Belgian bpost (formerly De Post-La Poste) in July 2009.



QUALITY High-quality communication and logistics solutions		EMPLOYEES An attractive and stimulating workplace with committed, motivated and healthy employees and managers																																																
Delivery quality, Sweden	Delivery quality, Denmark	Employee commitment and leadership	Workplace equality	Sick leave																																														
<p>Meet Swedish State's requirement that at least 85% of 1<sup>st</sup>-class letters are delivered on following business day and 97% within three days.</p> <p><i>Internal 2013 targets:</i> Delivery quality for 1<sup>st</sup>-class letters (overnight): 95.0%<sup>5)</sup>. Delivery quality for parcels: 97.7%.</p>	<p>Meet Danish State's 93% quality requirement for all services falling under the delivery obligation.</p> <p><i>Internal 2013 targets:</i> Delivery quality for 1<sup>st</sup>-class letters (overnight): 95.0%<sup>5)</sup>. Delivery quality for parcels: 97.7%.</p>	<p><b>Improve</b> employee index (MIX) and leadership index (LIX).</p>	<p><b>40%</b> female managers by 2015.</p>	<p><b>Reduce</b> sick leave levels.</p>																																														
<p>94.9 (95.4)% of 1<sup>st</sup>-class letters delivered within one day. 99.9 (99.9)% of 1<sup>st</sup>-class letters delivered within three days.</p> <p>Delivery quality for parcels was 97.0 (96.8)%.</p>	<p>93.2 (93.5)% of 1<sup>st</sup>-class letters delivered within one day.</p> <p>Delivery quality for parcels was 97.4 (96.7)%.</p>	<p>MIX: <b>64 (63)</b></p> <p>LIX: <b>66 (65)</b></p>	<p><b>29 (29)%</b></p>	<p><b>5,0 (4,9)%</b></p>																																														
<table border="1"> <caption>Delivery Quality (Sweden vs Denmark)</caption> <thead> <tr> <th>Year</th> <th>Sweden (%)</th> <th>Denmark (%)</th> </tr> </thead> <tbody> <tr> <td>10</td> <td>93.2</td> <td>93.5</td> </tr> <tr> <td>11</td> <td>94.9</td> <td>93.5</td> </tr> <tr> <td>12</td> <td>95.4</td> <td>93.5</td> </tr> <tr> <td>13</td> <td>94.9</td> <td>93.5</td> </tr> </tbody> </table>	Year	Sweden (%)	Denmark (%)	10	93.2	93.5	11	94.9	93.5	12	95.4	93.5	13	94.9	93.5	<table border="1"> <caption>Employee Index Scores</caption> <thead> <tr> <th>Year</th> <th>MIX</th> <th>LIX</th> </tr> </thead> <tbody> <tr> <td>11</td> <td>57</td> <td>59</td> </tr> <tr> <td>12</td> <td>63</td> <td>65</td> </tr> <tr> <td>13</td> <td>64</td> <td>66</td> </tr> </tbody> </table>	Year	MIX	LIX	11	57	59	12	63	65	13	64	66	<table border="1"> <caption>Women in Managerial Positions</caption> <thead> <tr> <th>Year</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>10</td> <td>29</td> </tr> <tr> <td>11</td> <td>29</td> </tr> <tr> <td>12</td> <td>29</td> </tr> <tr> <td>13</td> <td>29</td> </tr> </tbody> </table>	Year	Percentage (%)	10	29	11	29	12	29	13	29	<table border="1"> <caption>Sick Leave Levels</caption> <thead> <tr> <th>Year</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>10</td> <td>5.0</td> </tr> <tr> <td>11</td> <td>5.0</td> </tr> <tr> <td>12</td> <td>4.9</td> </tr> <tr> <td>13</td> <td>4.9</td> </tr> </tbody> </table>	Year	Percentage (%)	10	5.0	11	5.0	12	4.9	13	4.9
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<sup>5)</sup> PostNord is internally governed by a total quality target for 1<sup>st</sup>-class letters. In 2013, 94.6 (95.0)% of the group's 1<sup>st</sup>-class letters were delivered on time to the intended recipient. The target for 2013 was 95.0%. National regulations stipulate 85% in Sweden and 93% in Denmark.

# The prescription for secure logistics





The health care sector in the Nordic region is undergoing rapid change. The sector's various players are always looking for new ways to create better, more effective service for patients without lowering quality and security standards.

New ways of communicating, combined with enhanced technology habits, now make it possible to provide remote medical care. The health care system seeks out the patient, rather than vice versa. This often means greater security for the patient, and saves public resources. In Denmark, PostNord services include logistics and distribu-

tion partner in a "telemedicine" home care program. We deliver and install the equipment and make sure patients receive instructions for use.

In Sweden, the number of pharmacies increased 35 percent following deregulation in 2009, with many new players entering the market - including large and small chains, private entrepreneurs, small business groups, and private and public owners. PostNord serves as logistics partner to companies in the pharmacy sector, ensuring that customers can always receive their medications on time and with the required level of service.

# New brand structure

**PostNord is the group's brand. The group meets its customers primarily under four commercial brands: Posten, Post Danmark, PostNord Logistics and Strålfors. In 2014 PostNord will introduce a new brand structure that consolidates the PostNord brand with the commercial brands.**



A strong brand builds a company's customer loyalty. This is essential for attracting talent to the company and promotes product development by broadening the brand, among other things. A strong brand also provides robustness and makes it easier to manage and overcome setbacks.

### One Nordic business

The development of PostNord's position in the various Nordic markets requires the continued development of the group's brand structure as well as the substance and emotional charge of the individual brands.

The Posten and Post Danmark national postal brands are highly familiar and well-trusted assets. They are associated with accessibility and reliability by companies and individuals in Sweden and Denmark.

Group brand – the leading communication and logistics company in the Nordic region.



The main brand for business and marketing communication, newspaper distribution, parcel and goods distribution, home deliveries and postal service in Denmark.





## postnord LOGISTICS

PostNord's brand for logistics solutions to, from and within the Nordic region, focused on parcel distribution, palletized goods and outsourcing of logistics flows.

PostNord is becoming increasingly distinguished as a Nordic company. More and more of our customers demand comparable services across the region. PostNord has commercial potential in more distinctly connecting the different parts of the group under the PostNord brand.

### New brand symbols

Starting in 2014, PostNord Group's commercial brand symbol will be integrated with the PostNord logo in order to capitalize on the strengths of the existing commercial brands and improve clarity and uniformity by giving the PostNord brand greater scope in the group's marketing communication.

Implementation of the new commercial brands will be done on an ongoing basis over a three-year period.

### New logistics brand

The migration of PostNord's multiple smaller logistics brands to the new PostNord Logistics brand was initiated in 2013. The objective is to, over time, develop and establish PostNord Logistics as the Nordic region's leading logistics brand in competition with other market players.

The launch of the PostNord Logistics brand will continue during 2014.



## postnord

The main brand for business and marketing communication, newspaper distribution, goods distribution, home deliveries and other postal services in Sweden.

## postnord Strålfors

PostNord's brand for communication solutions for businesses with large customer bases.

# New organization with sharper focus on e-commerce

**PostNord is implementing a new organization in 2014. The change will further integrate the group and make it easier for us to offer Nordic end-to-end solutions within Mail & Communication, logistics and e-commerce. It also expands potential synergies within production.**

Demand for mail distribution services continues to decline due to digitization and a weak macroeconomic trend. Meanwhile, e-commerce is developing strongly and demand for Nordic logistics solutions is on the rise.

At year-end 2013/2014, PostNord's strategy was further developed with respect to the group's prioritized areas to counter the market trend and improve financial value. This includes development of the group's organization.

### Introduction of country units

The organizational change involves, among other things, the introduction of a matrix organization.

One layer of the matrix is comprised of three newly formed country units, to allow for greater

uniformity for customers and the establishment of integrated production models.

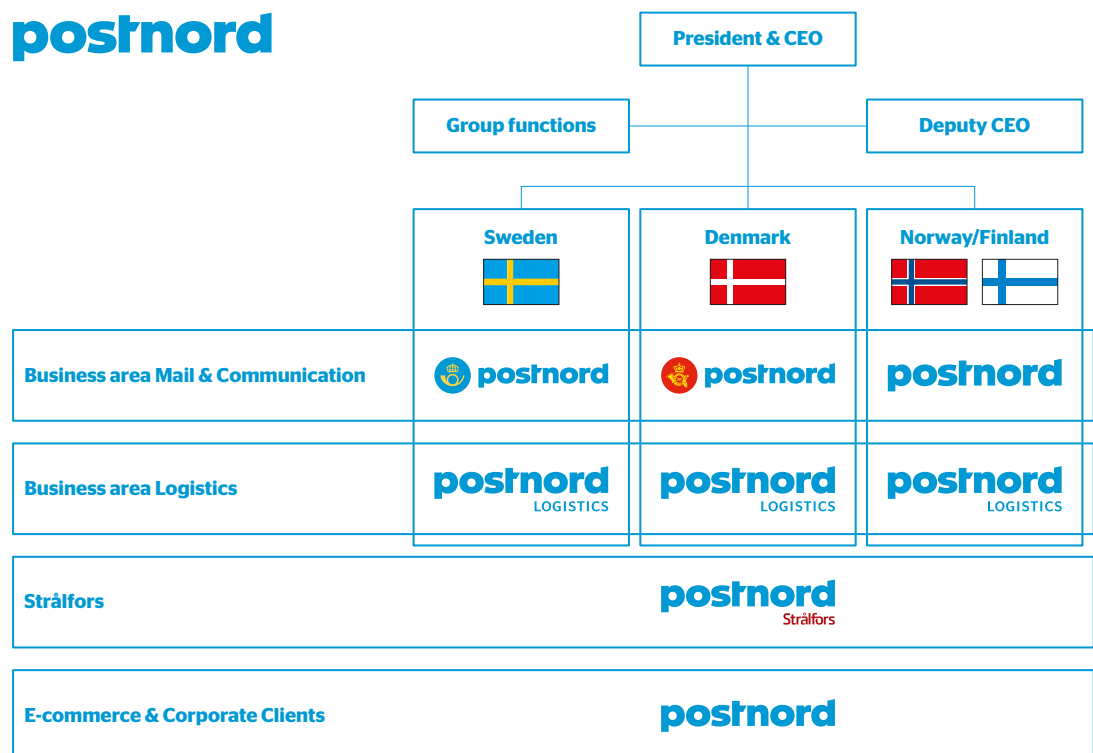
The country units (Sweden, Denmark and Norway/Finland) are responsible for optimizing marketing and sales activities, production structure and organization across all business areas.

### Strategic e-commerce unit

The second layer of the matrix is comprised of two business areas, Strålfors and a new strategic e-commerce unit.

The two business areas - Mail & Communication and Logistics - are responsible for marketing and service development in their respective areas and across the country units.

## New organization and new commercial brands



Strålfors will continue to be operated as a subsidiary and will be strongly aligned with business area Mail & Communication.

A corporate strategic unit for e-commerce is being formed, responsible for market and service development in each Nordic area.

#### Changes to management

The new organization will be introduced as of March 31, 2014. A new Group Executive Team was appointed on February 1, 2014 to lead this effort. Additional information on Group Executive Team members is available in the Corporate Governance Report on pages 80-82.

Financial reporting will mainly be done on the basis of the business areas and Strålfors.

**“We are improving our capacity to integrate our production operations, which in turn creates favorable conditions for increasing growth and improving profitability for PostNord”**

*/ Håkan Ericsson,  
President & CEO*



# Business operations

## MAIL

PostNord offers communication services for businesses and consumers in Denmark and Sweden.

Operations are run and reported in two business areas: Mail Denmark and Mail Sweden.

## LOGISTICS

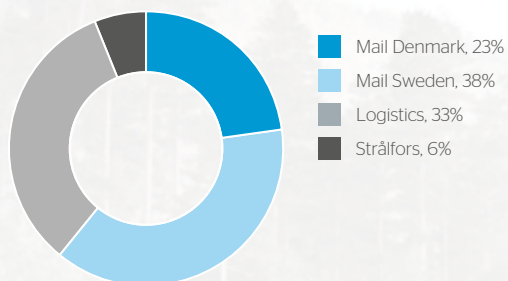
PostNord offers end-to-end logistics solutions to, from and within the Nordic region under the PostNord Logistics brand.

Operations are run and reported in business area Logistics.

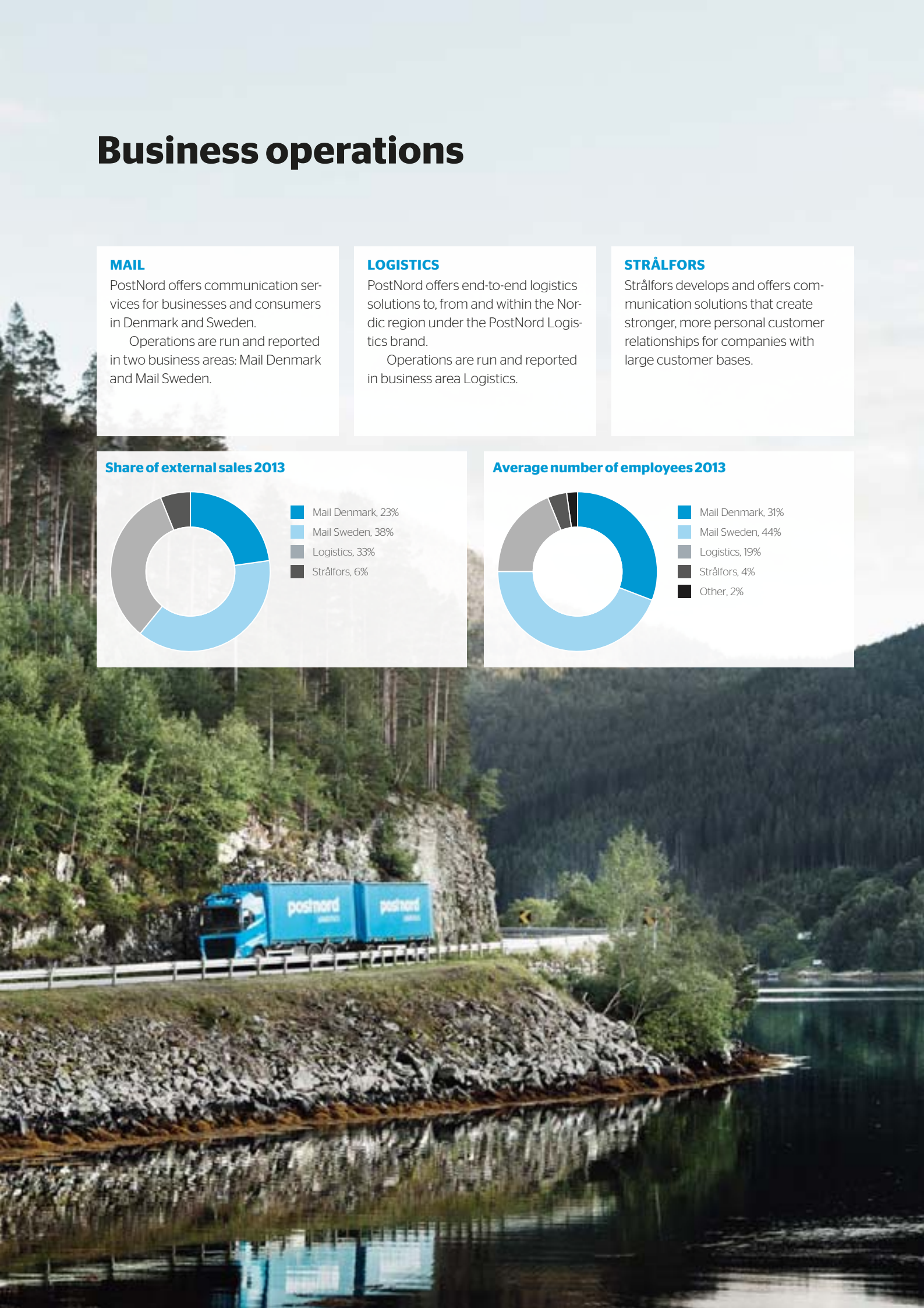
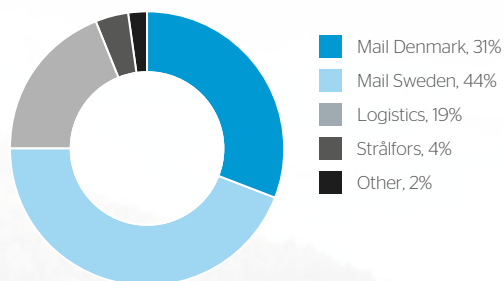
## STRÅLFORS

Strålfors develops and offers communication solutions that create stronger, more personal customer relationships for companies with large customer bases.

### Share of external sales 2013



### Average number of employees 2013





# Mail

**PostNord offers postal and communication services for businesses and consumers in Denmark and Sweden under the PostNord Denmark and PostNord Sweden brands, and holds a leading position in both countries. Focus is on distribution solutions and services for business and marketing communication.**

Mail operations are run and reported in two business areas:

- Mail Denmark – Each business day, the business area handles around 158,000 parcels and 6 million mail items sent to and from households and businesses in Denmark.
- Mail Sweden – Every business day, the business area handles around 19 million mail items sent to and from households and businesses in Sweden.

The business areas run similar operations in their respective countries (the exception being that Mail Denmark runs the group's parcel operations in Denmark), although market conditions differ between the countries. Both business areas fulfill key societal functions, while the postal markets are regulated in different ways – despite EU initiatives to improve harmonization.

The Swedish and Danish markets also differ in terms of structural development for mail communication, with stronger substitution of digital alternatives at present in the Danish market.

## Market development

### Increased competition in Denmark

The Danish economy remained weak in 2013. Mail Denmark's market situation is characterized primarily by the ongoing structural transition caused by substitution, which had a strong negative impact on business area mail volumes.

Denmark is at the international forefront when it comes to the digitization of society. The digitization of public and corporate communication in Denmark is proactively promoted by Danish companies and public authorities. New infrastructure and new e-services,

## MAIL

### Services

Postal and communication services for businesses and consumers, with a focus on business communication, marketing communication, distribution of goods and newspapers and other communication services. Distribution of parcels in Denmark.

### Geographic presence

Denmark and Sweden.

### Core customers

Businesses and organizations with large information or goods flows. Private consumers.

### Average number of employees 2013

229,478 (30,416), of which 12,311 (12,730) in business area Mail Denmark and 17,167 (17,686) in business area Mail Sweden.

### Market position

Market leader within mail distribution and a leading market player within marketing communication.

### Sales channels

Sales force, partner outlets, own service points, own Internet channels, customer e-commerce sites.

### Competitors

Digital mail substitution. State-owned Norway Post through Bring Citymail in Sweden. KMD and Bladkompagniet in Denmark. Smaller operators within marketing communication. Middlemen such as 21 grams, GLS, etc. within parcel services in Denmark.

## Main products

- **Business communication**  
Mail distribution and other services for physical or digital communication with large customer groups.
- **Marketing communication**  
Advisory services and distribution of physical and digital marketing communication.
- **Postal services, private**  
Postal service for private markets in Denmark and Sweden.
- **Goods distribution**  
Distribution services for materials supply, supplier control, inventory management and customer deliveries.
- **Home deliveries**  
Home deliveries of goods, food and beverages to consumers.
- **Facility services**  
Tailored service solutions for management of mail items for e.g. e-commerce, city logistics, municipality distribution, medical logistics.
- **Newspaper distribution**  
Distribution of newspapers and periodicals.
- **Parcel distribution**  
Distribution of parcels in Denmark.

which foster this development, have been set up. PostNord is active in this change process and offers, among other things, a digital post office box service in several geographic markets through the company eBoks.

Mail volumes have fallen 52% over the past ten years and fell 10% in 2013, chiefly due to substitution.

Post Danmark is one of Denmark's largest operators within marketing communication. Danish advertising market remained weak in 2013.

The strong growth of the e-commerce market resulted in increased flows of mail and parcels for business area Mail Denmark. Competition within parcel distribution in Denmark increased in 2013, with results including new delivery concepts in the market and greater focus on price.

**Structural change in Sweden**

During 2013, demand for Mail Sweden's services was characterized mainly by structural changes in the communication market. Demand for mail as a form of business and marketing communication was more robust in Sweden in 2013 than it was in Denmark. This is due partly to differences between the countries in terms of economic trends, customer structure, digital infrastructure and, especially, the scope of decisions on digitization taken by public authorities and companies. The Swedish government clarified its intention during the year to increase the pace of digitization of public authority communication, which will have a negative impact on PostNord's volumes. Competition increased from middleman consolidation of customer mail items as an attempt to reduce costs.

The business area's mail volumes have fallen 23% over the past ten years and fell 3% in 2013, chiefly due to the substitution of digital alternatives.

Posten is one of Sweden's largest operators within marketing communication. The Swedish advertising market weakened in 2013. Demand for direct marketing services increased, as did competition.

The newspaper market is shrinking, while PostNord's volumes for free newspapers are growing. PostNord strengthened its position within newspaper distribution in 2012 and 2013.

The e-commerce market is also growing strongly in Sweden. This trend has resulted in increased consignment flows of goods for Mail Sweden, both nationally and internationally.

**Regulatory frameworks**

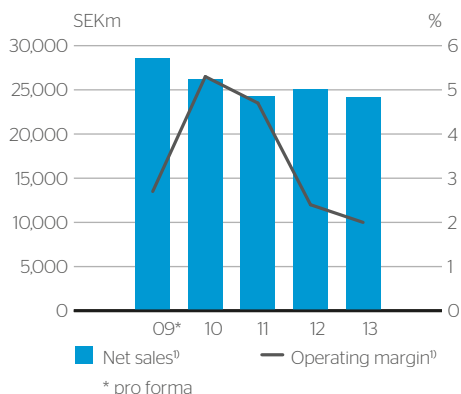
The regulation of universal postal services in Denmark and Sweden sets standards for minimum service levels and pricing. For PostNord, it is crucial that national regulations are harmonized with communication market trends so that there is capacity to deliver services on a commercial basis.

Postal markets in Sweden and Denmark have been liberalized but remain regulated, albeit to differing degrees. The postal legislation of both countries is based on the EU's Third Postal Directive which is aimed at ensuring good postal service in member states. One of the effects of the Third Postal Directive is that previously regulated EU postal markets have been opened to competition. The directive took effect at a time when mail volumes were still on the rise in many countries. In light of the recent years' digitization trend, many of the conditions on which the directive was based are no longer valid.

**Legislation and supervision**

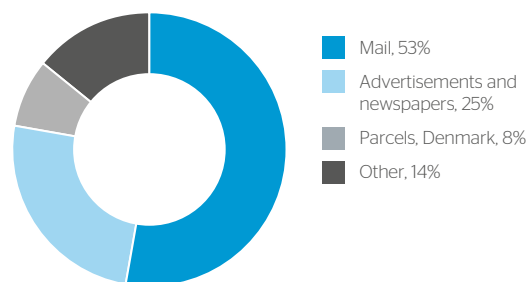
A new Danish Postal Act came into effect on January 1, 2011. The new law contains provisions for market liberalization and the securing of universal postal obligations by Post Danmark A/S. The Danish Parliament approved a new Postal Act on February 18, 2014 that will improve Post Danmark's capacity to adapt and change its operations based on demand and continue to run the business on a commercial basis.

**Net sales and operating margin**



<sup>1)</sup> Figures prior to 2012 have not been restated due to reorganization of the group's parcel business in Denmark.

**Net sales 2013**



The new legislation means new license terms for Post Danmark A/S from March 1, 2014.

The Swedish postal market was liberalized back in 1993 and a new Swedish Postal Act was enacted in 2010. Posten AB was appointed by the Post and Telecom Agency (PTS) as the sole provider of universal postal services in Sweden.

The Swedish postal market is currently over-regulated in relation to the market trend. Consumer surveys indicate that the service level for mail distribution and other services exceeds demand. Current legislation and regulations need to be reviewed to ensure the future provision of efficient, self-financed universal postal services.

### Letter pricing and quality requirements

In Denmark, Post Danmark A/S sets letter prices. However, prices for domestic non-priority letters weighing up to 50 grams and sent as single mail items must be approved by the Transport Authority. Since enactment of the 2011 Postal Act, Post Danmark has introduced several pricing changes that increase the price/cost correlation for different types of stamped letters. The price for a stamped priority letter weighing up to 50 grams for domestic delivery was raised as of January 1, 2014 to 9.00 (8.00) DKK.

Letter pricing in Sweden is regulated by postal statutes and the Postal Act. Pricing of the universal postal service must be transparent, non-discriminatory and cost-oriented. The postal operator that provides universal postal service may not raise the price on priority mail weighing up to 500 grams by more than the consumer price index. The price of stamped postage for single 20-gram letters was last changed on January 1, 2009, from SEK 5.50 to SEK 6.00.

PostNord's quality levels are regulated in both Sweden and Denmark. In Denmark, the delivery requirement for both letters and parcels is 93% relative to the delivery terms of each service. Under Swedish postal statutes, at least 85% of 1<sup>st</sup>-class mail must be delivered on the following business day (overnight delivery). At least 97% of all mail in Sweden must be delivered within three business days.

### Regulatory events outside Sweden and Denmark

Several EU member states have now enacted the Third Postal Directive as national legislation. However, interpretation of the EU directive varies between national markets. Services provided under USOs (universal service obligations) are essentially defined in a similar way, but provisions for carrying out these services vary.

The EU directive and the reviews conducted by many EU member states have resulted in regulatory changes in several countries, including Denmark, Finland, Belgium and Great Britain. Changes include more flexible pricing, adaptation of delivery obligations, reduced scope of what is covered by the univer-

sal postal service and requirements for the size of competing postal operators' market penetration. The changes often improve both the ability of national operators to run profitable businesses and the long-term sustainability of universal service obligations in each national market.

Read more about the universal service obligations and regulatory frameworks in Denmark and Sweden in the universal Service Obligations section of the Corporate Governance Report.

### 2013 results

Net sales for Mail fell 4% in 2013, chiefly due to revenue declines in Mail Denmark. Mail volumes fell a total of 5%.

Operating expenses fell 3%, mainly due to personnel cutbacks.

Operating profit totaled SEK 494m (616) and the operating margin was 2.0 (2.4)%.

### Mail Denmark

Net sales for business area Mail Denmark fell 8%, primarily due to the continued decline of mail volumes. Excluding acquisitions and exchange rate effects, net sales fell 7%. Net sales were impacted by continued extensive digitization in the Danish market and the weak economic development in the country during the year. Mail volumes fell a total of 10% during 2013. The impact on net sales was partially countered by price changes for letters. Revenues from Advertisements and Newspapers fell due to the weak advertising market and heavier competition. Parcel volumes increased during the year, though revenues were somewhat lower due to price pressure in the market.

### 2013 results

SEKm	2013	2012
Net sales	24,103	25,022 <sup>1)</sup>
<i>of which, Mail Denmark</i>	9,364	10,165 <sup>1)</sup>
<i>of which, Mail Sweden</i>	15,050	15,137
Operating profit (EBIT)	494	616 <sup>1)</sup>
<i>of which, Mail Denmark</i>	-89	-177 <sup>1)</sup>
<i>of which, Mail Sweden</i>	583	793
Operating margin, %	2.0	2.4 <sup>1)</sup>
<b>Volumes and quality, millions of units produced and %</b>		
Mail Denmark, priority mail	278	320
Mail Denmark, non-priority and business mail	337	365
Mail Denmark, parcels	39	39
Mail Sweden, priority mail	912	925
Mail Sweden, non-priority mail	1,144	1,198
Delivery quality, 1 <sup>st</sup> -class mail, Denmark, %	93.2	93.5
Delivery quality, 1 <sup>st</sup> -class mail, Sweden, %	94.9	95.4
Delivery quality, parcels, Denmark, %	97.4	96.7

<sup>1)</sup> Restated due to reorganization of the group's parcel operations in Denmark.

Expenses fell 8%. Excluding acquisitions and exchange rate effects, expenses fell 7%. The decrease was attributable to streamlining efforts within production and administration, primarily through personnel cutbacks. The average number of employees was reduced to 12,311 (12,730). Restructuring costs totaled SEK 42m (296).

Operating profit totaled SEK -89m (-177).

Delivery quality for 1<sup>st</sup>-class mail fell to 93.2 (93.5)%.

**Mail Sweden**

Net sales for business area Mail Sweden fell 1%, both before and after acquisitions and exchange rate effects. Mail volumes fell 3% during 2013 due to continued digitization. The volume development was positively impacted by the strong development of e-commerce-related services, as evidenced by an increase in light parcel volumes and the number of mail items distributed at partner outlets. International e-commerce volumes also increased. Direct mail revenues developed negatively due to the continued weakness of the advertising market. Newspaper revenues increased in 2013 due to volume growth for free newspapers and the takeover of Svensk Morgondistribution operations in June 2012.

Expenses increased 1%. Restructuring costs increased to SEK 434m (419) due to personnel cutbacks. Expenses for the comparative period were positively impacted by pension effects. Adjusted for these items and for the takeover of Svensk Morgondistribution operations, personnel expenses fell 2% as a result of rationalizations and adjustments to reduced mail volumes. The average number of employees was reduced to 17,167 (17,686). Increased international e-commerce volumes resulted in increased expenses.

Operating profit fell to SEK 583m (793) and the operating margin to 3.7 (5.0)%.

Delivery quality for 1<sup>st</sup>-class mail fell to 94.9 (95.4)%.

**Activities during 2013**

**Streamlining**

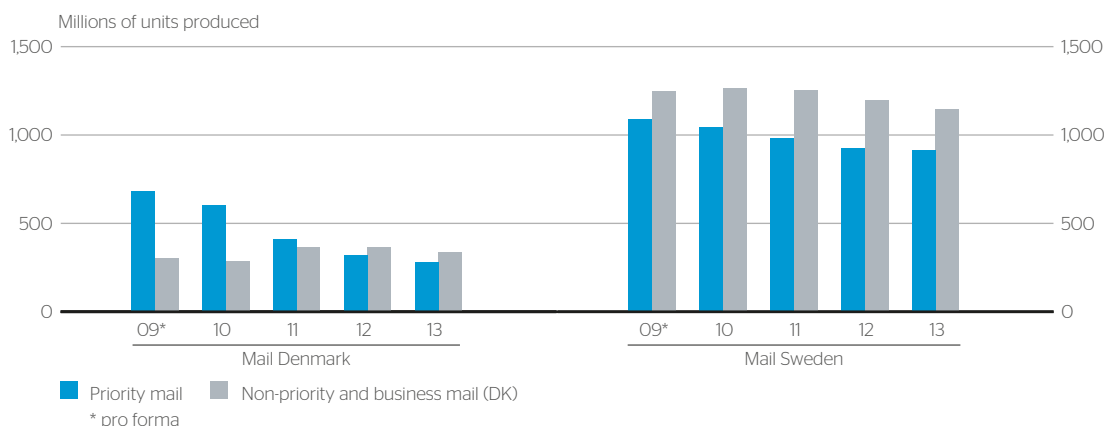
In 2013 the Mail business areas focused on conversion efforts to adapt each business and reduce costs within production and administration, in order to meet the negative mail volume trend. Because personnel expenses constitute the single largest cost item, this has involved a reduction in the number of employees in both the Danish and Swedish operations. The average number of employees was reduced by 938 during the year.

**Investments and business development**

PostNord made significant investments in 2013 within the scope of the production strategy that was adopted in 2010. Investments in production capacity are a crucial element of the group's conversion strategy to meet volume trends with improved scalability within the Mail business areas. The strategy includes reinvestments in equipment and buildings and in eco-efficient vehicles. It also includes the establishment of a new terminal structure in Sweden with associated investments in equipment.

The business areas also focused this year on developing large and shared corporate customers by providing advisory services on communication opportunities. Work was also done in 2013 to develop operations within newspaper distribution, goods distribution and home deliveries, including signing an agreement for newspaper distribution in Sweden.

**Mail volumes**



In 2013 the business areas acquired two leading market players within document scanning in Denmark and Sweden as well as a business specialized in the packaging and management of unaddressed mail.

## “Crucial that national regulations are harmonized with communication market trends”

PostNord's parcel operations in Denmark were restructured early in the year. Business area Mail Denmark took over parcel operations in Denmark from business area Logistics during 2013 as a further streamlining measure to increase competitiveness within parcel distribution in the Danish market and concentrate efforts under the Post Danmark brand. PostNord's parcel operations in other countries are organized within business area Logistics.

Post Danmark and Coop signed an agreement during the year on a new parcel concept that entails setting up around 300 automatic parcel machines in Coop stores in Denmark.

### Environmental initiatives and certification

Initiatives were mainly focused on reducing fuel and energy consumption in transports and buildings. Mail Denmark was included in the group's quality and environmental certification in 2013. Read more about PostNord's environmental operations on page 59 and certification on page 54.

### 2014 strategic priorities

- Implementation of the new organization and new commercial brands.
- Continue streamlining and cost reduction within production and administration to meet mail volume trend and improve competitiveness and cash flows. Increase share of variable costs.
- Continue making investments in new production structure to meet declining volumes with more efficient processes, increased scalability and reduced environmental impact.
- Dialogue with society and legislators on the formulation and regulation of future universal service obligation.
- Service development within parcel distribution in Denmark, service logistics and increased focus on coordination of offer for various communication solutions.
- Continue environmental improvements, chiefly through adaptations to vehicle fleet, property portfolio and fuel and energy consumption in production.

# Logistics

**PostNord is one of the leading logistics operators in the Nordic region, with thousands of service points, over 100 terminals and a network on international strategic partners. Every business day, PostNord delivers hundreds of thousands of parcels and pallets of goods to customers throughout the entire Nordic region.**

PostNord is a leading logistics company for parcel flows, pallet freight and other consolidated shipments within the Nordic region, and provides complex logistics solutions including outsourcing services for wholesalers, e-commerce, and retail and industrial companies.

PostNord offers personalized solutions to its corporate customers for their ordering and delivery supply chains, with services for parcel distribution, mixed cargo, consignment cargo, air & ocean, express and delivery, thermal and third-party logistics. Parcel solutions account for half of the business area's sales.

PostNord's logistics business offers the Nordic region's largest and most coordinated distribution network. Logistics also has a franchise partnership with the international DPD parcel network.

Over the past two years, the logistics business has become an increasingly large part of the group due

to acquisitions and organic growth as well as declining mail volumes. Logistics accounted for 33% of the group's external net sales in 2013.

The parcel business in Denmark was reorganized in early 2013, with business area Mail Denmark taking over parcel operations in Denmark from business area Logistics.

PostNord's model for developing the logistics business is based on strengthening the group's structure in the Nordic region to enable us to offer cohesive, standardized services for B2C and B2B flows based on a widespread regional presence, thereby improving our attractiveness and business volumes. With standardization, streamlining efforts and economies of scale made possible with increased volumes, we maximize our capacity to reduce unit costs and further strengthen competitiveness.

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## LOGISTICS

### Services

Logistics services for flows to, from and within the Nordic region – parcels, groupage/pallet, third-party logistics and other logistics solutions.

### Geographic presence

Sweden, Denmark, Norway and Finland.

### Core customers

Businesses with large logistics flows to, from and within the Nordic region.

### Average number of employees 2013

7,373 (6,509).

### Market size

The portion of the market serviced by PostNord is estimated at approx. SEK 150 bn (2012).

### Market position

One of the Nordic region's largest logistics operators, with approx. 10% of the market.

### Sales channels

Sales force, partner outlets, own service points, customer e-commerce sites.

### Competitors

Global logistics companies such as DB Schenker, DHL, DSV. Smaller operators holding major or minor positions within various service areas. National postal operators in Norway and Finland.

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## Main products

- **Parcel distribution**  
Solutions for the management of parcel flows between businesses and between businesses and consumers. Distribution of parcels between consumers.
- **Groupage/pallet**  
Mixed cargo solutions for grouped consignment of parcels and pallets.
- **Solutions**
  - Third-party logistics/Outsourcing – management of all or parts of a company's logistics flows, stock-keeping and logistics administration.
  - Express, delivery and InNight services.
  - Consignment cargo – solutions for cargo flows larger than pallet loads.
  - Air & ocean – logistics solutions for sending goods between continents.

### Growing logistics market

The Nordic logistics market is driven by factors such as global growth, with rising international trade and growing e-commerce. The market trend is highly correlated with GNP. Customers are placing higher demands for end-to-end solutions, which makes scale and regional strength key competitive advantages.

In 2013, the market situation for parts of the logistics business was impacted by the growth of e-commerce and increased demand for outsourcing services. The market situation was more challenging for other parts of the business due to a weak economic trend and competition.

Commerce in the Nordic region is undergoing structural change, with greater and greater business volumes within e-commerce. This is driving demand for parcel distribution and other logistics services. When it comes to e-commerce, the key competitive advantages are scope of the distribution network to end consumers, flexibility, security and efficiency.

The outsourcing of logistics services is on the rise as more and more companies elect to outsource all or parts of their supply lines to improve competitiveness. Demand for outsourcing services has historically been lower in the Nordic region than in other parts of the EU.

The Nordic logistics market is characterized by heavy competition. Overcapacity, price pressure and distinct economies of scope and scale are driving consolidation of the industry.

### 2013 results

Net sales for the Logistics business area were up 14%, due primarily to the acquisitions concluded during the year (Byrknes Auto AS, Nordisk Kyl Logistik AB and Transbothnia AB). Excluding acquisitions and exchange rate effects, the business area's net sales were up 3%. The expansion of e-commerce generated a considerable increase in B2C parcel services. Organic sales growth was somewhat weaker during the second half of the year. This was due mainly to developments in Norway, with a market characterized by heavy price pressure from competitors and sharp declines in demand. The business in Sweden reported continued growth but was also exposed to heavy price pressure. The business in Germany reported strong growth due primarily to growth in e-commerce volumes. The businesses in Denmark

and Finland also reported growth. Demand for third-party logistics services developed positively during the year, with organic growth of 12% attributable to new and existing customers.

Expenses were up 13% due chiefly to acquisitions. Excluding acquisitions and exchange rate effects, expenses rose 3% due to volume increases. Restructuring costs totaled SEK 20m (137). Operating profit totaled SEK 197m (272) and the operating margin fell to 1.3 (2.1)%. Activities were initiated in Norway and Sweden to ensure a long-term sustainable cost level.

During the year the company refinanced Bulk Langhus 1, which owns a property in Norway where a new logistics terminal is being constructed. The company will take possession during the year.

### Activities during 2013

#### Growth under profitability

PostNord currently offers a broad spectrum of logistics services, and the group holds a particularly strong position in parcel, pallet/groupage and 3PL in the Nordic region. During 2013 PostNord continued with the implementation of the strategy to create end-to-end solutions and offer cross-border logistics solutions for B2B and B2C flows. By broadening and standardizing the logistics offer, enhancing strength in selected submarkets and expanding geographic coverage, PostNord can better meet customer demand for services and end-to-end solutions and can generate additional growth.

The business grew organically and through acquisitions in 2013. Organic growth was driven chiefly by the developments in Norway and Sweden. Growth occurred under continued profitability.

In 2013 PostNord acquired additional logistics businesses. Bilfrakt Bothnia AB subsidiaries (Nordisk Kyl Logistik AB and Transbothnia AB, with operations in northern Sweden) were acquired, broadening PostNord's logistics business in Sweden within mixed cargo, consignment cargo and thermal transports and expanding the group's platform for growth within grocery and industrial logistics. An asset acquisition of Byrknes Auto A/S was also completed during the year. Byrknes Auto A/S is one of Norway's largest thermal carriers, specialized in services for fish and perishables transport. The acquisition further strengthened PostNord's position as logistic operator in the Nordic region. The operational integration of previously concluded acquisitions proceeded largely according to plan during the year.

# Vital communication

The Nordic countries are among the most well-insured and robust in the world. Our comprehensive national insurance system creates a solid foundation for social security. Nordic citizens also invest in complementary private insurance. Nine in ten Danes save for their own pensions through their workplace. Over 500,000 Swedes have private health insurance.

The insurance industry serves a vital function in our national economy, creating economic stability for both individuals and businesses.

But involving people in their own futures presents a distinct challenge. Competition for attention is fierce. The winners are those who are best able to communicate on the recipients' own terms. For an insurance company with millions of customers, this means constantly searching for smarter solutions. It boils down to successfully conveying relevant - and preferably personal - messages.

PostNord facilitates the effective delivery of this communication. We deliver tailored business and marketing communication solutions - ensuring the smooth flow of information between insurers and insureds.







**Streamlining efforts and capacity expansion**

Efforts continued during the year to streamline production and invest in creating capacity for further volume growth, reduced unit costs and improved competitiveness. A key element of this work is the terminal change being carried out in Sweden. Among other things, this entails the establishment of a new combined parcel and pallet terminal in northern Stockholm in Sweden. Investments were also made in vehicles and other equipment. A significant portion of the investments were made in Norway to increase capacity in the growing Norwegian market.

**“Customers are placing higher demands for end-to-end solutions”**

**Establishment of the PostNord Logistics brand**

The migration of PostNord’s multiple smaller logistics brands to the new PostNord Logistics brand was initiated in 2013. The launch will be done gradually during 2013 and 2014. The objective is to, over time, develop and establish PostNord Logistics as the Nordic region’s leading logistics brand. Read more about our brand development on page 24.

**Environmental initiatives**

Targeted, methodical environmental efforts are absolute prerequisites for any company that aspires to be

a leading logistics operator in the Nordic region. A central element of these efforts is the adjustment of fuel and energy consumption in the production of our services. As a major industry player, PostNord’s logistics business takes active part in the development of alternative fuels and new vehicle technologies. Read more about our environmental initiatives on page 59.

**2014 strategic priorities**

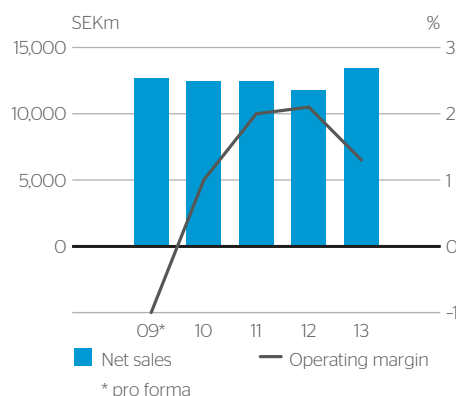
- Implementation of new organization.
- Further development of pan-Nordic service offer and delivery platform.
- Continue establishment of PostNord Logistics as the group’s logistics brand.
- Continue operational integration of completed acquisitions. Possible key acquisitions to further broaden and strengthen our geographic position.
- Ongoing rationalizations and cost reductions.
- Continue environmental efforts, primarily through adjustments of fuel and energy consumption in production.

**2013 results**

SEKm	2013	2012
Net sales	13,432	11,762 <sup>1)</sup>
Operating profit (EBIT)	197	272 <sup>1)</sup>
Operating margin, %	1.3	2.1 <sup>1)</sup>
<b>Volumes and quality, millions of units produced, %</b>		
Parcels	79	73 <sup>1)</sup>
Delivery quality parcels, Sweden <sup>2)</sup>	97.0	96.8
Delivery quality parcels, Norway <sup>2)</sup>	97.3	96.4
Delivery quality parcels, Finland <sup>2)</sup>	95.8	95.7

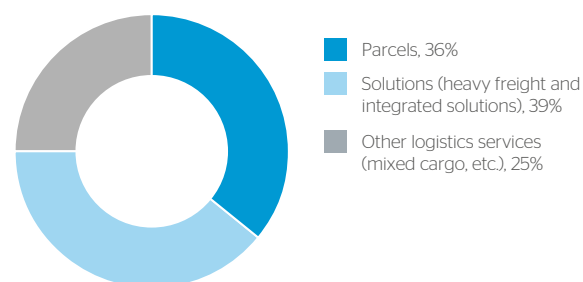
<sup>1)</sup> Restated due to reorganization of group’s parcel business in Denmark.  
<sup>2)</sup> On-time delivery for selected services.

**Net sales and operating margin<sup>3)</sup>**



<sup>3)</sup> Figures prior to 2012 have not been restated due to reorganization of the group’s parcel operations in Denmark.

**Net sales 2013**



# Strålfors

**Strålfors develops and offers communication solutions that create stronger, more personal customer relationships for companies that have large customer bases. Strålfors is a Nordic leader in its field and has operations in several other European countries.**

Strålfors' business is organized in four divisions:

- Business Communication – communication solutions for efficient, individualized communication with large customer groups. Exposed to increasing level of digitization.
- Data Management – maintenance and development of information databases (e.g., coordination of administrative systems) to facilitate personalized messages to selected target groups.

- Marketing Communication – solutions for effective, personalized physical and digital marketing communication.
- Service Fulfillment – supply chain solutions for delivery fulfillment of personalized products or information to end consumers.

Strålfors is a Nordic leader in its field and also operates businesses in Poland, Great Britain and France.

## STRÅLFORS

### Services

Communication solutions that create stronger and more personal customer relationships for companies with large customer bases.

### Geographic presence

Sweden, Denmark, Finland, Norway, Poland, Great Britain and France.

### Core customers

Companies with large customer bases, large information flows and the need to individualize their messages.

### Average number of employees 2013

1,492 (1,509).

### Sales channels

Sales force.

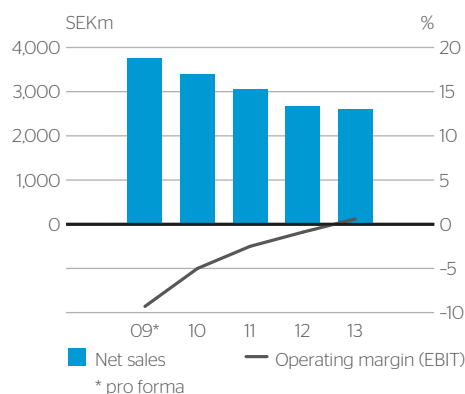
### Competitors

Digital substitution, Itella, KMD, CGI and others.

### Main products

- **Business Communication**  
Solutions for efficient, individualized communication with large customer groups.
- **Data Management**  
Maintenance and development of information databases.
- **Marketing Communication**  
Solutions for personalized physical and digital marketing communication.
- **Service Fulfillment**  
Supply chain solutions for delivery fulfillment of personalized products or information to end consumers.

## Net sales and operating margin



## 2013 results

SEKm	2013	2012
Net sales	2,612	2,665
Operating profit (EBIT)	16	-25
Operating margin, %	0.6	-0.9

### From information to communication

The market for customer communication is changing. With an increasing number of communication options and more "noise", the recipient's perspective is gaining importance in companies' efforts to reach customers with their messages. For companies and organizations with large customer bases, the ability to communicate on the recipient's terms is therefore becoming more important. There is an ongoing shift from "information disclosure" to communication.

For suppliers of customer communication solutions, this also means that a shift is underway from transaction-driven communication to multi-channel customer interaction that creates opportunities in the borderland between physical and digital communication, but also imposes more requirements for capacity in terms of data management and processing. It is increasingly important to be able to process large quantities of information in an intelligent way in order to identify new paths of communication with customers.

The growth of e-commerce and outsourcing is driving the need for services to fulfill the dialogue with customer bases. One example is telecom companies, with customer relationships that involve large information flows as well as hardware flows.

For Strålfors, the market trend of increased competition from digital alternatives entails reduced demand for services within Business Communication.

Meanwhile, there is increasing demand for services that focus on stronger, more personal customer relationships. This benefits Strålfors' Data Management, Marketing Communication and Service Fulfillment businesses.

### 2013 results

Net sales for Strålfors fell 2% year-on-year. Excluding acquisitions and exchange rate effects, net sales fell 1%. An asset acquisition of Itella's printing and inserting business in Poland was concluded during the year. Net sales were up in growth divisions Data Management, Marketing Communication and Service Fulfillment. The Business Communication division developed weakly and had reduced revenues. Business Communication is the division with the most exposure to competition from digital alternatives.

Expenses fell 3%. Excluding acquisitions and exchange rate effects, expenses fell 2% due primarily to lower restructuring costs, which totaled SEK 36m (102).

Operating profit improved to SEK 16m (-25) and the operating margin to 0.6 (-0.9)%.

During the year, a loan was converted to shares in EsonPac AB for the purpose of securing an adequate asset base for the company's business development.

Strålfors thereby increased its ownership interest in the company from 19.2% to 48%.

### Activities during 2013

#### Business development and focus on growth businesses

During 2013 Strålfors continued to work on strengthening and enhancing the market offer and organization in the Data Management, Marketing Communication and Service Fulfillment growth areas. New solutions were introduced to customers and new contracts were established. New key partnerships include the Marketing Communication division's acquisition of 30% of the shares of the Friends & Tactics AB advertising and relationship marketing firm.

The market for Business Communication is a mature market in which Strålfors holds a strong position. Investments were made in 2013 to strengthen technical capacity within production, allowing for further consolidation of the business. An asset acquisition of competitor Itella's printing and inserting business in Poland was also concluded during the year. The acquisition strengthens PostNord's position in the Polish market.

#### Streamlining

Strålfors has initiated efforts to reduce the cost base within the Business Communication division to meet the negative volume trend caused by substitution. The production business in Sweden was consolidated in Ljungby, Sweden. Efforts were made to manage the weakening trend in the businesses in France and Great Britain. Strålfors also implemented initiatives to reduce administrative costs.

#### Environmental initiatives

Strålfors strives to reduce its energy consumption and carbon dioxide emissions. In the graphic areas of the business, Strålfors works to reduce the use of chemicals and solvents. Read more about environmental operations on page 59.

#### 2014 strategic priorities

- Continued development of market offers within growth divisions Data Management, Marketing Communication and Service Fulfillment. Initiatives to strengthen market positions for these divisions within Strålfors' geographic areas of operation.
- Continue streamlining efforts in Business Communication division aimed at countering volume development and safeguarding profitability.
- Continue efforts to manage weak development in businesses in France and Great Britain.

# Acquisitions

During 2013 PostNord initiated or completed several business acquisitions. These acquisitions were done in line with PostNord's strategy to develop its position in the Nordic

logistics market and with its goal to make strategic acquisitions in other prioritized areas.

COMPANY	BUSINESS AREA	OPERATION	MOTIVE
<b>Distribution Services, Denmark</b>	Mail Denmark (Mail)	Packaging and management of unaddressed mail items.	Synergy-driven acquisition. Enables improved efficiency in production of unaddressed mail items. Acquisition finalized January 1, 2013. 
<b>Byrknes Auto</b>	Logistics	One of Norway's largest thermal carriers. Primary services are transport of fish and perishables.	Complementary/synergy-driven acquisition of assets. Strengthens position within fish and perishables transport. Acquisition finalized on February 1, 2013. 
<b>ISS Document and Aditro Document Automation</b>	Mail Denmark and Mail Sweden (Mail)	Market leaders in Denmark and Sweden within digitization services and document management.	Synergy-driven acquisition of assets. Strengthens the group's integrated offer and position in the Nordic scanning market. Creates synergy opportunities with existing communication business. 
<b>Nordisk Kyl Logistik and Transbothnia</b>	Logistics	Operations for mixed cargo, consignment cargo and thermal transports. Leading position in northern Sweden. Aggregate net sales in 2013: SEK 731m.	Complementary acquisition. Broadens logistics business in Sweden within mixed cargo, consignment cargo and thermal transports to further strengthen platform for growth within grocery and industry logistics. Part of business area Logistics as of June 1, 2013. 
<b>Printing business in Poland</b>	Strålfors	Printing and inserting business with volume of approximately 60 million mailings per year.	Complementary/synergy-driven acquisition of assets. Strengthens Strålfors' presence and creates growth opportunities in the Polish market. 

See Note 31 for additional information on acquisitions and divestments.

# Sustainability

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## ABOUT THE REPORT:

PostNord has published sustainability reports according to GRI since the group was formed in 2009. The 2013 Sustainability Report is the group's fifth sustainability report. It is directed to those who want to get an idea of our sustainability work during the past year and our ambitions for the future. Sustainability Report content was based on GRI principles for definition of content: materiality, stakeholder inclusiveness, sustainability context and completeness. The report includes, if not otherwise indicated, the Nordic operations, since most of the group's net sales and employees are in this region. The last report was published on March 20, 2013. Information on the accounting principles applied and their scope are detailed in the Accounting Principles. The Sustainability Report has been prepared in accordance with the Global Reporting Initiative's (GRI)

Sustainability Reporting Guidelines, version 3.0, Application Level C+. The Sustainability Report comprises pages 42-69 and the GRI cross-reference table available on the group's website, [www.postnord.com](http://www.postnord.com)

The Sustainability Report was adopted by PostNord's Board of Directors on February 20, 2014. KPMG has reviewed PostNord's 2013 Sustainability Report. The Attestation Report is found on page 69. KPMG also confirms that PostNord's Sustainability Report was prepared in accordance with Global Reporting Initiative's Application Level C+.

During the fall of 2013 PostNord conducted a GAP analysis of the PostNord Sustainability Report and Annual Report as to GRI guidelines, version 4.0 (GRI G4). A materiality analysis will be conducted during the spring of 2014.

# Sustainability in the governance model

**PostNord will create financial value and at the same time ensure implementation of universal postal services in Sweden and Denmark. Sustainability is part of PostNord's governance model and many group targets are associated with sustainability.**

## Group repositioning strategy

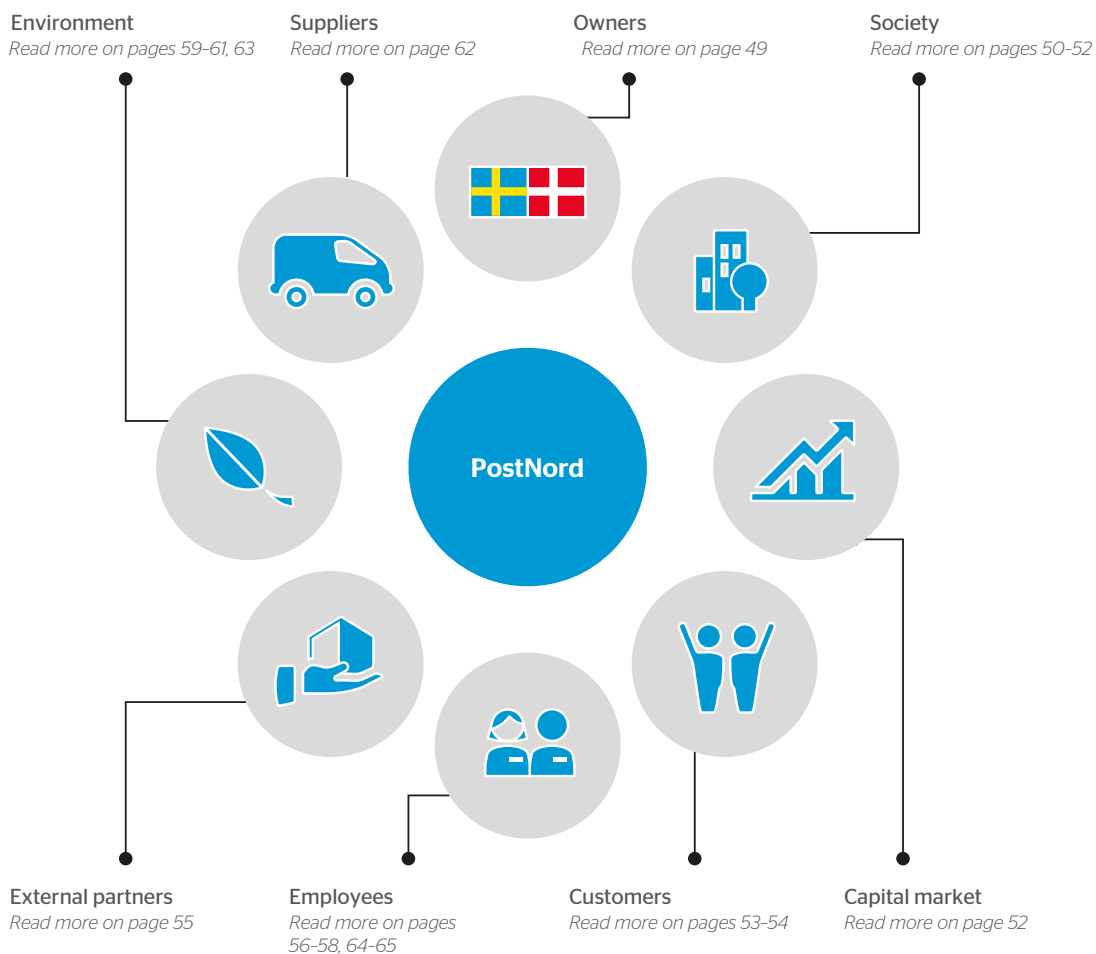
PostNord's strategy, Roadmap PostNord 2015, involves the repositioning of PostNord's operations to counter changes in the market. Read more about PostNord's strategic objectives on pages 15-21. The group strategy includes a continued focus on sustainability initiatives to ensure an environmentally sound and gender-equal operation.

PostNord's management model is described in the Corporate Governance Report found on pages 70-86. PostNord uses the EFQM (European Foundation of Quality Management) model to evaluate and monitor the operational management system. This model is based and focused on value creation for all

key stakeholders. The model has a holistic perspective in terms of the management and development of the business. Read more on page 73.

## Defined sustainability goals

PostNord's group targets include targets in the areas of quality, the environment and employees. These areas are central to PostNord's continued development. The group targets defined for quality, the environment and employees are those deemed by the Group Executive Team and Board of Directors as having the greatest potential impact from a sustainability perspective. Read more about group targets on pages 20-21.



# Development through dialogue

**By understanding and acting on the issues that our stakeholders perceive as important, we can develop the group in the right direction. Continuous stakeholder dialogue is particularly important in light of the rapid changes taking place within the industry.**

STAKEHOLDERS	GROUP TARGETS <sup>1)</sup>	DIALOGUE
 <p><b>Owners</b> PostNord is owned to 40% by the Danish State and to 60% by the Swedish State. The overall mission from the owners is to create value and ensure execution of a universal service obligation.</p>	<p>An equity-assets ratio of at least 35%. ROE of at least 10% over a business cycle.</p>	<p>AGM, discussions, meetings.</p>
 <p><b>Society</b> PostNord plays a key role in the Nordic business sector and society. With a long-term, stable and profitable business, opportunities are created to meet and exceed demands for environmental compatibility and social responsibility. Similarly, acting in an environmentally sound and socially responsible manner strengthens our competitiveness.</p>	<p>Improve the Corporate Image index (TRIM).</p>	<p>Discussions, meetings, and correspondence with regulatory authorities, politicians, and opinion leaders. Dialogue and collaboration with organizations in the sector, interest groups (e.g., rural), sports and culture organizations, organizations for sustainable development and social responsibility.</p>
 <p><b>Capital market</b> PostNord finances its operations partly through bond loans. Capital market confidence is therefore important to PostNord.</p>	<p>The ambition is to be an investment grade company.</p>	<p>Telephone conferences, meetings and other correspondence with analysts and investors.</p>
 <p><b>Customers</b> PostNord is the Nordic region's leading communication and logistics company. Our customers need be able to reach their recipients on time, securely, and effectively.</p>	<p>Improve the Corporate Image index (TRIM).</p> <p>Improve the Customer Value Index (KVI).</p> <p>Meet Swedish State's requirement that at least 85% of 1<sup>st</sup>-class letters are delivered on following business day and 97% within three days.</p> <p>Meet Danish State's 93% quality requirement for all services falling under the delivery obligation.</p>	<p>Communication through the sales organization, customer service, customer ombudsman/appellate authority, drivers and mail carriers and through PostNord's service network.</p>
 <p><b>External partners</b> PostNord's partners play an important role in our meetings with customers. The group currently has a total of 5,341 distribution points.</p>		<p>Continuous, ongoing dialogue with external partners through various channels.</p>
 <p><b>Employees</b> With approx. 39,000 employees, PostNord is one of the largest employers in the Nordic region. Part of the group's vision is to be an attractive and stimulating workplace.</p>	<p>Improve employee index (MIX) and management index (LIX).</p> <p>At least 40% female managers by 2015.</p> <p>Reduce sick leave levels.</p>	<p>Performance reviews, workplace meetings, employee dialogues, communication via internal channels, dialogue with trade unions, Management Planning Process, Senior Management Meetings.</p>
 <p><b>Suppliers</b> Every year, PostNord procures goods and services for amounts in the billions. The development of supplier monitoring processes is important for the group.</p>		<p>Procurements, purchasing negotiations, other dialogue in connection with purchases and quality assurance meetings.</p>
 <p><b>Environment</b> PostNord's operations are based on transport. Environmental requirements are increasing and reduction of carbon dioxide emission is a prioritized matter.</p>	<p>Reduce carbon dioxide emissions by 40% from 2009 to 2020.</p>	<p>Customer and supplier meetings, external conferences, dialogue with students interested in the environment.</p>

<sup>1)</sup> Read more on page 20-21.

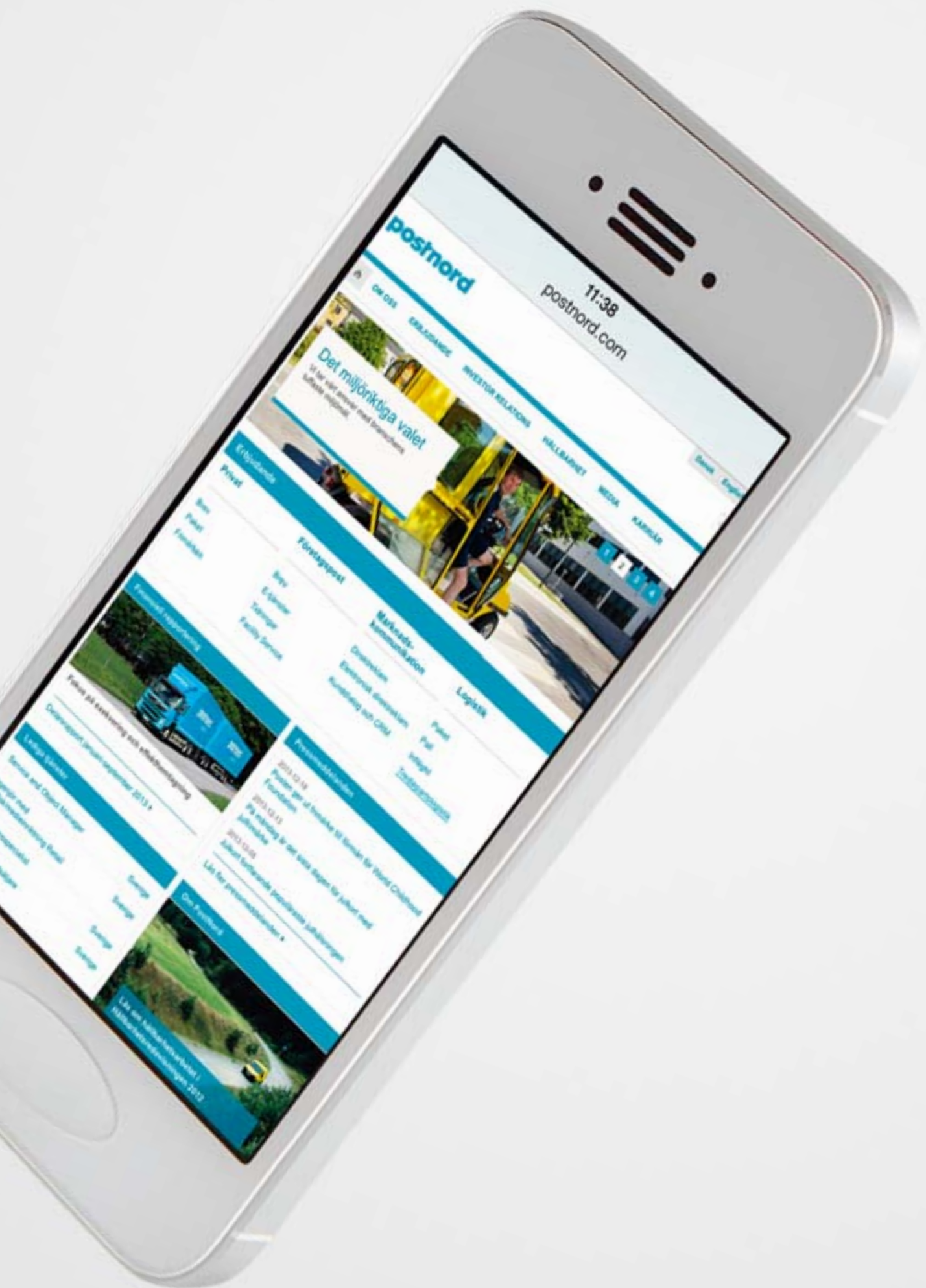


### Important issues

PostNord conducts dialogues with a number of internal and external stakeholders. In combination with the information PostNord receives from various surveys, these dialogues allow us to better understand and manage the trends, opportunities and risks that affect us. Stakeholder

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

	REGULAR MEASUREMENT	OTHER MONITORING	IMPORTANT ISSUES	READ MORE
		Interim financial statements, annual report including corporate governance report, sustainability report, presentations, other reporting.	Value creation and financial stability, sustainable business practices, performance of universal service obligation stipulated by law and license conditions.	page 49
	Corporate image surveys in which approx. 400 individual customers per week answer questions on how they perceive Posten or Post Denmark.		Quality, security, simplicity, reliability, accessibility, consideration of customer needs, value of products and services, good management of the company.	pages 50-52
	Price of PostNord's outstanding bonds.	Interim financial statements, annual report including corporate governance report, sustainability report, presentations.	Financial stability, cash flows, ownership structure, sustainable business, transparency.	page 52
	Measurement (twice yearly) of customer satisfaction and private and corporate customers' perceptions of PostNord and PostNord's operations. Customer perceptions PostNord's external partners are included in the survey.	Measurements of delivery quality for letters and parcels, measurements of environmental impact of operations.	Accessibility through good geographic coverage and scope, high sales competence and good customer service, reliability, security, environment, focus on solutions for customers.	pages 53-54
	Annual measurements of Swedish and Danish partners' perceptions of their collaboration with PostNord.	Mystery shopper measurements.	The function of cooperation with contacts at PostNord's external partners, delivery reliability, information from PostNord in support of customer service.	page 55
	Annual employee survey (FOCUS).	Monitoring of leadership quality, employee commitment, sick leave and gender equality.	Customer focus, clear information on group's development and direction, good working conditions.	pages 56-58, 64-65
		Measurement of supplier loyalty and compliance with the supplier code.	Transparency in procurement processes, ability to pay, quality of delivery.	page 62
	Specific environment-related questions in group's customer and employee surveys.	Annual and Sustainability Report.	Reduced dependence on fossil fuels.	pages 59-61, 63



postnord

11:38  
postnord.com

Om oss

ERBJUDNING

INVESTER RELATIONS

HÅLLBARHET

NYA

MARKNAD

Svensk  
English

Det miljönära valet  
Vi har valt att arbeta med förnybara  
kraftsladdade fordon.

Förstapost  
Privat  
Brev  
Färd  
Förstapost

Förstapost

Marknads-  
kommunikation

Logistik

Personaltjänster

Förstapost  
Förstapost  
Förstapost  
Förstapost  
Förstapost

Logistik  
Logistik  
Logistik  
Logistik  
Logistik

Personaltjänster

2013-12-18  
Postnord har utsett en ny  
Förstapost  
2013-12-11  
Postnord har utsett en ny  
Förstapost  
2013-12-08  
Postnord har utsett en ny  
Förstapost

Om Postnord

Om Postnord  
Om Postnord  
Om Postnord  
Om Postnord

# You beautiful new (digital) world!

Norway, Sweden and Denmark are all in the top-10 list of countries with highest ratio of Smartphones per resident. The Internet is now in most Nordic pockets (or purses), and this has altered our purchasing behavior and our social lives.

Telecom companies are investing large sums in technological development. But ever faster networks and streams of new services are no guarantee of success. Competitors are constantly on the attack, and technological advantages are often quickly surpassed. The battle for market share is fought on a different battleground - with the real and lasting competitive advantages gained primarily through the consistent cultivation, attraction and retention of profitable customers.

PostNord often does the practical, behind-the-scenes work of successful telecom operators. We keep the hardware (e.g., telephones) in stock. We ensure that the products are correctly configured and we deliver them promptly and securely to the customer. We print and distribute SIM cards. We generate and send out invoices and manage various types of loyalty programs. Everything with a single goal in mind: the smoothest possible customer-supplier relationship.

This is **our** digital world.

# A compass for employees

**PostNord's values - reliable, accessible, business partner, and sustainable - are fundamental to the group's work with sustainability. Our values serve as a compass for each and every PostNord employee. Taken together, our culture, values and business ethics play a major role in the implementation of PostNord's group strategy.**

## Activities to increase commitment

During the year the group continued its work with structured employee dialogues, training and guidelines to provide PostNord employees with a more solid, shared foundation to stand on.

An employee dialogue was launched in January 2013 regarding the group's values. The dialogue aimed at stimulating discussion on the group's development, creating commitment to the group's values and creating opportunities to discuss the way our values impact each employee and our daily work.

The group uses employee dialogue as a method of implementing and uniting the group on various issues. Using methodological support and produced material, managers are responsible for leading a structured discussion. Regular dialogues help PostNord managers to become better communicative leaders who create commitment, provide and seek feedback and involve employees in decision-making processes.

According to employee dialogue evaluations, that employees feel that participation levels have improved and managers value the dialogue format as a method of communicating with their colleagues.

## Group-wide Code of Conduct in progress

During the year PostNord reviewed the Code of Conduct and other similar governance documents used by the group's various legal units. The outcome of this project will be a new, group-wide Code of Conduct for the group that replaces previous documents. The new Code of Conduct will be introduced during the first six months of 2014 and will serve as a guideline for all stakeholders as regards the group's actions and requirements.

## Guidelines for avoiding bribery

Salespeople from the Swedish business and centrally-placed PostNord buyers received training in Swedish anti-bribery legislation during the year. New Swedish anti-bribery legislation entered into force on July 1, 2012, and PostNord updated its guidelines for avoiding bribery in 2012. The guidelines incorporate the new Swedish Business Code developed by the Institute Against Bribes.

## New whistle-blower procedure

During 2013 PostNord introduced a reporting procedure for whistle-blowers. The procedure is followed to report suspicion of serious criminal activity committed, sanctioned or consciously ignored by people in managerial positions or other key persons. Reporting can be done anonymously. The procedure was developed in conformity with laws and regulations in Sweden, Denmark, Norway and Finland.

The reporting procedure can be followed by employees of PostNord's Nordic companies. Customers, suppliers and other stakeholders associated with these companies are also able to utilize the procedure.

The procedure is available in Swedish, Danish and English on the web. It is also possible to report by telephone or letter.

Reports are handled by PostNord's Internal Audit in collaboration with external law firms. The Internal Audit reports directly to PostNord's Board of Directors (Auditing Committee) or Group Executive Team (CEO), depending on degree of seriousness and where suspicion is directed.

Information has been published in various internal channels to ensure that employees are aware of the procedure and how to use it. Information has also been published on the group's external website and communicated to major suppliers via the procurement function.



# Sustainability an integral part of governance

**The overarching goal of PostNord's owners is for the company to create financial value and ensure the provision of universal postal services in Sweden and Denmark. The owners are of the view that strategic sustainability work promotes long-term growth.**

## Sustainability in corporate governance

The Swedish government has communicated that companies should have a business model characterized by profitability, long-term thinking and sustainability in order to develop in a favorable manner. The government is incorporating sustainability into the management of state-owned companies in order to ensure long-term value creation. Human rights, working conditions, the environment, anti-corruption, business ethics, equality and diversity are included in the government's definition of sustainability. In 2012 the government turned to the boards of state-owned companies and imposed sustainability target management requirements. The targets must be comprehensive and few in number, relevant to the business, long-term and challenging, and clear and easy to communicate. During 2014 the Ministry of Finance will follow up sustainability initiatives with the board of each company.

The Swedish government set forth its view on the sustainability issue in "Sustainable Businesses", published in the fall of 2013.

The Danish government has stated that a commercial view of social responsibility helps improve a company's competitiveness and growth while also achieving social and environmental effects.

In March 2012 the Danish government published "Responsible Growth," an action plan for corporate social responsibility for the 2012-2015 period. "Business-driven Social Responsibility", published in June 2012, included examples of companies that combine business advantage with sustainability. The Danish Parliament passed a new law in 2013 on workplace equality in the country's largest companies. In cases where one gender is underrepresented (less than 40 percent) on the board or in management, the company must set targets and adopt action plans for fulfilling the requirement.

Read more about PostNord's corporate governance on pages 70-86 and targets on pages 20-21.

## Climate plans for Sweden and Denmark

Swedish climate and energy policies have a threefold target for the period through 2020 (comparison year 1990):

1. At least half of the energy supply comes from renewable sources.
2. Energy efficiency increased by 20%.
3. Greenhouse gas emissions reduced by 40%.

This year the Danish government presented a plan to reduce the country's greenhouse emissions by 40% during the period 2009-2020. Various sectors, including transportation, are included in the climate plan.

The national climate plans affect state-owned businesses, which are expected to contribute if their operations have an impact on the climate. PostNord's operations are transport intensive, meaning that a reduction of carbon dioxide emissions is relevant to the group. Read more about PostNord's environment and climate initiatives and targets on pages 59-61 and page 63.

## Dialogues during the year

PostNord's AGMs offer opportunities for dialogue with the owners. The 2013 AGM resolved to elect Jens Moberg as Chairman of the Board and to reelect and newly elect other board members. The AGM also resolved to distribute a dividend totaling SEK 103m (368) to shareholders and elected KPMG AB as the group's new accounting firm. During the 2013 AGM question and answer period, the issues of delivery quality, work environment and workplace equality were addressed by the group's highest officials. Read more on how PostNord works with these issues with regard to customers (pages 53-54) and to employees (pages 56-58). Read more about the AGM on page 75.

During 2013 the board dealt with issues related to the group's sustainability initiatives and targets. Board members participated in seminars on sustainability with the Swedish owners. Read more about board's work on pages 76-77.



# An important role in society

**During 2013 PostNord delivered 5.9 billion letters and other mail items, 110 million parcels and 2.5 billion kilos of goods to the 25 million inhabitants and two million companies in Nordic region. With nearly 400 years of distribution experience in Sweden and Denmark, we are continuing to strengthen our position as the Nordic region's leading communication and logistics company.**

## PostNord creates competitiveness.

With over 5,300 distribution points, over 18,000 mail carriers and a fleet of more than 20,000 vehicles PostNord's distribution network plays a major role in key social functions in the Nordic region. The group focuses on strengthening its customers' competitiveness by solving their communication and logistics needs. Read more about PostNord's operations on pages 28-41.

## Strong local presence

PostNord's business is dependent on a well-functioning dialogue with politicians and other decision makers and opinion leaders. When major changes occur that affect key stakeholders, PostNord strives to conduct an open dialogue with all those affected. One example of this is the investments in terminals being made in Sweden - investments that involve new establishments in some areas and closures in other.

## PostNord is developing with society.

The group plays an important role in rural areas. PostNord's wide-spread presence in the Nordic region enables trade between companies and private individuals, regardless of where they are. Those served by rural mail carriers can, for example, have parcels delivered without charge. This benefits, among other, e-retailers in thinly settled areas and improves accessibility to distance selling.

In Sweden, a sparsely populated country, the group's 2,000 rural mail carrier routes provide service to around 800,000 households and companies. When forms of distribution are changed, the group is eager to engage in dialogue with those affected. Today, mail in rural areas is normally distributed to mailbox clusters along the main roads.

In Denmark the group continues to develop offerings in care and welfare distribution. In 2012 PostNord won one of Denmark's first procurements in the area and became responsible for a complete distribution solution for implementation of telemedical<sup>1)</sup> home equipment. Additional telemedicine commissions were received in 2013, and the group is continuing to develop services in that area.

<sup>1)</sup> Telemedicine refers to the remote provision of medical services.

## Cooperation regarding security

PostNord cooperates with the police and customs authorities to combat crimes such as smuggling, theft and fraud. The group's employees are instructed to contact their nearest supervisor and to notify the police if they suspect, for example, that a consignment contains drugs. Only the police or customs officers may open shipments when there is suspicion of a crime.

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

## Community involvement and cooperation

PostNord is actively involved in the communities in which it operates. Efforts are concentrated on a few larger projects, preferably in the areas of sports and culture and the support of children and young people. In this way, the group obtains long-term continuity and mutual benefit from our collaborations. Some of PostNord's current collaborations:

### Cycling

Many PostNord employees use bicycles in their daily work. In Denmark, for example, up to 70% of letters are delivered by mail carriers on bicycles. It is therefore natural for PostNord to promote cycling through cooperation with the Danish Cycling Union and the Swedish Cycling Association. Through this collaboration, the group promotes the expansion of cycling and supports a popular sport that is growing in popularity, a sport that also benefits overall health and the environment.

### Soccer

Soccer is widely popular. Hundreds of thousands of people - participants and spectators alike - are passionate about the sport. PostNord is a proud sponsor of the Swedish Soccer Association.

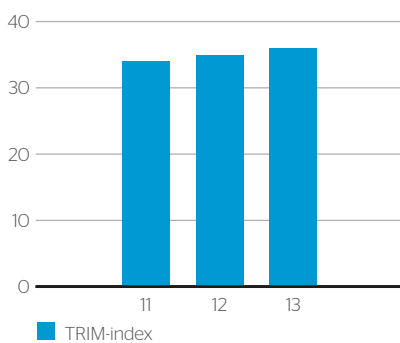


**The Hallsberg terminal - one of PostNord's new terminals**

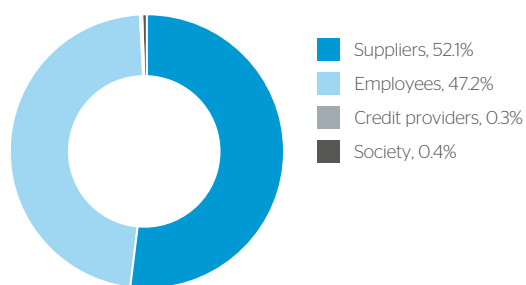
The mail terminal in Hallsberg was officially inaugurated in the fall of 2013 and has been fully operational since February 2014. Hallsberg replaces the terminals in Karlstad and in Västerås. The terminal building, including the railroad track area, is around 26,800 square meters in size and is the workplace for around 300 employees. The terminal is situated near the main rail line and two railway spurs run directly into the building. The terminals are geothermally heated and have a computer-monitored control system for low energy consumption.

To create an open business culture that includes employees with different backgrounds and experience, Posten initiated a training program in 2013 in cooperation with the Public Employment Service and the Language & Future adult education program in Örebro and other municipalities involved. The cooperation is a targeted, long-term training and recruiting process for people who have not yet established themselves in the labor market. The training is designed based on the idea that participants should be qualified to work at PostNord as well as at other companies. A total of 49 people participated in the first two training sessions, of which 29 were offered employment at the group's Hallsberg terminal. Ten additional people were also hired to work during the three busiest Christmas weeks, when the group significantly increases its staff.

**Corporate image**



**Distributed value**



### The August prize

The written word is becoming increasingly important in the digital world. PostNord wants to inspire everyone to read and write more. Considering the clear link between the written letter and the group's operations, Posten has partnered with the August Prize, Sweden's biggest literature prize after the Nobel Prize.

### Charity stamps

Every year Post Denmark and Posten issue special stamps, where part of the price goes to selected non-profit organizations that are selected for one year at a time. The selected organizations are highly reputed and work in the areas of aid, health or the environment. The money collected in 2013 went to SOS Children's Villages in Sweden and Save the Children in Denmark.

### Julemærkefonden and Mentor

PostNord is committed to helping children and young people in need of support. In Denmark the group supports the Julemærkefonden in its work to help vulnerable children achieve good self-esteem. In Sweden the group works with the Mentor Foundation, which works closely with the business community to encourage young people to reject violence and drugs.

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

Read more about PostNord's community involvement at [www.postnord.com](http://www.postnord.com).

### Investments for the future

In recent years PostNord has invested billions in new terminals for mail, pallet and parcel management in Sweden. These investments are important for creating a production structure that helps the group to develop customers' competitiveness. The terminals increase capacity and flexibility while also reducing unit costs. New terminals have or will be put into operation in Hallsberg, Veddesta and Rosersberg.

PostNord has also invested in making the new terminals environmentally compatible. The terminals are constructed to meet Green Building certification requirements, signifying 25% less energy consumption than the levels required by the Swedish National Housing Board. The terminals' geographic locations result in shorter driving distances and provide options for increasing rail transport and improving transport integration.

Employee work environment is another of our focus areas. The new "singulation technology" introduced at our terminals is an example of how technology is used to reduce the amount of heavy lifting required - the machine automatically divides parcels into piles and scans bar codes from multiple angles simultaneously.



## Capital market confidence

**PostNord is a Swedish public company owned 40% by the Danish State and 60% by the Swedish State. Votes are allocated 50/50 between the owners. Operations are financed via external loans in addition to internally generated funds.**

PostNord's operations are funded in part by external borrowing. PostNord established a commercial paper program and a bond program in 2012. Additional loans were raised through these programs in 2013. External financing in the form of interest-bearing debt totaled SEK 4,589m (4,312) at turn of the year 2013/14. Most investors in PostNord's bond program are institutional investors such as pension funds and insurance companies. The bonds are listed on NASDAQ OMX Stockholm.

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





# Quality-oriented customers

**Every business day, PostNord delivers a huge amount of mail items, parcels and palletized goods to the Nordic region's 25 million residents and 2 million businesses. We strive to execute each task in a timely, secure and efficient manner.**

## Delivery quality is crucial

Delivery quality is one of the key factors in the satisfaction of the group's corporate and private customers<sup>1)</sup>. To ensure our capacity to fulfill each individual task, quality work is conducted on a continuous basis in all group operations. These efforts are crucial for PostNord's credibility and ability to do business. Our business operations generally maintain a high delivery quality, and we work hard to maintain and improve it.

Effective production processes and employee commitment are prerequisites for a high quality level. Interruptions and delays can be caused by many factors - such as impassable roads, broken sorting machines or IT-related problems. PostNord introduced new guidelines for continuity management in 2011. The guidelines stipulate that all business areas and group functions must be capable of restoring and maintaining important deliveries regardless of the cause of the interruption. Continuity work is part of PostNord's risk management.

## Many arenas for meeting with customers

Mail carriers and drivers meet private and corporate customers on a daily basis. PostNord's *external partners*, who in many cases are the external face of

the group, also have daily contact with customers. Read more about external partners on page 55.

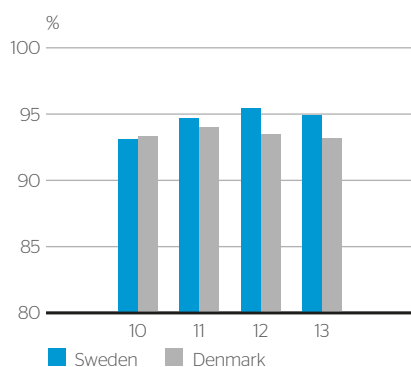
The group's *sales units* and *account managers* maintain regular dialogue with corporate customers. Corporate customers have communicated that they expect PostNord to be a proactive supplier, offer qualified advice and have a high level of expertise. To a large extent they demand a complete partner able to respond to many different needs, which means that all contact points and functions within PostNord need to act as a well-integrated unit.

PostNord's *customer service functions* meet thousands of private and corporate customers every day via the Internet, telephone and e-mail. If a customer is not completely satisfied with a meeting or decision, they have the option of contacting a *customer agent* in Sweden and an *appellate authority* in Denmark. Feedback from all of these channels is instrumental in PostNord's development.

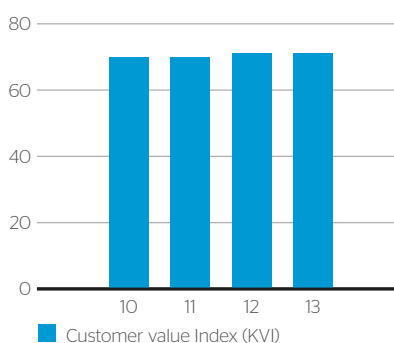
The group expends much effort on exchanging information within the group in order to predict, understand and solve various customer needs. Putting customer service in contact with sellers means that PostNord can develop offers to customers and create new business opportunities.

<sup>1)</sup> According to PostNord's customer survey that forms the basis of the Customer Value Index (KVI).

## Delivery quality, 1<sup>st</sup>-class letters



## Customer Value Index



### Complementary systematic measurements

In addition to its daily contact with customers, PostNord regularly conducts various types of customer surveys. The goal of all customer dialogue is to continue to develop, to create new solutions for customers and to be aware of and manage challenges that arise.

### Customer satisfaction

PostNord has been measuring customer satisfaction and private and corporate customers' perceptions of the group and its operations since 2008. These measurements result in a KVI (Customer Value Index). The group's overall KVI for the year was 71 (71). As previously, the year's measurement shows that corporate customers appreciate the competence of PostNord's sales staff and its geographic coverage. On the other hand, corporate customers want quicker development of custom-made solutions. Private customers appreciate the group's delivery quality and geographic coverage but believe that areas such as claims management and customer orientation can be improved.

### Corporate image

Approximately 94% of PostNord's revenues come from corporate customers. But it also has a very large number of private customers, and corporate customers' own customers and employees are in many cases also private customers. Since private customers are also important recipients of PostNord's services, their perceptions of PostNord are of great significance. This is particularly true in Sweden and

Denmark, where Posten and Post Danmark are responsible for universal postal services.

Corporate image surveys are conducted on a weekly basis, with around 200 Swedes and 200 Danes responding to questions about how they perceive Posten and Post Danmark. The Corporate Image Index for 2013 was 37 (35). Measurements for the year show a positive trend and a generally better opinion of Posten in Sweden, particularly in terms of personal impressions and the overall reputation. The development in Denmark did not show the same positive trend during the year, which is explained by periodic shortcomings in parcel deliveries. Post Danmark and Posten in Sweden essentially have the same basic strengths: dependability and reliability. Areas for improvement in Sweden have mostly to do with public perception of the group's responsiveness and how to contact the company. In Denmark it is a matter of creating trust regarding Post Danmark's future prospects.

### Change in mail habits

Never before have there been so many channels of communication to choose from. Increasing digitization has increased the power of the recipient. PostNord conducted surveys in Sweden and Denmark on individuals' habits and attitudes regarding physical and electronic communication. An important finding is that most people want to choose how to receive information. PostNord fulfills an important function in society by providing information about and services for physical and electronic communication.

### Studies of the Nordic e-commerce market

For several years, PostNord has conducted studies of the Nordic e-commerce market. This year's report, "E-commerce in the Nordic region 2013" shows that fast delivery and flexible customer service are highly prioritized.

### Certification in demand<sup>2)</sup>

Many customers require certification in connection with procurement of communication and logistics services. PostNord has worked since 2010 to achieve group-wide quality, environment and work environment certification.

Mail Denmark was included this year in PostNord's quality and environment certification, which now covers the Swedish and Danish operations in their entireties. The Swedish operation's work environment will be certified during 2014. This certification is already complete for business area Mail Denmark.

Plans have been developed for integrating non-Nordic operations and newly acquired businesses into the group-wide certification.

PostNord's promise for the future to the Nordic business sector and society: you will be able to your recipients on time, securely and cost-effectively.



<sup>2)</sup> PostNord's operational management system is certified in accordance with the ISO 9001 (quality) and ISO 14001 (environment) standards. Work is in progress to include OHSAS 18001 (work environment) in the group-wide certification.



# Partners enhance accessibility

**PostNord has 5,341 distribution points, of which 215 are run by the company, 4,697 by external partners and 429 are unmanned automatic parcel points. Our partners are mainly well established retail chains with national coverage.**

## An important customer channel

PostNord's cooperation with external partners is strategically important- our partners are part of PostNord's interaction with customers. The structure of the operators' drop-of and distribution networks is a competitive advantage because accessibility is appreciated by customers and influences their perception of the group. We therefore set high standards for our own service points as well as those of our external partners. During the year, PostNord expanded the number of distribution points by 462, from 4,879 to 5,341.

## Dialogue develops cooperation with partners

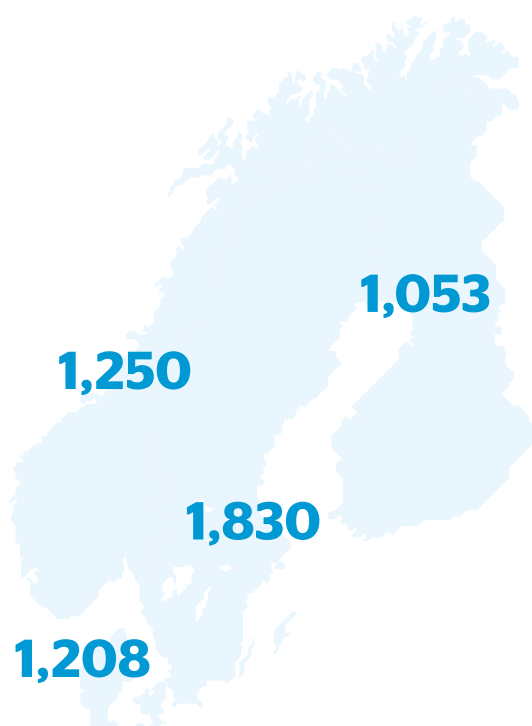
In Sweden, PostNord conducts annual certification of all external partners to ensure that they have the right skills for addressing customers. In 2013, 93% of Swedish partner outlets completed the certification. In cases where partner outlets do not have certified staff, the group draws up an action plan so that each outlet obtains the necessary skills for certification.

We monitor Swedish and Danish customers' perception of PostNord's external distribution points in the group's KVI customer survey. Read more on page 54.

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

The group's partner in Finland conducts monthly monitoring of its partners (store chains). In Norway, a daily quality-control report is distributed to each partner. At least twice annually there is also a quality-control meeting with each store manager. Annual surveys of partners' perception of the cooperation with PostNord are conducted for the Swedish and Danish distribution points.

## A total of 5,341 Nordic distribution points...



## ...of which 5,126 are operated by external partners

	2013 <sup>2)</sup>	2012 <sup>1)</sup>
<b>Sweden</b>		
Own management	0	288
External partners	1,830	1,544
<b>Denmark<sup>3)</sup></b>		
Own management	215	228
External partners	993	723
<b>Norway</b>		
External partners	1,250	1,041
<b>Finland</b>		
External partners	1,053	1,055
<b>Total</b>	<b>5,341</b>	<b>4,879</b>

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

<sup>2)</sup> Number of delivery points in Sweden per December 27, 2013; Denmark per December 19, 2012; Norway per December 20, 2013; and Finland per December 16, 2012.

<sup>3)</sup> Including 429 unstaffed automatic parcel machines.



# Committed employees

**The capacity of PostNord managers to lead during change, in combination with employee commitment, is crucial to the success of the structural changes that are underway - and for PostNord's long-term success.**

## Production-intensive business

The total average number of PostNord employees in 13 countries is 39,305, of which 98.4% are in the Nordic countries. The majority work as mail carriers, drivers or at a mail or logistics terminal. Every day, these employees ensure that millions of letters, parcels and other mail items reach the right recipient on time. There are also specialist functions within the group such as IT, sales and other administrative functions.

## Management skill is a prerequisite for success

Like many other national postal operators, PostNord is carrying out extensive operational changes - changes that are crucial in terms of meeting the market trend. Good management is vital for the structural changes that are underway and for PostNord's continued development and long-term success. Managerial expertise in guiding change is a critical factor. Several important training initiatives were carried out during the year to increase awareness among managers and support staff in terms of how people react to change.

Management also affects employee participation and commitment levels. PostNord focuses on team-based working practices to increase commitment and broaden skills. The group's managers and leaders are responsible for creating favorable conditions for teamwork.

## Systematic leadership development

In order to develop and secure long-term leadership for PostNord there is a group-wide process for leadership planning, the Management Planning Process, for the evaluation and development of managers. Through this process the group has defined behaviors that should characterize all managers' day-to-day leadership. Managers should be clear, should involve others, take responsibility and deliver value. These criteria form the basis for managers' evaluations and continued development initiatives.

## Skills development

Part of PostNord's vision is to be an attractive and stimulating workplace. Employee skills development is an important factor in ensuring the business's long-term needs. Managers and employees agree on an individual development plan during annual career development discussions. In this year's employee survey, 82 (79)% of respondents answered that they had had a career development discussion. 78% indicated that they had formulated a development plan.

PostNord offers a number of leadership training opportunities and developmental initiatives to managers, employees and various types of specialists. Some of these training initiatives are oriented towards a particular profession, such as drivers.

Skills development is more than just formal training or coursework. Learning is done to a great extent during day-to-day work activities, through new working methods or work assignments and through feedback from managers and colleagues.

## Diversity and equality

PostNord employees represent many different nationalities, come from diverse religious backgrounds and speak many different languages.

PostNord enriches its workforce through local initiatives that welcome people who are not yet established in the labor market.

PostNord has zero tolerance for discrimination, and managers are responsible for establishing the zero tolerance policy among all employees.

Revised guidelines for the group's diversity initiatives will be launched in 2014.

## Long-term workplace equality target

PostNord's employees are 34% women and 66% men. Wage mapping is conducted on a regular basis and produces data on gender-based wage differentials. This year's mapping showed that PostNord's male employees earn an average of 3.2 (3.3)% more than women in corresponding positions. Read more on page 64.

In order to accelerate gender equality, PostNord established a target in 2010 to have 40% female managers and leaders within the group 2015. At year end, the share of female managers was unchanged at 29 (29)%.

In all countries, where it is allowed by law, the group in recruiting must select a representative for the sex that is underrepresented in a unit when two candidates have equal qualifications. At least 50% must be women among participants in a talent program for supervisors and specialists.

When authorized by law, selections made in all countries under the group's recruitment processes must be made in favor of the underrepresented gender when candidate qualifications are otherwise equal. The group's development program for managers and specialists includes a minimum target of 50% female participants.

To accelerate target achievement, it was determined in December 2013 that all managerial, supervisory and project director jobs will be advertised both internally and externally. It was also determined that the final candidates for each recruitment must include both women and men. Recruiting process compliance must be reported and monitored by the management group and reported to the group's HR function. As of 2014, every manager's individual goal contract must include targets for the number of women in managerial positions within their area of responsibility.

The Marianne Niverts scholarship was established in 2009 to encourage female leadership and bring more women into leadership positions. The prize money must be used for "individual development efforts." The scholarship will be awarded through 2014.

**Health and work environment**

Many professional roles in PostNord are physically demanding, such as jobs in the group's terminals. Stress is a further challenge for many employees, especially in a time when the group is undergoing extensive structural changes.

PostNord has worked actively for many years to improve the health and wellbeing of its employees. In 2013 the group focused on further developing methods, work routines and tools for early and proactive prevention. One example of proactive work is the new parcel and pallet terminal in Swedish Veddesta, where new technology reduces manual lifting.

The Posten Fritid staff fund in Sweden is included in PostNord's employment benefits and promotes health, improved satisfaction levels and a sense of community. Activities supported by Posten Fritid include the Sports Association, with 94 local sports clubs and over 13,000 members. In Denmark, a Sports and Recreation Association has around 40

local clubs and 1,500 members. Strålfors has a Recreation Association that involves many employees.

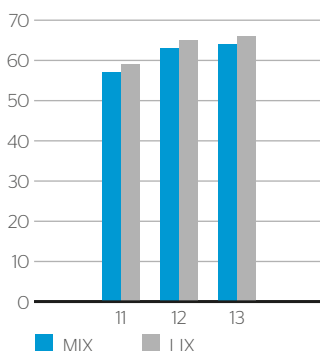
In 2013, sick leave at PostNord was 5.0 (4.9)%. The group's goal is to decrease sick leave to below this level. A one percent reduction in sick leave in the group, all else being equal, would yield a positive effect on profit of SEK 115m.

**Responsible conversion**

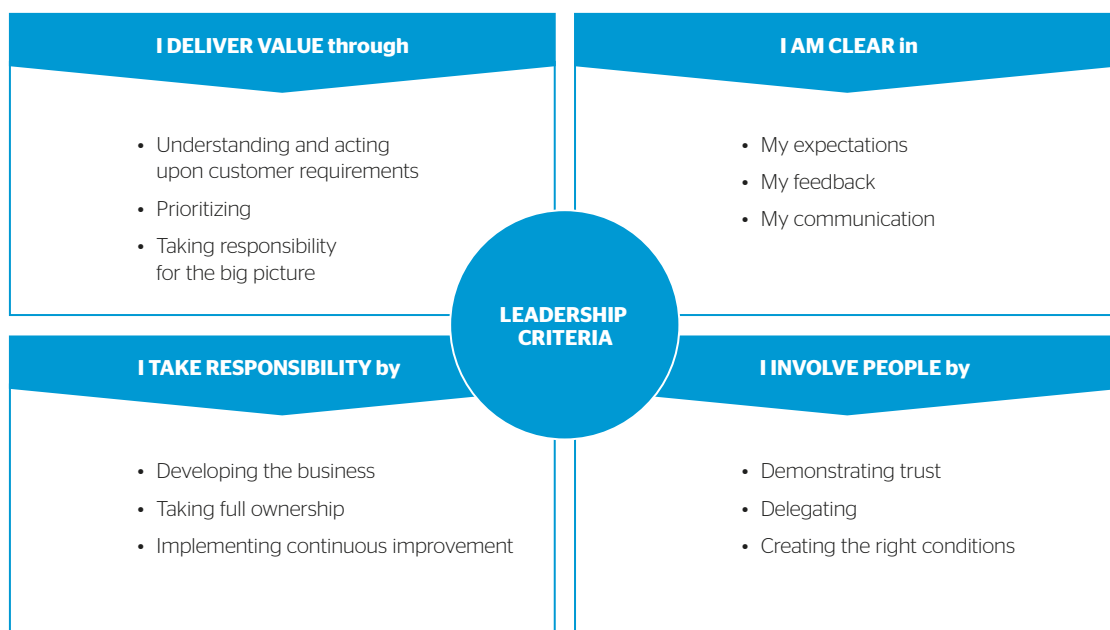
PostNord is converting its operations to make them more efficient and profitable. The conditions in the industry are changing at a rapid pace. The conversion of the group affects its staffing needs, and sales people and IT specialists are examples of the expertise we require. We will also need more truck drivers to handle increased numbers of parcels. At the same time fewer letters are being sent, which means that we are reviewing the number of personnel in mail carrying.

PostNord intends to act both efficiently and responsibly in all conversion of operations. The conversion program that the group is offering in conjunction with redundancy, or for employees who leave the

**Employee commitment and leadership**



**PostNord's leadership criteria**



company for medical reasons, includes training, courses, relocation support and coaching.

Compared with the previous year, the average number of employees in the Nordic region decreased by 475. The number of employees in the Nordic region at year-end decreased by 1,337. There have been large staff reductions in existing operations, while the group has acquired several businesses. Of the employees who ended their employment during the year, 1,006 were made redundant, 3,067 left of their own volition, and 2,736 employees were recruited or acquired. For more information on the average numbers and the number of employees, see pages 64–65.

**Union cooperation**

PostNord’s management and the unions that represent our employees realize the importance of close and trusting cooperation. Employee participation rights are based on each country’s labor law legislation and are regulated at the national level. PostNord’s employers in all business areas and at the group level cooperate and negotiate with the unions. All employees in the Nordic region are included in collective agreements that are signed at the national level.

The Collaboration and Employee Participation agreement specifies that the unions should receive early information and have the opportunity to influence negotiations and collaboration in order to increase understanding of, and participation in, the changes taking place at PostNord. During 2013, collaboration in Sweden focused on establishing the new collective agreement, while the focus in Denmark and other parts of PostNord was on conversion and reducing personnel.

**Employee survey takes the temperature**

As a complement to the daily dialogue, we annually conduct an employee survey, FOCUS, in which employees express their views on their own employment and on the leadership. The response frequency

among group employees was unchanged from the previous year at 87%. The result is expressed as the employee index (MIX) and the leadership index (LIX).

This year’s survey showed a slight positive increase in MIX and LIX. The MIX increased from 63% to 64% and the LIX from 65% to 66%. All supervisors and leaders in the group must discuss the survey with their employees and present activity plans based on the outcome. In the survey 64 (61)% of employees indicated that they worked using the activity plans.

The survey shows that employees’ confidence in their line managers increased during the year. At the same time, confidence in PostNord’s top management decreased. Confidence in the future, and in their own personal development within the company, remained at a low level. 44 (44)% of employees responded that they have good opportunities for development within the group. As one consequence of the survey results, PostNord will focus more intensely during 2014 on communicating and anchoring its group strategy and goals as well as on what is happening within the company. The group will also make clear the professional development and career opportunities that exist within the group.

**Dialogue with employees yields results**

During 2013, employee dialogue continued as part of PostNord’s program of internal mobilization. The purpose of this program is to increase knowledge of the ongoing conversion of the group. The focus of this year’s dialogue was group values. Read more on page 48.

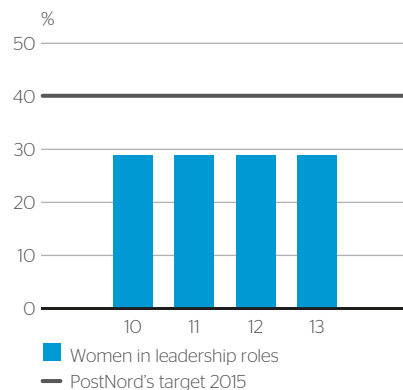
The employee dialogue seems to have had a positive effect in Strålfors, for example. The employee index (MIX) at Strålfors in 2013 was 74 (72)%, which is 10 percentage points higher than the group average. The leadership index was 73 (70)%. Strålfors also had the lowest level of sick leave in the group; 3.1%, in comparison with the group average of 5.0%.

“During the year Strålfors supervisors and leaders have focused on conducting dialogue with employees. We have strived to go out into the operations and discuss visions and targets, customer focus, and working processes, along with satisfaction and health and safety, which has yielded results. I have myself also been out and met all the employees and discussed the future, the vision, and where we are headed”.

/ Per Samuelson, head of Strålfors



**Women in leadership roles**





# Environmental work is strategically important

**Being the environmentally sound choice for our customers is part of our vision. Our operations require various types of transportation. Reducing our consumption of fossil fuels is one of the group's highest priority initiatives in order to achieve our long-term environmental goals.**

## Environmental demands by customers are growing

Being the environmentally sound choice for our customers is commercially important to PostNord. Surveys by the group show that delivery quality, price and competence are the most important considerations for Nordic customers when choosing a logistics supplier. But customers are also increasingly valuing environmental aspects. In the past two years, Nordic companies have increasingly demanded documentation on climate impact and emissions from their logistics suppliers<sup>1)</sup>. Three in ten companies today require this documentation. Customer demands for environmental certification are also increasing, and five in ten Nordic companies require ISO environmental certification. Many corporate customers also have their own ambitious environmental targets, and PostNord has an important role to play as a large logistics provider.

## Environmentally sound services

In addition to general requirements for active environmental efforts, some customers are requesting specific services, such as customer- or service-specific environmental data or environmentally-friendly services.

PostNord Logistics in Norway has a prize-winning environmental calculator that works out environmentally-damaging emissions from transportation<sup>2)</sup>. The calculator uses the weight and volume of the customer's goods in relation to other goods in the same load, the type of transport, the distance and the topography. PostNord offers services in Sweden and Denmark with climate offset. In Sweden, for example, we offer direct mail for which PostNord ensures that the distribution is not by air and that the climate impact is offset. Our customers can in turn guarantee that their business is environmentally certified and that the mail is recyclable and fulfills the criteria of the Nordic Ecolabel.

## Transport is the greatest challenge

Most of PostNord's business involves the transportation of letters, wares and goods from one point to another. Carbon dioxide emissions from transport

account for the lion's share of the group's environmental impact. 91% of the group's total carbon dioxide emissions are related to transport. Reduced consumption of fossil fuels is therefore one of PostNord's highest priority initiatives in order to achieve our long-term emissions target. The group's Environment Fund<sup>3)</sup>, which is intended to accelerate our environmental efforts, is expected to contribute to this target. Read more about the Environment Fund below.

PostNord uses several kinds of transport in order to carry out its business. We use both our own vehicles and purchased transport services. In order to be the environmentally sound choice for our customers, PostNord is working in a targeted manner to decrease its own impact on the environment, and requires that suppliers of transport services do the same. For example, PostNord requires certain EURO classes for its suppliers' vehicle fleet. Requirements are also set with regard to tires and fuel use.

## The long-term environmental goal

PostNord strives to conduct all business with the minimum possible impact on the environment. The long-term environmental target for the group is to decrease carbon dioxide emissions by 40% during the period 2009 to 2020. The overall target has been broken down into relevant sub-targets and key performance indicators, such as grams of CO<sub>2</sub>/letter, grams of CO<sub>2</sub>/parcel and liters of fuel/10 kilometers. PostNord monitors the results each quarter.

During 2013, PostNord's emissions of carbon dioxide decreased by 6% to 396,377 (423,262)<sup>4)</sup> tons. The decrease is mainly due to efficiencies in the logistics chain and investments in vehicles that are more fuel efficient. Increasing the mixture of bio-fuels in diesel in Sweden has also decreased fossil emissions. In relation to the base year 2009, emissions by the group have decreased by 16%.

## More rapid pace with the Environment Fund

PostNord has had an Environment Fund since 2009, the purpose of which is to increase the pace of environ-

<sup>1)</sup> According to the Nordic logistics barometer for 2012, prepared by PostNord.

<sup>2)</sup> In 2011 PostNord Logistics (then Tollpost Globe) was awarded the Norwegian Logistics and Freight Association's Environmental Prize for its calculation tool. The tool and the method were developed in a research project, where several large transport firms participated.

<sup>3)</sup> Called the Climate Fund in the period 2009-2013.

<sup>4)</sup> The emissions data includes completed acquisitions. Previously reported values have been adjusted.

mental efforts. The group earmarks funds for measures to improve the environment - and thus creates change in its own operations. The size of the Environment Fund is equivalent to what it would cost to offset the entire group's emissions. Everyone at PostNord can make suggestions as to how the fund should be used for measures to improve the environment and climate. For 2013, SEK 100m was earmarked for the Environment Fund, and since 2009 about 90 projects to improve the environment and climate have been initiated.

**Web-based environmental training**

New group-wide web-based environmental training was introduced in 2012 to increase awareness of environmental issues. All managers, leaders, specialists, and administrators at PostNord will undergo the training, and between its introduction and the end of 2013 around 5,000 employees completed it.

**Waste disposal**

The operations of PostNord generate mostly paper waste, for example in the form of cardboard pallet collars. Waste is sorted at source, and during 2013 73 (76)% of waste was recycled and 27 (24)% was used for energy recovery. See also page 63.

**Noise**

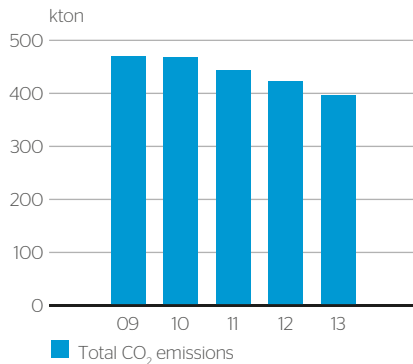
PostNord cares about its surroundings and reduces noise from operations. Despite this, people may be disturbed. Complaints to municipalities can, for example, lead to injunctions to carry out noise measurements and possibly undertake other measures. During the year the group has finished work on decreasing noise nuisance for neighbors of the operations in Halmstad, Sweden, and continues work in Huddinge, Sweden.

**Environmentally licensed operations**

PostNord conducts operations in Sweden, Denmark, France, and Poland that require registration under national law. Such operations constitute a limited part of the group's net sales. The Strålfors facilities in Ljungby, Sweden, require registration under the Swedish environmental code. Similar registration is made with the relevant authorities for Strålfors facilities in France and Poland. These operations are graphic production and affect the external environment in the form of emissions to air.

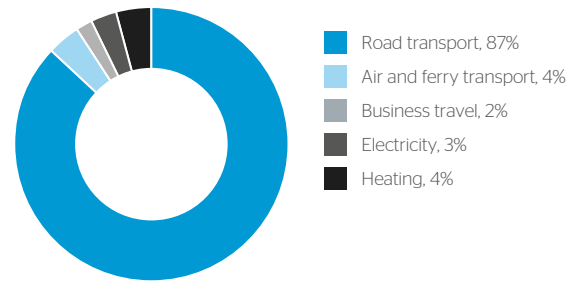
A number of vehicle wash facilities in PostNord's Swedish operations are also required to register under the environmental code. No significant environmental incidents have occurred and there have been no major environmental disputes during the year. No licensed operations were required to renew their registration during 2013.

**Total CO<sub>2</sub> emissions, 2009-2013<sup>1)</sup>**

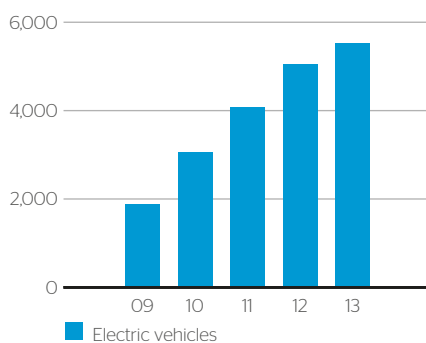


<sup>1)</sup> Emissions data includes completed acquisitions. Previously reported values have been adjusted.

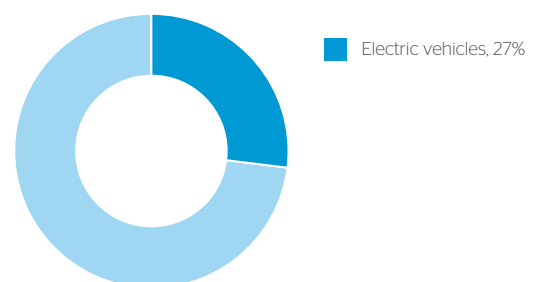
**CO<sub>2</sub> emissions by category**



**Electric vehicles, 2009-2013**



**Percentage of electric vehicles in fleet**





## How we reduce our environmental impact

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

The letter terminal in Hallsberg was put into service this year. The terminal is located near the main line, with two tracks that go straight into the building, which simplifies the flows transported by rail. More movements of freight trains are required to enable rail transport of logistics products such as pallets and parcels in Sweden.

**2. We are enhancing energy efficiency and we buy green electricity.**

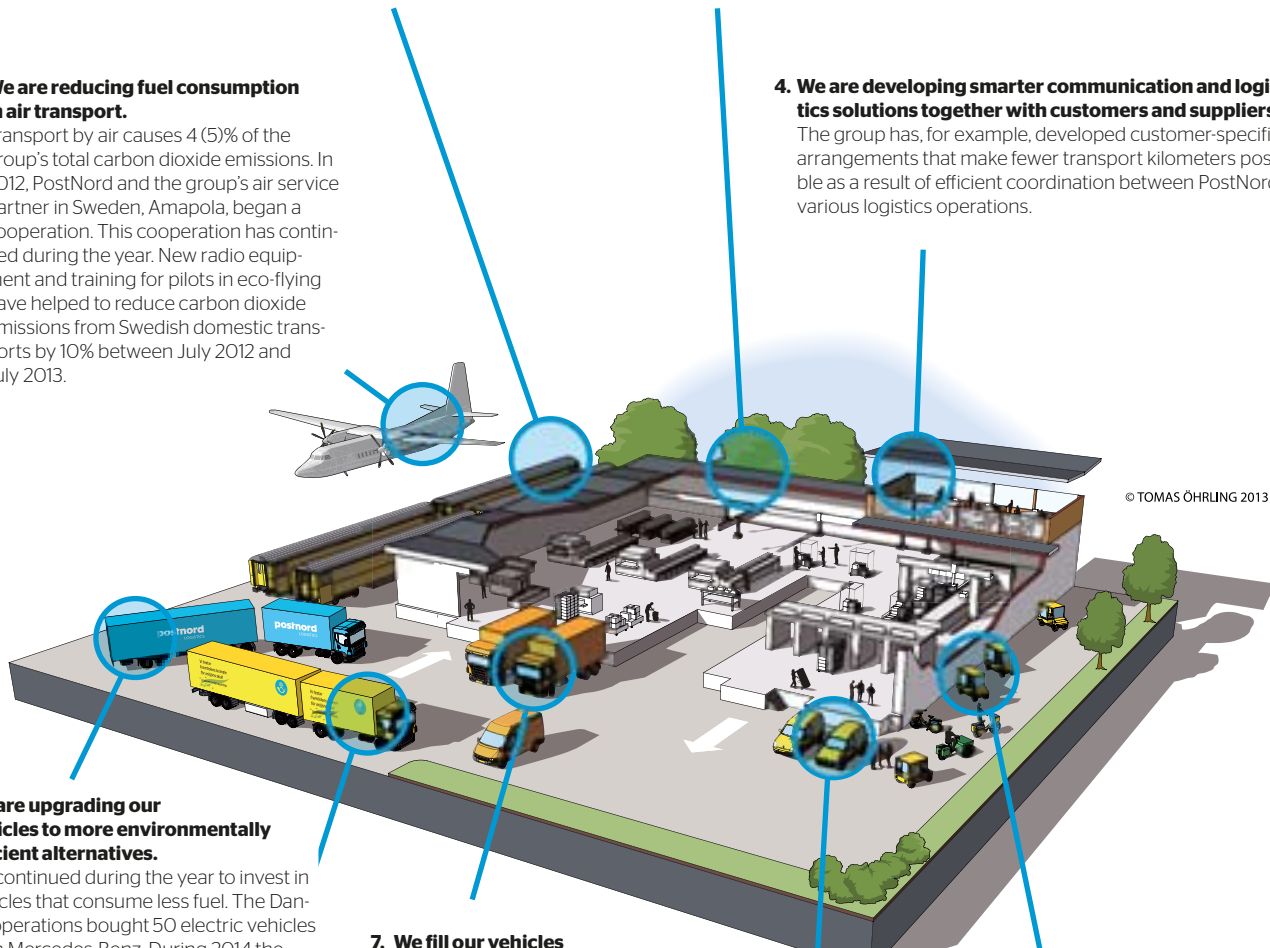
Energy consumption in PostNord facilities and buildings accounts for 7 (10)% of the group's total carbon dioxide emissions. A decision was made in 2013 to increase the efforts in Grøn Adfærd (Green Behavior), a comprehensive campaign in PostNord's Danish operations, intended to save energy. The campaign was introduced in 2012 with 14,000 employees involved, of whom 280 functioned as so-called climate ambassadors. Energy consumption decreased in a total of 270 buildings by approximately 20%, and -10% has been maintained.

**3. We are reducing fuel consumption in air transport.**

Transport by air causes 4 (5)% of the group's total carbon dioxide emissions. In 2012, PostNord and the group's air service partner in Sweden, Amapola, began a cooperation. This cooperation has continued during the year. New radio equipment and training for pilots in eco-flying have helped to reduce carbon dioxide emissions from Swedish domestic transports by 10% between July 2012 and July 2013.

**4. We are developing smarter communication and logistics solutions together with customers and suppliers.**

The group has, for example, developed customer-specific arrangements that make fewer transport kilometers possible as a result of efficient coordination between PostNord's various logistics operations.



**9. We are upgrading our vehicles to more environmentally efficient alternatives.**

We continued during the year to invest in vehicles that consume less fuel. The Danish operations bought 50 electric vehicles from Mercedes-Benz. During 2014 the logistics operations will test two large electric vehicles for distribution of parcels.

**7. We fill our vehicles and optimize the routes.**

Constantly striving to maintain a high fill level and driving the most intelligent routes possible decrease the costs and environmental impact per consignment. PostNord tracks the grams of CO<sub>2</sub>/letter and grams of CO<sub>2</sub>/parcel.

**5. We have a large fleet of electric vehicles.**

PostNord's fleet of electric vehicles is steadily growing. Electric vehicles are less expensive to operate and maintain, and the noise level is lower compared with conventional vehicles. Improved battery performance and competitive prices are factors that may further increase the investment.

**8. We use new fuels and new technology.**

Transport by road accounts for 87 (83)% of PostNord's total carbon dioxide emissions. Our logistics operations have continued to test electric hybrid trucks during the year. The tests show that the smaller electric hybrids that exist now are most suitable for distribution in urban areas. Tests of trucks run on the bio-fuel bio-DME<sup>1)</sup> also continued. Trucks were also tested during the year that are run on liquid methane in combination with diesel fuel. This combination is suitable mostly for heavy and long-distance transport, when the truck automatically uses the most gas. PostNord is following with interest the development of electrified roads, which should be able to complement rail for PostNord's heavy transports.

**6. Our drivers use as little fuel as possible and drive safely.**

PostNord monitors fuel consumption per vehicle and driver. During the year the group participated in the International Post Corporation's (IPC) IPC Drivers Challenge in Dublin. The purpose of the competition is to honor letter carriers who drive in an environmentally sound and safe way.

<sup>1)</sup> DME stands for dimethyl ether. When the fuel is produced from biomass it is called bio-DME. DME can also be produced from natural gas. The DME that PostNord is testing is produced from black liquor, an energy-rich, viscous byproduct of the pulp industry.

# Responsible procurement

**Every year PostNord purchases goods and services for approximately SEK 19 billion. Risk mapping of suppliers was begun during 2013 to improve our monitoring of compliance by suppliers with the requirements set by the group.**

## Coordination of procurement

During 2013 the group focused on introducing a category-based work procedure, where buyers responsible for a category work toward synergies and savings together with the relevant parties. The group's procurement function works together with representatives from each PostNord business area in order to ensure that procurement needs are coordinated.

## Qualification of new suppliers

As part of the contracts awarded under LUF/FSVD<sup>1)</sup>, potential suppliers are asked to conduct a self-assessment in which they rate themselves on factors such as the environment and quality. Purchasing managers then conduct a supplier evaluation, together with the client.

The qualification process of PostNord's transportation providers ensures that the supplier meets the group's specific requirements for transport. PostNord places requirements on certain EURO classes for the supplier's vehicle fleet, tires and fuel. For machinery, EU standards and special requirements are applied for noise levels. Specific environmental requirements are also placed for other purchases with a significant impact on the environment, such as promotional clothing. Most clothing purchases are from suppliers in Sweden that in turn buy from contracted production units, primarily in Asia and Eastern Europe.

## PostNord's supplier code

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

## Monitoring and compliance

PostNord conducts regular status meetings with transportation providers. Monitoring compliance with the requirements the group imposes for transport providers also takes place through annual audits. The introduction and implementation of annual audits for all PostNord's major transport providers was initiated by the group in 2012, and this work has continued in 2013. Annual audits include general contract compliance, compliance with PostNord's specific requirements for transport providers, monitoring of environmental data and monitoring of environmental standards.

For the purchase of promotional clothing from Asia, our suppliers are required to show reports that they have checked their subcontractors. Once a contract is concluded, monitoring takes place through status meetings with the supplier. PostNord's largest supplier of clothing reports annually to the group on its sustainability work.

## Risk classification of suppliers

During 2013 the group began work to identify the risk level of suppliers. Risk classification is based on environmental risks with regard to the sector and purchasing category along with other types of sustainability risks with respect to the country that the goods or services are produced in. The work includes development of a methodology for monitoring identified medium- and high-risk suppliers. PostNord plans to begin work during 2014 to monitor identified medium- and high-risk suppliers with regard to their compliance with the supplier code.

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

# Sustainability in numbers

## Economic data

Generated value, SEKm	2013	2012	2011
Net sales, external	39,533	38,920	39,466
<i>of which, payments received from the government</i>	25	25	24
Other income	233	253	274
Participations in the earnings of associated companies	10	7	-2
Financial income	50	238	367
<b>Total</b>	<b>39,826</b>	<b>39,418</b>	<b>40,105</b>
Distributed value per stakeholder, SEKm			
Suppliers			
Transport expenses	8,953	8,084	7,540
Cost of premises	2,204	2,158	2,134
Other expenses	7,237	7,301	7,629
Other personnel expenses	323	176	221
Net investments in tangible and intangible fixed assets	2,241	2,329	1,939
<b>Total</b>	<b>20,958</b>	<b>20,048</b>	<b>19,463</b>
Employees			
Wages, salaries and other compensation	14,175	14,082	14,792
Statutory social costs	2,715	2,628	2,532
Pension expenses	1,498	1,551 <sup>1)</sup>	1,641
Other personnel expenses	23	23	38
Other expenses, provisions	435	889	88
Interest expenses for pensions	98	250 <sup>1)</sup>	195
<b>Total</b>	<b>18,944</b>	<b>19,423<sup>3)</sup></b>	<b>19,286</b>
Creditors			
Interest to lenders	122	87	57
<b>Total</b>	<b>122</b>	<b>87</b>	<b>57</b>
Society			
Current tax, Sweden	12	13	6
Current tax, Denmark	-55	31	76
Current tax, Norway	49	71	33
Current tax, Finland	-1	-2	-1
Current tax, rest of world	14	6	
<b>Total tax</b>	<b>19</b>	<b>119</b>	<b>114</b>
Dividend to Swedish State	78	63	223
Dividend to Danish State	51	40	145
<b>Total distribution</b>	<b>129<sup>2)</sup></b>	<b>103</b>	<b>368</b>
<b>Total</b>	<b>148</b>	<b>222</b>	<b>482</b>
<b>Total distributed value</b>	<b>40,172</b>	<b>39,780<sup>1)</sup></b>	<b>39,288</b>

<sup>1)</sup> Figures for 2012 restated due to IAS 19 Revised, Employee Benefits. Previous years have not been restated.

<sup>2)</sup> Proposed by the Board of Directors.

## Environmental data<sup>1)</sup>

Carbon dioxide emissions (tons)	2013	2012	2011	2010	2009
<b>Fossil CO<sub>2</sub> emissions, entire group</b>	<b>396,377</b>	<b>423,262</b>	<b>444,099</b>	<b>469,277</b>	<b>469,712</b>
<b>Transport, EN16</b>					
Fossil fuels	361,051	377,240	388,603	392,504	397,701
Renewable fuels	22,292	22,082	17,547	17,775	17,896
<b>Business travel, EN17<sup>2)</sup></b>	<b>6,336</b>	<b>6,821</b>	<b>8,483</b>	<b>7,944</b>	<b>6,997</b>
<b>Energy use</b>					
Heat and electricity, EN16	28,990	39,200	47,014	68,829	65,014
<b>Initiatives to reduce CO<sub>2</sub> emissions (procurement of eco-labeled electricity), EN18</b>	<b>-34,829</b>	<b>-35,048</b>	<b>-30,977</b>	<b>-14,706</b>	<b>-13,862</b>
<b>Other emissions to air for transports (tons), EN20</b>	<b>2013</b>	<b>2012<sup>4)</sup></b>	<b>2011</b>		
Carbon monoxide	594	626	593		
Nitric oxide	1,754	2,279	2,326		
Hydrocarbons (VOC)	215	243	172		
Particulates	57	43	37		
<b>Energy use</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>		
<b>Fuel transports (TJ), EN3</b>					
Fossil fuel	4,433	5,579	5,808		
Renewable fuel	416	286	249		
<b>Business travel by car (TJ), EN3<sup>3)</sup></b>	<b>83</b>	<b>55</b>	<b>282</b>		
<b>Heating (district heat and gas) (MWh), EN4</b>	<b>144,792</b>	<b>159,978</b>	<b>161,497</b>		
<b>Electricity use (MWh), EN4</b>	<b>206,398</b>	<b>219,865</b>	<b>226,889</b>		
<b>Waste, tons EN22<sup>3)</sup></b>	<b>2013</b>	<b>2012</b>	<b>2011</b>		
Paper	13,621	16,099	16,807		
Cardboard/paperboard	3,113	2,839	2,258		
Plastic	501	518	683		
Glass	2	3	5		
Metal	555	629	777		
Wood	2,049	1,812	2,120		
Combustible	4,586	4,604	5,544		
Electronics	139	98	66		
Hazardous waste	92	138	128		
Landfill	4	3	29		
Other	38	77	12		

<sup>1)</sup> All values, unless otherwise indicated, have been updated with respect to acquisitions in order to improve comparability.

<sup>2)</sup> Air travel for PostNord group and car travel in Sweden and Denmark other than third-party logistics operations.

<sup>3)</sup> PostNord's operations in Sweden and Denmark other than third-party logistics operations.

<sup>4)</sup> 2012 figures adjusted from previously published information due to refined methods of calculation.

## Employee data

Occupational injuries - Sick leave, LA7 <sup>1)</sup> 3) 4)	2013	2012	2011	Personnel turnover, LA2 <sup>1)</sup>	2013	2012	2011
<b>Total Nordic</b>				<b>Number of terminations</b>			
occupational injuries	63	64	72	<b>Total Nordic</b>	<b>4,159</b>	<b>4,220</b>	<b>4,111</b>
of which, deaths	0	0	0	Mail Denmark	1,562	1,597	1,834
sick leave, %	5.0	4.9	5.0	-29 yrs	319	241	451
<b>Mail Denmark</b>				30-49 yrs	529	614	745
occupational injuries	98	110	128	50- yrs	714	742	638
of which, deaths	0	0	0	women	610	643	683
sick leave, %	4.9	5.0	5.2	men	952	954	1,151
<b>Sweden</b>				Mail Sweden	1,378	1,318	1,180
occupational injuries	49	43	45	-29 yrs	274	288	242
of which, deaths	0	0	0	30-49 yrs	353	269	161
sick leave, %	5.3	5.1	5.2	50- yrs	751	761	777
<b>Logistics</b>				women	551	543	512
occupational injuries	50	50	55	men	827	775	668
of which, deaths	0	0	0	Logistics	951	843	751
sick leave, %	5.2	5.0	4.9	-29 yrs	400	323	389
<b>Strålfors</b>				30-49 yrs	354	312	254
occupational injuries	16	17	3	50- yrs	197	208	108
of which, deaths	0	0	0	women	176	187	126
sick leave, %	3.1	3.1	3.8	men	775	656	625
<b>Group functions</b>				Strålfors	106	148	127
occupational injuries	2	2	1	-29 yrs	10	18	18
of which, deaths	0	0	0	30-49 yrs	57	75	60
sick leave, %	2.2	2.4	2.1	50- yrs	39	55	49
				women	37	56	31
				men	69	92	96
<b>Average number of employees</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	Group functions	162	314	219
<b>Group total</b>	<b>39,305</b>	<b>39,713</b>	<b>41,714</b>	-29 yrs	7	13	16
Mail Denmark	12,311	12,730 <sup>5)</sup>	13,766	30-49 yrs	93	174	74
Mail Sweden	17,167	17,686	18,311	50- yrs	62	127	129
Logistics	7,373	6,509 <sup>5)</sup>	6,381	women	80	115	120
Strålfors	1,492	1,509	1,921	men <sup>2)</sup>	82	199	99
Group functions	962	1,279	1,335				
<b>Total Nordic</b>	<b>38,675</b>	<b>39,150</b>	<b>41,063</b>	<b>Wage differential women/men, LA14<sup>1)</sup></b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Mail Denmark	12,311	12,730 <sup>5)</sup>	13,766	<b>Total Nordic</b>			
Mail Sweden	16,992	17,540	18,180	of which, basic staff, %	3.2	3.3	3.9
Logistics	7,313	6,468 <sup>5)</sup>	6,324	women	26,470	25,922	25,818
Strålfors	1,097	1,133	1,458	men	27,306	26,777	26,816
Group functions	962	1,279	1,335	of which, temporary staff, %	2.1	2.3	3.7
				women	21,106	20,399	20,393
				men	21,545	20,863	21,153
				<b>Mail Denmark</b>			
				of which basic staffing %	0.7	0.5	1.2
				women	26,063	25,851	26,339
				men	26,239	25,980	26,645
				of which reinforcement labor %	1.2	1.0	1.0
				women	21,695	21,811	22,661
				men	21,795	22,030	22,882
				<b>Mail Sweden</b>			
				of which, basic staff, %	2.5	2.7	2.8
				women	24,794	24,141	23,556
				men	25,405	24,787	24,206
				of which, temporary staff, %	0.5	0.9	0.3
				women	20,342	19,968	19,497
				men	20,451	20,142	19,546
				<b>Logistics</b>			
				of which, basic staff, %	0.4	1.2	0.4
				women	29,319	28,260	28,688
				men	29,190	28,613	28,584
				of which, temporary staff, %	1.8	0.6	2.4
				women	21,333	20,918	20,295
				men	20,951	20,797	20,779
				<b>Strålfors</b>			
				of which, basic staff, %	6.2	9.8	10.3
				women	31,335	31,418	30,699
				men	33,300	34,504	33,851
				of which, temporary staff, %	6.4	15.1	11.1
				women	23,651	20,582	22,241
				men	25,153	23,692	24,712
				<b>Group functions</b>			
				of which, basic staff, %	37.9	31.8	33.7
				women	42,823	39,226	36,865
				men	59,039	51,693	49,277

<sup>1)</sup> Tidningstjänst AB, part of Mail Sweden, is not included in 2011 data.

<sup>2)</sup> 2011 figure adjusted from data published in 2011.

<sup>3)</sup> Job-related injuries per 1 million hours worked.

<sup>4)</sup> Number of job-related injuries adjusted for Mail Denmark for 2012; also affects Total Nordic.

<sup>5)</sup> An average of 209 employees at Post Danmark A/S and DPD Danmark A/S have been moved from Logistics to Mail Denmark.

Number of employees/ temporary staff, LA 1, LA 13 <sup>1)</sup>	2013		2012		2011		Number	Share	Number	Share	Number	Share
	Number	Share	Number	Share	Number	Share						
<b>TOTAL NORDIC EMPLOYED STAFF</b>	<b>47,667</b>		<b>49,297</b>		<b>48,568</b>							
of which, basic staff	37,487	79%	38,824	79%	38,697	80%						
age categories												
-29 yrs	4,840	13%	5,015	13%	5,081	13%						
30-49 yrs	16,914	45%	17,829	46%	17,962	46%						
50- yrs	15,733	42%	15,980	41%	15,654	41%						
gender												
- women	12,599	34%	13,462	35%	13,719	35%						
- men	24,888	66%	25,362	65%	24,978	65%						
managerial positions	2,201		2,282		2,375							
- of which, women in managerial positions	644	29%	670	29%	695	29%						
- of which, men in managerial positions	1,557	71%	1,612	71%	1,680	71%						
of which, temporary staff	10,180	21%	10,473	21%	9,871	20%						
gender												
- women	3,706	36%	4,249	41%	4,077	41%						
- men	6,474	64%	6,224	59%	5,794	59%						
Administrative personnel	7,340	15%	8,084	16%	9,530	20%						
Production personnel	40,327	85%	41,213	84%	39,038	80%						
<b>Total Nordic temporary staff</b>	<b>1,322</b>		<b>1,107</b>		<b>724</b>							
<b>MAIL DENMARK</b>	<b>15,258</b>		<b>15,072</b>		<b>16,710</b>							
of which, basic staff	11,393	75%	12,130	80%	13,181	79%						
age categories												
-29 yrs	815	7%	935	8%	1,119	9%						
30-49 yrs	5,554	49%	6,049	50%	6,631	50%						
50- yrs	5,024	44%	5,146	42%	5,431	41%						
gender												
- women	3,856	34%	4,238	35%	4,770	36%						
- men	7,537	66%	7,892	65%	8,411	64%						
managerial positions	620		645		710							
- of which, women in managerial positions	168	27%	178	28%	191	27%						
- of which, men in managerial positions	452	73%	467	72%	519	73%						
of which, temporary staff	3,865	25%	2,942	20%	3,529	21%						
gender												
- women	1,165	30%	871	30%	1,046	30%						
- men	2,700	70%	2,071	70%	2,483	70%						
Administrative personnel	1,603	11%	1,731	11%	2,673	16%						
Production personnel	13,655	89%	13,341	89%	14,037	84%						
<b>Additional temporary staff</b>	<b>24</b>		<b>34</b>		<b>37</b>							
<b>MAIL SWEDEN</b>	<b>22,175</b>		<b>24,656</b>		<b>22,397</b>							
of which, basic staff	17,021	77%	18,102	73%	16,961	76%						
age categories												
-29 yrs	2,232	13%	2,412	13%	2,308	14%						
30-49 yrs	6,860	40%	7,462	41%	7,021	41%						
50- yrs	7,929	47%	8,228	46%	7,632	45%						
gender												
- women	6,635	39%	7,051	39%	6,795	40%						
- men	10,386	61%	11,051	61%	10,166	60%						
managerial positions	895		943		972							
- of which, women in managerial positions	289	32%	301	32%	317	33%						
- of which, men in managerial positions	606	68%	642	68%	655	67%						
of which, temporary staff	5,154	23%	6,554	27%	5,436	24%						
gender												
- women	2,285	44%	3,075	47%	2,736	50%						
- men	2,869	56%	3,479	53%	2,700	50%						
Administrative personnel	2,713	12%	3,027	12%	3,215	14%						
Production personnel	19,462	88%	21,629	88%	19,182	86%						
<b>Additional temporary staff</b>	<b>355</b>		<b>343</b>		<b>131</b>							

Number of employees/ temporary staff, LA 1, LA 13 <sup>1)</sup>	2013		2012		2011		Number	Share	Number	Share	Number	Share
	Number	Share	Number	Share	Number	Share						
<b>LOGISTICS</b>	<b>8,103</b>		<b>7,185</b>		<b>6,841</b>							
of which, basic staff	7,106	88%	6,433	90%	6,202	91%						
age categories												
-29 yrs	1,644	23%	1,488	23%	1,489	24%						
30-49 yrs	3,481	49%	3,183	50%	3,046	49%						
50- yrs	1,981	28%	1,762	27%	1,667	27%						
gender												
- women	1,270	18%	1,235	19%	1,157	19%						
- men	5,836	82%	5,198	81%	5,045	81%						
managerial positions	441		437		421							
- of which, women in managerial positions	91	21%	93	21%	91	22%						
- of which, men in managerial positions	350	79%	344	79%	330	78%						
of which, temporary staff	997	12%	752	10%	639	9%						
gender												
- women	178	18%	201	27%	140	22%						
- men	819	82%	551	73%	499	78%						
Administrative personnel	1,575	19%	1,708	24%	1,827	27%						
Production personnel	6,528	81%	5,477	76%	5,014	73%						
<b>Additional temporary staff</b>	<b>919</b>		<b>658</b>		<b>517</b>							
<b>STRÅLFORS</b>	<b>1,243</b>		<b>1,288</b>		<b>1,341</b>							
of which, basic staff	1,144	92%	1,187	92%	1,237	92%						
age categories												
-29 yrs	125	11%	157	13%	140	11%						
30-49 yrs	625	55%	660	56%	708	57%						
50- yrs	394	34%	370	31%	389	31%						
gender												
- women	404	35%	412	35%	431	35%						
- men	740	65%	775	65%	806	65%						
managerial positions	141		144		152							
- of which, women in managerial positions	53	38%	52	36%	47	31%						
- of which, men in man- agerial positions	88	62%	92	64%	105	69%						
of which, temporary staff	99	8%	101	8%	104	8%						
gender												
- women	47	47%	46	46%	42	40%						
- men	52	53%	55	54%	62	60%						
Administrative personnel	561	45%	522	41%	545	41%						
Production personnel	682	55%	766	59%	796	59%						
<b>Additional temporary staff</b>	<b>13</b>		<b>72</b>		<b>39</b>							
<b>GROUP FUNCTIONS</b>	<b>888</b>		<b>1,096</b>		<b>1,279</b>							
of which, basic staff	823	93%	972	89%	1,116	87%						
age categories												
-29 yrs	24	3%	23	2%	25	2%						
30-49 yrs	394	48%	475	49%	556	50%						
50- yrs	405	49%	474	49%	535	48%						
gender												
- women	434	53%	526	54%	566	51%						
- men	389	47%	446	46%	550	49%						
managerial positions	104		113		120							
- of which, women in managerial positions	43	41%	46	41%	49	41%						
- of which, men in man- agerial positions	61	59%	67	59%	71	59%						
of which, temporary staff	65	7%	124	11%	163	13%						
gender												
- women	31	48%	56	45%	113	69%						
- men	34	52%	68	55%	50	31%						
Administrative personnel	888	100%	1,096	100%	1,279	100%						
Production personnel	0	0%	0	0%	0	0%						
<b>Additional temporary staff</b>	<b>11</b>		<b>0</b>		<b>0</b>							

<sup>1)</sup> Tidningstjänst AB, part of Mail Sweden, is not included in 2011 data.

# Accounting principles

**PostNord AB is the parent company of the PostNord group that was formed through the June 24, 2009 merger of Post Denmark A/S and Posten AB. This is the group's fifth sustainability report.**

The sustainability report has been prepared in accordance with the Global Reporting Initiatives (GRI) Sustainability Report Guidelines, version 3.0, Application Level C+. The cross-reference table for GRI indicators is available on PostNord's homepage.

## Principles and limitations

Economic data and the average number of employees are reported pursuant to the same principles as those used in PostNord's Annual Report and therefore include the entire group.

Data on employees covers the Nordic operations. The Nordic operations constituted 96.0% of consolidated net sales and approximately 98.4% of the group's average number of employees in 2013.

Environmental data includes Strålfors' non-Nordic operations. Foreign air transports are not included in the calculations. Because Svensk Adressändring AB and Tidningstorget AB do not have a significant environmental impact, they are not included in the environmental data. ISS Document and Aditro Document Automation, acquired in 2013, are not included but will be included in the 2014 sustainability report.

Tidningstjänst AB was part of the group in 2011 but was not included in 2011 data. This affects comparative 2011 employee data.

In case of deviation, the scope is shown next to the specific information.

## Acquisitions

Harlem Transport AS and Byrknes Auto AS, acquired in late 2012, were included in the 2013 sustainability report.

Logistics companies Nordisk Kyl Logistik (NKL), Transbothnia and Byrknes Auto were acquired during 2013 and are included in the 2013 sustainability report. Acquisitions ISS Document and Aditro Document Automation are included in employee data but not in environmental data.

## Methods of measurement, environment

PostNord adheres to international emissions measurement guidelines.

References: World Resources Institute (WRI), the World Business Council for Sustainable Development (WBCSD) and the Greenhouse Gas Protocol.

## Transportation

### Road

Transports in Sweden, Denmark, and Norway are carried out with PostNord vehicles and through contractors. Contractors are used for all transports in Finland.

### Energy (EN3)

The amount of energy is calculated based on the amount of fuel purchased or route driven and the type of vehicle. Calculations based on subcontractor costs are also used when required.

#### Heating values:

HVO	The Europe Parliament and Council's directive 2009/28/EG
Other fuels	Swedish Environmental Protection Agency

### Emissions (EN16 and EN20)

CO<sub>2</sub> emissions are calculated based on the amount of fuel purchased or route driven and type of vehicle. Calculations based on subcontractor costs are also used when required.

#### Emissions factors:

##### Denmark

CO <sub>2</sub>	The Energy Board
Other gases	Danish Ministry of Transport, TEMA 2010

##### Other Nordic

CO <sub>2</sub>	SPBI
Other gases	Network for Transport and Environment

### Air

#### Emissions (EN16 and EN20)

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

#### Emissions factors::

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

### Rail

#### Emissions (EN16 and EN20)

Only the Swedish and Norwegian operations use rail transport to any great extent. All rail transport in Sweden is purchased from Green Cargo and is

eco-labeled as a Good Environmental Choice. Rail transport in Norway uses fossil-free electricity.

### Ferry

#### Emissions (EN3)

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

#### Emissions factors:

<i>Denmark</i>	Danish Ministry of Transport, TEMA 2010
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### Electricity and heating

#### Energy use (EN4)

Energy consumption data is obtained primarily from the electricity supplier or by reading meters. When electricity is included in rent or is otherwise not received directly from the supplier or cannot be determined through meter reading, consumption is estimated based on the surface area of the premises (applies to certain parts of the Swedish operation).

Offices and terminals are heated mainly with district heat or electricity. Natural gas is used in a few premises. Heat consumption is monitored by meter readings or invoices. In certain cases, heat consumption is estimated by the surface area of premises.

#### Emissions (EN 16)

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

#### Emissions factors:

<i>Denmark</i>	
Electricity	The Energy Board
District heat	The Energy Board
<i>Other Nordic</i>	
Electricity	Energy market inspection and Energy Sweden
Heating	SCB
Gas	Swedish Environmental Protection Agency
<i>Poland, France, UK</i>	GHG Protocol

### Business travel (EN17)

Reported emissions from business travel refer to air, rail and car travel. Records are received from the

travel agencies that PostNord has contracts with. For car travel, emissions are calculated based on fuel consumption and emissions factors specified in the Road section, page 66.

### Waste (EN22)

PostNord has also elected to report waste amounts. Reported waste amounts are received from PostNord's waste management contractors.

### Methods of measurement, customers - Customer Value

Since 2011, the KVI (Customer Value Index) has been PostNord's monitoring tool for regularly following up customer satisfaction and the customers' perceptions of the business. It replaces the various customer satisfaction surveys that were previously used in the organization. Measurements are carried out twice a year and include all PostNord business areas and Strålfors, with a focus on the Nordic countries.

The key ratio consists of three overall satisfaction questions. The three questions were previously found in both the KTA and NKI and are also used in many external metrics such as the Swedish Quality Index (SQI), Danish Quality Index (DQI) and the European Performance Satisfaction Index (EPSI), which also allows for external benchmarking.

### Quality: 1<sup>st</sup>-class mail

Swedish External Monitoring (SWEX) and Danish External Monitoring (DEX) are two independent external quality metrics that continuously measure the share of 1<sup>st</sup>-class letters that are delivered on time from customer to customer. Measurements are conducted by means of a statistically assured test mail activity that fulfills the requirements set forth in EN standard 13850. These measurements were conducted in 2013 by TNS SIFO and Quotas GmbH in Sweden and Denmark respectively. The results of the two measurements are weighted together into a group-wide outcome based on mail volume in each country.

### Quality: parcels

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

Since the two measurements are not directly comparable, this is done in two separate measurements. PostNord is continuing work initiated in 2013 by gradually harmonizing measurements via a "CEM" system.

PostNord will then have a joint Nordic report on the delivery quality for parcels based on the MyPack, PallEtt and DPD products.

#### **Methods of measurement, external partners**

An annual survey is conducted in Sweden of our partners' perception of their collaboration with PostNord. In 2013, 285 randomly selected Swedish partner outlets were interviewed. The interviews were conducted by phone. The survey results are compiled in a Partner Satisfaction Index (NPI), a weighted average value of four separate questions on the overall perception of collaboration with PostNord.

#### **Methods of measurement, employees**

##### **Average number of employees**

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

##### **Total number of employees (LA1 and LA13)**

Total number of employees at the end of the period. Divided into administrative staff and production staff. Production staff divided into basic staff and temporary staff.

##### **Basic staff**

All full- and part-time monthly salaried monthly employees. The definition of basic staffing is that it should cover the basic requirements of a "normal" production flow. Temporary staff covers "peaks" in production; for example during Christmas or vacation periods.

##### **Personnel turnover (LA2)**

The number of people ending their employment during the year in relation to basic staff at the end of the year.

##### **Sick leave (LA7)**

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

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

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

#### **Occupational injuries (LA7)**

Registered occupational injuries in relation to hours worked (does not include injuries sustained during work-related travel). Minor injuries (first aid level) are 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 reported to the nearest supervisor in Sweden and Denmark. Registration is done in the C2 system in Sweden, the Injury Reporting System (SKA) in Denmark and in a Management and Information System (LIS) in Norway. There is no special registration system in Finland, so reporting is done on special forms and compiled in a health and safety commission. Statistics on reported occupational injuries can be retrieved from the system and sorted into various categories such as falls, crushing and traffic injuries. The duty to record occupational injuries is made very clear.

#### **Employee index (MIX)**

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

#### **Leadership index (LIX)**

The results of the group's employee surveys are compiled in a leadership index (LIX). LIX measures levels of employee satisfaction with their closest supervisor, the degree to which employees believe their supervisors live up to PostNord's leadership criteria: deliver, involve, take responsibility, clarity.

#### **Methods of measurement, society**

##### **Corporate image**

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



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

## Translation of the auditor's report in Swedish

To the readers of the PostNord AB's Sustainability Report

### Introduction

We have been engaged by the Board of Directors of the PostNord AB to review PostNord AB's Sustainability Report for the year 2013. PostNord has defined the scope of the Sustainability Report on page 42.

### Board of Director and Group Management responsibility for the Sustainability Report

The Board of Directors and Group Management are responsible for ongoing activities regarding the environment, health & safety, quality, social responsibility and sustainable development, and for the preparation and presentation of the Sustainability Report in accordance with the applicable criteria, which are set forth on page 42 of the Sustainability Report and are comprised of the portions of The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G3 that are applicable to sustainability reporting as well as the company's own accounting and calculation principles.

### Auditor responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on our review.

We have performed our review in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A review consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical

and other review procedures. A review is substantially less in scope than an audit conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The criteria on which our review are based are the parts of the Sustainability Reporting Guidelines G3, published by The Global Reporting Initiative (GRI), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed and disclosed. These are presented on pages 66-68. We consider these criteria suitable for the preparation of the Sustainability Report.

We consider that the evidence we obtained during our review is sufficient and appropriate as a basis for our conclusion below.

### Conclusion

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

Stockholm, February 28, 2014

KPMG AB

**Helene Willberg**  
Authorized Public Accountant

**Torbjörn Westman**  
Specialist Member of FAR

# Corporate Governance

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# Governance of PostNord

**PostNord aspires to generate long-term value for its owners and other stakeholders and to ensure the fulfillment of its universal service obligations on commercial grounds. One prerequisite for this is well-functioning corporate governance.**

Characteristics of good corporate governance include a clear ownership structure and an effective, well-appointed Board of Directors, as well as efficient processes and carefully prepared risk management. This Corporate Governance Report describes PostNord's corporate governance from this perspective, and has been prepared in accordance with the Companies Act, the Annual Reports Act and the Swedish Code of Corporate Governance.

## Ownership 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. PostNord AB is the parent company of PostNord Group. Votes are allocated 50/50 between the Danish and Swedish States.

## Key principles and regulations affecting the governance of PostNord

### External rules and regulations

- Swedish Companies Act.
- Swedish State's ownership policy and guidelines for state-owned companies and Danish State's ownership principles (The State as Shareholder)<sup>1)</sup>.
- Swedish Code of Corporate Governance.
- NASDAQ OMX Stockholm's regulations for issuers.
- Swedish Annual Accounts Act.
- International Financial Reporting Standards, IFRS.
- Other relevant legislation.
- UN Global Compact.

<sup>1)</sup> Available at [www.regeringen.se](http://www.regeringen.se) and [www.fm.dk](http://www.fm.dk).

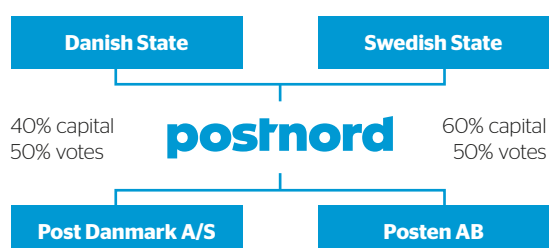
### External postal regulations

- UPU Convention.
- EU Postal Directive.
- Postal Services Act (Sweden).
- Postal Ordinance (Sweden).
- Licensing terms for Posten AB (Sweden).
- Laws and ordinances on electronic communication (Sweden).
- Post Danmark A/S Act (Denmark).
- Postal Operations and Postal Services Act (DK).
- Postal Services and Postal Operations Ordinance (Denmark).
- Ordinance on fees under the Postal Act (DK).
- Ordinance on compensation scheme for USO financing (DK).
- Individual license for Post Danmark A/S (Denmark).
- Accounting Regulations for Post Danmark A/S (Denmark).

### Internal rules and regulations

- By-laws.
- Rules of procedure for the Board of Directors.
- Rules of procedure for Audit Committee and Compensation Committee.
- Board's instructions to the CEO.
- Decision-making procedure for PostNord AB.
- Operational governance of PostNord Group, including group policies (see below).
- Accounting manual.
- Framework for internal governance and control of financial reporting.
- Compliance program in areas including competition law.
- Guidelines for determining terms of employment for executives.

## Ownership structure



**Group policies**

PostNord’s group-wide policies include:

- Code of Conduct (includes below-listed policies).
- Financial policy.
- Environmental policy.
- Quality policy.
- Work Environment policy.
- Security policy (including IT and information security).
- Information and insider policy.
- Acquisition policy.

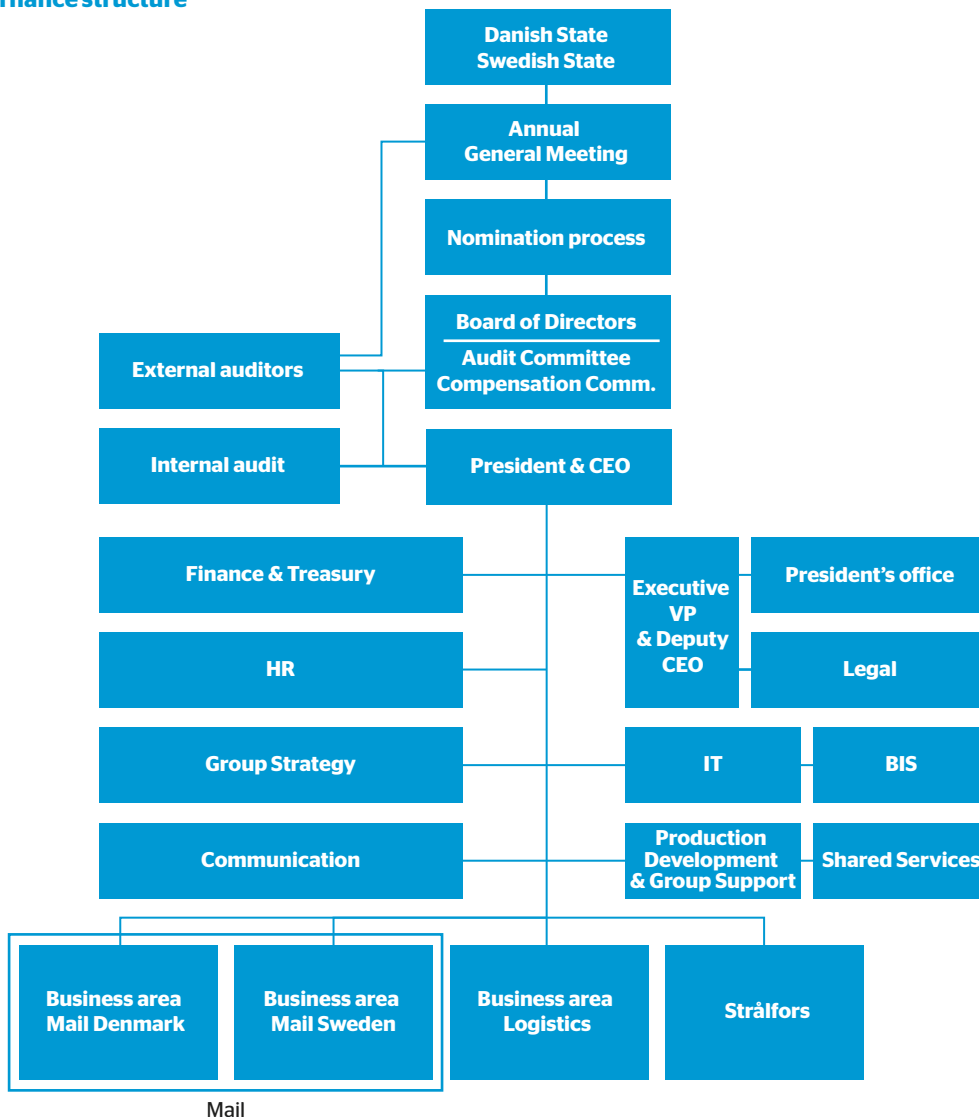
- Media policy.
- Credit policy.

**Governance structure**

The principal decision-making bodies within PostNord are:

- The Annual General Meeting.
- The Board of Directors.
- The President & Group CEO assisted by the Group Executive Team.

**Governance structure**



**New organizational structure in 2014**

PostNord will implement a new organization as of March 31, 2014. Purposes for the change include creating greater clarity for customers, increasing focus on e-commerce and expanding potential synergies for the business.

The change involves, among other things, the introduction of a matrix organization. Country units will be formed (Sweden, Denmark and Norway/

Finland) to allow for greater uniformity for customers and the establishment of integrated production models. At the same time, a Nordic Mail business area and a corporate strategic unit for e-commerce (responsible for market and service development in each Nordic area) are being formed. Strålfors will continue to operate as a subsidiary and will be strongly aligned with business area Mail.

The owners jointly nominate the chairman of the board and other board members, propose directors' fees and nominate the AGM chairman and external auditors. The AGM is PostNord's highest decision-making body.

The Board of Directors holds overall responsibility for organization and administration of the company through continuous monitoring and control of operations. The chairman of the board leads the Board's work. The Audit and Compensation Committees assist the board in these efforts.

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

The company's external auditor is selected by the AGM and examines the Annual Report and Consolidated Financial Statements, the board's and CEO's administration and the annual reports of subsidiaries, and produces an auditor's report. PostNord's internal audit function evaluates the company's internal governance and control.

The group's operational structure differs from its legal structure. As a main principle, organization and governance are based on the operational structure. Postal concessions, however, are tied to the legal structure/legal entities (Post Danmark A/S, Posten AB); accordingly, formal responsibility for concessions follows the legal structure.

**Governance model**

PostNord's governance model is comprised of seven main elements. Core group governance includes Formal Governance, Functional Governance and Situation-specific Governance. Together with PostNord's strategy and plans, these determine the scope, conditions and direction for group operations.

The other elements are (1) management by objectives for the group's top managers, (2) management and operation of group projects and (3) operational management system with associated quality, environmental and work environment certification, as well as monitoring and assessment of operations with the EFQM Excellence Model. Sustainability aspects are integrated into the governance model.

**Excellence Model (EFQM)**

Since 2012, PostNord has used the EFQM (European Foundation of Quality Management) model to monitor and evaluate the operational management system. This model is based and focused on value creation for all significant stakeholders - owners, customers, society and employees. The model has a holistic perspective in terms of the management and development of the business and is comprised of five action criteria and four result criteria.

**Governance model pursuant to PostNord's operational governance**



The Excellence Model aims to:

- Ensure a holistic perspective of the business.
- Strengthen competitiveness.
- Create understanding and cohesiveness between action and result.
- Create direction and progress by linking everyday actions and priorities to vision and desired position.
- Create clear customer value.

To help with Excellence Model implementation, a training program was conducted in 2012 and 2013 for PostNord Group's top 250 managers along with several specialists.

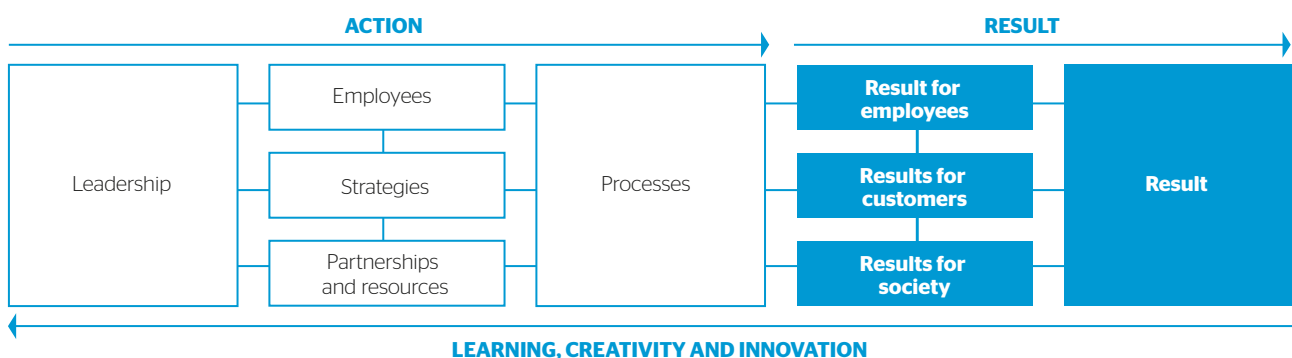
PostNord business areas and group functions conducted a self-evaluation pursuant to the model's provisions. Internal teams, comprised of people from the business areas and group functions, evaluated the group's units and provided feedback focused on each unit's strengths and improvement potential. The Group Executive Team is responsible for translating improvement potential into action.

**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 nominating committee. PostNord does not have a nominating committee, as the nomination and appointment of board members is performed in accordance with the principles agreed upon by the owners. Nominations are made in cooperation between the owners.
- Chapter 4.5 requirement for board members' independence from owners. The objective of the rule is to protect minority owners. Protection for minority owners is not relevant to the governance of PostNord, which has only two owners. The reporting of board members' independence is therefore not relevant.
- Chapter 9.7 requirement for AGM resolution on share- and share price-related incentive programs. The rules concerning share-related incentive programs are not applicable, as the Danish and Swedish States together own 100% of the company's shares.

**Excellence Model**



# Annual General Meeting

**Under the terms of the Companies Act, the AGM is the company's highest decision-making body. The Swedish Ministry of Finance and the Danish Ministry of Transport vote on behalf of the Swedish and Danish States at PostNord's Annual General Meeting. Each State nominates four board members.**

AGM resolutions are normally made by simple majority. In certain issues, however, the Companies Act and PostNord's by-laws stipulate that motions must be seconded by a higher proportion of the shares represented and votes cast. The Board of Directors is responsible for providing notification of time and place of the AGM. A Notice of Annual General Meeting is sent by mail to the shareholders and is advertised and published in PostNord's 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.

## 2013 Annual General Meeting

PostNord's 2013 Annual General Meeting was held on April 18, 2013. The AGM resolved as follows:

- To adopt the income statement, balance sheets and consolidated financial statements.
- To distribute a dividend to the owners, in accordance with the Board's proposal, of SEK 0.0515 per share, totaling SEK 103m.
- To discharge the Board of Directors and CEO from liability for financial year 2012.
- To approve the proposed guidelines for compensation for executives.
- That the Board of Directors shall be comprised of eight AGM-elected board members and no deputies.
- To newly elect Jens Moberg as chairman of the board; to reelect board members Mats Abrahamsson, Gunnel Duveblad, Jonas Iversen and Torben Janholt; and to newly elect Christian Ellegaard, Sisse Fjelsted Rasmussen and Anitra Steen as board members.
- To approve the proposals concerning board member and committee member remuneration covering the period through the 2014 AGM. Board and committee remuneration shall not be paid to members employed by the Swedish Government Offices. Auditor fees shall be paid upon invoice approval.
- To newly elect accounting firm KPMG AB, with authorized public accountant Helene Willberg as auditor in charge, as auditor through the close of the 2014 AGM.

The complete minutes of the 2013 Annual General Meeting are published on the group's website: [www.postnord.com](http://www.postnord.com).

## 2014 Annual General Meeting

PostNord's 2014 Annual General Meeting is scheduled for April 23, 2014. Information on the meeting time is published on the group's website: [www.postnord.com](http://www.postnord.com).

Notice of Annual General Meeting is sent in letter format to the shareholders and is published in Post och Inrikes Tidningar (the Swedish Official Gazette) and on the group's website. Information on issuance of the notice is published in Dagens Nyheter. Notification of the time and place of the AGM is also sent to the central offices of the Danish and Swedish Parliaments in conjunction with the issuance of the notice.

AGM minutes are published as soon as they have been verified. The public and members of the Swedish and Danish Parliaments can register via e-mail to attend the AGM at [ir@posten.se](mailto:ir@posten.se).

## Proposed guidelines for executive compensation

The Board of Directors proposes the following guidelines for executive compensation (summary of proposed compensation policies):

Total compensation for executives shall be well balanced, competitive, reasonable, appropriate, subject to a salary ceiling and shall promote good ethics and a good corporate culture. Compensation shall not market leading in relation to comparable companies, but shall be characterized by moderation.

Individual money purchase pension plans are taken out for the President & CEO and other executives employed pursuant to Swedish labor law with contributions not to exceed 30 percent of fixed monthly salary. Required insurance is taken out within the scope of this contribution. The retirement age is currently 62 or 65, and shall be 65 in future recruitments. For executives employed pursuant to Danish labor law, full premium-based pensions are applied and the retirement age is determined under Danish labor law.

In new employment contracts, the notice period should not exceed six months in cases where the employer terminates the contract. Previous employment contracts with a notice period of 12 months in cases where the employer terminates the contract will remain in force. In cases where the employment contract is terminated by the employee, the notice period should be six months. If the employer terminates the contract, the employee may receive severance pay equal to a maximum of twelve months' salary. Income earned from subsequent employment or comparable business activities during the period of notice should be deducted from the aforementioned severance package.

Executives should not receive variable salaries. According to other principles included in the government's guidelines for employment terms for executives in state-owned companies, variable salaries may be paid to other employees.

# Board of Directors

**The Board of Directors holds overall responsibility for the organization and management of the company through regularly monitoring the business and ensuring appropriate organization, management, guidelines and internal controls. The board decides on strategies and targets and makes decisions on major investments, acquisitions and divestment of operations.**

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 employee representatives and their three deputies. The Swedish State's ownership policy prescribes that each gender shall have at least 40% board representation. The female/male distribution of PostNord's Board of Directors was 38%/62% in 2013 (ordinary members).

## Board's actions

### Working methods

The Board of Directors annually establishes rules of procedure regulating matters such as the chairman's duties, information to the Board of Directors and the

roles and responsibilities of the CEO and board members. There is no other division of board tasks among board members other than the committees presented in this report.

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

## Board meetings 2013

Date of meeting	Main topic	Ytterligare väsentliga frågor
02-21-2013	2012 annual financial statements	Audit procurement Terminal investment in Oslo
04-18-2013	Statutory board meeting	
04-24-2013	Acquisition of logistics business	
05-14-2013	Interim report	PostNord AB financial strategy
06-03-2013	Personnel issues	Investment, sorting equipment
07-08-2013	Personnel issues	
08-26-2013	Interim report	
09-20-2013	Company signatories	PostNord's group strategy
11-06-2013	Interim report	
12-10-2013	2014-16 business plan	Principles for CEO and executive compensation

## Board meeting attendance 2013

Board member	Number of board meetings	Number of Audit Committee meetings	Number of Compensation Committee meetings
Jens Moberg <sup>1)</sup>	9/9	-	1/1
Mats Abrahamsson	10/10	-	2/2
Gunnel Duveblad	10/10	6/6	-
Christian Ellegaard <sup>1)</sup>	7/9	4/5	-
Sisse Fjelsted Rasmussen <sup>1)</sup>	7/9	4/5	-
Jonas Iversen	10/10	6/6	-
Torben Janholt	10/10	-	2/2
Anitra Steen <sup>1)</sup>	8/9	-	1/1
Fritz H. Schur <sup>2)</sup>	1/1	-	1/1
Ingrid Bonde <sup>2)</sup>	1/1	-	1/1
Bjarne Hansen <sup>2)</sup>	1/1	1/1	-
Anne Birgitte Lundholt <sup>2)</sup>	1/1	1/1	-
Ann-Christin Fällén	10/10	-	-
Alf Mellström	8/10	-	-
Lars Chemnitz	10/10	-	-

<sup>1)</sup> Elected to the board by April 18, 2013 AGM.

<sup>2)</sup> Resigned from the board as of April 18, 2013 AGM.



### Board meetings and issues in 2013

The board held ten meetings in 2013, including one statutory meeting. The board's duties include the production of interim, year-end and annual reports. The board dealt with these issues in 2013. The CEO presented the financial and market situation at all board meetings. An important part of the board's work in 2013 was to recruit a new CEO. A recruitment committee was appointed for this purpose, under the leadership of the chairman of the board, Jens Moberg, and with board members Mats Abrahamsson, Torben Janholt and Jonas Iversen. The board also dealt with group strategy, acquisitions, employment issues and business plans during 2013. During the year the board regularly dealt with Audit and Compensation Committee reports and reports on internal control and financial affairs.

The board also dealt with issues regarding PostNord's sustainability work and its goals in this area, based on owner sustainability initiatives. Board members participated in seminars and discussions on sustainability with the Swedish owner.

### 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 formal work plan is established by the board. The Audit Committee has no decision-making authority.

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

The Committee is comprised of at least three board members and meets at least four times per year. The company's external auditors participate in meetings(s) at which the year-end report, annual report and auditor's report are presented, as well as when they are needed for assessment of the group's financial position. The Committee chair is responsible for continually apprising the board of the Committee's activities.

Up to and including the time of the April 18th AGM, Audit Committee members were Gunnel Duveblad (chair), Bjarne Hansen, Anne Birgitte Lundholt and Jonas Iversen. As of the April 18th AGM the Committee was comprised of Gunnel Duveblad (chair), Christian Ellegaard, Sisse Fjelsted Rasmussen and Jonas Iversen. Jonas Iversen resigned as a board member and member of the Audit Committee on February 14, 2014.

The Audit Committee met six times in 2013 and dealt with topics including:

- Implementation of reviews of internal audit of full-year report, semi-annual report and quarterly reports.
- Group auditor's reporting on year-end audit.
- Supervision of financial reporting and effectiveness of PostNord's internal governance and control.
- Supervision of risk management systems and processes.
- Procurement of external audit.

### Compensation Committee

The Compensation Committee is tasked with preparing and presenting proposals to the board regarding compensation and

other benefits for corporate management and remuneration principles for external directors serving on the boards of group subsidiaries. The Compensation Committee has no decision-making authority.

The Compensation Committee is comprised of at least three members. The chairman of the Board of Directors chairs the Committee. The Committee shall meet when warranted. The Committee chair is responsible for regularly apprising the board of the Committee's activities.

Up to and including the time of the April 18th AGM, Compensation Committee members were Fritz H. Schur (chair), Mats Abrahamsson, Ingrid Bonde and Torben Janholt. As of the April 18th AGM the Committee was comprised of Jens Moberg (chair), Mats Abrahamsson, Anitra Steen and Torben Janholt.

The Compensation Committee met two times in 2013 and dealt with topics including:

- Compensation and other provisions for executives.
- Pension provisions for executives.
- Specific issues regarding compensation for members of the Group Executive Team.

### Compensation at PostNord

Decisions on compensation for the President & CEO are made by the Board of Directors. The board deals with compensation issues through the Compensation Committee.

Salaries and wages for PostNord employees shall conform to market conditions. For details on executive compensation, see Note 5, Employees, Personnel Expenses and Executive Compensation in the consolidated financial statements.

Guidelines on executive compensation adopted by the 2012 AGM are outlined in PostNord's 2012 Annual Report and can be read in their entirety on the group's website.

### Evaluation of Board of Directors and CEO actions

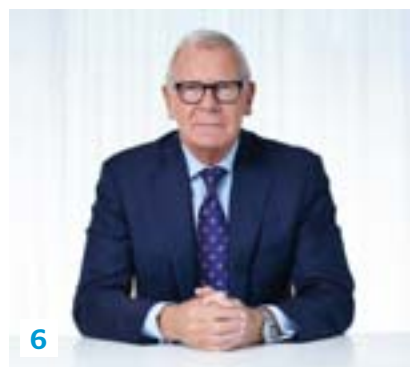
The board conducts an annual evaluation of its own actions. The evaluation is carried out via a questionnaire and through discussions between the chairman of the board and board members. Areas evaluated include the manner in which important decisions are prepared, discussed and managed; whether the right issues are addressed by the board; the integrity of supporting documentation; and how well decisions and discussions are recorded in the minutes. Verbal and written feedback is provided to board members.

The board regularly 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.

Due to the fact that a new chairman was appointed by the AGM held on April 18, 2013 and a new President & CEO took office on October 1, 2013, the annual evaluation of Board of Directors and CEO actions will first be conducted in early 2014.

### Board member remuneration

Remuneration for board members was determined by the 2013 AGM. Remuneration for each elected board member for the period through the next AGM is SEK 250,000, while the chairman's remuneration is SEK 600,000. Members of the Audit Committee are paid SEK 50,000, while the chair receives SEK 62,500. Members of the Compensation Committee are paid SEK 25,000, while the chair receives SEK 37,500. Board and Committee member remuneration is not paid to members employed by the Swedish Government Offices.



**PostNord Board of Directors**

**1. Jens Moberg**

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

**2. 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.  
 Chairman of the board of Team Olivia AB, Global Scanning A/S and Stiftelsen Ruter Dam.  
 Directorships include HIQ International AB and Sweco AB.

**3. Mats Abrahamsson**

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

**4. Christian Ellegaard**

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

**5. Sisse Fjelsted Rasmussen**

Born 1967.  
 BA in Business Administration, MSc in Business Economics and Auditing.  
 Board member since April 2013.  
 Member of Auditing 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.

**6. Torben Janholt**

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



### PostNord Board of Directors, *cont'd.*

#### 7. Anitra Steen

Born 1949.  
Bachelor of Arts.  
Board member since April 2013.  
Member of Compensation 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.  
Chairman of the boards of AB Svenska Spel, Telge Inköp AB, AFA Försäkring and Iris Invest AB. Director of Det Naturliga Steget.

### Employee representatives

#### 8. Lars Chemnitz

Born 1957.  
Union representative appointed by the Union of Service and Communication Employees (SEKO).  
Member of the board since January 2010.

#### 9. Alf Mellström

Born 1956.  
Union representative appointed by SEKO.  
Board member since August 2009.  
Employed by Posten since 1978.

#### 10. 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.

### Deputy employee representatives

#### Peter Madsen

Born 1953.  
Union representative appointed by SEKO.  
Deputy employee representative since January 2010.  
Employed by Post Danmark since 1990.

#### Isa Merethe Rogild

Born 1949.  
Union representative appointed by ST.  
Deputy employee representative since August 2009. Board member of Post Danmark A/S since 1995. Employed by Post Danmark since 1966.

#### Johan Lindholm

Born 1979.  
Union representative appointed by SEKO.  
Deputy employee representative since April 2012.  
Employed by Posten since 1998.

*Fritz H. Schur resigned as chairman of the board and Bjarne Hansen, Ingrid Bonde and AnneBirgitte Lundholt resigned as board members at the AGM held on April 18, 2013. Jonas Iversen resigned as a board member on February 14, 2014. Patrik Jönsson, Deputy Director at the Ministry of Finance, has been co-opted to the board for the period until PostNord's AGM of April 23.*

# Group Executive Team

**The Board of Directors is responsible for appointing and dismissing the CEO. The Group Executive Team is appointed by and assists the CEO, who leads the work performed by the team. The CEO is responsible for the day-to-day management of the company and the group in accordance with the board's guidelines and instructions.**

The relationship between the Board of Directors and the CEO is regulated by the rules of procedure and the board's instructions to the CEO. The President/CEO is personally accountable to the board for the day-to-day operation of the business and responsible for carrying out the strategic direction determined for the business.

Håkan Ericsson has been PostNord's President & CEO since October 1, 2013. He succeeds Lars Idermark, who served as President & CEO from March 1, 2011 through May 15, 2013. Executive VP and Deputy CEO Knut B. Pedersen served as President & CEO during the interim period.

## Group Executive Team

The Group Executive Team is jointly responsible for ensuring that the group's business is developed to the maximum possible extent and is in line with the direction established by the Board of Directors.

The forthcoming change to the group's organizational structure in 2014 involves, among other things, the implementation of a matrix organization with country units and business area/group-wide strategic units/subsidiaries. The PostNord Group Executive Team was introduced on February 1, 2014, with a composition that reflects the new organizational structure.

The Group Executive Team is comprised of:

- President & Group CEO.
- Executive Vice President and Deputy CEO.
- Head of Business Area PostNord Mail & Communication.
- Head of Business Area PostNord Logistics.
- President of Strålfors.
- Head of E-commerce & Corporate Clients; Chief Strategy Officer.
- Head of PostNord Sweden.
- Head of PostNord Denmark.
- Head of PostNord Norway and Finland.
- Chief Financial Officer.
- Chief Information Officer.
- Chief HR Officer.
- Chief Communications Officer.
- Chief Technical Officer.



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## PostNord's Group Executive Team

### 1. Håkan Ericsson

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

### 2. K. B. Pedersen

Born 1948.  
Trained at the Danish Post and Telegraph Service.  
Executive Vice President and Deputy CEO since 2011.  
Member of group management/Group Executive Team since 2009.  
Previous positions: Executive VP and Head of Group Operations Development function; Deputy CEO of Post Danmark A/S and P&T. Director of bpost and chairman of e-Boks A/S.

### 3. Henrik Rättzén

Born 1965.  
BSc (Economics).  
Chief Financial Officer since 2012.  
Member of group management/Group Executive Team since 2012.  
Previous positions: Nordic CFO at Codan Trygg-Hansa; partner at KPMG. Director of Movestic Livförsäkrings AB.

### 4. Johanna Allert

Born 1975.  
Master of Engineering.  
Chief Technical Officer since 2014.  
Member of group management/Group Executive Team since 2011.  
Formerly Head of Group Operations Development function, including Group Support & Shared Services.

### 5. Henning Christensen

Born 1962.  
Engineer.  
Head of PostNord Denmark since 2014.  
Member of group management/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 Danmark; and Mail Center Director at the Copenhagen Post Office.

### 6. Joss Delissen

Born 1963.  
BSc (Economics).  
Chief Information Officer since 2009.  
Member of group management/Group Executive Team since 2009.  
Previously held a variety of positions at Unilever, most recently Director of Solutions Architecture.

### 7. Andreas Falkenmark

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



**8. Annemarie Gardshol**

Born 1967.  
Master of Engineering.  
Head of E-commerce & Corporate Clients and Chief Strategy Officer since 2014.  
Member of group management/Group Executive Team since 2012.  
Previous positions: Head of Group Strategy; executive positions at Gambro within strategy, global marketing and most recently as Senior VP for R&D; management consultant at McKinsey & Company. Director of Etac AB.

**9. Finn Hansen**

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



**10. Anders Holm**

Born 1958.  
Market economist.  
Head of PostNord Sweden since 2014.  
Member of group management/Group Executive Team since 2014.  
Previous positions: Head of Posten Logistik AB in Sweden; sales and marketing director at Posten Logistik AB in Sweden; various positions at UPS, most recently as Manager of European Strategy & Group Integration.

**11. Per Mossberg**

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



**12. Robin Olsen**

Born 1970.  
Master of Engineering; Master of Management.  
Head of PostNord Norway and PostNord Finland since 2014.  
Member of group management/Group Executive Team since 2014.  
Formerly Head of PostNord Logistics in Norway and CEO of Tollpost Globe AS.

**13. Per Samuelson**

Born 1957.  
BSc (Economics).  
President of Strålfors since 2009.  
Member of group management/Group Executive Team since 2009.  
Previous positions: lecturer at Stockholm School of Economics and IFL; various positions within the Perstorp and PLM groups, most recently as divisional manager and member of PLM's group management. Chairman of BTJ Group AB. Director of Chamber of Industry and Commerce of Southern Sweden, Priveq Advisory AB and Aniagra.

*Henrik Højsgaard resigned as Head of Business Area Logistics on December 31, 2013.  
Mats Johansson is now Acting Head of Business Area PostNord Logistics.*

**Auditors**

PostNord's 2013 AGM appointed KPMG AB as the company's auditor, with authorized public accountant Helene Willberg as auditor in charge. The auditors meet with the board at least once per year and also participate in a number of Audit Committee meetings. In 2013, the board met with the auditors during one (1) board meeting, during which board members were able to present questions to the auditors.

See also Note 7, Other Expenses, Audit Fees and Reimbursement of Expenses.

# Internal governance and control of financial reporting

## Framework

PostNord's framework for internal governance and control is based on the framework developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). Internal governance and control constitute an integrated part of the business. 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 is the management of PostNord's business operations, which are responsible for identifying and managing operational risks within their own areas of responsibility. PostNord's group functions – a number of governance and control functions – constitute the second line of defense and are authorized to issue group-wide rules and guidelines within their own functional areas of responsibility and are responsible for monitoring compliance thereto. These rules and guidelines are meant to ensure that applicable laws and regulations are observed and that the business is managed in such a way as to achieve established goals. The second line of defense may also conduct its own inspections and take steps to identify and manage any risks and errors that may have gotten by the first line of defense. The third line of defense is the independent review and control function comprised of the group's internal audit, tasked with examining the effectiveness and reliability of the group's internal governance and control. This work is done on an ongoing basis pursuant to an annual auditing plan adopted by the Auditing Committee. The functions reports to the Board of Directors and the CEO.

## Control environment

To ensure a good control environment, factors such as organizational details, decision-making paths and intra-group allocation of authority have been clearly defined and communicated within the group. The board's work and responsibilities are governed by the board's rules of procedure. The Audit Committee is responsible for preparing the board to monitor and assure the quality of the group's financial statements. 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 Committee's work helps ensure that reporting is accurate and reliable through measures including regular discussions with PostNord's management and external auditors

and the examination of accounting principles applied and accounting issues that are brought to the Committee's attention. The duties and powers of the President & CEO are governed by instructions established by the Board of Directors. Decision-making authority within the group is governed by delegated authorities, which is 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 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 authorized signatories designated by the board. The internal audit function is tasked with examining the effectiveness of internal governance and control. The group also has Codes of Conduct and various policy documents that are part of the control environment.

## Identification and management of risks

In 2013 PostNord's operations were guided by the governance model presented on page 73. The board's rules of procedure define internal governance and control of financial reporting as a process through which the board, the CEO and employees ensure the reliability of financial reporting. Risks associated with financial reporting are identified and evaluated along with other types of risks within the framework of the group's business-wide risk management process and through analyses of the group's various companies and units. Financial reporting risks are dealt with on a regular basis by the Audit Committee and the board, which evaluate and monitor the management of these risks. See also Risks and Risk Management, page 95.

## Control activities

Control activities have been designed and implemented within PostNord to eliminate or limit the occurrence or effects of identified risks. These activities include rules covering decision-making and authorization, verification, compliance, manual and programmed controls, and the effective division of duties and responsibilities in processes and routines. Governing documents and processes concerning accounting and financial reporting provide additional assurance of accurate and reliable reporting. These documents and processes are updated by the group's Finance & Treasury function when

amendments are made to legislation, accounting rules, reporting requirements, et cetera. The Shared Services unit delivers accounting, finance administration, customer invoicing, supplier payments and payroll services to the group's central operations. In Sweden, these services are delivered via partners.

Shared Services ensures that outsourced services are delivered with high quality to the consuming units. Delivery quality is ensured through the monitoring of partners' internal control activities and reporting on the achievement of agreed service levels and quality criteria to the cooperation forum. The group's Finance & Treasury function is responsible for group accounts and consolidated financial statements and for the group's common business system, SAP. This responsibility includes regular analyses of the financial results of the business operations and group functions. The financial statement and reporting processes include controls for reporting, valuation, disclosure requirements and application of accounting principles.

**Communication**

The Swedish State's ownership policy specifies guidelines, which PostNord follows, for external reporting applicable to state-owned companies. The group's Financial Accounting manual and supplementary internal guidelines for accounting and closing procedures are regularly updated and are communicated to relevant employees, for example via the group's intranet. The board and the Audit Committee receive financial reports on the group's position and earnings trends on a regular basis, and examine all quarterly accounts and group annual reports before they are

published. Information to the group's external stakeholders is communicated through press releases and PostNord's website. Financial reporting is also made directly to the Danish and Swedish owners.

**Governance and monitoring**

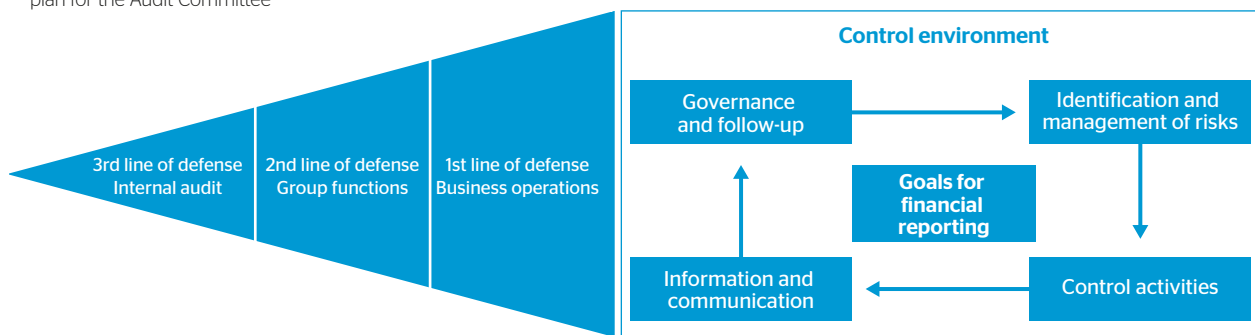
PostNord's business activities are reported and evaluated monthly based on business objectives. PostNord's financial situation is discussed at each board meeting. Board committees play important roles in terms of compensation, financial reporting and internal governance and control. The Audit Committee receives regular reports from the group's external and internal auditors. The Audit Committee monitors that action is taken to improve internal governance and control in view of the auditors' observations and recommendations. All companies and group functions conduct an annual self-assessment of the internal governance and control of financial reporting. Results are compiled by PostNord's unit for financial reporting and tax, and self-assessment results are presented to the Audit Committee, the board, PostNord business areas and other group functions.

In 2013, portions of the self-assessment responses from the group's companies and units were subject to a limited review to verify the reliability of the self-assessment results. The review was conducted by the group's Finance & Treasury function and included six PostNord units. The review results showed no significant deviations from the self-assessment responses. Based on the self-assessment responses received for 2013, the internal governance and control of financial reporting is deemed to function satisfactorily within the group.

**Internal governance and control at PostNord**

**Tools and governing instruments**

- External regulations
- Business plan
- Codes of Conduct and policies
- Rules of procedure for the Board of Directors and formal work plan for the Audit Committee
- Process and routine descriptions
- Targets and measures
- Business systems
- Risk analysis
- Delegated authorities
- Framework for internal governance and control
- Audit plan
- Accounting handbook
- System of authority
- Continuity plan
- Compliance program
- Authorization plans



**Monitoring of operations**

- Financial reporting
- Evaluation of board's work
- Follow-up of risk analysis
- Follow-up of business plan
- Incident reporting
- ISO certifications
- Observations and recommendations
- Follow-up of authorization
- Follow-up of outsourcing suppliers
- Self-evaluation
- Process follow-up



# Universal service obligations

**PostNord subsidiaries Post Danmark A/S and Posten AB are commissioned to provide universal postal services in Denmark and Sweden, respectively. National legislation is based on the EU directive regulating postal services within the EU and on the Universal Postal Union treaty that regulates international mail.**

## Provisions in Denmark

Postal services in Denmark are regulated by the Danish Postal Act (postloven) and associated ordinances as well as Post Danmark A/S' individual license. The Postal Act includes provisions stipulating the assurance of good quality, "nationwide" postal delivery of addressed mail items. Under the Postal Act, the Ministry of Transport has the authority to designate Post Danmark to fulfill the delivery obligation.

Commercial postal operations must be licensed and all postal operators that distribute mail or parcels (those not covered contract) may be required to contribute to funding to the postal operation that holds the distribution obligation. In order to be eligible to receive such payment, Post Danmark is required to demonstrate that the net costs borne by the company for universal postal services represent an unreasonable financial burden. No claims for compensation have yet been made.

On June 26, 2013 the Danish Ministry of Transport announced that a broad parliamentary majority supports amendments to the Danish Postal Act. In view of the substantial drop in mail volumes in Denmark and in order to maintain good postal service adapted to market conditions, an agreement has been made to amend the delivery obligation terms and conditions as of 2014. The Danish Parliament approved the proposed changes on February 18, 2014. The new Act will provide relief for Post Danmark as holder of the postal delivery obligation - allowing, for example, the delivery of non-priority mail in four days rather than three. The requirement for 6-day-a-week delivery will remain in place, but delivery of private priority mail on Mondays may be priced individually. The changes also render possible structural changes to the service outlet network, meaning fewer full-service service points (privately managed post offices and "post storefronts") and more "post shops" run by partner outlets offering basic services (sending and receiving mail and parcels, including registered and insured mail items, and buying stamps).

Nationwide postal services and associated rights and obligations are set forth in the "Individual License for Post Danmark A/S". The individual license includes provisions for service level, quality and prices and specifies that Post Danmark shall distribute products covered by the delivery obligation on every Danish weekday (Monday - Saturday, although parcels are not distributed on Saturdays). Products covered by the distribution obligation are addressed letters; addressed daily, weekly and monthly periodicals; addressed mail items with standardized printed content (e.g., catalogs) weighing up to 2 kilos; addressed parcels weighing up to 20 kilos (with the exception of B2B parcels governed by contractual terms); and Braille material weighing up to 7 kilos. Addressed priority mail is delivered overnight and, under the new postal legislation from 2014, non-priority mail will be

delivered within 4 business days. Post Danmark sets the service requirement for C-mail (currently four business days). The quality requirement for letters and parcels is set at 93%.

Post Danmark shall maintain a "nationwide" service network of postal service points. Prices for services provided under the delivery obligation shall be cost-based, transparent and non-discriminatory. Only single mail items are required to be offered at uniform prices throughout the country. Single mail items include stamped letters and parcels not covered by agreement with Post Danmark. The Transport Ministry approves the price for domestic non-priority mail weighing up to 50 grams sent as single mail items. Post Danmark sets the price of other mail items. According to the new legislation, the delivery of priority mail to private individuals on Mondays may be priced individually by Post Danmark.

## Provisions in Sweden

Universal postal services in Sweden are regulated by the Swedish Postal Services Act, postal statutes and concession terms issued by the Swedish Post and Telecom Agency (PTS).

The Postal Services Act mandates the provision of nationwide postal services that enable all residents of Sweden to receive letters and other addressed mail items weighing up to 20 kilos (universal postal service). Postal services must be of good quality, and it must be possible for everyone to receive such mailings delivered at reasonable prices. Pricing for universal postal services shall be transparent, non-discriminatory, cost-oriented and promote the efficient provision of postal service. Single mail items shall be delivered at uniform prices.

Under Swedish postal legislation, mail weighing up to 20 kilos must be collected and delivered on every weekday and at least five days a week nationwide. The postal statutes specify that at least 85% of the mail posted before a specified time and stamped for overnight delivery must be delivered on the following business day, nationwide. At least 97% of that mail shall be delivered within three business days. For overnight mail, a price limit applies to single mail items weighing up to 500 grams, so that their price may be raised no faster than the consumer price index. The price limit is a national regulation that not in line with the EU's postal directive.

The Postal Services Act imposes more stringent requirements on the operator appointed to provide universal postal services (Posten AB) than on other operators, including requirements for reasonable and transparent pricing and the reporting of prices and calculations to PTS.

Pursuant to postal legislation, PTS may appoint a provider of universal postal services. Postal Service Act legislative history indicates that no specific postal operator need be appointed if the market fulfills the requirement for universal postal services.

Unlike Posten, PTS has determined that the market cannot fulfill this requirement, and has appointed Posten AB to provide the service. Accordingly, Posten's prices and terms are subject to the postal legislation's sector-specific regulations and thus to requirements that are not imposed on Posten's competitors.

PTS licensing terms include provisions stipulating that Posten must publish price lists on its website along with all volume discounts for each service included in the universal postal service, disclosing the discount rate and volume ranges for the various discount levels as well as peak performance discounts and the basic principles for other discounts. The PTS requirements for price and discount disclosure are more far-reaching than those specified in the Postal Services Act legislative history (disclosure required only for basic principles of prices and discounts).

Regulation in Sweden and various interpretations as to what it entails have given rise to a number of lawsuits.

In its 2013 decision on Posten AB's calculation model (SAC), the Stockholm Administrative Court of Appeal held that Posten's distribution of "coordination gains" among the mail services at issue did not contravene the PTS licensing terms or the Postal Services Act and, accordingly, the PTS had no grounds to demand that Posten amend its accounting methods.

Posten AB appealed the PTS decision on 2012 licensing requirements – specifically, the requirement to publish discounts – to the Administrative Court in Stockholm. In its decision rendered on September 27, 2013 the court rejected Posten's appeal in its entirety. Posten appealed this decision to the Stockholm Administrative Court of Appeal.

### **Supervision in Denmark and Sweden**

In Denmark, the Traffic Board (Trafikstyrelsen) is the national supervisory authority for postal services. The Traffic Board supervises Post Danmark and the other postal companies operating in the Danish market. In addition to Post Danmark A/S there are ten registered operators licensed to provide commercial postal services. Under Danish postal legislation, "postal operator" is defined as a business that provides commercial postal services for addressed mail items weighing up to 20 kilos. Commercial parcel delivery services covered by contractual provisions do not require a license. Upon request, postal operators must provide the Traffic Board with a number of details and must submit an audited statement of delivered postal volume quantity on an annual basis.

In Sweden, PTS supervision of postal operations to ensure compliance with postal legislation includes Posten's fulfillment of government requirements for universal postal services. PTS has granted licenses to conduct postal operations in Sweden to 32 companies.

According to the PTS report "Service and Competition 2013", PostNord Group fulfills government requirements in terms of service quality. In terms of the percentage of mail distributed on the following day, the group continues to exceed by a wide margin the minimum requirements stipulated by the terms of its license.

### **Special provisions - including provisions for sparsely populated areas**

In Denmark, postal operator and service ordinances set forth regulations for the installation of mailboxes and apartment mailboxes. Mailboxes for all households must be located on the property line (in rural areas, no farther than 50 meters from the house). All multi-story buildings must install apartment mailboxes in the entrance area or outside the main entrance. People who are unable to collect their mail are entitled to have mail delivered to their door. Special rules apply for mail distribution to small islands. An extra day is added to the delivery time for parcels from Bornholm addressed nationwide.

In Sweden, PTS has issued general suggestions concerning the delivery of mail in the provision of the universal postal service. Among other things, the general guidelines state that, outside urban areas, mail should be delivered to mailbox clusters along the mail carrier's route. Mail items addressed to mail recipients living less than 200 meters down a side road should be delivered to the mailbox cluster on the main route. If there are at least two mail recipients who reside or work permanently for every kilometer of the side road, mail should be delivered along that road. Elderly and physically handicapped people are entitled to have their mail delivered to their property line, as opposed to the mailbox cluster, upon request. The PTS licensing requirements state that "mailing and drop-off points" shall be located close enough to each other as to take users' needs into account. This provision particularly affects Posten AB's partner outlet network in Sweden.

With respect to PTS requirements, during 2013 Posten AB undertook to maintain first-rate postal service in sparsely populated areas – specifically, to ensure the continued provision of postal service in these areas in a manner that meets the actual needs of society, including taking adequate account of environmental concerns. In return Posten is allowed, under special conditions and in specific cases, to make changes to postal service provision that are required to reflect changed conditions, even though these changes may deviate from universal service obligation terms.

# Financial development and risks

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# Financial development

## Net sales and profit

PostNord's 2013 net sales were up 2%. Growth occurred primarily within business area Logistics, which saw a 14% increase in net sales as a result of acquisitions and organic growth. Market expansion within e-commerce continues to generate increased demand for goods distribution via mail and parcel post. The group's parcel volumes increased 6% and B2C parcel volumes rose 12%. Mail volumes fell 5%.

Expenses increased 1%. Excluding acquisitions and exchange rate effects, expenses fell 2% due to personnel cutbacks and lower restructuring costs.

The average number of employees totaled 39,305 (39,713). Excluding acquisitions, the average number of employees was reduced by approximately 1,500 during the year. Restructuring costs totaled SEK 717m (1,171). There was a reduction in depreciation and

impairments following write-downs of SEK 207m during the comparative period. Transport expenses increased, mainly due to acquisitions but also to volume increases within business area Logistics.

Group operating profit improved to SEK 676m (511) and the operating margin to 1.7 (1.3)%.

Net financial items totaled SEK -208m (-144). The change was mainly attributable to lower average levels of cash and cash equivalents during the year.

Of the year's SEK 146m (120) in tax expenses, current tax totaled SEK 18m (119) and deferred tax totaled SEK 128m (1). Deferred tax expenses were affected primarily by the fact that deficits can no longer be utilized due to the merger of group companies.

Net profit totaled SEK 322m (247). Return on equity, rolling 12-month, was 3.9%.

## Financial development of PostNord Group and business operations

SEKm	Jan-Dec 2013	Jan-Dec 2012	Change	Of which			Excl acquisitions/ divestments & currency
				Acquisitions/ Divestments	Currency		
<b>PostNord Group</b>							
Net sales	39,533	38,920	613	2%	4%	-1%	-2%
Operating profit (EBIT)	676	511 <sup>3)</sup>	165	32%	4%	-5%	34%
Operating margin, % <sup>2)</sup>	1.7	1.3 <sup>3)</sup>					
<b>Mail</b>							
Net sales <sup>1)</sup>	24,103	25,022 <sup>4)</sup>	-919	-4%	1%	-1%	-4%
of which Mail Denmark	9,364	10,165 <sup>4)</sup>	-801	-8%	0%	-2%	-7%
of which Mail Sweden	15,050	15,137	-87	-1%	1%	0%	-1%
Operating profit (EBIT)	494	616 <sup>4)</sup>	-122	-20%	4%	-1%	-23%
of which Mail Denmark	-89	-177 <sup>4)</sup>	88	50%	10%	-2%	42%
of which Mail Sweden	583	793	-210	-26%	1%	0%	-27%
Operating margin, % <sup>2)</sup>	2.0	2.4 <sup>4)</sup>					
<b>Logistics</b>							
Net sales	13,432	11,762 <sup>4)</sup>	1,670	14%	13%	-2%	3%
Operating profit (EBIT)	197	272 <sup>4)</sup>	-75	-28%	-2%	-3%	-22%
Operating margin, % <sup>2)</sup>	1.3	2.1 <sup>4)</sup>					
<b>Strålfors</b>							
Net sales	2,612	2,665	-53	-2%	0%	-2%	-1%
Operating profit (EBIT)	16	-25	41	>100%	0%	1%	>100%
Operating margin, % <sup>2)</sup>	0.6	neg					
<b>Other and Eliminations</b>							
Net sales <sup>1)</sup>	-614	-529	-85	-16%			
Operating profit (EBIT)	-31	-352 <sup>3)</sup>	321	91%			

<sup>1)</sup> Within Mail internal transactions between business areas were eliminated.

<sup>2)</sup> Calculation of margins includes other income; see Multi-year review.

<sup>3)</sup> Restated due to IAS 19 Revised, Employee Benefits.

<sup>4)</sup> Restated due to reorganization of the group's parcel business in Denmark.

## The businesses

### Mail

Net sales for Mail were down 4% in 2013, due mainly to revenue declines within Mail Denmark. Mail volumes fell a total of 5%.

Expenses fell 3%, primarily due to personnel cutbacks.

Operating profit totaled SEK 494m (616) and the operating margin was 2.0 (2.4)%.

### Mail Denmark

Net sales for business area Mail Denmark fell 8%, chiefly due to the continued decline in mail volumes. Excluding acquisitions and exchange rate effects, net sales fell 7%. Net sales were impacted by continued wide-spread digitization in the Danish market and a continued weak economic trend in the country during the year. Mail volumes fell a total of 10% in 2013. The effect on net sales was partially mitigated by price changes for letters. Revenues from advertising and newspapers fell due to the continued weak direct mail market and to increased competition. Parcel volumes increased during the year, although revenues fell somewhat due to price pressure in the market.

Expenses fell 8%. Excluding acquisitions and exchange rate effects, expenses fell 7%. The change was attributable to streamlining efforts within production and administration, mainly through personnel cutbacks. The average number of employees was reduced to 12,311 (12,730). Restructuring costs totaled SEK 42m (296).

Operating profit totaled SEK -89m (-177).

### Mail Sweden

Net sales for business area Mail Sweden fell 1%, both before and after acquisitions and exchange rate effects. Mail volumes fell 3% in 2013 due to continued digitization. Volume development was positively affected by the strong increase in e-commerce-

related services, with greater light parcel volumes and an increased number of mail items distributed at partner outlets. International e-commerce volumes also increased. Direct mail revenues developed negatively due to the continued weakness of the advertising market. Newspaper revenues increased in 2013 due to the volume growth of free papers and the takeover of Svensk Morgondistribution operations in June 2012.

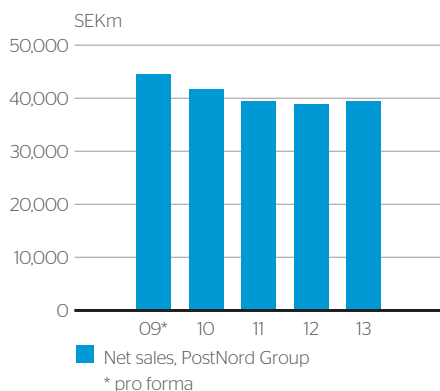
Expenses increased 1%. Restructuring costs rose to SEK 434m (419) and were attributable to personnel cutbacks. Year-on-year expenses were positively impacted by pension effects. Adjusted for these items and for the takeover of Svensk Morgondistribution operations, personnel expenses were down 2% due to rationalizations and adjustments made to reduced mail volumes. The average number of employees was reduced to 17,167 (17,686). Increased international e-commerce volumes led to increased expenses.

Operating profit fell to SEK 583m (793) and the operating margin to 3.7 (5.0)%.

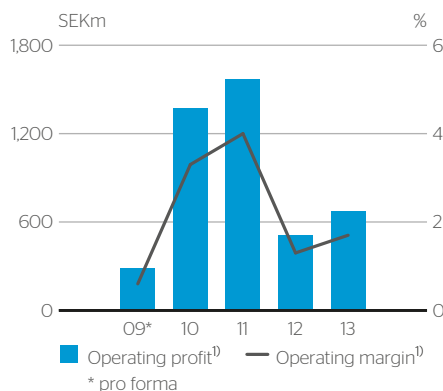
### Logistics

Net sales for the Logistics business area were up 14%, due primarily to the acquisitions concluded during the year (Byrknes Auto AS, Nordisk Kyl Logistik AB and Transbothnia AB). Excluding acquisitions and exchange rate effects, the business area's net sales were up 3%. The expansion of e-commerce generated a considerable increase in B2C parcel services. Revenue growth eased somewhat during the second half of the year. This was due mainly to developments in Norway, with a market characterized by heavy price pressure from competitors and sharp declines in demand. The business in Sweden reported continued growth but was also subject to heavy price pressure. The business in Germany reported strong growth due to growth in e-commerce volumes. The businesses in Denmark and Finland also reported

## Net sales, PostNord Group



## Operating profit and operating margin, PostNord Group



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

growth. Demand for third-party logistics services developed positively during the year, with organic growth of 12% attributable to new and existing customers.

Expenses were up 13% due chiefly to acquisitions. Excluding acquisitions and exchange rate effects, expenses rose 3% due to volume increases. Restructuring costs totaled SEK 20m (137).

Operating profit totaled SEK 197m (272) and the operating margin fell to 1.3 (2.1)%. Activities were initiated in Norway and Sweden to ensure a long-term sustainable cost level.

During the year the company refinanced Bulk Langhus 1, which owns a property in Norway where a new logistics terminal is being constructed. The company will take possession during the year.

### Strålfors

Net sales for Strålfors fell 2% year-on-year. Excluding acquisitions and exchange rate effects, net sales fell 1%. An asset acquisition of Itella's printing and inserting business in Poland was concluded during the year. Net sales for growth divisions Data Management, Market Communication and Service Fulfillment increased. The Business Communication division developed weakly and had reduced revenues. Business Communication is the division with the most exposure to competition from digital alternatives.

Expenses fell 3%. Excluding acquisitions and exchange rate effects, expenses fell 2% due primarily to lower restructuring costs which totaled SEK 36m (102). Operating profit improved to SEK 16m (-25) and the operating margin to 0.6 (neg)%.

During the year, a loan was converted to shares in EsonPac AB for the purpose of securing an adequate asset base for the company's business development. Strålfors thereby increased its ownership interest in the company from 19.2% to 48%.

### Other and Eliminations

The improvement in Other and Elimination results is attributable to pension effects. Also, last year's result was affected by higher restructuring costs for personnel cutbacks and by write-downs.

### Financial position

PostNord reported an improved financial position, with a reduction in net debt as of December 31, 2013. The maintenance of a strong and sustainable financial position is a priority for the group. PostNord's financial policy also stipulates that the group shall maintain strong financial preparedness. This is aimed at enabling the group to finance its strategy and create financial flexibility in the long term, so that it can seize business opportunities and manage the refinancing of maturing debt.

Net debt was reduced year-on-year by SEK 1,308m. Net debt was impacted by a rise in mortgage bond rates, which constitute the reference rate for calculating the present value of pension commitments. The interest rate was changed by 0.5 percentage points, resulting in a SEK 1,224m reduction in pension liabilities. Excess return on pension assets contributed an additional SEK 597m to net debt reduction.

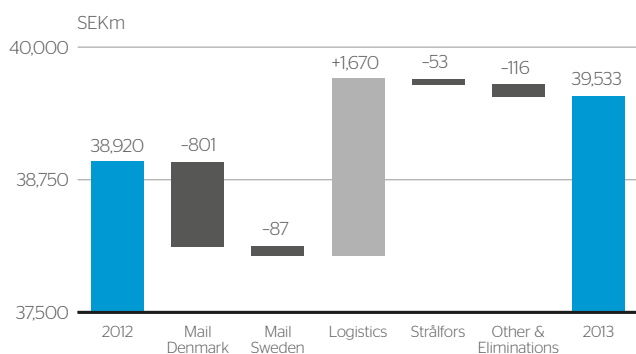
The net debt/EBITDA ratio, rolling 12-month, was 1.3. The net debt reduction and equity replenishment improved the net debt ratio to 33%. The equity-assets ratio improved to 35% during the year.

Financial preparedness totaled SEK 3,973m (5,046), consisting of cash and cash equivalents of SEK 1,973m (3,046) and unutilized committed credit of SEK 2,000m. A liquidity position was built in 2012 through the issuance of interest-bearing securities. Cash and cash equivalents decreased due to the continued high level of investment activity. As of December 31, 2013, PostNord had SEK 200m in outstanding commercial paper maturing within 12 months.

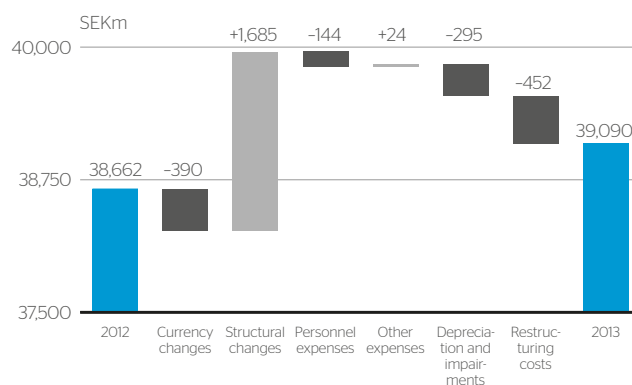
Equity improved by SEK 1,530m to SEK 9,063m (7,533) as of December 31, 2013. The change is chiefly attributable to the above-mentioned revaluation of pension liabilities. Equity was negatively affected by translation effects of SEK 107m following exchange rate changes.

During 2013 PostNord identified additional potential for capital efficiency. The capital efficiency program includes working capital as well as invested capital and is aimed at further strengthening the financing of group strategy.

### Net sales development



### Expense development<sup>1)</sup>



<sup>1)</sup> Includes participations in the earnings of associated companies.

### Cash flows

Cash flows from operating activities totaled SEK 1,662m (1,825). Change in working capital totaled SEK 112m (49). Working capital was impacted by an increase in accounts payable, settlements vis-à-vis foreign postal companies and a decrease in accounts receivable owing to calendar effects. Pension payments totaled SEK 1,070m (1,081). Pension liabilities were impacted mainly by lower provisions for early retirement pensions. The liquidity effect with regard to utilized provisions totaled SEK 428m (405). Other changes to provisions during the period were primarily attributable to adjustments to production; see also Note 6, Other Expenses.

Cash flows from investing activities totaled SEK 2,653m (3,533). Investments in tangible fixed assets totaled SEK 1,896m (1,994). Investments intangible fixed assets totaled SEK 345m (337). The intangible investments were primarily attributable to the development of joint IT solutions. The net liquidity effect of the acquisition of subsidiaries totaled SEK 336m (1,420). Green Cargo Logistics was acquired during the comparative period. See also Note 31, Acquisitions and Divestments.

Cash flows from financing activities totaled SEK -82m (2,654). The group raised loans of SEK 400m (5,419) during the period under the group's MTN pro-

gram. Loan amortization totaled SEK 219m (2,137) during the period. Pension commitments of SEK 111m (482) were transferred to Posten's Pension Fund during the period and compensation totaling SEK 0m (360) was received from the Fund.

### Investments

The group's investments in tangible and intangible fixed assets totaled SEK 2,241m (2,331) in 2013.

Business area Mail Denmark made investments in fixed assets totaling SEK 359m (463) during the period. The investments were primarily attributable to investments in production vehicles, replacement investments for sorting equipment, and the purchase of postal vending/service machines and electric bicycles.

Investments made by Mail Sweden totaled SEK 986m (1,066) and were primarily attributable to the construction of and equipment for the new terminals in Hallsberg and Rosersberg and to regular replacement investments in production vehicles.

Logistics invested SEK 536m (401) in fixed assets during period. The largest investments during the year were replacement investments for vehicles, infrastructure investments in the new terminals in Sweden and Norway, and inventory and sorting equipment.

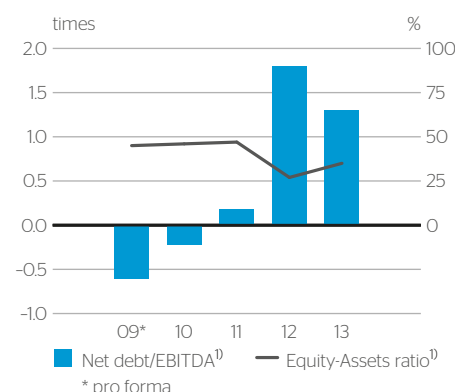
### Financial position

SEKm	Dec 31, 2013	Dec 31, 2012
Cash and cash equivalents	1,973	3,046
Interest-bearing debt	4,589	4,312
Pension provisions <sup>1)</sup>	375	3,033 <sup>2)</sup>
<b>Net debt</b>	<b>2,991</b>	<b>4,299</b>

<sup>1)</sup> Includes assets under management.

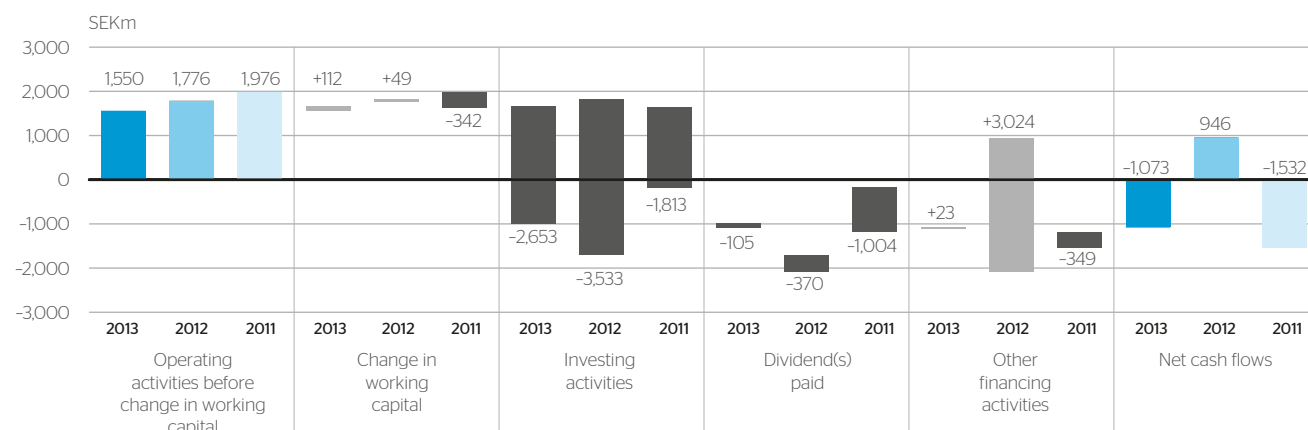
<sup>2)</sup> Restated due to changes in IAS 19, Employee Benefits.

### Net debt/EBITDA and equity-assets ratio



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

### PostNord Group cash flows<sup>1)</sup>



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

Investments made by Strålfors during the year – which totaled SEK 94m (89) – were primarily attributable to new color printers, computer software and miscellaneous replacement investments.

The segment Other invested a total of 266m (312) during the year, primarily in systems support for joint PostNord IT solutions and the integration of IT infrastructure.

See also Note 4, Segment Reporting.

#### Parent company and distribution of profits

The parent company, PostNord AB, ran a very limited inter-company service operation and had only three employees as of December 31, 2013: the President/CEO, the group CFO and the Head of Group Strategy. No net sales were reported during the year. Operating expenses totaled SEK 36m (54). Financial items totaled SEK -110m (2,460), of which SEK 773m (2,473) was attributable to dividends from subsidiaries and SEK 800m (0) to write-down in subsidiaries. Profit before tax totaled SEK -30m (2,475).

#### Proposed distribution of profits

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

#### SEK

Dividend, 2,000,000,001 shares * 0.0644 per share	128,800,000
Carried forward	3,438,323,525
<b>Total</b>	<b>3,567,123,525</b>

#### Highlights

##### Danish parcel distribution agreement

On April 18, 2013 Post Danmark and Coop signed an agreement on a new parcel concept. Around 300 automatic parcel machines will be set up in Coop stores in Denmark, making it even easier to receive and send parcels.

##### 2013 Annual General Meeting

PostNord's 2013 Annual General Meeting was held on April 18, 2013. The AGM resolved that the board shall be comprised of eight AGM-elected members and no deputies. Jens Moberg was newly elected as chairman of the board. The AGM reelected board members Mats Abrahamsson, Gunnel Duveblad, Jonas Iversen and Torben Janholt. The AGM elected Christian Ellegaard, Sisse Fjelsted Rasmussen and Anitra Steen as new board members. The AGM also resolved to distribute a dividend of SEK 103m (368) to the shareholders; this distribution was made on April 22, 2013. Accounting firm KPMG AB was newly elected as auditor through the close of next year's AGM, with authorized public accountant Helene Willberg as auditor in charge.

##### PostNord issues bonds of SEK 400m

On June 5, 2013 PostNord issued bonds totaling SEK 400m. The bond loan has a 6-year duration and falls due on June 12, 2019. The loan carries a variable interest rate of 3-months STIBOR + 125 basis points.

##### Launch of new logistics brand

On September 2, 2013 PostNord launched a new umbrella brand – PostNord Logistics – for the group's Nordic logistics offer. The brand will be established in stages during 2013-2014.

##### Letter postage raised in Denmark

On September 30, 2013 Post Danmark announced a change in letter postage as of January 1, 2014. The postage rate for priority mail weighing up to 50 grams was raised by 1.00 DKK to 9.00 DKK and postage for non-priority letters was raised by 0.50 DKK to 6.50 DKK.

##### Dispute regarding Posten's licensing requirements

On September 27, 2013 the Administrative Court in Stockholm issued a ruling on the 2012 Licensing Requirements, upholding the extremely stringent PTS pricing transparency requirements which would harm Posten's competitiveness. Posten appealed the ruling to the Administrative Court of Appeals. On September 11, PTS issued new licensing requirements effective October 1, 2013 through September 30, 2015. The transparency requirements in the new version are less stringent than the 2011 requirements, but PTS reserves the right to amend the requirements following final judicial review of the 2012 version.

##### Enhanced cooperation between Ellos Group and PostNord

On November 19, 2013 PostNord announced the signing of a new three-year contract with Ellos Group, one of the group's largest customers. Under the contract, PostNord will ensure the most efficient solutions as Ellos Group's Nordic logistics partner.

##### Sweden sued over VAT on postal services

On November 20, 2013 the European Commission brought an action against Sweden in the Court of Justice of the European Union concerning VAT on certain postal services. The Commission's position is that, under EU law, Sweden as a country should not charge VAT on these services. PostNord has imposed VAT in Sweden on the postal services at issue in accordance with Swedish law.

##### Changes to group management

- On July 23, 2013 Håkan Ericsson was appointed PostNord's new President & CEO. Ericsson took up the post on October 1st.
- On Januari 21, 2013 Finn Hansen was appointed new head of Group HR.
- On October 7, 2013 Henrik Höjsgaard announced his resignation as head of business area Logistics to take over as president and CEO of Proffice AB. Mats Johansson was appointed acting head of the business area. Recruitment of a successor is underway.



## Completed acquisitions

PostNord made the following material acquisitions in 2013:

- On January 2, 2013 the acquisition of Distribution Services A/S was completed and the company became a wholly-owned part of business area Mail Denmark. Distribution Services A/S specializes in the packaging and management of unaddressed mail.
- Acquisition of Norwegian Byrknes Auto AS operations. The acquisition strengthens PostNord's position in the Nordic logistics market, particularly within thermal transports.
- Acquisition of all operations of ISS Document A/S and the digitization service and document management assets of Aditro. The two acquisitions strengthen the group's integrated offer and position in the growing Nordic scanning market and create synergy opportunities with existing communication businesses.
- Acquisition of Itella's printing and inserting business in Poland. The acquisition strengthens Strålfors' position in the Polish market.
- On June 12, 2013 the acquisition of Bilfrakt Bothnia AB subsidiaries – Nordisk Kyl Logistik AB and Transbothnia AB, with operations in northern Sweden – was finalized, broadening the group's logistics business in Sweden within mixed cargo, consignment cargo and thermal transports.

## Events after the reported period

### Strategy development

PostNord's strategy is based on the strategy established in 2011. It was developed at year-end 2013/2014 with respect to the group's prioritized areas and is now comprised of six strategic components:

1. Secure profitability for Mail & Communication.
2. Take the position as the Nordic region's leading logistics operator.
3. Secure the position as the leading e-commerce service partner in the Nordic region.
4. Develop attractive and profitable service logistics solutions.
5. Increase competitiveness – reduced costs, stable IT operation and integrated production model.
6. Winning culture – stronger delivery culture and sharper sustainability profile.

### Organizational changes

On February 3, 2014 PostNord announced the implementation of a new organization in 2014. The objectives of the change include creating greater uniformity for customers, increasing focus on e-commerce and expanding potential synergies for the business.

The change involves, among other things, the introduction of a matrix organization. Country units will be formed (Sweden, Denmark and Norway/Finland) to allow for greater uniformity for customers and the establishment of integrated production models. At the same time, a Nordic Mail & Communication business area and a corporate strategic unit for e-commerce

(responsible for market and service development in each Nordic area) are being formed. Strålfors will continue to operate as a subsidiary and will be strongly aligned with business area Mail & Communication.

The new organization will be introduced as of March 31, 2014. Financial reporting will mainly be done on the basis of the business areas and Strålfors.

The organizational change also involves changes to group management. A Group Executive Team was introduced on February 1, 2014:

- Håkan Ericsson, President & Group CEO.
- K. B. Pedersen, Executive Vice President and Deputy CEO.
- Andreas Falkenmark, Head of Business Area PostNord Mail & Communication.
- Mats Johansson, Acting Head of Business Area PostNord Logistics.
- Per Samuelson, President of Strålfors.
- Annemarie Gardshol, Head of E-commerce & Corporate Clients and Chief Strategy Officer.
- Anders Holm, Head of PostNord Sweden.
- Henning Christensen, Head of PostNord Denmark.
- Robin Olsen, Head of PostNord Norway and PostNord Finland.
- Henrik Rättzén, Chief Financial Officer.
- Per Mossberg, Chief Communications Officer.
- Joss Delissen, Chief Information Officer.
- Finn Hansen, Chief HR Officer.
- Johanna Allert, Chief Technical Officer.

### Changes to PostNord Group brand structure

PostNord announced on February 3, 2014 that the group's commercial brand symbols will be integrated with PostNord's logo as of 2014 in order to capitalize on the strengths of the existing commercial brands and improve clarity and uniformity by giving the PostNord brand greater scope in the group's marketing communication. Implementation of the new commercial brands will be done on an ongoing basis over a three-year period.

### Changes to the Board of Directors

On February 14, 2014 Jonas Iversen resigned as board member. Patrik Jönsson, deputy director at the Ministry of Finance, has been co-opted into the board for the period through the April 23rd AGM.

### Decision on new Danish postal legislation

On June 26, 2013 the Danish Ministry of Transport announced that a broad parliamentary majority supports amendments to the Danish Postal Act aimed at maintaining good service in view of the substantial drop in mail volumes. The proposed law was approved by the Danish Parliament on February 18, 2014. Under the new Danish Postal Act, new licensing terms for Post Danmark A/S will take effect as of March 1, 2014. Under the proposal, terms and conditions will be amended and entail market adjustments for Post Danmark A/S as the national postal operator.

# The share and corporate bonds

## The share

### Ownership and capital stock

PostNord AB is owned 60% by the Swedish State and 40% by the Danish State. Votes are allocated 50/50 between the Danish and Swedish States. The Danish Ministry of Transport represents the Danish State's shares and the Swedish Ministry of Finance represents the Swedish State's share at PostNord AB's Annual General Meeting, where each owner nominates four members of PostNord's Board of Directors. The owner relationship is regulated by a shareholders' agreement between the two States.

PostNord's capital stock totals SEK 2,000m, allocated into 2,000,000,001 shares, 1,524,905,971 of which are A shares and 475,094,030 of which are B shares. Each share has a quota value of SEK 1 and carries a right to dividend. A shares carry the right of one vote per share; B shares carry the right of one-tenth vote per share.

### Dividends paid and proposed

Dividends totaling SEK 103m were distributed in 2013, representing SEK 0.0515 per share. The dividend represents 40% of 2012 net profit.

Earnings per share, before and after dilution, totaled SEK 0.16 (0.12) in 2013. The board proposes a dividend of SEK 128.8m, which represents SEK 0.0644 per share and 40% relative to net profit.

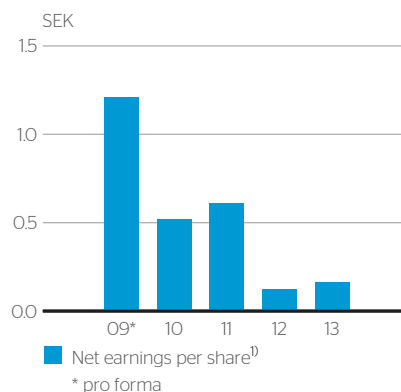
### Debt programs and corporate bonds

PostNord AB is a Swedish public company owned by the Danish and Swedish States. Operations are

financed via external loans in addition to internally generated funds. According to PostNord's financing strategy, the group aims for diversified financing with borrowing in both the fixed income and the money markets, with sufficient reserves in the form of committed loan facilities.

PostNord raised additional loans in 2013 through the commercial paper program and corporate bond program established in 2012. The corporate bonds are listed on NASDAQ OMX Stockholm.

## Net earnings per share



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

## Debt programs

Program	Arranger	Dealers	Amount
Revolving credit facility (matures 2016)	Nordea Bank AB	Danske Bank, Handelsbankens Capital Markets, Nordea	SEK 2,000m
Commercial paper program	Nordea Bank AB	Danske Bank, Handelsbankens Capital Markets, Nordea, SEB	SEK 3,000m
MTN program	SEB	Danske Bank, Handelsbankens Capital Markets, Nordea, SEB, Swedbank	SEK 6,000m

## Outstanding bonds

Type	Original amount	Coupon	Maturity date	ISIN
Medium Term Note	SEK 1,000m	3-m STIBOR + 150 pts	September 20, 2017	SE0004811099
Medium Term Note	SEK 1,000m	3.125%	September 20, 2017	SE0004811081
Medium Term Note	SEK 150m	2.00%	June 3, 2015	SE0004926830
Medium Term Note	SEK 390m	3-m STIBOR + 70 pts	June 3, 2015	SE0004926822
Medium Term Note	SEK 400m	3-m STIBOR + 125 pts	June 12, 2018	SE0005249422

# Risks and risk management

**Risk management is essential to the governance and control of PostNord's business. Proactive, structured risk management gives the group the capacity to achieve goals and create value.**

At PostNord, risk management is a continuous process and part of our strategy work and operating activities. Risk management is an integrated part of operational governance and follow-up. PostNord operates in an international market characterized by ongoing changes in several areas. Structured preparedness is required to adapt and optimize the business in the best way and to take advantage of opportunities while at the same time minimizing risks and losses. The overarching objective is to ensure that the risks affecting the group's strategy and goals are identified and managed in an effective, systematic and value-creating way.

## Risk management

PostNord has an established process that includes risk management roles and responsibilities. Risk management development work was initiated in 2013 and will be further developed and implemented in 2014.

## Risk management process

The group works continuously to identify, evaluate, manage and follow up risks in the external environment and within the business areas and group functions. PostNord's risk management process ensures the uniformity and comparability of risks, which enables the group to prioritize measures in line with the target picture, business-related decisions and external factors. Risks are managed based on these priorities, and PostNord strives for an optimization between prevention and risk-limiting measures and the transfer of risks through insurance and contractual procedures.

## Risk management organization and responsibility

PostNord's Board of Directors and Group Executive Team have overall responsibility for the group's Risk Management. Responsibility for risk management within the business areas, group functions and subsidiaries rests with the respective managers.

The businesses receive support from the group's Risk Management function, which is responsible for producing and establishing group-wide risk management instructions and guidelines as well as for risk consolidation and reporting on risk management work and risk exposure to PostNord's management, Audit Committee and Board of Directors. Support for the risk management work conducted by the business areas and the group Risk Management function is also provided through the Security Organization and continuity planning efforts and by the Group Strategy unit and the insurance network. The Audit Committee is tasked with supervising the efficacy of the company's internal governance and control, including processes for risk management.

## 2014 priorities

As part of the efforts to develop the group's internal governance and control, PostNord will be intensifying group-wide risk management work in 2014. PostNord will establish a more proactive approach, with a clarified and developed Enterprise Risk Management (ERM) function. An ERM policy and ERM instructions will be decided upon and implemented in the businesses. Enterprise Risk Management efforts will be concentrated on the further development and implementation of processes and the functional ERM organization. Roles and responsibilities for risk analysis and risk consolidation will be further clarified with the introduction on an ERM network and an ERM Committee with representatives from the Group Executive Team, the business areas and group functions. Work will be done to develop consolidation processes in order to further improve transparency and enhance decision and prioritization material based on the group's overall risk exposure.

**Risks**

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

**1. Strategic risks**

**Regulatory risks**


Changes to legislation and regulatory requirements impact PostNord's situation and risk exposure, and consequently the group's strategic position in terms of business models, competition, service offer, pricing and sustainability-related issues such as environmental strategy and employee issues. PostNord is commissioned to provide universal postal services in Sweden and Denmark, and changes to terms and/or licenses on the European or national level can have a

significant impact on the group. Two of the most highly prioritized regulatory risks in 2013 are the EU Commission's lawsuit against Sweden for failure to comply with the EU VAT directive with respect to postal services, and risks related to the formulation of licensing requirements. These risks may impact the group's competitive situation and its ability to fulfill the universal service obligation with good profitability. PostNord manages these risks with market and scenario analyses, advocacy work and the adaptation of the businesses.

**Risks resulting from changed market conditions**

PostNord operates in a competitive market, where market changes and position shifts may present challenges to PostNord's competitive advantage and profitability. 2013 was characterized by increased

**Summary of risks and risk management**

RISK EXPOSURE BY RISK CATEGORY	EXAMPLES OF RISKS	EXAMPLES OF MEASURES TAKEN
<p><b>STRATEGIC RISKS</b></p> 	<p><b>STRATEGIC RISKS</b>                      Risks concerning licensing requirements.                      Risks concerning competition legislation.                      Altered market conditions.                      Competition-related risks.                      Digitization risks - customers, society and business sector.                      Sustainability risks.                      Investment risks.</p>	<p>Market monitoring and dialogue with politicians, legislative bodies and authorities.                      Conversion program and capital efficiency efforts.                      Adjustment of production to demand.                      Strategy process and business planning.</p>
<p><b>OPERATIONAL RISKS</b></p>	<p><b>OPERATIONAL RISKS</b>                      Risks concerning conversion program and cost savings.                      Risks concerning IT delivery and IT stability.                      Risks concerning facilities and infrastructure.                      Risks concerning personnel and organization.                      Security-related risks.                      Legal disputes.                      Volume-related risks.</p>	<p>Adjustment and follow-up of conversion program and ongoing cost savings program.                      Disruption analyses and incident reporting.                      Continuity planning, including ensuring skills supply.                      Project risk management.                      Review of insurance activities and insurance coverage.                      Internal governance and control.</p>
<p><b>FINANCIAL RISKS</b></p>	<p><b>FINANCIAL RISKS</b>                      Credit risks.                      Refinancing risks.                      Investment risks.                      Restructuring risks of a financial nature.                      Interest rate risks.                      Currency risks/translation exposure.                      Pension-related risks.</p>	<p>Financial risk exposure regulated by Financial Policy.                      Cost savings program.                      Capital efficiency program to ensure good payment readiness and scope for investments.                      Liquidity reserves.                      Systematic credit evaluations.                      Analysis and review of pension commitments and pension programs.                      Diversification of pension assets, derivative solutions and scenario planning.</p>

competition and price pressure in several business areas and in several markets – e.g., logistics services and some mail services.

PostNord must respond to and adapt the business to changes in customer behavior, changes in market demand and technological developments, and increased levels of digitization. These are factors that can result in declining mail volumes and increased price pressure. Coordinated public initiatives to increase the level of digitization have already impacted the Danish business, and a similar development is likely in the Swedish market. Several private sector industries are exploring options to increase the use of digital channels instead of physical mail. The change and adaptation of PostNord's business model generates several risks of a more strategic nature, related to things such as cost adjustments, management and governance of the business, development of various customer offers, and acquisition strategy. PostNord initiated and completed a number of acquisitions in 2013, which places heavy demands on integration and coordination to capture synergies and ensure a good earnings trend in line with plan.

PostNord's corporate strategy – based on the strategy established in 2011 – is aimed at creating long-term value for its owners and other stakeholders and ensuring the provision of universal postal service. The strategy, developed at year-end 2013/2014 with respect to the group's prioritized areas, includes structural changes to and investments in Mail to secure profitability in light of declining demand for physical mail. It also includes the development of the logistics business by broadening the service offer and market presence, increasing focus on development of the group's e-commerce offer and continuing streamlining efforts to reduce costs and increase the share of variable costs.

## 2. Operational risks

### Continuity, quality and security risks

PostNord is exposed to several operational risks, the most critical of which relate to the fulfillment of conversion programs and cost saving objectives, IT delivery quality and continuity, and structural changes and adaptation of personnel and organization. PostNord also has risks related to fixed assets and infrastructure. PostNord's goal is that high quality, efficiency, security and continuity characterize the group's services, deliveries and internal work. Ensuring continued high levels of continuity and efficiency is a key component of the conversion efforts being conducted within the businesses, which are aimed at preserving and improving customer satisfaction and protecting employees, customer property and our own assets against damage and loss. IT risks include internal and external delivery problems and disturbances that may affect the group's production, customer deliveries and PostNord's financial reporting.

PostNord works consistently with risk analyses and continuity planning with regard to its businesses, services and deliveries within the business areas and group functions. Weaknesses in business-critical processes are managed within the business and the continuity framework, supported by the group Risk Management function. Risk analyses and continuity programs ensure PostNord's capacity to manage the consequences of any undesired events, disturbances and quality problems and thereby safeguard critical processes and deliveries.

### Environmental risks

PostNord's operations require transports 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. External environmental performance demands are simultaneously increasing. PostNord has a goal of reducing group CO<sub>2</sub> emissions by 40% during the period 2009–2020.

PostNord works purposefully and in cooperation with various stakeholders to adjust its operations to reduce environmental risks and impact. These efforts also involve the management of certain market risks, since lowering energy consumption levels serves to reduce vulnerability to rising energy prices. Within the framework of the group's production strategy, PostNord's efforts include setting up a new terminal structure in Sweden that will reduce the group's environmental impact, and switching to more eco-efficient vehicles. Read more about PostNord's environmental operations on page 59.

### 3. Financial risks

Market changes and PostNord's business development involve significant investments and major non-recurring restructuring costs that will burden the group's cash flows and profit in 2014. Financing is secured through improvements to operative cash flows and the maintenance of an effective capital structure that includes the utilization of external financing. Improvements to cash flows from operating activities will be achieved through the gradual improvement of the businesses' operating profit and by releasing capital through improved capital efficiency. During 2013 PostNord identified additional potential for capital efficiency. Apart from risks associated with the management of financial preparedness, financial risks are, in short, limited. Risk management is focused on good diversification of credit risks and limiting the effects of interest rate and currency changes. Financial risks are managed centrally based on the Financial Policy adopted by the Board of Directors.

Financial preparedness is continuously appraised and is comprised of binding loan commitments and liquidity reserves. Customer credit risks are managed through systematic credit evaluations and follow up.

The group limits risks related to the investment of cash and cash equivalents and counterparty risk in financial instruments by working only with counterparties that have high credit standing. PostNord has limited exposure to market risks in the form of currency risks and interest rate risks, although the group's international presence and operations do entail translation exposure. Pursuant to the Group's Financial Policy, translation exposure is not hedged.

Read more about the management of financial risks in Note 29, Financial Risk Management and Financial Instruments.

Posten's Pension Fund manages assets for pension commitments for Posten AB, Posten Meddelande AB and Posten Logistik AB. Changes in the market rate of interest and actuarial assumptions

produce changes in the group's pension liabilities and equity. A low consolidation ratio in the Pension Fund may negatively impact the group's cash flows.

PostNord uses board representation to achieve prudent asset allocation and a balanced withdrawal of compensation for pension payments. PostNord Pension assets are allocated among multiple asset classes for good diversification. The group works with a review of pension governance, derivative solutions and scenario planning to assess pension commitments.

Read more about the management of pensions in Note 23, Pensions.

### Sensitivity analysis

Area	Variable	Change	Impact on profit, SEKm
Personnel risks	Change in personnel expenses	+/- 1 percentage point	186
	Change in sick leave levels	+/- 1 percentage point	115
Volume risks	Change in physical mail volumes	+/- 1 percentage point	110
	Change in logistics volumes	+/- 1 percentage point	80
Interest rate risks	Change in market rate of interest	+/- 1 percentage point	-3
Currency risks	Translation exposure	+/- 1 percentage point	61
<b>Pensions</b>			
Note 23	Change in interest margin on pension liabilities	-0.1% percentage point	-16
Note 23	Change in discount rate and expected rate of return on assets under management	-0.5% percentage point	-1
Note 23	Change in salaries and wages	+0.5% percentage point	-28
Note 23	Change in income base amount	-0.5% percentage point	-9
Note 23	Change in inflation	+0.5% percentage point	-55

# Consolidated financial statements

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# Consolidated financial statements

## Income statement

SEKm	Note	2013	2012	Change
	1, 2			
Net sales		39,533	38,920	2%
Other income	3	233	253	-8%
<b>Income</b>	4	<b>39,766</b>	<b>39,173</b>	<b>2%</b>
Personnel expenses	5	-18,623	-18,338 <sup>1)</sup>	-2%
Transport expenses		-8,953	-8,084	-11%
Other expenses	6, 7, 24	-9,876	-10,348	5%
Depreciation and impairments	8	-1,648	-1,899	13%
<b>Expenses</b>		<b>-39,100</b>	<b>-38,669<sup>1)</sup></b>	<b>-1%</b>
Participations in the earnings of associated companies		10	7	43%
<b>OPERATING PROFIT</b>		<b>676</b>	<b>511<sup>1)</sup></b>	<b>32%</b>
Financial income	9	50	238 <sup>1)</sup>	-79%
Financial expenses	9	-258	-382 <sup>1)</sup>	32%
<b>Net financial items</b>		<b>-208</b>	<b>-144<sup>1)</sup></b>	<b>-44%</b>
<b>Profit before tax</b>		<b>468</b>	<b>367<sup>1)</sup></b>	<b>28%</b>
Tax	10	-146	-120 <sup>1)</sup>	-22%
<b>NET PROFIT</b>		<b>322</b>	<b>247<sup>1)</sup></b>	<b>30%</b>
<b>Attributable to</b>				
Parent company shareholders		319	245 <sup>1)</sup>	30%
Minority interests		3	2	
Earnings per share, SEK		0.16	0.12 <sup>1)</sup>	30%

## Comprehensive income statement

SEKm	2013	2012
<b>NET PROFIT</b>	<b>322</b>	<b>247</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		
<b>Items that cannot be transferred to net profit</b>		
Revaluation of pension liabilities	1,821	-1,232 <sup>1)</sup>
Change in deferred tax	-401	271 <sup>1)</sup>
<b>Total revaluation, pension liabilities</b>	<b>1,420</b>	<b>-961<sup>1)</sup></b>
<b>Items that have been or may be transferred to net profit</b>		
Translation differences <sup>2)</sup>	-107	-258
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>1,313</b>	<b>-1,219</b>
<b>COMPREHENSIVE INCOME</b>	<b>1,635</b>	<b>-972<sup>1)</sup></b>
<b>Attributable to</b>		
Parent company shareholders	1,632	-974 <sup>1)</sup>
Minority interests	3	2

<sup>1)</sup> Restated due to IAS 19 Revised, Employee Benefits.

<sup>2)</sup> Translation differences refer to the translation of group equity in foreign currencies.



## Balance sheets

SEKm	Note	Dec 31, 2013	Dec 31, 2012
	1, 2		
<b>ASSETS</b>			
Goodwill	12	3,295	3,190
Other intangible assets	12	1,597	1,579
Tangible fixed assets	13, 14	9,401	8,762
Participations in associated companies and joint ventures	11	65	79
Financial investments	15, 29	211	216
Long-term receivables	16	1,015	1,014 <sup>1)</sup>
Deferred tax assets	17	540	1,413 <sup>1)</sup>
<b>Total fixed assets</b>		<b>16,124</b>	<b>16,253</b>
Inventories	18	227	193
Tax assets		169	278
Accounts receivable	19	4,632	4,718
Prepaid expenses and accrued income	20	1,526	1,122
Other receivables	29	514	1,092
Short-term investments	15, 29	163	4
Cash and cash equivalents	21, 29	1,973	3,046
Assets held for sale	8	390	100
<b>Total current assets</b>		<b>9,594</b>	<b>10,553</b>
<b>TOTAL ASSETS</b>		<b>25,718</b>	<b>26,806</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Capital stock		2,000	2,000
Other contributed equity		9,954	9,954
Reserves		-1,917	-1,810
Retained earnings		-978	-2,614 <sup>1)</sup>
<b>Total equity attributable to parent company shareholders</b>		<b>9,059</b>	<b>7,530</b>
<b>Minority interests</b>		<b>4</b>	<b>3</b>
<b>TOTAL EQUITY</b>		<b>9,063</b>	<b>7,533</b>
<b>LIABILITIES</b>			
Long-term interest-bearing liabilities	22, 29	4,315	3,845
Other long-term liabilities		79	37
Pension provisions	23	375	3,033 <sup>1)</sup>
Other provisions	24	1,386	1,585 <sup>1)</sup>
Deferred tax liabilities	17	1,017	1,393 <sup>1)</sup>
<b>Total long-term liabilities</b>		<b>7,172</b>	<b>9,893</b>
Current interest-bearing liabilities	22, 29	274	467
Accounts payable		2,879	2,514
Tax liabilities		88	78
Other current liabilities		1,775	1,897
Accrued expenses and prepaid income	25	3,912	4,065
Other provisions	24	555	359
<b>Total current liabilities</b>		<b>9,483</b>	<b>9,380</b>
<b>TOTAL LIABILITIES</b>		<b>16,655</b>	<b>19,273</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>25,718</b>	<b>26,806</b>

<sup>1)</sup> Restated due to changes in IAS 19 Revised, Employee Benefits.

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

## Statement of cash flows

SEKm	Note	2013	2012
<b>OPERATING ACTIVITIES</b>			
Profit before tax		468	367 <sup>1)</sup>
<b>Adjustments for non-cash items</b>			
Reversal of depreciation and impairments		1,648	1,899
Profit from sale of subsidiaries		-1	-5
Capital gain/loss on sale of fixed assets		61	17
Change in pension liability		426	597 <sup>1)</sup>
Other provisions		402	579
Other items not affecting liquidity		0	-8
Pensions paid		-1,070	-1,081
Other provisions, liquidity effect		-428	-405
Tax paid		44	-184
<b>Cash flows from operating activities before changes in working capital</b>		<b>1,550</b>	<b>1,776</b>
<b>Cash flows from changes in working capital</b>			
Increase (-)/decrease(+) in inventories		-34	27
Increase (-)/decrease(+) in accounts receivable		55	-558
Increase (+)/decrease (-) in accounts payable		56	536
Other changes in working capital		35	44
<b>Changes in working capital</b>		<b>112</b>	<b>49</b>
<b>Cash flows from operating activities</b>	28	<b>1,662</b>	<b>1,825</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		-1,896	-1,994
Sale of tangible fixed assets		62	201
Capitalized development expenditures		-234	-301
Purchase of other intangible assets		-111	-36
Acquisition of subsidiaries, net liquidity effect	31	-336	-1,420
Sale of subsidiaries, net liquidity effect	31		46
Change in financial assets		-138	-29
<b>Cash flows from investing activities</b>		<b>-2,653</b>	<b>-3,533</b>
<b>FINANCING ACTIVITIES</b>			
Amortized loans		-219	-2,137
New loans raised		400	5,419
Change in finance leasing liabilities		-61	-25
Dividend paid to parent company owners		-103	-368
Dividend paid to minority interests		-2	-2
Change in value of pension benefits		-194	-200 <sup>1)</sup>
Increase (+)/decrease (-) in other interest-bearing liabilities		97	-33
<b>Cash flows from financing activities</b>		<b>-82</b>	<b>2,654</b>
<b>CASH FLOWS FOR THE PERIOD</b>			
Cash and cash equivalents, beginning of the period		3,046	2,107
Translation difference in cash and cash equivalents		0	-7
<b>Cash and cash equivalents, end of period</b>	21	<b>1,973</b>	<b>3,046</b>

<sup>1)</sup> Restated due to changes in IAS 19 Revised, Employee Benefits.

## Statement of changes in equity

SEKm	Equity attributable to parent company shareholders						
	Capital stock <sup>1)</sup>	Contributed equity	Translation differences in equity	Retained earnings	Total	Minority interests	Total equity
<b>Beginning balance as of 01-01-2012</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,552</b>	<b>1,525</b>	<b>11,927</b>	<b>3</b>	<b>11,930</b>
<b>Change to BB due to IAS 19</b>				<b>-3,055<sup>2)</sup></b>	<b>-3,055<sup>2)</sup></b>		<b>-3,055<sup>2)</sup></b>
<b>New beginning balance as of 01-01-2012</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,552</b>	<b>-1,530<sup>2)</sup></b>	<b>8,872<sup>2)</sup></b>	<b>3</b>	<b>8,875<sup>2)</sup></b>
<b>Revaluation that cannot be transferred to net profit</b>							
Revaluation of pension liabilities				-1,231 <sup>2)</sup>	-1,231 <sup>2)</sup>		-1,231 <sup>2)</sup>
Deferred tax				271 <sup>2)</sup>	271 <sup>2)</sup>		271 <sup>2)</sup>
<b>Items that have been or may be transferred to net profit</b>							
Other translation differences <sup>3)</sup>			-258		-258	-1	-259
<b>Total other comprehensive income</b>			<b>-258</b>	<b>-960<sup>2)</sup></b>	<b>-1,218<sup>2)</sup></b>	<b>-1</b>	<b>-1,219<sup>2)</sup></b>
Net profit				244 <sup>2)</sup>	244 <sup>2)</sup>	3	247 <sup>2)</sup>
Dividend <sup>4)</sup>				-368	-368	-2	-370
<b>Ending balance as of 12-31-2012</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,810</b>	<b>-2,614<sup>2)</sup></b>	<b>7,530</b>	<b>3</b>	<b>7,533<sup>2)</sup></b>
<b>Revaluation that cannot be attributed to net profit</b>							
Revaluation of pension liabilities				1,821	1,821		1,821
Deferred tax				-401	-401		-401
<b>Items that have been or may be transferred to net profit</b>							
Other translation differences <sup>3)</sup>			-107		-107		-107
<b>Total other comprehensive income</b>			<b>-107</b>	<b>1,420</b>	<b>1,313</b>		<b>1,313</b>
Net profit				319	319	3	322
Dividend <sup>4)</sup>				-103	-103	-2	-105
<b>Ending balance as of 12-31-2013</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,917</b>	<b>-978</b>	<b>9,059</b>	<b>4</b>	<b>9,063</b>

<sup>1)</sup> Number of shares is 2,000,000,001: 1,524,905,971 ordinary shares and 475,094,030 series B shares.

<sup>2)</sup> Restated due to changes in IAS 19 Revised, Employee Benefits.

<sup>3)</sup> Refers to translation differences in group equity.

<sup>4)</sup> A dividend of SEK 103m (368), representing SEK 0.05 (0.18) per share, was distributed by the parent company to the owners. Svensk Adressändring AB and Adresspoint AB distributed a dividend of SEK 2m (2) to minority interests.

# Consolidated notes

## NOTE 1 ACCOUNTING PRINCIPLES

### Compliance with legislation and regulations

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), together with interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC), to the extent that they have been approved by the European Commission for application within the European Union. The Swedish Annual Accounts Act and the Swedish Financial Reporting Board's rule RFR 1, Supplemental Financial Statements for Groups, have also been applied.

The parent company applies the same accounting principles as the group, with exceptions specified in Note 1, Accounting Principles for the parent company. The differences between the parent company's and the group's accounting principles result from the parent company's limitations in applying IFRS as a consequence of the Swedish Accounts Act and the Act of Safeguarding of Pension Commitments, and are to some extent based on tax considerations.

### Basis of preparation for parent company and consolidated financial statements

The parent company's functional currency is SEK, which is also the reporting currency for the consolidated and parent company accounts. This means that all financial reports are presented in SEK. Unless otherwise specified, all figures are rounded to the nearest million. Assets and liabilities are primarily carried at acquisition cost, with the exception of certain financial assets and liabilities that are reported at fair value. These financial assets and liabilities reported at fair value consist of derivatives as well as financial assets classified either as "financial assets reported at fair value in the income statement" or as "available-for-sale financial assets". (See the description of categories in the "Financial Instruments" section). Available-for-sale fixed assets and disposable items held for trading are reported at the lower of their fair value less the cost of sale or the value at which they were previously reported.

The reporting under IFRS requires the executive management to make assessments, estimates and assumptions that affect the application of the accounting principles and the reported values of assets, liabilities, income and costs. These estimates and assumptions are based on historical experience and a number of other factors considered reasonable under prevailing circumstances. The results of these estimates and assumptions are used to assess the reported values of assets and liabilities whose values cannot be clearly determined using

other sources. Actual future values may differ from these estimates and assessments.

The estimates and assumptions used are reviewed regularly. Changes in estimates or valuations are reported in the period when the change is made, if the change only affects that period, or are reported in future periods as well, if the change affects the original as well as subsequent periods.

Assessments made by executive management in the application of IFRS that have a material effect on the financial reports as well as estimates that can lead to significant adjustments in subsequent fiscal year's financial reports are described in further detail in Note 2, Estimates and Assessments, and in relevant notes where estimates have been used.

The consolidated accounting principles have been applied consistently during all periods presented in the group's financial statements and in the consolidation of subsidiaries, associated companies and joint ventures.

### Changes in accounting principles

Changes in accounting principles applicable as of January 1, 2013 due to changes to IFRS are described below. Other changes to IFRS valid as of 2013 have not had any material effect on the company's or the group's reporting.

**IAS 19 Revised, Employee Benefits.** The "corridor method" will be removed under the amendment. Actuarial gains and losses that have not previously been reported to the extent that they were not amortized during the coming year have been reported as of 01-01-2013 in "other comprehensive income". The new regulations also stipulate that reporting of return on assets under management for pension benefits shall be based on the discount rate used to calculate pension commitments. The difference between actual return and estimated return has therefore been reported in "other comprehensive income". The change affected the group's "operating profit" (EBIT), as amortization of actuarial gains and losses is no longer reported as part of personnel expenses. In the current situation, with unreported actuarial losses, the change had a positive effect on "operating profit". Net financial items were adversely affected as compared to current reporting, as the presumed return is and has been 1 percentage point over the discount rate. The impact on equity and other comprehensive income may produce major fluctuations due primarily to varying discount rates between reporting periods. The change has been applied as of January 1, 2013, with comparative figures for 2012. The effect of the transition to the new rule is shown in the tables.

The group's consolidated balance sheet as of January 1, 2013 has been adjusted as follows:

Balance sheet, SEKm	Dec 31, 2011	Adjust- ment	New IAS 19	Dec 31, 2012	Adjust- ment	New IAS 19
Financial receivables, pensions	3,967	-2,972	995	4,894	-3,931	963
Deferred tax assets		1,042	1,042	134	1,279	1,413
Other assets	21,443		21,443	24,430		24,430
<b>Total assets</b>	<b>25,410</b>	<b>-1,930</b>	<b>23,480</b>	<b>29,458</b>	<b>-2,652</b>	<b>26,806</b>
Equity	11,930	-3,055	8,875	11,559	-4,026	7,533
Pension liabilities	2,590	944	3,534	2,772	1,231	4,003
Deferred tax liabilities		181	181	1,250	143	1,393
Other liabilities	10,890		10,890	13,877		13,877
<b>Total equity and liabilities</b>	<b>25,410</b>	<b>-1,930</b>	<b>23,480</b>	<b>29,458</b>	<b>-2,652</b>	<b>26,806</b>

## Note 1, cont.

Comparative figures for 2012 have been adjusted as follows:

Income statement, SEKm	Jan-Dec 2012	Adjustment	New IAS 19
Total income	39,173		39,173
Total expenses	-38,816	147	-38,669
<i>of which, pension expenses</i>	-555	147	-408
Participations in associated companies	7		7
<b>Operating profit</b>	<b>364</b>	<b>147</b>	<b>511</b>
Net financial items	16	-160	-144
<i>of which, pensions</i>	72	-160	-87
Tax	-123	3	-120
<b>Net profit</b>	<b>257</b>	<b>-10</b>	<b>247</b>
<b>Comprehensive income statement</b>			
<b>Revaluation of net pension liability</b>			
Change in assets		-383	-383
Change in liabilities		-849	-849
Change in deferred tax		271	271
<b>Total revaluation, pension liability</b>		<b>-961</b>	<b>-961</b>
Translation differences	-258		-258
<b>Comprehensive income</b>	<b>-1</b>	<b>-971</b>	<b>-972</b>

Statement of cashflows, SEKm	Jan-Dec 2012	Adjustment	New IAS 19
<b>OPERATING ACTIVITIES</b>			
Profit before tax	380	-13	367
<b>Adjustments for items not included in cash flows</b>			
Pension assets	506	13	519

**IFRS 13 Fair Value Measurement** is a new standard to establish uniform principles for ways in which fair value measurements should be conducted. It clarifies and describes the valuation methods' precedence and validity for fair value and has been applied as of January 1, 2013.

**IAS 1 Presentation of Financial Statements** Amended so that "other comprehensive income" items are divided into two categories: items that will be reclassified into net profit and items that will not be reclassified. Items to be reclassified include translation differences and gains and losses for cash flow hedges. The amendment has been applied as of January 1, 2013.

#### Future changes to accounting principles that take effect in 2014 or later

Several new IFRS standards take effect during forthcoming financial years. The amended standards that are expected to impact the group are listed below. These IFRS standards have not been applied in advance.

**IFRS 10 Consolidated Financial Statements** is a new standard with new principles for assessing when control exists over an investee that must thereby be included in the consolidated financial statements. Control requires that the parent company have exposure or rights to variable returns by virtue of its involvement with the investee and the ability to affect those returns through power over an investee. The EU requires the application of IFRS 10 as of January 1, 2014. Based on current conditions, it is not considered that IFRS 10 will have an effect on the group's consolidation of subsidiaries.

**IFRS 11 Joint Arrangements** is a new standard outlining the accounting by joint ventures and joint operations. The proportional method or equivalent is used for joint operations, while

the equity method is used for reporting joint ventures. It will no longer be permissible to use the proportional method for joint ventures. The EU requires the application of the standard as of January 1, 2014. Based on current conditions, it is considered that the standard will have an insignificant effect on the group.

**IFRS 12 Disclosure of Interests in Other Entities** is a new standard for information on investments in subsidiaries, joint ventures, associated companies and separate unconsolidated units. For the group, the standard chiefly involves increased requirements for information concerning risks. The standard is to be applied as of January 1, 2014.

**IFRS 9 Financial Instruments** will replace the current IAS 39, Financial Instruments: Recognition and Measurement, with application tentatively required as of 2017 at the earliest. IFRS 9 deals with classification and valuation of financial assets and liabilities and hedge accounting. IFRS 9 will be supplemented with new regulations on the amortization of financial assets. IFRS 9 has not yet been approved for application by the EU, and such approval is not anticipated until the EU has made a decision on a complete IFRS 9 that also includes regulations on amortization. The company has therefore decided to wait with doing an impact analysis and making a decision on early application.

Changes to other future standards have not been applied to the parent company or group's accounting. The company has elected not to apply new and amended future accounting principles, interpretations or improvements ("Improvements to IFRSs") in advance.

#### Segment reporting

A segment is a component of the group that can be distinguished for financial reporting purposes, comprising operational divisions or geographic areas. A segment is identified by the fact that its divisions offer similar products and services and that it is exposed to different risks and opportunities from those of other segments. Segment accounting is based on management's segment reporting. PostNord Group's segment grouping is based on its universal service obligation for mail and parcel services in Sweden and Denmark, and on its mission to offer information logistics and logistics services in the Nordic region. Information on segments is available only for the group.

#### Classification, etc.

Fixed assets and long-term liabilities essentially comprise amounts expected to be recovered or paid more than 12 months from the close of the accounting period. Current assets and current liabilities for the parent company and group essentially comprise amounts expected to be recovered or paid within 12 months from the close of the accounting period.

#### Basis of consolidation

The Swedish Ministry of Enterprise, Energy and Communications and the Danish Ministry of Transport announced on February 2, 2009 that Posten AB and Posten Danmark A/S had signed an agreement to merge the companies through a joint venture between the Swedish and Danish states. The owners founded a new company, today named PostNord AB, which became the parent company of the joint group as of June 24, 2009. The Posten AB and Post Danmark A/S groups were consolidated as of July 1, 2009.

The merger has been reported in accordance with the "carry-over method", meaning that consolidated net assets are reported at the reported values in the accounts of Posten AB and Post Danmark A/S, respectively, at the time of the merger. For reported values as of December 31, 2009, this means that PostNord's consolidated balance sheet comprises the book values that the two companies would have had if each were reported individually. The group's opening balances are the book values of each company's balance sheet at the time of the merger. Therefore, pension liabilities were not recalculated actuarially as of the merger date and no revaluation of assets was performed. In compiling the consolidated Notes, opening balances (as required and not reported at time of merger) were calculated based on 12-31-09 balances and reported changes and income items.

Note 1, cont.

**Subsidiaries**

Subsidiaries are companies in which PostNord AB exercises a controlling influence. This implies directly or indirectly holding the right to set the companies' financial and operational strategies with the aim of attaining financial benefits. Voting rights that can be exercised or immediately converted are considered when determining the existence of a controlling influence.

Subsidiaries are reported in accordance with acquisition method. Under this method, an acquisition is treated as a transaction in which the group indirectly acquires the assets and assumes the actual and contingent liabilities of the subsidiary. The consolidated acquisition cost is calculated using an acquisition analysis performed upon acquisition. The analysis determines the acquisition cost of the shares or operations as well as the fair value of the assets acquired and the actual and contingent liabilities assumed at the acquisition date. The acquisition cost of a subsidiary's shares or its operations consists of the fair value on the acquisition date of assets, realized or assumed liabilities and equity instruments issued in exchange for the net assets acquired. Acquisition costs attributable to the acquisition are only capitalized for legal entities in line with local accounting and taxation regulations, and are expensed in the consolidated financial statements. Conditional purchase consideration is fixed at fair value at acquisition date. Adjustments made to the related liability for the conditional purchase consideration through the settlement date are reported in total income. The difference between the acquisition cost for subsidiary shares and the fair value of acquired identifiable assets, assumed liabilities and contingent liabilities comprise consolidated goodwill. Ownership changes are reported as equity transactions as long as control is maintained. When controlling influence ceases, gains and losses are reported in net profit and the remainder is revalued in income.

Subsidiaries' accounts are included in the consolidated statements from the date of acquisition until the date on which the controlling influence ceases to exist.

**Associated companies**

Associated companies are companies in which the group has a significant, but not controlling, influence on operational and financial management, normally between 20 and 50% of the voting rights. Participations in associated companies are reported in the consolidated statements using the equity method from the date on which the significant influence is established. Under the equity method, the consolidated book value of a participation in an associated company corresponds to the group's share of that company's equity as well as consolidated goodwill and any residual value of consolidated surplus and deficit values. The group's share of associated companies' net income is reported in the consolidated income statement after being adjusted for any depreciation, impairments or dissolution of acquired surplus or deficit values. Dividends received from an associated company reduce the reported value of that investment. The group's acquisition cost, goodwill and any deficit values are determined in the same way as for subsidiaries, using an acquisition analysis (see the "Subsidiaries" section above), except that acquisition costs are capitalized in the group.

The equity method is applied until the date on which the significant influence ceases to exist.

**Joint ventures**

For reporting purposes, a joint venture is a company in which the group exercises a significant influence on operational and financial management decisions jointly with one or more partners based on an agreement. Joint ventures are consolidated in the accounts using the proportional method. Under the proportional method, the group's stake in each joint venture's income and costs as well as assets and liabilities are consolidated in the group's income statement and balance sheet. This is done by combining, item by item, the joint venture partner's stake in assets and liabilities and income and costs with the corresponding items in the partner's consolidated accounts. Only equity earned after the acquisition is reported in consolidated equity. The proportional method is applied from the date on which the joint controlling influence is established, until the date on which that influence ceases.

**Transactions eliminated on consolidation**

Intra-group receivables and liabilities, income and costs, and gains or losses arising from intercompany transactions are eliminated in their entirety upon consolidation. Intra-group losses that indicate impairment are included in the consolidated accounts.

Gains and losses resulting from transactions with associated companies or joint ventures are eliminated in proportion to the group's stake in those businesses. Losses are recognized to the extent they indicate impairment.

**Foreign currency**

**Foreign currency transactions**

A group's functional currency is the currency of the primary economies in which the companies in the group operate. The group consists of the parent company, subsidiaries, associated companies and joint ventures.

Transactions in foreign currencies are translated into the functional currency at the rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate on the balance sheet date. Foreign exchange differences arising from these translations are reported in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and reported at their acquisition costs are translated at the rate prevailing on the transaction date. Non-monetary assets and liabilities denominated in foreign currencies and reported at fair value are translated into the functional currency using the exchange rate on the date of valuation. Changes in exchange rates are then reported in the same way as other changes in the value of assets or liabilities.

**Foreign entities' financial statements**

Assets and liabilities held by foreign entities, including goodwill and other consolidated surplus and deficit values, are translated into SEK at the exchange rate prevailing on the balance sheet date. Income and costs in foreign entities are translated into SEK using an average exchange rate, approximately equal to the exchange rates prevailing on the transaction date. Translation differences arising from the translation of foreign entities are recognized directly in other comprehensive income.

**Income**

Income from services is reported in the income statement based on the stage of completion at the balance sheet date. The Mail and Logistics business segments recognize income when a physical mail item has been collected for physical transport. Income related to services featuring an electronic component (hybrid service) is recognized once the object has been converted into a physical format and been received for physical transport in the form of a mail item. Mail processing facility fees relate to the handling period; that is, the period in which the mail item was received from abroad. Distribution income is recognized in the period in which the service is performed. Income from post office boxes is accrued over the contract duration. Services in Information Logistics are generally performed over a short period of time, the income recognized when the service has been delivered.

The sale of goods is recognized upon delivery in accordance with the terms and conditions of sale, such that income is reported when the risks and rewards associated with the goods are transferred to the counterparty.

Income is not recognized if the financial rewards are unlikely to befall the group. Net sales are reported excluding value-added tax and in view of intended discounts and similar income reductions.

**Operating expenses and financial income and expenses**

**Operating expenses**

Personnel expenses are attributed to the period in which duties are performed. Changes in vacation and wage liabilities are reported on an ongoing basis, as employee entitlements accrue. Thus, periods during which large numbers of employees are on vacation usually feature below-average personnel expenses. Other expenses are reported in the period during which the goods or services have been delivered or utilized (e.g. rental costs).

## Note 1, cont.

**Payments for assets leased under operational leases**

Payments for operational leases are reported in the income statement on a straight-line basis over the leasing period. Rewards received upon signing a leasing contract are reported as part of the total leasing cost in the income statement on a straight-line basis over the leasing period. Variable costs are expensed in the period in which they arise.

**Payments for assets leased under finance leases**

Minimum lease payments are divided between interest and amortization of the remaining liability. Interest expenses are distributed over the leasing period so that each reporting period is charged with a payment corresponding to a fixed interest rate for the liability reported in that period. Variable costs are expensed in the period in which they arise.

**Financial income and expenses**

Financial income and expenses consist of interest income from bank deposits, receivables and interest-bearing securities; interest paid on loans; dividend income; exchange rate differences; unrealized and realized gains and losses on financial investments; and derivatives used in financial operations. The interest on pension liabilities and the return on assets under management for pensions calculated according to IAS 19 are reported in net financial items.

Interest income on receivables and interest expense on liabilities are calculated using the effective interest method. When the effective interest rate is used, the present value of all receipts and disbursements during the fixed-interest term equals the reported value of the receivable or liability. The interest component of a finance lease payment is reported in the income statement using the effective interest method. Interest income and expense include accrued transaction costs and any discounts, premiums or other differences between the original reported value of the receivable or liability and the amount settled at maturity.

Issue expenses and similar direct transaction costs related to raising loans are included in the calculation of effective interest.

Dividend income is recognized when the right to receive dividends has been confirmed.

**Financial instruments**

Financial instruments reported on the assets side of the balance sheet include cash and cash equivalents, accounts receivable, shares, loans receivable, bond premiums and derivatives. Reported on the equity and liabilities side are accounts payable, debt and equity instruments issued, loans and derivatives.

Financial instruments are initially recognized at acquisition cost, equivalent to the instrument's fair value plus transaction costs, for all financial instruments except those classified as financial assets reported at fair value in the income statement. Subsequent accounting differs, depending on how the financial instrument is classified, as detailed below.

A financial asset or liability is entered on the balance sheet when the company becomes a party to the instrument's terms and conditions. Accounts receivable are recognized on the balance sheet once the invoice has been sent. Liabilities are recognized when a counterparty has rendered services and payment is due under the terms of the contract, even if an invoice has yet to be received. Accounts payable are recognized when an invoice is received.

Financial assets are taken off the balance sheet when the rights of the contract have been realized, when they mature or when they are no longer controlled by the company. The same applies to portions of financial assets. Financial liabilities are taken off the balance sheet when contractual obligations are fulfilled or otherwise cease. The same applies to portions of financial liabilities.

Acquisitions and disposals of financial assets are recorded on the date of transaction, which is the day on which the company becomes legally bound to acquire or dispose of the financial assets. This does not apply to the acquisition or disposal of listed securities, which are recorded on the settlement date.

The fair value of a listed financial asset corresponds to the asset's bid rate in the market on the balance sheet date. The

fair value of unlisted financial assets, consisting of endowment insurance policies and cash, is ascertained through various valuation methods such as the use of recent transactions, the price of comparable instruments and discounted cash flows.

The values of financial assets and groups of financial assets are assessed by the company in every reporting period to discern any objective impairment. The criteria for determining the need for any impairment is primarily based on the counterparty's officially communicated inability to meet its obligations or on its ability to pay demonstrated by experience in the financial markets.

Financial instruments are classified into categories, depending on the purpose for which each instrument was acquired. The classification is determined at the time of acquisition. The categories are as follows:

**Financial assets reported at fair value in the income statement**

This category contains two subgroups: financial assets held for trading and other financial assets that the company has initially chosen to place in this category. A financial asset is classified as "held for trading" if acquired for the purpose of resale in the short term. Derivatives are classified as held for trading unless they are used for hedge accounting. Assets in this category are carried at their fair value, with changes in value recognized in the income statement.

**Loans receivable and accounts receivable**

Loans receivable and accounts receivable are financial assets that are not derivatives but have fixed payments or determinable payments and are not listed in an active market. They are created by the company when providing money, goods or services directly to the debtor, not for the purpose of trading in the right to recover the debt. This category includes acquired receivables. Assets in this category are valued at their amortized cost. The amortized cost is determined based on the effective interest rate calculated at the acquisition date.

**Held-to-maturity investments**

Held-to-maturity investments are financial assets with fixed or pre-determinable payments and fixed maturity, and which the company has the express intent and ability to hold to maturity. Assets in this category are valued at their amortized cost. The amortized cost is determined based on the effective interest rate calculated at the acquisition date. Thus, surplus and deficit values as well as direct transaction costs are distributed over the instrument's duration.

**Available-for-sale financial assets**

Available-for-sale assets are those financial assets that are not classified in any other category, or financial assets which the company has initially chosen to place in this category. Assets in this category are carried at their fair value, with changes in value recognized in equity, except those attributable to impairments. When the assets are disposed of and removed from the balance sheet, unrealized gains and losses in the equity are reversed to the income statement. Interest measured with the effective interest rate method, as well as dividend income and exchange rate differences, are recognized in the income statement.

**Financial liabilities held for trading and other financial assets**

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

**Other financial liabilities**

Financial liabilities not held for trading are valued at amortized cost. The amortized cost is determined based on the effective interest rate calculated at the acquisition date. Thus surplus and deficit values as well as direct issue expenses are distributed over the liability's duration. Borrowing costs attributable to the acquisition, construction or production of assets that take a significant time to complete will be capitalized.

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Note 1, cont.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash, money in demand deposits at banks and similar institutions, and short-term liquid investments with maturities shorter than three months from the date of acquisition that are exposed to minimal risk of fluctuation in value. Funds in transfer on the statement of cash flows are not treated as cash and cash equivalents. They are accounting items that PostNord transfers on behalf of customers. These funds are therefore unavailable to PostNord and may not be used by its business operations. The Funds in Transfer item fluctuates independently of operating earnings, investments and other payment streams in the business operations.

**Financial investments**

Financial investments are classified either as financial fixed assets or short-term investments, depending on the purpose of the investment. If the maturity or expected investment period is longer than one year, they are classified as financial fixed assets; if shorter than one year but longer than three months, they are short-term investments.

Interest-bearing securities acquired with the aim of being held to maturity belong to the category "financial investments held to maturity" and are valued at amortized cost. Interest-bearing securities that the company does not intend to hold to maturity are classified as "financial assets recognized at fair value in the income statement" or "available-for-sale financial assets".

When assets are reported at fair value in the income statement, changes in value are recognized under net financial items.

**Long-term receivables and other short-term receivables**

Long-term receivables and other short-term receivables are receivables created by the company when providing money not for the purpose of trading in the right to recover the debt. Those with an expected holding period longer than one year are classified as long-term receivables, those less than one year as other short-term receivables. These receivables belong to the category Loans Receivable and Accounts Receivable.

**Accounts receivable**

Accounts receivable are classified under Loans Receivable and Accounts Receivable. Accounts receivable are reported at the amount expected to be received less doubtful receivables, assessed on an individual basis. Accounts receivable are written down when considered doubtful; that is, if more than 90 days past due or due from a customer with a history of payment difficulties. Accounts receivable from customers recognized as solvent and with good payment histories are not considered doubtful even if more than 90 days past due as long as the customer can be expected to pay appropriate interest. The expected maturity of accounts receivable is short, so they are reported at their non-discounted nominal value. Impairments on accounts receivable are reported under expenses.

**Liabilities**

Liabilities are classified as other financial liabilities and are thus initially reported at the amounts received less transaction costs. After its acquisition date, a loan is valued at its amortized cost using the effective interest rate method. Those with an expected maturity of more than one year are classified as long-term liabilities, and those of less than one year as short-term liabilities.

**Accounts payable**

Accounts payable are classified under other financial liabilities. The expected maturity of accounts payable is short, so they are valued at their non-discounted nominal value.

**Derivatives and hedge accounting**

Derivatives held by the group are in the form of forward contracts used to minimize the group's exposure to fluctuations in exchange rates and electricity rates. Changes in the values of derivatives are recognized in the income statement, based on the purpose of the holding.

**Foreign currency receivables and liabilities**

Forward contracts are used to hedge assets and liabilities against foreign exchange risk. Hedge accounting is unnecessary for matching, as the hedged item is translated at the exchange rate on the balance sheet date and the hedge instrument is measured at fair value with changes in value recognized in the income statement under foreign exchange differences. PostNord thereby achieves essentially the same matching of income and expenses as through hedge accounting. Changes in value related to operating receivables and liabilities are recognized under operating profit, while changes in value related to financial receivables and liabilities are recognized under net financial items.

**Transaction exposure - cash-flow hedges**

Forward contracts are used to hedge exposure to fluctuations in exchange rates related to cash flows under contractual agreements. Value changes are recognized in the income statement.

**Net investments**

Investments in foreign subsidiaries (net assets including goodwill) are not hedged. At year-end they are translated at the exchange rate on the balance sheet date. Foreign exchange differences recognized in the parent company's income statement are eliminated in the consolidated accounts through revaluation of the net assets in the subsidiary included in equity.

**Tangible fixed assets**

**Owned assets**

Tangible fixed assets are entered as assets on the balance sheet when it is likely that the future financial rewards of ownership will befall the company, and if the acquisition cost of the asset can be reliably determined.

Tangible fixed assets are reported at acquisition cost less accumulated depreciation and impairments. The acquisition cost consists of the purchase price as well as costs directly related to bringing the asset to the necessary place and condition for its use in accordance with the purpose of the acquisition. Examples of directly related costs included in acquisition cost are delivery and handling, installation, registration of title, consulting fees and legal fees. Loan expenses are not included in the acquisition cost of fixed assets produced by the company. Accounting principles for depreciations are described below.

Tangible fixed assets consisting of parts with different useful lives are treated as separate components of tangible fixed assets.

The reported value of a tangible fixed asset is taken off the balance sheet when the asset is discarded or disposed of, or when no further financial rewards are expected to be gained from the use or disposal/ sale of the asset. Gains or losses arising from the discarding or disposal of an asset are calculated as the difference between the sale price and the asset's carrying value, less expenses directly related to the sale. Gains and losses are reported under other income/expenses.

**Leased assets**

Leases are classified in the consolidated financial statements as either finance or operational leases. Under finance leases, the economic risks and rewards associated with ownership are essentially transferred to the lessee. If such is not the case, the agreement is deemed an operational lease.

Assets leased through finance lease agreements are reported as assets in the consolidated balance sheets. Obligations to pay leasing payments in the future are reported as current and long-term liabilities. Leased assets are depreciated according to plan, while lease payments are reported as interest and amortization of the liability.

For operational leases, leasing fees are expensed during the term based on usage and thus may differ from the leasing fees actually paid during the year.



**Note 1, cont.****Additional costs**

Additional costs related to tangible assets are added to the acquisition cost only when it is likely that the future financial rewards of the asset will befall the company and the acquisition cost can be determined reliably. All other additional costs are reported as expenses in the period in which they were incurred.

Critical to the determination of whether additional costs should be added to the acquisition cost is whether or not the charge is related to exchanges of identifiable components or subcomponents; if so, such charges are capitalized. The cost of creating a new component is also added to the acquisition cost. Any reported value of an exchanged component or sub-component not already depreciated is discarded and recognized as an expense at the date of exchange. Repairs are expensed as they arise.

**Depreciation principles**

Tangible fixed 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, such that the estimated useful lives of material subcomponents are a basis for depreciation.

**The depreciation periods are as follows:**

<b>Buildings, land improvements and improvements to leased properties</b>	<b>20-50 years</b>
<b>Equipment and installations for leased premises</b>	<b>5-10 years</b>
<b>Sorting equipment</b>	<b>5-10 years</b>
<b>Vehicles</b>	<b>4-10 years</b>
<b>Computer equipment</b>	<b>3-7 years</b>
<b>Other machinery and equipment</b>	<b>3-10 years</b>

The residual values and estimated useful lives of assets are evaluated annually.

**Intangible assets****Goodwill**

Goodwill represents the difference between the acquisition cost of a subsidiary and the fair value of the acquired identifiable assets and assumed and contingent liabilities.

The group has not applied IFRS retroactively to goodwill arising from business combinations occurring prior to January 1, 2004; rather, the reported value at that date has been taken as the consolidated acquisition cost, after impairment testing.

Goodwill is measured at acquisition cost less any accumulated impairments. Goodwill is allocated to cash-generating units and is not amortized but is tested for impairment annually. Goodwill arising from the acquisition of an associated company is included in the reported value of the holding in that associated company.

Goodwill relates mainly to the acquisition of the DPD businesses in 2001, of Strålfors businesses in 2006 and of Tollpost AS. Goodwill from these acquisitions is denominated in SEK, NOK, EUR, GBP and DKK.

**Capitalized development expenditures**

Development-related expenditures are capitalized whenever it is deemed they will provide future financial benefits. The reported value includes direct expenses for acquired services and materials. Other development expenditures are expensed in the income statement as they arise. Capitalized development expenditures are reported on the balance sheet at acquisition cost less accumulated amortization and impairments. PostNord defines development expenditures as costs related to the development of commercially viable services and products that can be incorporated into PostNord's offering. These costs include costs that are directly related to the newly developed offering. Development expenditures are capitalized when they satisfy IAS 38 criteria and are estimated to amount to a material sum for the overall development project. Other development expenditures are expensed as normal operating expenses.

The main criteria for capitalization are that the development efforts will lead to proven future rewards or cost savings and

cash flows and that the necessary technical and financial conditions exist for completing the development work once it has been commenced.

Other development projects, such as projects related to essential ERP systems, are capitalized when they amount to or are estimated to amount to a material sum for the overall project. Otherwise, such charges are expensed.

**Other intangible assets**

Other intangible assets comprise acquired brands and other rights, which are reported at the acquisition cost less accumulated amortization and impairments. Straight-line depreciation is used for the term of such rights, usually 5-10 years.

**Additional costs**

Additional costs related to capitalized intangible assets are recognized as assets on the balance sheet only when they enhance the future financial benefits that exceed the original assessments. All other payments are expensed as they arise.

**Amortization principles**

Amortization is reported in the income statement on a straight-line basis over each intangible asset's estimated useful life, where this can be ascertained. Goodwill and intangible assets with indeterminate useful lives are tested for impairment annually or as soon as there is an indication of impairment of the asset in question. Intangible assets are amortized from the date on which they were made available for use.

**The following amortization periods are applied:**

<b>Capitalized, completed development efforts</b>	<b>5-10 years</b>
<b>Brands, customer relations, licenses and other rights</b>	<b>5-10 years</b>

**Inventory**

Inventory is valued at the lower of acquisition value, determined using the first-in-first-out (FIFO) method, and net realizable value.

**Impairments**

The reported values of consolidated assets - with the exception of available-for-sale assets and disposal items reported in accordance with IFRS 5, investment properties, inventories, assets under management used to finance employee benefits, and deferred tax credit - are tested at each balance sheet date to discern the need for any impairment. If such indications exist, the asset's recoverable value is calculated. The assets listed as exceptions above are tested to applicable standards.

The recoverable value of goodwill, other intangible assets with indeterminate useful lives and intangible assets not yet ready for use is calculated annually.

For impairment of financial assets, see the "Financial Instruments" section.

An impairment loss is reported when the reported value of an asset of a cash-generating unit exceeds its recoverable value. Impairment losses are reported in the income statement.

Impairments on assets related to cash-generating units are primarily allocated to goodwill. Proportional impairments are subsequently charged to all other assets in the unit.

**Calculation of recoverable amount**

The reported values of the group's assets are tested at each balance sheet date to discern indications of impairment. If such indications exist, the recoverable value of individual or naturally affiliated assets is measured as the higher of the fair value less selling expenses and the useful value. The measurement of useful values is based on PostNord's assessment of future cash flows. In the measurement of useful values, future cash flows are discounted using a discount rate that takes into account risk-free interest and the risk linked to each specific asset. The assessments are based on the corporate business plans and are augmented by other relevant information, used to enhance accuracy.

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Note 1, cont.

**Reversal of impairments**

Impairment losses on goodwill are never reversed. Impairment of other assets is reversed if there is both an indication that the impairment no longer exists and a change in the assumptions used as a basis for measuring such assets' recoverable values.

An impairment is reversed only to the extent that the reported value of an asset, after reversal, does not exceed the reported value that the asset would have had if no impairment had been recognized, taking into account the amortization that would have been charged.

**Dividends paid**

Dividends are reported as liabilities after they have been approved for payment by the AGM.

**Employee benefits**

**Pension commitments**

PostNord pension commitments are met in part through defined benefit plans featuring a contractually binding promise regarding a given future pension level for employees, and in part through defined contribution plans for which premiums have been set aside and for which the employee assumes the risk as regards the future pension level. The group's obligations with respect to defined contribution plans are reported as personnel expenses in the income statement as they accrue through the employees' performance of their work duties. Most of the defined benefit plans consist of a pension plan set up for PostNord AB (publ) in Sweden and some smaller plans in Norway and France. Actuarial calculations are prepared for all defined benefit plans in accordance with the "projected unit credit method" in an effort to establish the present value of commitments concerning benefits for current and former employees. Actuarial calculations are prepared annually and are based on actuarial assumptions, which are made at the end of the fiscal year. These assumptions cover inflation, changes in the income base amount, personnel turnover, discount rates, rates of return and life expectancy.

The group's net commitments consist of the estimated present value of pension commitments less the fair value of assets under management. Changes in the present value of commitments owing to changed actuarial assumptions are treated as actuarial gains or losses. Actuarial gains and losses are reported in other comprehensive income. Pension provisions and similar commitments appearing on the Group's balance sheet equal the commitments' present value at fiscal year-end, less the fair value of assets under management including special payroll tax. A liability is reported if the value of the commitment exceeds the value of assets under management. If assets under management exceed commitments, an asset is reported in the consolidated balance sheet. If the pension cost and pension provision set for Swedish plans deviate from the corresponding amount in accordance with RedR 4, the difference is also reported for special payroll tax in accordance with UFR 4 (originally published as URA 43). For pensions and similar benefits financed through defined contribution plans, amounts corresponding to PostNord's annual fees for the plans are reported.

**Severance pay**

Provisions for severance pay are made only if PostNord can be proven to have committed to terminate an employment contract before its expiration, without a reasonable possibility of withdrawal. If compensation is paid for voluntary termination, a provision is reported when the offer has at least been accepted by the concerned parties' representative and when the number of employees that will accept the offer can be reliably calculated. When PostNord terminates employee contracts, a detailed plan is prepared covering workplaces, positions and the estimated number of employees affected, as well as compensation paid to each personnel group or position and the period of implementation of the plan.

**Provisions**

Provisions are made for commitments resulting from an event and for binding loss contracts, in which it is probable that an outflow of resources will be needed to settle the commitment. Provisions are reported in the balance sheet when there is a legal or informal obligation to do so and when the amount can be determined reliably. Provisions for restructuring are made when an adequately detailed plan is in place and has been communicated in a fashion that creates firm expectations among stakeholders, or their representatives, who will be affected by the measures.

**Taxes**

Tax on net earnings is comprised of current tax and deferred tax. Taxes are recognized in the income statement except when the underlying transaction is recognized directly in equity, provided that the subsequent tax effect is also reported in equity. Current tax is the tax calculated on the year's taxable income. Adjustments of current tax attributable to earlier periods are also included.

Deferred tax is calculated in accordance with the balance sheet method, based on the temporary differences between the reported and taxable values of assets and liabilities. The amounts are calculated based on how temporary differences are expected to be equalized, and by applying the tax rates and tax regulations that have been decided or announced as of fiscal year-end. Temporary differences are not treated in consolidated goodwill. Legal entities report untaxed reserves including the deferred tax liability. In the consolidated financial statements, untaxed reserves are divided into deferred tax liability and equity. Deferred tax assets in deductible temporary differences and loss carry-forwards are reported only to the extent that it is probable that they will lead to lower tax disbursements in the future. Assessment of this probability is based on data contained in PostNord's business plans.

**Pledge assets and contingent liabilities**

Contingent liabilities are reported when there is a possible commitment arising from an event, the fulfillment of which can only be confirmed by one or more uncertain future events. Contingent liabilities are also reported when there is a commitment that is not reported as a liability or provision because an outflow of resources is not likely to be required. Pledged assets are reported for given guarantees and assets pledged as securities.

**Transactions with associated parties**

The company's disclosure of transactions with the Swedish and Danish states has been limited to reports of a non-commercial nature; consequently, specific commissions from the state and licenses from authorities have been reported as related party transactions.

**NOTE 2 ESTIMATES AND ASSESSMENTS**

In making these financial reports, Group Management has made assessments, estimates and assumptions that affect the group's reported accounts. These estimates and assumptions are based on what is known at the time the financial reports are presented, as well as historical experience and assumptions that the Group Management considers reasonable under the current circumstances. The conclusions drawn by Group Management form the basis for the reported values in the accounts. Actual future values, estimates and assessments in future financial reports during the coming financial year may differ from those in this report, due to changing environmental factors and new knowledge and experience. The most significant estimates and assessments for PostNord have been made in the areas described below.

## Note 2, cont.

**Postal obligation, SEK 403m (398)**

PostNord's postal obligation is calculated for stamps which have been sold but not used. Assumptions used in calculating the postal obligation affect the size of the obligation. Assumptions are based on the number of stamps sold but not used in Sweden and Denmark. Investigations are conducted in Sweden and Denmark to ensure that the assumptions are reasonable. The size of the obligation may be affected in cases where investigations show changes in the behavior of the population or where a sample group is not representative of the population.

**Intangible assets, SEK 4,892m (4,769)**

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

**Pension commitments, assets of SEK 609m (liabilities of SEK 2,070m)**

In order to arrive at a reasonable estimate for PostNord's defined pension commitments, the actuarial valuation of such commitments is based on a number of assumptions. The most significant assumptions are discount rate, expected rate of return on assets under management, future annual pay increases, and inflation. Changes in pension commitments due to altered external factors may affect PostNord's operating profit, net financial items and other comprehensive income as well as financial receivables and pension liabilities reported in the balance sheets. Changed commitments affect the forecast for the next year's costs.

**Provisions for transition regulations, SEK 746m (781)**

As a consequence of Posten AB becoming a Swedish corporate entity in 1994, PostNord assumed a contingent liability (transition regulations) such that certain categories of the workforce may choose to retire early, at the age of 60 or 63. The contingent liability is reported as a provision in the balance sheet and is calculated based on previous experience of the proportion of persons who have chosen to exercise their right to early retirement in accordance with these provisions. If the number of those who choose this option should change, the liability will change accordingly. A change in the utilization rate of 5 percentage points impacts operating profit by +/- SEK 4m.

**Deferred tax assets, SEK 540m (1,413)**

The capitalization of tax loss carry-forwards has been assessed based on business plans and estimates of future taxable profits that can utilize tax loss carry-forwards. Estimates have been made of non-deductible costs and non-taxable income in accordance with current tax regulations. Furthermore, consideration has been taken of foreseeable future financial results in order to evaluate the reported tax claim at the currently applicable tax rates. Changes to tax legislation in Sweden and other countries where PostNord operates and changes in interpretation and application of applicable legislation may influence the size of reported tax assets and liabilities. Changed circumstances that impact the assumptions will also influence financial results for the year.

**NOTE 3 REVENUE DISTRIBUTION****Net sales**

Net sales arise primarily from the sale of services.

**Other income**

SEKm	2013	2012
Rental income	27	31
Insurance compensation	1	9
Fee and commission income	15	0
Capital gain, buildings	40	31
Capital gain, machinery and equipment	6	18
Capital gain, stocks	0	0
Capital gain, operating receivables/liabilities	1	0
Exchange gains	23	31
Other	120	133
<b>Total</b>	<b>233</b>	<b>253</b>

**NOTE 4 SEGMENT REPORTING**

PostNord's organization into business units is based on the manner in which PostNord is governed and activities are reported to management. Market pricing applies to internal dealings between PostNord business units. There is no latitude for making external purchases where the service in question is available internally. In PostNord's operational structure, though not in its legal structure, cost distribution of corporate shared service functions is at cost price with full allocation of costs.

An organizational change of the group's parcel business in Denmark was implemented as of January 1, 2013 in order to facilitate additional streamlining efforts and improve the competitiveness of parcel distribution in the Danish market. Due to the reorganization, results for the Danish parcel business are reported in Mail and Mail Denmark. Comparative values for Mail Denmark and Logistics have been recalculated.

**Segments**

**Mail Denmark** provides distribution solutions in the Danish communication market, with a nationwide distribution network. The business area offers physical and digital letter, direct mail, newspaper, facility management and parcel services.

**Mail Sweden** provides distribution solutions in the Swedish communication market, with a nationwide distribution network. The business area offers physical and digital letter, direct mail and newspaper services as well as drop-off and collection of parcels.

**Logistics** operates in the Nordic logistics market in the areas of parcels, mixed cargo, messaging and express, consignment cargo, sea and air cargo, and third-party logistics. Logistics has a comprehensive offer and distribution network for businesses and private consumers in the Nordic market. Parcel services in Denmark are managed by Mail Denmark.

**Strålfors** is active in the area of information logistics. The company develops and offers communication solutions that create stronger, more personal customer relationships for companies that have large customer bases. Strålfors is a Nordic leader in its field and has operations in the Nordic region and several other European countries.

**Other and eliminations**

Other comprises shared services and corporate functions including the parent company, the Swedish Cashier Service, provisions for changes in group functions in Sweden and Denmark and group adjustments. The adjustments are primarily IFRS adjustments regarding pensions in accordance with IAS 19, Employee Benefits, and finance leasing in accordance with IAS 17, Leases. From Other, service costs for shared services and corporate functions are allocated to the business areas. Cost allocations are recognized as revenue in Other under Other Income, Internal. Within the business areas, cost allocations are expensed under Other Expenses.

Eliminations comprises the elimination of internal translations.

Note 4, cont.

Jan-Dec, SEKm	Mail												PostNord Group	
	Mail Denmark		Mail Sweden		Logistics		Strålfors		Other		Eliminations		2013	2012
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012		
Net sales, external	8,959	9,769 <sup>2)</sup>	14,910	15,020	13,160	11,552 <sup>2)</sup>	2,504	2,576	0	3			39,533	38,920
Net sales, internal	405	396 <sup>2)</sup>	140	117	272	210 <sup>2)</sup>	108	89	4	6	-929	-818 <sup>2)</sup>	0	0
<b>Net sales</b>	<b>9,364</b>	<b>10,165<sup>2)</sup></b>	<b>15,050</b>	<b>15,137</b>	<b>13,432</b>	<b>11,762<sup>2)</sup></b>	<b>2,612</b>	<b>2,665</b>	<b>4</b>	<b>9</b>	<b>-929</b>	<b>-818</b>	<b>39,533</b>	<b>38,920</b>
Other income, external	28		72	75	42	50	15	17	76	111			233	253
Other income, internal	71	55 <sup>2)</sup>	769	712	1,241	1,280 <sup>2)</sup>	0	0	3,067	4,094	-5,148	-6,141 <sup>2)</sup>	0	0
<b>Income</b>	<b>9,463</b>	<b>10,220<sup>2)</sup></b>	<b>15,891</b>	<b>15,924</b>	<b>14,715</b>	<b>13,092<sup>2)</sup></b>	<b>2,627</b>	<b>2,682</b>	<b>3,147</b>	<b>4,214</b>	<b>-6,077</b>	<b>-6,959<sup>2)</sup></b>	<b>39,766</b>	<b>39,173</b>
Personnel expenses	-5,702	-5,730 <sup>2)</sup>	-7,724	-7,532	-3,779	-3,303 <sup>2)</sup>	-817	-821	-624	-1,009 <sup>1)</sup>	23	57 <sup>2)</sup>	-18,623	-18,338 <sup>1)</sup>
Transport expenses	-794	-822 <sup>2)</sup>	-2,577	-2,608	-6,911	-5,934 <sup>2)</sup>	-113	-67	-8	-16	1,450	1,363 <sup>2)</sup>	-8,953	-8,084
Other expenses	-2,663	-3,443 <sup>2)</sup>	-4,621	-4,628	-3,422	-3,223 <sup>2)</sup>	-1,479	-1,593	-2,295	-3,000	4,604	5,539 <sup>2)</sup>	-9,876	-10,348
Depreciation and impairments	-403	-409 <sup>2)</sup>	-386	-363	-406	-360 <sup>2)</sup>	-202	-226	-251	-541			-1,648	-1,899
<b>Expenses</b>	<b>-9,562</b>	<b>-10,404<sup>2)</sup></b>	<b>-15,308</b>	<b>-15,131</b>	<b>-14,518</b>	<b>-12,820<sup>2)</sup></b>	<b>-2,611</b>	<b>-2,707</b>	<b>-3,178</b>	<b>-4,566<sup>1)</sup></b>	<b>6,077</b>	<b>6,959<sup>2)</sup></b>	<b>-39,100</b>	<b>-38,669<sup>1)</sup></b>
Participations in the earnings of associated companies and joint ventures	10	7											10	7
<b>OPERATING PROFIT</b>	<b>-89</b>	<b>-177<sup>2)</sup></b>	<b>583</b>	<b>793</b>	<b>197</b>	<b>272<sup>2)</sup></b>	<b>16</b>	<b>-25</b>	<b>-31</b>	<b>-352<sup>1)</sup></b>	<b>0</b>	<b>0</b>	<b>676</b>	<b>511<sup>1)</sup></b>
Net financial items													-208	-144 <sup>1)</sup>
<b>Profit before tax</b>													<b>468</b>	<b>367<sup>1)</sup></b>
Tax													-146	-120 <sup>1)</sup>
<b>Net profit</b>													<b>322</b>	<b>247<sup>1)</sup></b>
Operating capital	2,923	2,815	1,815	1,208	5,146	5,635	1,507	1,563	726	191	46	114	12,163	11,526
Investments in tangible and intangible fixed assets	359	463	986	1,066	536	401	94	89	266	312			2,241	2,331

<sup>1)</sup> Restated due to IAS 19 Revised, Employee Benefits.

<sup>2)</sup> Restated due to reorganization of parcel business in Denmark.

Division by geographic area based on company domicile, SEKm	2013			2012		
	Income	Assets	Investments	Income	Assets	Investments
Sweden	23,290	12,756	1,593	22,490	13,576 <sup>1)</sup>	1,663
Denmark	9,741	8,840	351	10,592	8,771	465
Norway	4,536	3,001	253	4,091	3,193	165
Finland	612	495	11	607	553	15
Rest of the world	1,587	626	33	1,393	713	23
<b>Total</b>	<b>39,766</b>	<b>25,718</b>	<b>2,241</b>	<b>39,173</b>	<b>26,806</b>	<b>2,331</b>

<sup>1)</sup> Restated due to IAS 19 Revised, Employee Benefits.

**NOTE 5 EMPLOYEES, PERSONNEL EXPENSES AND EXECUTIVE COMPENSATION**

Average number of employees, per country	2013				2012			
	Women	Men	Total	Percentage men	Women	Men	Total	Percentage men
Sweden	8,166	15,555	23,721	66%	8,434	15,478	23,912	65%
Denmark	4,796	8,234	13,030	63%	5,213	8,453	13,666	62%
Finland	100	175	275	64%	107	183	290	63%
Norway	261	1,378	1,639	84%	223	1,059	1,282	83%
Other countries	243	397	640	62%	218	345	563	61%
<b>Total</b>	<b>13,566</b>	<b>25,739</b>	<b>39,305</b>	<b>65%</b>	<b>14,195</b>	<b>25,518</b>	<b>39,713</b>	<b>64%</b>

Personnel expenses, SEKm	2013	2012
Wages, salaries and other remuneration	14,175	14,082
Statutory social costs	2,715	2,628
Pension expenses <sup>1)</sup>	1,498	1,551 <sup>2)</sup>
Other personnel expenses	235	77
<b>Total</b>	<b>18,623</b>	<b>18,338</b>

<sup>1)</sup> SEK 4m (3) of the group's pension expenses is attributable to current and former presidents and executive vice presidents, for whom outstanding liabilities total SEK 131m (126).

<sup>2)</sup> Restated due to IAS 19 Revised, Employee Benefits.

Specification of wages, salaries and other remuneration, by country, SEKm	2013				2012			
	Presi- dents <sup>1)</sup>	Of which, bonuses	Other employees	Total	Presi- dents <sup>1)</sup>	Of which, bonuses	Other employees	Total
Sweden	29		7,636	7,665	28		7,457	7,485
Denmark	14		5,301	5,315	12		5,558	5,570
Finland	2		105	107	2		108	110
Norway	5		925	930	5		772	777
Other countries	2		157	159	3		137	140
<b>Total</b>	<b>52</b>		<b>14,124</b>	<b>14,176</b>	<b>50</b>		<b>14,032</b>	<b>14,082</b>

<sup>1)</sup> "Presidents" refers to current and former chief executive officers and executive vice presidents.

Specification of wages, salaries and other executive compensation, SEKm	2013				2012			
	Base salary	Pension expenses	Other benefits	Total	Base salary	Pension expenses	Other benefits	Total
Håkan Ericsson, President (as of 10-2013)	2.2	0.7	0.4	3.3	-	-	-	-
Lars Idermark, President (through 05-15-13)	4.2	1.1	0.0	5.3	8.7	2.6	0.1	11.4
K.B. Pedersen, Executive VP (Acting President 05-16-13 - through 09-2013)	4.7			4.7	4.5			4.5
Mats Lönnqvist, Executive VP (through 05-2012)					3.6	0.6		4.2
<b>Total, CEOs and Executive VPs</b>	<b>11.1</b>	<b>1.8</b>	<b>0.4</b>	<b>13.3</b>	<b>16.8</b>	<b>3.2</b>	<b>0.1</b>	<b>20.1</b>
Johanna Allert	2.0	0.6	0.0	2.6	1.9	0.6	0.1	2.6
Henning Christiansen (as of 05-2012)	3.0		0.2	3.2	2.0		0.1	2.1
Joss Delissen	3.1	0.9	0.0	4.0	2.9	0.8	0.0	3.7
Andreas Falkenmark	4.4	1.3	0.1	5.8	3.4	2.2	0.1	5.7
Annemarie Gardshol (as of 05-14-12)	3.3	1.0	0.1	4.4	2.0	0.6	0.0	2.6
Finn Hansen (through 04-2012 and as of 01-21-13)	3.3			3.3	1.1			1.1
Lo Hjorth (as of 10-2012 - through 01-20-13)	0.1	0.0	0.0	0.1	0.6	0.4	0.0	1.0
Henrik Höjsgaard	4.3	1.3	0.1	5.7	4.3	1.0	0.1	5.4
Palle Juliussen (through 09-2012)					2.4			2.4
Per Mossberg	3.0	0.9	0.1	4.0	2.9	0.9	0.1	3.9
Henrik Rättzén (as of 08-07-12)	4.6	1.4	0.1	6.1	1.8	0.6	0.0	2.4
Per Samuelsson	3.8	1.1	0.0	4.9	3.7	1.1	0.1	4.9
<b>Total, other members of Group Management</b>	<b>34.9</b>	<b>8.5</b>	<b>0.7</b>	<b>44.1</b>	<b>29.0</b>	<b>8.2</b>	<b>0.6</b>	<b>37.8</b>
<b>Total, Group Management</b>	<b>46.0</b>	<b>10.3</b>	<b>1.1</b>	<b>57.4</b>	<b>45.8</b>	<b>11.4</b>	<b>0.7</b>	<b>57.9</b>

**Approved guidelines for executive compensation<sup>1)</sup>**

Pension provisions corresponding to a maximum of 30% of monthly salary apply to all executives in Sweden. Retirement plans and agreements stipulate a retirement age of either 65 or 62. Pension costs for the current CEO are fixed at an amount corresponding to 30% of monthly salary. The notice period is 6 months. The contracts of other members of group management stipulate a 6-12 month notice period when the employer terminates the contract and a 6 month notice period when the member terminates the contract. If the employer terminates the contract, the employee is entitled to

severance pay equal to a maximum of 12 months' pay and automobile benefits. For members of group management, income earned from subsequent employment or comparable business activities is deducted from the aforementioned severance package.

For executives employed in accordance with Danish labor law, full premium-based pensions are applied and the retirement age is determined pursuant to Danish labor law.

<sup>1)</sup> Board member compensation form a part of the Other item under Note 6, Other Expenses.

Note 5, cont.

	Dec 31, 2013		Dec 31, 2012	
	Percentage women	Percentage men	Percentage women	Percentage men
<b>Gender division of executives, %</b>				
Group Board of Directors	38	62	38	62
Group management	18	82	15	85
Board members and subsidiary CEOs	36	64	21	79

Compensation to the Boards of PostNord and PostNord AB, SEK thousands	Audit Committee	Compensation Committee	2013	2012
Jens Moberg, as of 04-2013		Chairman	450 <sup>1)</sup>	
Gunnel Duveblad	Chairman		313	313
Fritz Schur (chairman) through 04-2013		Chairman	188	638
Anne Birgitte Lundholt through 04-2013	Member		112	300
Sisse Fjelsted Rasmussen as of 04-2013	Member		188	
Christian Ellegaard as of 04-2013	Member		188	
Jonas Iversen as of 04-2012	Member			
Anitra Steen as of 04-2013		Member	188 <sup>2)</sup>	
Mats Abrahamsson		Member	275	275
Ingrid Bonde through 04-2013		Member	88	275
Bjarne Hansen through 04-2013	Member		112	300
Torben Janholt		Member	275	275
<b>Total</b>			<b>2,377</b>	<b>2,376</b>

<sup>1)</sup> Jens Moberg submits an invoice via his own company; not yet submitted.

<sup>2)</sup> Anitra Steen submits an invoice via her own company; compensation of SEK 58 thousand was also paid in social security contributions.

Remuneration approved by annual general meeting, 04-18-13, SEK thousands	Board	Audit Committee	Compensation Committee
Chairman	600	63	38
Member	250	50	25

**NOTE 6 OTHER EXPENSES**

SEKm	2013	2012
Cost of premises	2,204	2,158
Provisions and reversals related to restructuring measures	441	898
Terminal fees	1,024	1,031
Cost of goods and material	1,099	1,177
Purchased IT resources	1,472	1,481
Capitalized development expenditures	-194	-242
Other	3,830	3,845
<b>Total</b>	<b>9,876</b>	<b>10,348</b>
<b>Specification of provisions and reversals attributable to restructuring measures</b>		
Mail Denmark	56	187
Mail Sweden	153	101
Logistics	12	74
Strålfors	30	83
Other and Eliminations	190	453
<b>Total</b>	<b>441</b>	<b>898</b>

Available volumes in the printing and inserting market are declining due to substitution of digital alternatives. Strålfors' printing and inserting production capacity in Sweden will therefore be concentrated in Ljungby and the operations currently run in Tomtebodå will be closed. Provisions have been made for this measure.

Provisions made by business area Mail Sweden include a provision for the new post terminal in Hallsberg. The provision concerns redundancy at the existing terminals in Västerås and Karlstad.

Provisions within the other business areas are mainly attributable to personnel expenses related in part to PostNord's cost reduction program.

Within the Other and Eliminations segments, provisions were primarily attributable to early retirement pensions and to admittance to agencies that handle redundant personnel. Personnel redundancies were primarily attributable to ongoing cost reduction programs within group functions.

**NOTE 7 AUDIT FEES AND REIMBURSEMENT OF EXPENSES**

SEKm	2013	2012
<b>Audit engagement</b>		
KPMG	8	
Ernst & Young		11
PWC		2
<b>Total</b>	<b>8</b>	<b>13</b>
<b>Other audit activities</b>		
PWC		1
<b>Total</b>		<b>1</b>
<b>Tax consultancy</b>		
KPMG	1	
PWC		2
<b>Total</b>	<b>1</b>	<b>2</b>
<b>Other services</b>		
KPMG	1	
Ernst & Young		8
PWC		1
<b>Total</b>	<b>1</b>	<b>9</b>

"Audit engagement" refers to legally required examination of the annual report, consolidated financial statements and book-keeping; administration of the board and the CEO; and other examinations conducted pursuant to agreement or contract. It includes other duties resting with the company's auditors, as well as advisory services and other types of support that arise in the course of such examination or the performance of such other duties.

**NOTE 8 DEPRECIATION AND IMPAIRMENTS**

SEKm	2013	2012
<b>Depreciation</b>		
Licenses, brands, customer relations and similar assets	225	174
Capitalized development work	105	173
Buildings and land	153	159
Machinery and equipment	1,162	1,174
<b>Total</b>	<b>1,645</b>	<b>1,680</b>
<b>Impairments</b>		
Other intangible assets	2	
Capitalized development work		152
Buildings and land		4
Machinery and equipment	1	7
Inventory		1
Participation in Eson Pac Group AB		55
Assets for sale		
<b>Total</b>	<b>3</b>	<b>219</b>

**NOTE 9 NET FINANCIAL ITEMS**

SEKm	2013	2012
<b>Financial income</b>		
Interest income	35	37
Interest income on pensions	0	155
Other financial income	15	46
<b>Total</b>	<b>50</b>	<b>238</b>
<b>Financial expenses</b>		
Interest expense <sup>1)</sup>	-98 <sup>2)</sup>	-68
Interest expense on pensions	-98	-250 <sup>1)</sup>
Interest expense on finance leasing	-24	-19
Leasing		
Other financial expenses	-16	-14
Net exchange rate changes	-22	-31
<b>Total</b>	<b>-258</b>	<b>-382</b>
<b>Net financial items</b>	<b>-208</b>	<b>-144</b>

<sup>1)</sup> Restated due to changes in IAS 19 Revised, Employee Benefits.

<sup>2)</sup> The increase in interest expense is due to higher indebtedness in 2013.

See Note 29, Financial Risk Management and Financial Instruments, page 126. For interest expenses regarding pensions, see also Note 23, Pensions, page 119.

**NOTE 10 TAXES**

SEKm	2013	2012
<b>Current tax</b>	<b>-19</b>	<b>-119</b>
<b>Deferred tax</b>		
Change in deferred tax on untaxed reserves	15	40
Temporary difference in balance sheet items	-200	-62 <sup>1)</sup>
Change in deferred tax on tax loss carry-forwards	58	21
<b>Total</b>	<b>-127</b>	<b>-1<sup>1)</sup></b>
<b>Total tax</b>	<b>-146</b>	<b>-120<sup>1)</sup></b>

Reconciliation of effective tax rate	2013		2012	
	%	SEKm	%	SEKm
Profit before tax	22,0	468	26,3	380
Tax according to parent company rate		-103		-100
Non-deductible expenses		-66		-100
Tax-exempt income tax		82		144
Effect of losses not capitalized accruing during the year		-11		-8
Tax attributable to previous years		8		-5
Impairment of previously capitalized tax loss carry-forwards		-5		-31
Impairment of deferred tax asset re temporary year-on-year differences, not utilized		-18		
Effect of changed tax rates and imposition of new taxes		6		6
Effect of other tax rates for foreign companies		-8		-4
Other		-31		-22 <sup>1)</sup>
<b>Total</b>		<b>-146</b>		<b>-120<sup>1)</sup></b>

<sup>1)</sup> Restated due to changes in IAS 19 Revised, Employee Benefits.

Uncapitalized loss carry-forwards are attributable to Swedish and foreign operations.

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

At the end of the fiscal year, Post Danmark A/S owned an equity interest in associated company e-Boks A/S valued at SEK 65m (79). e-Boks A/S is headquartered in Ballerup, Denmark and is 50%-owned by Post Danmark A/S.

During the fall Strålfors Svenska AB acquired direct mail agency Friends & Tactics, a Stockholm-based agency specialized in direct and relationship marketing. Strålfors Svenska AB owns 30% of the company and reported sales were SEK 0.4m at year-end.

**Participations in joint ventures**

Strålfors Svenska AB owns 50% of the company Tand 2:103 Fastighets AB in Östersund, Sweden. The company's book value at year-end was SEK 0.4m (0.4).

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**NOTE 12 INTANGIBLE FIXED ASSETS**

SEKm	Goodwill		Other intangible fixed assets					
	2013	2012	Licenses, brands, customer relations and similar assets		Capitalized development		Total other intangible fixed assets	
			2013	2012	2013	2012	2013	2012
<b>Acquisition value, beginning balance</b>	<b>3,198</b>	<b>2,838</b>	<b>2,085</b>	<b>1,621</b>	<b>1,781</b>	<b>2,364</b>	<b>3,866</b>	<b>3,985</b>
Acquisition of subsidiaries	167	436	30	260		29	30	290
Sale of subsidiaries		-44		-8				-9
Other investments		2	111	34	234	301	345	335
Divestments/disposals			-11	-6	-41	-661	-52	-667
Reclassifications			-28	189	28	-189	0	
Translation differences	-62	-34	-45	-5	34	-63	-11	-68
<b>Accumulated acquisition value, end of year</b>	<b>3,303</b>	<b>3,198</b>	<b>2,142</b>	<b>2,085</b>	<b>2,036</b>	<b>1,781</b>	<b>4,178</b>	<b>3,866</b>
<b>Amortization, beginning balance</b>			<b>-1,023</b>	<b>-859</b>	<b>-740</b>	<b>-1,269</b>	<b>-1,763</b>	<b>-2,128</b>
Acquisition of subsidiaries				-1		-2		-3
Amortization for the year			-225	-174	-105	-173	-330	-347
Divestments/disposals			19	5	33	655	52	660
Reclassifications			18		-18		0	
Translation differences			16	6	-25	49	-9	55
<b>Accumulated amortization, end of year</b>			<b>-1,195</b>	<b>-1,023</b>	<b>-855</b>	<b>-740</b>	<b>-2,050</b>	<b>-1,763</b>
<b>Impairments, beginning balance</b>	<b>-8</b>	<b>-8</b>	<b>-8</b>	<b>-8</b>	<b>-516</b>	<b>-366</b>	<b>-524</b>	<b>-374</b>
Impairments for the year			-2			-152	-2	-152
Divestments/disposals								
Translation differences					-5	2	-5	2
<b>Accumulated impairments, end of year</b>	<b>-8</b>	<b>-8</b>	<b>-10</b>	<b>-8</b>	<b>-521</b>	<b>-516</b>	<b>-531</b>	<b>-524</b>
<b>Ending balance</b>	<b>3,295</b>	<b>3,190</b>	<b>937</b>	<b>1,054</b>	<b>660</b>	<b>525</b>	<b>1,597</b>	<b>1,579</b>

Internally generated intangible assets are reported as capitalized development expenditures, which were chiefly attributable to system support for shared IT solutions and integration of IT infrastructure. Other intangible fixed assets were chiefly attributable to brands and customer relations. Expensed development costs totaled to SEK 0 (0) during the year.

For information on acquisition of intangible fixed assets through acquisition of subsidiaries, see Note 31, Acquisitions and Divestments of Operations, page 130.

Impairments on capitalized development work totaled SEK 0m (152). Last year's impairment was attributable to the Danish SAP platform; see also Note 8, Depreciation and Impairments, page 115. Impairments on other intangible fixed assets totaled SEK 2m (0).

**Impairment test on intangible fixed assets**

Goodwill is not subject to depreciation but rather to an annual impairment test. No impairment of goodwill occurred during the period. Goodwill is the only intangible asset with an indeterminate period useful life.

A value assessment was conducted on all cash-generating segments with a discount factor of 7.5 (8.3%) after tax.

As of December 31, 2013, the SEK 3,295m (3,190) carrying amount of goodwill arose in the following cash-generating segments: SEK 1,433m (1,507) for international parcel and pallet operations (DPD and Tollpost Globe AS), SEK 697m (691) for Strålfors, SEK 311m (300) for Post Danmark A/S, 331m (332) for PostNord Logistik TPL AB, SEK 95m (105) for Harlem Transport AS, SEK 66m (0) for Nordisk Kyl Logistik AB/Transbothnia AB and SEK 362m (255) for other businesses (refers mainly to Data Scanning A/S, Transportgruppen A/S, Budstikken Transport A/S, Eek Transport AS, Nils Hansson Logistics AB, HIT, Direct Link and Addresspoint). All intangible assets with indefinite useful lives are tested at least once per year to determine that the

value does not deviate negatively from actual book value. Individual assets may be tested more often if there are indications of impairment. The recoverable value of each of these cash-generating segments was based on their value in use. The calculations were based on three-year business plans and forecasts adopted and formulated based on analyses of the external business environment and planned marketing and production activities. The assessments made in the business plans are based on Group Management's knowledge and experience.

The assumptions with the greatest impact on the impairment assessments are volume growth and profit margins. Calculations were made with different assumptions for the operating profit and discount rate to evaluate the sensitivity of test outcome.

Tollpost Globe AS is part of the international parcel and pallet operation and is considered integrated with DPD in the impairment test performed. For international parcel and pallet operations, average annual growth of 3% is forecast for the business plan period. The test did not show any impairment.

Goodwill in Post Danmark A/S is attributable to the 1995 conversion into a corporation. The cash-generating segment's recoverable amount is based on value in use. Average annual growth of 2% is forecast for Post Danmark for the business plan period. Value in use exceeds book value. The test did not show any impairment.

With respect to Strålfors, the entire operation (that existed as of the 2006 acquisition) is viewed as a cash-generating segment at the time of testing. For Strålfors, average annual growth of 5% is forecast for the business plan period. The cash-generating segment's recoverable amount is based on value in use. Calculated value in use exceeds book value. The test did not show any impairment.

Growth after the business plan period totals 0-2%.



## NOTE 13 TANGIBLE FIXED ASSETS

SEKm	Buildings and land		Machinery and equipment		Ongoing construction and advances		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Acquisition value, beginning balance</b>	<b>6,022</b>	<b>5,761</b>	<b>14,117</b>	<b>14,228</b>	<b>1,286</b>	<b>519</b>	<b>21,425</b>	<b>20,508</b>
Acquisition of subsidiaries	25	659	332	179		6	357	844
Other acquisitions	368	32	1,133	999	395	963	1,896	1,994
Divestments/Disposals	-586	-99	-665	-1,274	-34	-17	-1,285	-1,390
Reclassifications	-81 <sup>1)</sup>	-198 <sup>1)</sup>	147	175	-262	-179	-196 <sup>1)</sup>	-202 <sup>1)</sup>
Translation differences	32	-133	108	-190	5	-6	145	-329
<b>Accumulated acquisition value, ending balance</b>	<b>5,780</b>	<b>6,022</b>	<b>15,172</b>	<b>14,117</b>	<b>1,390</b>	<b>1,286</b>	<b>22,342</b>	<b>21,425</b>
<b>Depreciation, beginning balance</b>	<b>-2,389</b>	<b>-2,306</b>	<b>-10,217</b>	<b>-10,233</b>	<b>-1</b>		<b>-12,607</b>	<b>-12,539</b>
Depreciation for the year	-152	-159	-1,162	-1,174			-1,314	-1,333
Acquisition of subsidiaries	-2	-59	-162	-90			-164	-149
Divestments/Disposals	562	3	664	1,147			1,226	1,150
Reclassifications	62 <sup>1)</sup>	80 <sup>1)</sup>	30			-1	92 <sup>1)</sup>	79 <sup>1)</sup>
Translation differences	-24	52	-94	133			-118	185
<b>Accumulated depreciation, ending balance</b>	<b>-1,943</b>	<b>-2,389</b>	<b>-10,941</b>	<b>-10,217</b>	<b>-1</b>	<b>-1</b>	<b>-12,885</b>	<b>-12,607</b>
<b>Impairments, beginning balance</b>	<b>-10</b>	<b>-6</b>	<b>-46</b>	<b>-39</b>			<b>-56</b>	<b>-45</b>
Impairments for the year		-4	-1	-7			-1	-11
Translation differences			1				1	
<b>Accumulated impairments, ending balance</b>	<b>-10</b>	<b>-10</b>	<b>-46</b>	<b>-46</b>			<b>-56</b>	<b>-56</b>
<b>Ending balance</b>	<b>3,827</b>	<b>3,623</b>	<b>4,185</b>	<b>3,854</b>	<b>1,389</b>	<b>1,285</b>	<b>9,401</b>	<b>8,762</b>

<sup>1)</sup> Reclassified as Asset held for Sale; totals SEK 104m (123).

## NOTE 14 LEASED MACHINERY AND EQUIPMENT, PROPERTY LEASES

**Operating lease agreements**

The group's leasing fees for the year totaled SEK 1,535m (1,364). At the balance sheet date, the group had outstanding leasing fees of SEK 5,204m (6,105). The minimum payments for operating leases falls due as follows:

SEKm	Machinery and equipment		Properties	
	2013	2012	2013	2012
Within one year	109	207	1,304	1,253
Between one and five years	164	275	2,401	2,723
Five or more years	9		1,217	1,647
<b>Total</b>	<b>282</b>	<b>482</b>	<b>4,922</b>	<b>5,623</b>

The majority of the machinery and equipment at the group's disposal is held by Mail Sweden and consists of machines for the production of PostNord's electronic mail services.

**Finance lease agreements**

Fees due under finance lease agreements mature as follows:

SEKm	Minimum leasing expenses		Interest		Present value	
	2013	2012	2013	2012	2013	2012
Within one year	31	64	3	13	28	51
Between one and five years	54	9	6	1	48	8
<b>Total</b>	<b>85</b>	<b>73</b>	<b>9</b>	<b>14</b>	<b>76</b>	<b>59</b>

**Finance leasing assets**

Finance leasing assets reported as tangible fixed assets are as follows:

SEKm	2013	2012
<b>Acquisition value</b>		
Machinery and equipment	146	52
Properties	533	533
<b>Ending balance</b>	<b>679</b>	<b>585</b>
<b>Accumulated depreciation</b>		
Machinery and equipment	-81	-30
Properties	-533	-504
<b>Ending balance</b>	<b>-614</b>	<b>-534</b>
<b>Book value</b>	<b>65</b>	<b>51</b>

In 2013, finance leasing fees totaled SEK 85m (87).

The maturities of the long-term liabilities attributable to finance leasing are presented in Note 29, Financial Risk Management and Financial Instruments.

Finance leases comprise one processing facility in Sweden, discarded 31 December 2013, and vehicles in Norway and Sweden. The change in acquisition value is attributable to existing leases in an acquired company.

See also Note 26, Pledged Assets and Contingent Liabilities, page 126.

**NOTE 15 FINANCIAL INVESTMENTS**

SEKm	2013	2012
<b>Financial investments that are fixed assets</b>		
Endowment insurance policy	145	143
Other long-term investments	66	73
<b>Ending balance</b>	<b>211</b>	<b>216</b>
<b>Short-term investments that are current assets</b>		
Other short-term investments	163	4
<b>Ending balance</b>	<b>163</b>	<b>4</b>

**NOTE 16 LONG-TERM RECEIVABLES**

SEKm	Dec 31, 2013	Dec 31, 2012
Carrying amount related to funded defined-benefit disability pension plans appraised in accordance with IAS 19	984	970 <sup>1)</sup>
Payroll tax health insurance	4	-7
Deposits, property leases	24	51
Other	3	
<b>Total</b>	<b>1015</b>	<b>1014</b>

<sup>1)</sup> Restated due to changes in IAS 19 Revised, Employee Benefits.

**NOTE 17 DEFERRED TAX**

SEKm	2013				2012			
	Beginning balance	Reported in income statement	Acquisition/ Divestment of operations, changes in IAS 19, translation differences	Ending balance	Beginning balance	Reported in income statement	Acquisition/ Divestment of operations, changes in IAS 19, translation differences	Ending balance
<b>Deferred tax assets</b>								
Other provisions	338	-10		328	529	-191		338
Loss carry-forwards	287	58	32	377	266	21		287
Pension provisions	1,279		-1,279		1,042 <sup>1)</sup>		237 <sup>1)</sup>	1,279 <sup>1)</sup>
Finance leases	4	-1		3	18	-14		4
Offset against liabilities	-495		327	-168	-668		173	-495
<b>Total</b>	<b>1,413</b>	<b>47</b>	<b>-920</b>	<b>540</b>	<b>1,187</b>	<b>-184</b>	<b>410<sup>1)</sup></b>	<b>1,413<sup>1)</sup></b>
<i>of which, outside Sweden</i>	<i>109</i>			<i>168</i>	<i>128</i>			<i>109</i>
<b>Deferred tax liabilities</b>								
Intangible fixed assets	-281	132	-7	-156	-320	125	-86	-281
Tangible fixed assets	-454	15	6	-433	-481	40	-13	-454
Current assets	-39	-31		-70	-9	-30		-39
Pension provisions	-1,114	-290	878	-526	-1,197 <sup>1)</sup>	48 <sup>1)</sup>	35 <sup>1)</sup>	-1,114 <sup>1)</sup>
Offset against receivables	495		-327	168	668		-173	495
<b>Total</b>	<b>-1,393</b>	<b>-174</b>	<b>550</b>	<b>-1,017</b>	<b>-1,339</b>	<b>183<sup>1)</sup></b>	<b>-237<sup>1)</sup></b>	<b>-1,393<sup>1)</sup></b>
<i>of which, outside Sweden</i>	<i>-149</i>			<i>-213</i>	<i>-223</i>			<i>-149</i>

<sup>1)</sup> Restated due to changes in IAS 19 Revised, Employee Benefits.

In Sweden receivables and liabilities have been reported net, at SEK 245m (569), while other receivables and liabilities have been reported gross. Foreign receivables totaled SEK 168m (109) and foreign payables SEK 213m (149).

Non-reported receivables for deferred tax relating to loss carry-forwards from previous years totaled SEK 103m (104). SEK 100m (93) pertained to France, SEK 0m (4) to Denmark, SEK 1m (2) to Sweden. None of these receivables has a due date.

**NOTE 18 INVENTORY**

SEKm	Dec 31, 2013	Dec 31, 2012
Goods for resale, etc.	106	102
Raw materials	121	91
<b>Total</b>	<b>227</b>	<b>193</b>

The majority of raw materials and goods for resale in inventory are with Strålfors.

Inventory depreciation for 2013 totaled SEK 1 (1).

**NOTE 19 ACCOUNTS RECEIVABLE**

Accounts receivable, taking into account accumulated bad debt from the period January-December, totaled SEK 25m (33). Estimated losses on accounts receivable totaled SEK -58m (-20). With respect to accounting treatment, refer to Note 1, Accounting Principles, page 104. For risk management and ageing of overdue but non-written-off receivables, see Note 29, Financial Risk Management and Financial Instruments, page 126.

**NOTE 20 PREPAID EXPENSES AND  
ACCRUED INCOME**

SEKm	Dec 31, 2013	Dec 31, 2012
Accrued interest income	30	2
Accrued postage charges	102	107
Accrued commission income	2	1
Prepaid rent	247	242
Prepaid insurance premiums	16	24
Prepaid wages and salaries	150	148
Terminal fees	334	282
Forward currency contracts		5
Other items	645	311
<b>Ending balance</b>	<b>1,526</b>	<b>1,122</b>

**NOTE 21 CASH AND CASH EQUIVALENTS**

SEKm	Dec 31, 2013	Dec 31, 2012
Cash and bank balances	1,521	1,885
Short-term investments comparable to cash and cash equivalents	452	1,161
<b>Ending balance</b>	<b>1,973</b>	<b>3,046</b>

Short-term investments are classified as cash and cash equivalents if they are easily convertible into cash and have a maximum maturity of three months from the acquisition date, with minimal risk for value fluctuations.

**NOTE 23 PENSIONS**

PostNord's pension plans are described in Note 1, Accounting Principles (page 104). There are both defined benefit and defined contribution plans. Some personnel categories are eligible for pensions at an earlier age based on specific provisions in connection with incorporation. Posten's Pension Fund safeguards the pension commitments of Posten AB, Posten Meddelande AB and PostNord Logistics AB. See the Assets under Management section and Note 30, Transactions with Associated Parties (page 130) for information concerning dealings between the group and Posten's Pension Fund. Posten's Pension Fund is regulated by

**NOTE 22 INTEREST-BEARING LIABILITIES**

SEKm	Dec 31, 2013	Dec 31, 2012
<b>Long-term interest-bearing liabilities</b>		
Debt to credit institutions	4 126	3 677
Finance leases	41	22
Other long-term liabilities	148	146
<b>Ending balance</b>	<b>4 315</b>	<b>3 845</b>
<b>Current interest-bearing liabilities</b>		
Commercial paper	200	397
Utilized credit line	61	18
Finance leases	13	52
<b>Ending balance</b>	<b>274</b>	<b>467</b>

See Note 29, Financial Risk Management and Financial Instruments, page 126.

the Law on Safeguarding of Pension Commitments (1967:531). The Fund is supervised by Stockholm County Council and the Financial Supervisory Authority. Posten's Insurance Association is subject to the Law on Friendly Societies (1972:262) and is supervised by the Financial Supervisory Authority. Accordingly, requirements for Posten's Insurance Association require maintaining an asset base exceeding the necessary solvency margin. Norway's pension plans are regulated by the Law on Company Pension plans in France are regulated through graphic industry collective agreements.

**Balance sheet items for defined benefit pension plans**

Pension commitments and plan assets

Pension commitments and plan assets, net amount, SEKm	Dec 31, 2013				Dec 31, 2012			
	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total
Present value of defined benefit commitments	15,573	1,764	747	18,084	16,455	1,866	781	19,102
Fair value of plan assets	-17,571			-17,571	-16,408			-16,408
<b>Net commitment</b>	<b>-1,998</b>	<b>1,764</b>	<b>747</b>	<b>513</b>	<b>47</b>	<b>1,866</b>	<b>781</b>	<b>2,694</b>
Unreported actuarial gains (+) and losses (-)	-373	-6	181	-198	147	10	172	329
<b>Net indebtedness on balance sheet</b>	<b>-2,371</b>	<b>1,758</b>	<b>928</b>	<b>315</b>	<b>194</b>	<b>1,876</b>	<b>953</b>	<b>3,023</b>
<i>Reference:</i>								
<i>Note 24, Other Provisions Balance sheet, Pension provisions</i>	-1383	1,758		375	1,157	1,876		3,033
<i>Note 16, Long-term Receivables</i>	-988			-988	-963			-963
<b>Net amount attributable to plans in the following countries, SEKm</b>								
Sweden				309				3,016
France				5				6
Norway				1				1
<b>Total</b>				<b>315</b>				<b>3,023</b>

Note 23, cont.

When the value of assets under management exceeds the present value of the pension calculation, this results in an asset for the group (see section on Long-term Receivables). The

group deems that the value of the asset exceeds the present value of future refunds from the plan and reduced future payments to the plan.

Specification of present value of defined benefit commitments, SEKm	Dec 31, 2013				Dec 31, 2012			
	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total
<b>Beginning balance</b>	<b>16,455</b>	<b>1,866</b>	<b>781</b>	<b>19,102</b>	<b>15,843</b>	<b>1,589</b>	<b>808</b>	<b>18,240</b>
Costs, employment service during current year	313	7	23	343	377	7	24	408
Costs, employment service during previous year	0	0	0	0	0	0	0	0
Interest expense	549	64	27	640	589	60	32	681
Early retirement pensions	0	121	0	121	0	242	0	242
Payment of benefits	-810	-328	0	-1,138	-895	-259	0	-1,154
Curtailments and settlements	0	0	0	0	0	0	0	0
Transfers	0	104	-104	0	-95	184	-90	-1
Actuarial gains (-) and losses (+) - change in financial assumptions	-1,134	-85	-18	-1,237	895	69	16	980
Actuarial gains (-) and losses (+) - change in demographic assumptions	0	0	0	0	0	0	0	0
Actuarial gains (-) and losses (+) - based on experience	200	15	37	252	-259	-26	-9	-294
Translation differences foreign pension plans	0	0	0	0	0	0	0	0
<b>Ending balance</b>	<b>15,573</b>	<b>1,764</b>	<b>746</b>	<b>18,083</b>	<b>16,455</b>	<b>1,866</b>	<b>781</b>	<b>19,102</b>
Plan's weighted duration, years	13,4	10,8	6,1	12,8	13,8	11,1	6,3	13,2

The group anticipates making payments amounting to SEK 1,042m during 2014 related to defined benefits plans.

Specification of fair value of plan assets, SEKm	2013	2012
<b>Beginning balance</b>	<b>16,408</b>	<b>15,967</b>
Interest income	551	594
Funds paid by employer	194	573
Compensation	-111	-360
Payment of benefits	-68	-59
Curtailments and settlements	0	0
Actual return above (+) and below (-) interest income	597	-307
Exchange rate differences in foreign plans	0	0
<b>Ending balance</b>	<b>17,571</b>	<b>16,408</b>

Return on plan assets, SEKm	2013	2012
Actual return on plan assets	1,148	287
Interest income	551	594
<b>Actual return above (+) and below (-) interest income on assets under management during the period</b>	<b>597</b>	<b>-307</b>

**Provisions, estimated future conditional pensions**

PostNord is responsible for future conditional pension benefits under the transition regulations for Swedish subsidiaries. The transition regulations apply to certain employees who are entitled to retire at the age of 60 or 63. To qualify, employees must have reached 28 years of age by January 1, 1992 and have held the same position since then. The total commitment, calculated according to the Act on Safeguarding of Pension Commitments, totaled SEK 2,720m (2,698) as of December 31, 2013. Experience demonstrates that an average of 25% utilizes the transition regulations, and the provision is determined at that percentage of this commitment. Special payroll tax is taken into consideration, and the liability totals SEK 928m (1,024) including special payroll tax. For accounting in accordance with IAS 19 see unfunded pension plans, future conditional pension benefits in the tables in this Note, and future conditional pension benefits in Note 24, Other Provisions (page 124).

**Final responsibility provision**

PostNord assumed "final responsibility" for an obligation assumed in connection with its conversion into a corporation. Previously, this commitment was reported as a contingent liability. Provisions were made for the commitment in conjunction with the adoption of IAS 19. Based on available information, the commitment was estimated at SEK 118m (112) as of December 31, 2013, and includes a provision for special payroll tax. The commitment is included in the balance for unfunded pension plans, future conditional pension benefits in the table in this Note, and future conditional pension benefits in Note 24, Other Provisions (page 124).

**Index-linked responsibility**

In 2000, pension commitments previously safeguarded by Posten's Pension Fund were redeemed through the acquisition of insurance policies. As of December 31, 2013 the net present value of these was SEK 37m (51). PostNord bears index-linking and gross coordination responsibility for these pension commitments.

## Note 23, cont.

Expenses and income for defined benefit and defined contribution pension plans, SEKm	2013				2012			
	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total
Costs, employment service during current year	313	7	23	343	377	7	24	408
Costs, employment service during previous year	0	0	0	0	0	0	0	0
Interest expense (+) and interest income (-)	-2	64	27	89	-5	60	32	87
Early retirement pensions	0	121	0	121	0	242	0	242
Curtailments and settlements	0	0	0	0	0	0	0	0
<b>Total defined benefit pensions</b>	<b>311</b>	<b>192</b>	<b>50</b>	<b>553</b>	<b>372</b>	<b>309</b>	<b>56</b>	<b>737</b>
<b>Defined contribution plans</b>				<b>1,053</b>				<b>1,001</b>
Deducted as financial items				-90				-87
Utilization of restructuring provisions, costs of early retirement pensions				-33				-123
Other defined benefit pension expenses				15				22
<b>Total pension expenses</b>				<b>1,498</b>				<b>1,550</b>

**Actuarial assumptions**

The actuarial valuations of PostNord's defined benefit pension commitments and pension expenses are based on the following assumptions. These assumptions are provided as a total average value for each pension plan. A change in any of these key assumptions may have a significant impact on projected pension commitments, funding requirements and annual pension costs.

Actuarial assumptions, %	Dec 31, 2013	Dec 31, 2012	Dec 31, 2011
Discount rate	4,00	3,50	3,90
Future annual wage increases	2,60	2,60	2,60
Change in income base amount	3,00	3,00	3,00
Inflation	2,00	2,00	2,00
Personnel turn over	4,50	4,50	4,50
Life expectancy	FFFS 2007:31	FFFS 2007:31	FFFS 2007:31
for a 65-yr-old male (born 1950)	20,9	20,9	20,9
for a 65-yr-old male (born 1970)	22,7	22,7	22,7

The costs for 2013 are based on actuarial assumptions adopted at the beginning of 2013. At the end of 2013, PostNord adopted assumptions applicable to calculation of the results as of December 31, 2013. These actuarial assumptions are also used in the forecast for 2014 costs. In setting the assumptions the long-term, mutual compatibility of all assumptions used in the appraisal was taken into account.

The discount rate is determined in accordance with IAS 19 with reference to prime corporate bonds traded in a functioning corporate bond market as per IFRS's view by referring to the Swedish mortgage bond market. Group Management thus takes the view that the discount rate applied reflects the time value of the money and provides a reasonable present value of Posten's pension commitments. Future annual pay increases reflect expected future salary increases as a compound of inflation, seniority and promotion. The income base amount is set annually by the Swedish government and is used, among other things, to set a cap on pensionable income in the social security system. With respect to inflation, the group has chosen to use the Swedish Central Bank's inflation targets. Personnel turnover is an aggregate of expected future business development, increases in real wages and productivity growth needed to maintain profitability, as well as consideration of personnel turnover in recent years. The average remaining employment service factor is estimated based on employees' current age breakdown. Life expectancy assumptions are based on the Swedish Supervisory Authority's guidelines FFFS 2007:31 (FFFS 2007:31).

Note 23, cont.

**Alecta**

Retirement and family pension plans for salaried employees in Sweden can be insured by a policy underwritten by Alecta. Only a few companies within the group utilize insurance as a safeguarding solution. According to a pronouncement by the Swedish Financial Reporting Board, UFR 3, defined benefit pension commitments secured by Alecta insurance are considered to be a single pension plan that encompasses several employers. For fiscal year 2013, the company has not had access to information enabling the reporting of this plan as a defined benefit pension plan. The ITP pension plan insured by Alecta is therefore reported as a defined contribution plan. Pension insurance fees related to Alecta totaled SEK 8.3m (7.2). Anticipated fees for 2014 total SEK 8.3m. Alecta's surplus can be distributed to policyholders and/or the insured. As of December 2013, Alecta's surplus in the form of the collective consolidation level was 148 (129)%. The collective consolidation level equals the market value of Alecta's assets divided by total insurance commitments and calculated in accordance with Alecta's actuarial assumptions, which do not comply with IAS19.

**Assets under management**

The greatest portion of assets under management is included in Posten's Pension Fund. Other assets under management consist of assets in Posten's Insurance Association, pension insurance underwritten by Skandia and assets under manage-

ment related to Norwegian pension plans. Total assets under management total SEK 17,571m (16,408).

The Pension Fund's activities are regulated by an investment policy established by the Fund's board of directors. The capital transferred to the Fund by PostNord shall generate a reasonable return, the achievement of which requires a certain amount of risk-taking. To prevent this risk from becoming too great, the Fund diversifies investments among different asset classes.

The Fund's allocation strategy is based on an Asset Liability Management study. The forecasted pension liability is set against the assets' expected return, risk and historical correlations to determine appropriate asset allocation and risk level.

Asset allocation and Fund management shall effectuate the achievement of the long-term performance target at a justifiable and reasonable level of risk. The realized return from fund management varies between years due to a range of external factors. The performance target shall therefore be considered a goal for realized return over a long period of time.

The Fund aims to achieve good diversification between and within asset classes based on historical risk-adjusted return and correlations, such as expected risk-adjusted return. Asset risks are reduced through diversification. Allocation among different asset classes is determined at intervals for purposes of flexibility.

58% of the assets are traded on an active market. Fund assets at year-end 2013 and 2012 were distributed as follows:

Posten's Pension Fund assets per class, market value, SEKm	2013		2012	
	Dec 31	%	Dec 31	%
Interest-bearing securities <sup>1)</sup>	1,911	12	2,991	21
High Yield	1,197	7	1,244	8
Liquidity <sup>2)</sup>	1,091	7	769	5
Hedge funds	3,430	21	3,157	21
Infrastructure	807	5	871	6
Property	1,720	11	1,546	10
Swedish stocks	1,243	8	969	7
Foreign stocks	3,835	24	2,197	15
Commodities			368	2
Private equity	759	5	694	5
<b>Total assets under management in Posten's Pension Fund</b>	<b>15,993</b>		<b>14,806</b>	

<sup>1)</sup> Includes accrued interest.

<sup>2)</sup> Includes classes of assets that were classified as Other Assets in previous years.

Other fund assets, market value, SEKm	Dec 31, 2013	Dec 31, 2012
Posten's insurance associaton	1,536	1,544
Skandia pension insurance	42	58
<b>Total other assets under management</b>	<b>1,578</b>	<b>1,602</b>

Eighteen percent of the assets in Posten's Insurance Association are traded on an active market. The asset allocation of Posten's Pension Fund as of December 31, 2013 is presented in the table above. The overriding objective of the Fund is to manage the assets so as to best serve group's pension commitments, the funds for which have been entrusted to the Fund. The composition of and return on the assets should serve as reinsurance that the group can meet the pension commitments safeguarded by the Fund.

## Note 23, cont.

**Sensitivity analysis**

At year-end 2013, PostNord had funded pension commitments of SEK 15,573m (16,455) and assets under management of SEK 17,571m (16,408). In addition to funded pension commitments, pension liabilities are allocated as future unconditional pension commitments of SEK 1,764m (1,866) and future conditional pension commitments of SEK 746m (781). The group's pension commitments are valued based on the above-referenced actuarial assumptions; assets under management are assessed at fair value.

A provision of 25% of total commitments is made pursuant to the transition regulations. This number is based on the historical degree to which rights under the regulations are exercised. The special payroll tax has also been taken into account. Change in the commitments pursuant to the transition regulations and due to different levels of exercise of rights is reported as income or is expensed. See the table below for the effect of changed levels of exercise of rights under the transition regulations.

	Change	Impact on profit		Impact on balance sheet items and other comprehensive income		Net impact on other comprehensive income
		Personnel expense (EBIT)	Net financial items	Impact on pension liabilities	Impact on market value of assets	
<b>Sensitivity analysis, SEKm</b>						
<b>Actuarial commitments</b>						
Change in discount rate and expected return on fund assets	+0,1% percentage point	4	9	-230		-180
	-0,1% percentage point	-6	-10	231		180
Change in actual return on fund assets	+0,1% percentage point	0	1		18	14
	-0,1% percentage point	0	-1		-18	-14
Change in salaries and wages	+0,5% percentage point	-16	-12	286		223
	-0,5% percentage point	17	11	-297		-232
Change in income base amount	+0,5% percentage point	5	3	-90		-71
	-0,5% percentage point	-5	-4	92		71
Change av inflation	+0,5% percentage point	-15	-40	994		775
	-0,5% percentage point	16	37	-943		-736
Length of life	+1 year	-8	-24	590		460
	-1 year	8	24	-600		-468
<b>Level of exercise of rights under transition regulations</b>						
Change in level of exercise of rights under transition regulations	+5,0% percentage point	-4	-5	120		93
	-5,0% percentage point	4	5	-132		-103

**NOTE 24 OTHER PROVISIONS**

2013, Jan-Dec, SEKm	Beginning balance	Provisions	Reversals	Utilizations	Translation effect	Ending balance
<b>Restructuring activities</b>						
Personnel reductions	713	510	-75	-400	12	760
Other closure costs	37	6		-16	1	28
<b>Future conditional pension commitments<sup>1)</sup></b>						
Special payroll tax	189		-8			181
Future conditional pension commitments under IAS 19	781	51	-104		19	747
<b>Other</b>						
Job-related injuries	43	4		-5		42
Pension adjustments in relation to the Danish state	40	24		-22	1	43
Provision, commemorative awards	141	14		-24	9	140
<b>Total</b>	<b>1,944</b>	<b>609</b>	<b>-187</b>	<b>-467</b>	<b>42</b>	<b>1,941</b>
<i>Of which, current provisions</i>	<i>359</i>					<i>555</i>
<i>Of which, non-current provisions</i>	<i>1,585</i>					<i>1,386</i>

Expected payments, SEKm	1 year	2 years	3 years	>3 years
Provisions, restructuring	533	170	46	39
Provisions, future conditional pensions <sup>2)3)</sup>	238	74	69	419
Other provisions <sup>3)</sup>	29	25	21	165
<b>Total</b>	<b>800</b>	<b>269</b>	<b>136</b>	<b>623</b>

<sup>1)</sup> Restated due to changes in IAS 19 Revised, Employee Benefits.

<sup>2)</sup> Expected payments for future conditional pensions (excl. special payroll tax) are calculated pursuant to IAS 19.

<sup>3)</sup> Expected payments are somewhat higher than the respective provision due to the fact that the provision is calculated as the present value of the expected payments.

2012, Jan-Dec, SEKm	Beginning balance	Provisions	Reversals	Utilizations	Translation effect	Ending balance
<b>Restructuring activities</b>						
Personnel reductions	435	947	-58	-602	-2	720
Other closure costs	35	10	-1	-25		19
<b>Future conditional pension commitments</b>						
Special payroll tax	196		-10		3	189
Future conditional pension commitments under IAS 19	807	50	-90		14	781
<b>Other</b>						
Job-related injuries	48	3		-8		43
Pension adjustments in relation to the Danish state	49	6		-14	-1	40
Provision, commemorative awards	171			-25	-5	141
Other provisions	13				-2	11
<b>Total</b>	<b>1,754</b>	<b>1,016</b>	<b>-159</b>	<b>-674</b>	<b>7</b>	<b>1,944</b>
<i>Of which, current provisions</i>	<i>351</i>					<i>359</i>
<i>Of which, non-current provisions</i>	<i>1,403</i>					<i>1,585</i>



## Note 24, cont.

**Provisions for restructuring measures**

Restructuring provisions include expenses that are estimated to arise in future years as a consequence of the group's cost reduction program for administration and decision to streamline production.

Amounts are calculated based on corporate management's best estimates. Provisions are reviewed at each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is reversed.

New provisions and reversals are reported in the business operation that makes the decision about closure.

In 2013, provisions and reversals for restructuring measures with an earnings impact on other costs totaled SEK 441m. During the quarter, provisions and reversals for restructuring measures with an earnings impact on other costs totaled SEK 207m; see also Note 6, Other Costs. The effect of provisions related to future conditional pension commitments, the reversal of pension payments to the Danish state and commemorative awards is reported as personnel expense.

The utilization of provisions totaled SEK 462m in 2013, of which SEK 451m were payments of personnel expenses. The utilization of provisions during the quarter totaled SEK 118m, of which SEK 117m were personal expenses.

The discount effect is reported in the income statement's financial items. Translation differences related to currency effects are reported in total comprehensive income.

**Provisions, estimated future conditional pensions**

PostNord is responsible for future conditional pension benefits under the transition regulations. The transition regulations apply to certain employees who are entitled to retire at the age of 60 or 63. Consideration has also been taken of special payroll tax.

See Provisions for estimated future conditional pensions, and the Final Responsibility Provision, Note 23, Pensions, page 119 for further information.

**Other provisions**

Provisions for job-related injuries refer to the payment of annuities in accordance with the Industrial Injuries Insurance Act, and to occupational injury annuities.

The pension settlement in relation to the Danish state refers to future commitments regarding a specific group of employees within the Post Danmark group.

Provisions for commemorative awards refer to anticipated commemorative awards in the form of extra salary and vacation received after 25 or 40 years of employment within the Post Danmark group.

**Present value**

Provisions with payment periods longer than one year are discounted to the present value. Discount effects included in changes for the year are shown separately where significant. Provisions for future conditional pension benefits have payment periods longer than one year. Present value calculations are not shown separately for this provision item, as it is included under IAS 19. See also Note 23, Pensions, page 119.

**Expected payments for provisions**

Stated amounts correspond to the estimated result that forms the basis for calculating the size of the provision but cannot be deemed to reflect real, total payment flows, as certain costs do not correspond to any payments. Such costs include some costs related to personnel cutbacks.

**NOTE 25 ACCRUED EXPENSES  
AND DEFERRED INCOME**

SEKm	Dec 31, 2013	Dec 31, 2012
Provision for stamps sold but unutilized	403	398
Accrued payroll expenses	607	507
Vacation pay liability	1,534	1,563
Special payroll tax on pension expenses	10	10
Social security expenses	348	555
Terminal fees	289	429
Other items	721	603
<b>Ending balance</b>	<b>3,912</b>	<b>4,065</b>

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**NOTE 26 PLEDGED ASSETS AND  
CONTINGENT LIABILITIES**

SEKm	Dec 31, 2013	Dec 31, 2012
<b>Assets pledged for own liabilities</b>		
Real estate mortgages <sup>1)</sup>	1,196	1,153
Assets pledged as security <sup>2)</sup>	31	20
<b>Total</b>	<b>1,227</b>	<b>1,173</b>
<b>Contingent liabilities</b>		
Guarantee commitments, PRI	97	89
Other guarantees	144	31
<b>Total</b>	<b>241</b>	<b>120</b>

<sup>1)</sup> Security for portion of Long-term interest-bearing liabilities.

<sup>2)</sup> Security for portion of Long-term receivables.

**Disputes**

PostNord operates extensive national and international businesses and is involved in disputes and lawsuits from time to time arising from its business operations. Except to the extent stated below, it is not anticipated that these disputes and lawsuits, either individually or collectively, will have a materially adverse effect on PostNord's earnings, profitability or financial position.

**Dispute regarding Posten's licensing requirements**

On September 27, 2013 the Administrative Court in Sweden issued a ruling on the 2012 Licensing Requirements, upholding the Post and Telecom Agency's (PTS) extremely stringent transparency requirements which may harm Posten's competitiveness. Posten appealed the ruling to the Administrative Court of Appeals. On September 11, PTS issued new licensing requirements effective October 1, 2013 through September 30, 2015. The transparency requirements in the new version are less stringent than the 2011 requirements, but PTS reserves the right to amend the requirements following final judicial review of the 2012 version.

**NOTE 27 INVESTMENT COMMITMENTS**

As of December 31, 2013, PostNord Group had committed to acquire tangible fixed assets. These commitments total SEK 713m (510) and related primarily to sorting equipment and vehicles. Investment commitments of SEK 478m (361) were made in conjunction with the new terminal structure for Mail Sweden and SEK 150m was related to the replacement of equipment in the business area's terminals. It is expected that most commitments will be settled in late 2014-early 2015.

**NOTE 28 STATEMENT OF CASH FLOWS, INTEREST**

Cash flows from operating activities include interest received totaling SEK 50m (54) and interest paid totaling SEK 258m (104).

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

PostNord's Treasury Policy, adopted by the Board of Directors, governs PostNord's financial risk management activities. The Treasury Policy includes guidelines for liquidity management, financing and financial risk management. For details on PostNord's financial risks and risk management policy, please see the Risks and Risk Management section.

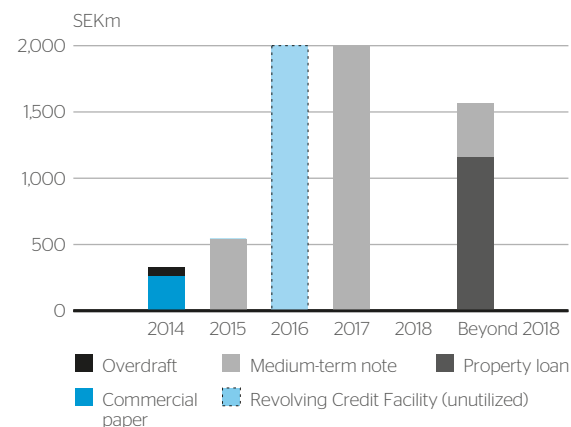
PostNord's financial risks are divided into the categories refinancing risk, credit risk and market risk.

**Refinancing risk**

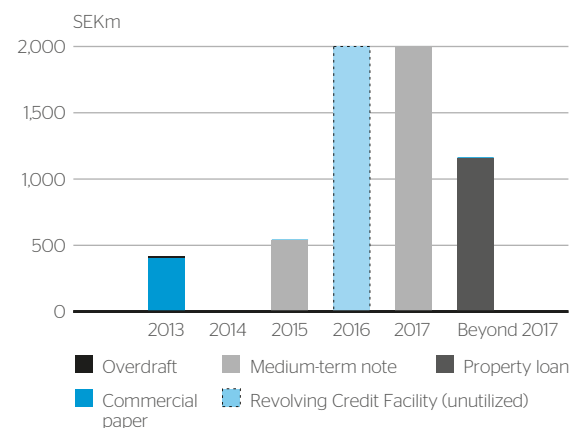
PostNord shall ensure sufficient payment readiness through a combination of cash and cash equivalents, committed unutilized credit lines and unconfirmed credit lines. PostNord uses cash pools to optimize and centralize liquidity management. Treasury management shall maintain payment readiness of at least SEK 1,500m for the coming 360 days and shall ensure that the maturity structure of the financing portfolio is well diversified. At year-end, liquidity reserves were as follows:

Cash and cash equivalents, SEKm	Dec 31, 2013	Dec 31, 2012
Bank balances	1,521	1,885
Commercial paper	295	1,032
Other investments	10	13
Unutilized confirmed credit limits	2,000	2,000
<b>Total liquidity reserves</b>	<b>3,826</b>	<b>4,930</b>
Unutilized amount, CERT program	2,800	2,600
Unutilized amount, MTN program	3,060	3,460
Unutilized amount, other credit limits	118	160
<b>Total unutilized credit facilities</b>	<b>5,978</b>	<b>6,220</b>
<b>Total</b>	<b>9,804</b>	<b>11,150</b>

**Maturity Structure 2013**



**Maturity Structure 2012**



Note 29, cont.

**Credit risk**

The group's business activities give rise to credit risk exposure in relation to counterparties. Credit risk and counterparty risk refer to the risk of loss if the counterparty fails to meet its contractual obligations. Credit risk arises partly through sales to customers, extending advances to suppliers or accepting guarantees, and partly through Treasury's liquidity management or utilization of derivative contracts.

**Credit risk from accounts receivable**

Credit risk in connection with credit sales to customers is managed by the individual business areas. Before credit is granted, all customers undergo a credit check in which data on the customer's financial position is obtained from a credit-rating agency. Large lines of credit require head office approval. In 2013, the group's aggregate accounts receivable totaled SEK 4,632m (4,718) and the group's reported losses on accounts receivable totaled SEK 25m (33).

**Credit risk in finance activities**

Credit risk in financial transactions is managed by Treasury with a credit limit based on ratings from Moody's, Standard & Poor's or a corresponding official rating agency. Trade is regulated through decisions on maximum credit risk per debtor. All counterparties undergo a credit check before qualifying as a debtor.

	Dec 31, 2013	Dec 31, 2012
<b>Ageing of accounts receivable</b>		
Accounts receivable, undue	4,063	3,784
<i>Accounts receivable, due, not impaired</i>		
1-5 days	280	534
6-20 days	163	139
21-30 days	52	79
31-60 days	53	162
61-90 days	27	14
>90 days	52	57
<b>Total</b>	<b>4,690</b>	<b>4,769</b>
Provision for bad debts	-58	-51
<b>Total</b>	<b>4,632</b>	<b>4,718</b>

**Market risk**

**Currency risk**

PostNord uses forward currency contracts and currency swap contracts to control its currency risk. Forward currency contracts are used to hedge risk associated with receivables and current liabilities and with the purchase of capital goods. Other future cash flows are not hedged. Currency swap contracts are used in conjunction with the group's management of excess liquidity.

**Currency exposure**

Currency	2013			2012		
	Position	Secured	Net position	Position	Secured	Net position
CHF					1	1
DKK	-166	157	-9	-1,786	1,785	-1
EUR	-150	165	15	-95	116	21
GBP	45	-42	3	79	-68	12
JPY	-4	3	-1	-4	3	-1
NOK	372	-389	-17	389	-384	5
PLN	44	-44				
SGD	12	-12				
USD	-12	19	7	-21	23	2
<b>Total</b>	<b>141</b>	<b>-143</b>	<b>-2</b>	<b>-1,436</b>	<b>1,476</b>	<b>40</b>

PostNord's greatest currency exposure arises through the translation of the net assets of foreign subsidiaries (translation exposure). The greatest exposure arises in DKK, NOK and EUR. Pursuant to PostNord's Treasury Policy, translation exposure is not hedged. Translation exposure is limited, however, by securing commercial solvency levels in group companies.

**Translation exposure**

Currency	Dec 31, 2013			Dec 31, 2012		
	SEKm	%	+/-1%	SEKm	%	+/-1%
AUD	2	0		4	0.1	
DKK	3,693	60.8	37	5,077	67.2	51
EUR	458	7.6	5	429	5.7	4
GBP	86	1.4	1	107	1.4	1
HKD	31	0.5		20	0.3	
NOK	1,743	28.7	18	1,995	26.4	20
PLN	17	0.3		18	0.2	
SGD	21	0.3		-118	-1.6	
USD	26	0.4		20	0.3	
<b>Total</b>	<b>6,077</b>	<b>100</b>	<b>61</b>	<b>7,552</b>	<b>100</b>	<b>76</b>

**Interest rate risk**

Fluctuations in interest-rate levels have a limited effect on PostNord's profit. A change of +/- 1 percentage point in the market rate as of December 31, 2013, all other things being equal, has a pre-tax effect on earnings of SEK -3m (10). At year-end, 53% of the group's debt portfolio had a variable rate of interest, as compared to 62% in 2012. To reduce profit sensitivity to interest rate changes, PostNord entered into variable-to-fixed rate interest swaps totaling SEK 500m.

Debt Portfolio, Dec 31, 2013	Interest payable	SEKm	Duration, yrs
Property loan, variable rate	2014-06-30	788	0.5
Property loan, fixed rate	2015-03-31	408	1.2
MTN, variable rate	2014-03-20	1,000	0.2
MTN, fixed rate	2017-09-20	1,000	3.5
MTN, variable rate	2013-03-04	390	0.2
MTN, fixed rate	2015-06-03	150	1.4
MTN, variable rate	2019-06-12	400	0.2
Commercial paper	1-7 billion	200	0.3
Credit line		61	0.0
<b>Total</b>		<b>4,397</b>	<b>1.3</b>

Interest swap,  
MTN to fixed interest

2-5 years 500 3.3

**Duration, debt portfolio with interest swap**

**1.6**

**Investment portfolio**

Accounts	1,816	
Commercial paper	295	0.1
<b>Total</b>	<b>2,111</b>	<b>0.1</b>

**Profit sensitivity, upcoming 12-month period, net**

**-2.7**

Debt Portfolio, Dec 31, 2012	Interest payable	SEKm	Duration, yrs
Property loan, variable rate	2013-06-30	759	0.5
Property loan, fixed rate	2015-03-31	393	2.2
MTN, variable rate	2013-03-20	1,000	0.2
MTN, fixed rate	2017-09-20	1,000	4.4
MTN, variable rate	2013-03-04	390	0.2
MTN, fixed rate	2015-06-03	150	2.4
Commercial paper	1-7 billion	400	0.3
Credit line		17	
<b>Total</b>		<b>4,109</b>	<b>1.5</b>

**Investment portfolio**

Accounts	1,885	
Commercial paper	1,046	0.1
<b>Total</b>	<b>2,931</b>	<b>0.1</b>

**Profit sensitivity, upcoming 12-month period, net**

**9.5**

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Note 29, cont.

**Maturity structure of PostNord Group currency and interest/futures contracts, 2013, nominal amounts**

<b>Maturity structure, derivatives, Dec 31, 2013</b>	<b>&lt;3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>1-5 years</b>	<b>Total</b>
Interest derivatives					
SEK, variable to fixed interest				500	500
Currency derivatives					
CHF	5				5
DKK	157				157
EUR	98	15	48	7	168
GBP	-42				-42
HKD	-11				-11
JPY	2				2
NOK	-408		-163		-571
PLN	-73				-73
USD	20				20
<b>Total</b>	<b>-252</b>	<b>15</b>	<b>-115</b>	<b>507</b>	<b>155</b>

**Maturity structure of PostNord Group currency and interest/futures contracts, 2012, nominal amounts**

<b>Maturity structure, derivatives, Dec 31, 2012</b>	<b>&lt;3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>1-5 years</b>	<b>Total</b>
Interest derivatives					
SEK, variable to fixed interest					
Currency derivatives					
CHF	9	8	7	4	28
DKK	1,786				1,786
EUR	132	35	78	30	275
GBP	-68				-68
JPY	-3				-3
NOK	-366				-366
PLN	-25				-25
<b>Total</b>	<b>1,465</b>	<b>43</b>	<b>85</b>	<b>34</b>	<b>1,627</b>

**Market risk in asset management**

Asset management is carried out in the group's affiliated agencies Posten's Pension Fund and Posten's insurance association. The agencies manage assets that safeguard payments of certain of the group's commitments such as future pensions, sickness benefits and family pensions. Asset management includes the investment of capital in various markets and instruments. Through board representation, PostNord advocates a prudently managed diversification between asset classes in Posten's Pension Fund and Posten's insurance association in relation to PostNord's underlying commitment and expected returns.

**Financial instruments, accounting treatment and fair value valuation**

The fair value of loans is calculated as the discount value of future cash flows as regards repayment of principal and interest. Value is discounted to actual lending rate.

For accounts receivable and accounts payable with a remaining credit period of less than one year, the book value is considered to constitute fair value. Accounts receivable and accounts payable with a remaining useful life of more than one year are discounted when the fair value is ascertained.

Some of the group's financial instruments are reported at fair value and valuation is determined in accordance with the three levels set forth in IFRS 7, described below.

## Note 29, cont.

	Dec 31, 2013	Dec 31, 2012		Dec 31, 2013	Dec 31, 2012
Reported and fair value of financial assets, SEKm	Reported value	Reported value	Reported and fair value of financial liabilities, SEKm	Reported value	Reported value
<b>Financial investments</b>			<b>Long-term interest-bearing liabilities</b>		
Endowment insurance policy reported at fair value in income statement	145	143	Financial liabilities reported at accrued acquisition value	4,315	3,845
Other financial investments	66	73	<b>Other long-term liabilities</b>		
<b>Other financial assets</b>			Financial liabilities reported at accrued acquisition value	79	37
Currency derivatives reported at fair value in income statement	12	5	<b>Current interest-bearing liabilities</b>		
<b>Accounts receivable</b>			Financial liabilities reported at accrued acquisition value	274	467
Accounts receivable	4,632	4,718	<b>Accounts payable</b>		
<b>Other receivables</b>			Financial liabilities reported at accrued acquisition value	2,878	2,514
Terminal settlements reported at fair value in income statement	334	282	<b>Other accounts payable</b>		
<b>Short-term investments</b>			Terminal fees reported at fair value in income statement	289	429
Interest-bearing receivables	163	4	Currency derivatives reported at fair value in income statement	8	16
<b>Cash and cash equivalents</b>			Financial liabilities reported at accrued acquisition value	1,974	2,293
Commercial paper reported at fair value in income statement	295	1,046	<b>Total financial liabilities</b>	<b>9,817</b>	<b>9,601</b>
Cash and bank balances	1,678	2,000			
<b>Total financial assets</b>	<b>7,325</b>	<b>8,271</b>			

<sup>1)</sup> The fair value of financial liabilities at accrued acquisition value is SEK 4,196m (3,722).

**Level 1**

The fair value of financial instruments is determined based on listed market prices on balance sheet date without deducting transaction costs. Level 1 essentially includes treasury bills and standardized derivatives for which the listed price is used in valuation. The Group currently has no financial assets or liabilities based on this valuation level.

**Level 2**

The fair value of financial instruments is determined based on valuation models that are based on other observable market data. Examples of level 2 observable data are market rates of interest and yield curves. In cases where listed price is unavailable, straight interpolation is applied.

**Level 3**

The fair value of financial instruments is determined based on valuation models under which considerable input is derived from non-observable market data. The Group currently has no financial assets or liabilities based on this valuation level.

Financial assets and liabilities per level, SEKm	31 dec 2013			31 dec 2012		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Endowment insurance policy		145			143	
Currency derivatives		12			5	
Terminal settlements		328			282	
States and municipalities					298	
Commercial paper		295			748	
<b>Total financial assets</b>		<b>786</b>			<b>1,476</b>	
<b>Financial liabilities</b>						
Currency derivatives		8			16	
Terminal settlements		289			429	
<b>Total financial liabilities</b>		<b>297</b>			<b>445</b>	

## NOTE 30 TRANSACTIONS WITH ASSOCIATED PARTIES

### Affiliated companies

Affiliated companies provide products and services to one another in accordance with the full costing principle plus a margin, except for services included in PostNord's service range, for which market rates and terms apply. Intra-group sales totaled SEK 24m (23). For a list of the parent company's holdings in affiliated companies, associated companies and joint ventures, see Note 6 to the parent company's financial statements, page 136.

### Swedish state

PostNord has been mandated by the Swedish state to provide universal mail services in accordance with the Postal Services Act. Like other postal operators in Sweden, PostNord requires a permit to provide postal services. During the period, the National Post and Telecom Agency (PTS) received SEK 15m (11) from PostNord as payment for this permit. PostNord paid SEK 9m (9) to PTS for handling dead letters.

The PTS appropriated SEK 25m (25) to PostNord, as compensation in agreements for procured postal services for disabled persons.

Posten AB loaned SEK 50m (0) to the Swedish Transport Administration for advancing the date of railway construction to Roserberg's mail terminal. Posten AB has undertaken to advance a preliminary amount of SEK 130m.

### Danish state

During the period, Post Danmark A/S paid the Danish state pension premiums of SEK 170m (188)<sup>1)</sup> for the group of civil servants employed prior to the corporatization date. A further SEK 12m (27) is reserved in the Statement of Financial Position for any additional obligations to the same group.

<sup>1)</sup> Previously reported values have been adjusted.

### Other organizations in Sweden

Posten's insurance association is a freestanding fund monitored by the Swedish Financial Supervisory Authority. The association insures PostNord's commitments regarding employee disability and family pensions in accordance with ITP-P. During the period, PostNord's Swedish companies received compensation totaling SEK 7m (8). Due to its well-consolidated position, the association did not charge any premiums in 2013, 2012 or 2011.

Posten's Pension Fund manages pension commitments for Posten AB, Posten Meddelande AB and PostNord Logistics AB. The companies transfer new pension commitments to the fund and receive compensation for pensions paid. SEK 111m (482) was transferred to the fund during the period and compensation totaling SEK 0m (360).

### Executives

For information on compensation and benefits paid to executives and Board directors, see Note 5, Employees, Personnel Expenses and Executive Compensation, page 113.

All members of the PostNord's Board of Directors and Group Management were asked to provide written notification of any business relations they may have with PostNord and whether these occurred on a commercial basis. It was disclosed that Per Samuelson, a member of Group Management, owns all of the shares in BTJ Holding Sverige AB, which in turn owns 77 percent of the shares in BTJ Sverige AB. BTJ Sverige AB purchases logistics services from PostNord Logistics AB on a commercial basis.

## NOTE 31 ACQUISITIONS AND DIVESTMENTS

### Acquisitions and divestments had the following effects on PostNord Group's assets and liabilities, SEKm

	2013			2012		
	Acquisition	Divestment	Total	Acquisition	Divestment	Total
Goodwill	167		167	436	-44	392
Other intangible fixed assets	30		30	287	-9	278
Other fixed assets	193		193	744	-46	698
<b>Total fixed assets</b>	<b>390</b>		<b>390</b>	<b>1,467</b>	<b>-99</b>	<b>1,368</b>
Current assets	86		86	313	-36	277
<b>TOTAL ASSETS</b>	<b>476</b>		<b>476</b>	<b>1,780</b>	<b>-135</b>	<b>1,645</b>
<b>TOTAL LIABILITIES</b>	<b>-175</b>	<b>-1</b>	<b>-176</b>	<b>-852</b>	<b>121</b>	<b>-731</b>
<b>NET ASSETS</b>	<b>301</b>	<b>-1</b>	<b>300</b>	<b>928</b>	<b>-14</b>	<b>914</b>
Capital gain, divested operations/group companies			-1		-5	-5
Other items affecting cash flow	-54		-54	-558	39	-519
Purchase price paid/received	-301		-301	-928	19	-909
Cash and cash equivalents (acquired/divested)	19		19	66	-12	54
<b>Net effect on cash and cash equivalents</b>	<b>-336</b>		<b>-336</b>	<b>-1,420</b>	<b>46</b>	<b>-1,374</b>

### Acquisition of subsidiaries

On January 2, 2013 Post Danmark A/S acquired 100% of the shares in Distribution Services A/S. The company has been included in PostNord's financial statements since January 1, 2013. Distribution Services A/S, a Post Danmark subcontractor since 2003, specializes in the packaging and handling of undressed mail. The company became part of business area Mail Denmark as of January 1, 2013. The purchase price totaled SEK 174m. According to the acquisition analysis, the acquisition gave rise to goodwill comprised of synergy effects, result improvement potential and skills and knowledge to develop the business segment.

On April 25, 2013 PostNord signed an agreement for the cash acquisition of 100% of the shares in Bilfrakt Bothnia AB's subsidiaries Nordisk Kyl AB and Transbothnia AB, with operations in northern Sweden. Through the acquisition, PostNord is broadening the scope of its logistics business in Sweden within mixed cargo, consignment goods and thermal transports. In 2012 the acquired businesses had combined sales of around

SEK 1 billion and 285 employees. The purchase price totaled SEK 115m, a portion of which (SEK 10m) is held as security for the seller's performance of the contract. The companies became part of business area Logistics as of June 1, 2013.

Net sales for Nordisk Kyl Logistik AB totaled SEK 387m in 2013. Net sales totaled SEK 313m during the June-December 2013 holding period. Operating profit in 2013 was SEK -16m. Operating profit during the holding period was SEK -12m. The surplus value of fixed assets (excluding good will) acquired by the Group was written off according to plan at SEK 0m. The acquisition contributed SEK -12m to group operating profit.

Net sales for Transbothnia AB totaled SEK 344m in 2013 and SEK 250m during the June-December 2013 holding period. Operating profit was SEK 9m in 2013 and SEK 8m during the holding period. The surplus value of fixed assets (excluding good will) acquired by PostNord Group was written off according to plan at SEK 1m. The acquisition contributed SEK 7m to group operating profit.

## Note 31, cont.

According to the acquisition analysis, the acquisition gave rise to goodwill comprised of synergy effects, result improvement and market positioning potential.

Conditional purchase consideration of SEK 12m, related to the previous acquisition of Roserberg Brevterminal AB, was paid during the period. The acquisition concerns land.

**Acquisition of assets and liabilities**

On February 1, 2013, PostNord's wholly-owned subsidiary Tollpost Globe AS signed an agreement to take over the operations of Byrknes Auto AS, one of Norway's largest thermal carriers. The company mainly offers services for fish and grocery transports. Tollpost Globe AS is part of business area Logistics.

On April 30, 2013, PostNord subsidiaries acquired all operations of ISS Document A/S. On June 1, 2013, PostNord subsidiaries acquired the digitization service and document management assets of Aditro Financial Process AB. The acquisitions are part of business area Mail Denmark.

On August 30, 2012, PostNord subsidiaries acquired Itella's printing and inserting business in Poland. The acquisition strengthens Strålfors' position in the Polish market.

According to acquisition analyses, assets were mainly comprised of miscellaneous equipment and intangible assets. The aggregate purchase price for all asset acquisitions totaled SEK 73m.

2013 Jan-Dec, SEKm	Goodwill	Other intangible assets	Other fixed assets	Current assets	Liabilities	Net assets
<b>Acquired</b>						
Distribution Services A/S	95		93	21	-35	174
Nordisk Kyl Logistik AB	46	9	86	25	-103	63
Transbothnia AB	26	21	2	40	-37	52
Additional purchase price, Roserberg Brevterminal AB			12			12
<b>Total acquired</b>	<b>167</b>	<b>30</b>	<b>193</b>	<b>86</b>	<b>-175</b>	<b>301</b>
<b>Divested</b>						
Tidningstorget AB					-1	-1
<b>Total divested</b>					<b>-1</b>	<b>-1</b>

2012 Jan-Dec, SEKm	Goodwill	Other intangible fixed assets	Other fixed assets	Current assets	Liabilities	Total assets
<b>Acquired</b>						
Green Cargo Logistics AB (including subsidiary Green Cargo Logistics A/S)	331	227	69	213	-319	521
Kardinalmärket 1 AB			314	3	-205	112
Kommanditbolaget Sveterm			285	12	-231	66
Reduction of purchase price, Nils Hansson Logistics AB	-1					-1
Adjustment of fixed purchase price, Eek Transport AS	1					1
Harlem Transport AS	105	60	27	85	-97	180
Additional purchase price, Roserberg Brevterminal AB			49			49
<b>Total acquired</b>	<b>436</b>	<b>287</b>	<b>744</b>	<b>313</b>	<b>-852</b>	<b>928</b>
<b>Divested</b>						
EBT Property B.V.	39		1	25	-55	10
HIT Starintex B.V. Holland			45	5	-45	5
Hit Belgium S.A.	5	9		5	-21	-2
SPOT A/S				1		1
<b>Total divested</b>	<b>44</b>	<b>9</b>	<b>46</b>	<b>36</b>	<b>-121</b>	<b>14</b>

## NOTE 32 EVENTS AFTER THE REPORTING PERIOD

### Strategy development

PostNord's strategy is based on the strategy established in 2011. It was developed at year-end 2013/2014 with respect to the group's prioritized areas and is now comprised of six strategic components:

1. Secure profitability for Mail & Communication.
2. Take the position as the Nordic region's leading logistics operator.
3. Secure the position as the leading e-commerce service partner in the Nordic region.
4. Develop attractive and profitable service logistics solutions.
5. Increase competitiveness - reduced costs, stable IT operation and integrated production model.
6. Winning culture - stronger delivery culture and sharper sustainability profile.

### Organizational changes

On February 3, 2014 PostNord announced the implementation of a new organization in 2014. The objectives of the change include creating greater uniformity for customers, increasing focus on e-commerce and expanding potential synergies for the business.

The change involves, among other things, the introduction of a matrix organization. Country units will be formed (Sweden, Denmark and Norway/Finland) to allow for greater uniformity for customers and the establishment of integrated production models. At the same time, a Nordic Mail & Communication business area and a corporate strategic unit for e-commerce (responsible for market and service development in each Nordic area) are being formed. Strålfors will continue to operate as a subsidiary and will be strongly aligned with business area Mail & Communication.

The new organization will be introduced as of March 31, 2014. Financial reporting will mainly be done on the basis of the business areas and Strålfors.

The organizational change also involves changes to group management.

A Group Executive Team was introduced on February 1, 2014:

- Håkan Ericsson, President & Group CEO.
- K. B. Pedersen, Executive Vice President and Deputy CEO.
- Andreas Falkenmark, Head of Business Area PostNord Mail & Communication.

## NOTE 33 DEFINITIONS

### ADM (addressed direct mail)

Direct mail personally addressed to an individual. ADM is sent with a personal message when companies want to build relationships with existing customers and identify new customers.

### Average number of employees

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

### C-mail

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

### Corporate Image

Based on a survey in which individuals in Denmark and Sweden respond to questions on their perceptions of Post Danmark and Posten, respectively. Results are reported in an index covering three key dimensions: overall opinion, emotional appeal and rational appeal.

### Customer value index

Based on PostNord's measuring tool used to continuously monitor customer satisfaction and customers' perceptions of the business.

### Earnings per share

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

### EBITDA

Operating profit excluding depreciation and impairments.

### Employee satisfaction index (MIX)

Part of the group's employee survey. Results show level of employee commitment.

### Equity-Assets ratio

Equity (including minority shares) at the end of the period in relation to total assets at the end of the period.

- Mats Johansson, Acting Head of Business Area PostNord Logistics.
- Per Samuelson, President of Strålfors.
- Annemarie Gardshol, Head of E-commerce & Corporate Clients and Chief Strategy Officer.
- Anders Holm, Head of PostNord Sweden.
- Henning Christensen, Head of PostNord Denmark.
- Robin Olsen, Head of PostNord Norway and PostNord Finland.
- Henrik Rättzén, Chief Financial Officer.
- Per Mossberg, Chief Communications Officer.
- Joss Delissen, Chief Information Officer.
- Finn Hansen, Chief HR Officer.
- Johanna Allert, Chief Technical Officer.

### Changes to PostNord Group brand structure

PostNord announced on February 3, 2014 that the group's commercial brand symbols will be integrated with PostNord's logo as of 2014 in order to capitalize on the strengths of the existing commercial brands and improve clarity and uniformity by giving the PostNord brand greater scope in the group's marketing communication. Implementation of the new commercial brands will be done on an ongoing basis over a three-year period.

### Changes to the Board of Directors

On February 14, 2014 Jonas Iversen resigned as board member. Patrik Jönsson, deputy director at the Ministry of Finance, has been co-opted into the board for the period through the April 23rd AGM.

### Decision on new Danish postal legislation

On June 26, 2013 the Danish Ministry of Transport announced that a broad parliamentary majority supports amendments to the Danish Postal Act aimed at maintaining good service in view of the substantial drop in mail volumes. The proposed law was approved by the Danish Parliament on February 18, 2014. Under the new Danish Postal Act, new licensing terms for Post Danmark A/S will take effect as of March 1, 2014. Under the proposal, terms and conditions will be amended and entail market adjustments for Post Danmark A/S as the national postal operator.

### Financial preparedness

Cash and cash equivalents and unutilized committed credit line.

### Leadership index (LIX)

Part of the group's employee survey. Results show employees' perceptions of immediate supervisors' leadership.

### Net debt/EBITDA

Interest-bearing liabilities, including pension provisions, less cash and cash equivalents in relation to EBITDA for the 12 months to the end of the period.

### Non-priority mail

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

### Operating margin

Operating earnings as a percentage of income (net sales and other income). The calculation of operating margin by business area includes sales to other business operations and to parent company functions.

### Priority mail

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

### Return on equity (ROE)

Net profit for the 12 months to the end of the period divided by average equity for the 12 months to the end of the period.

### Return on operating capital

Operating profit for the 12 months to the end of the period divided by average operating capital for the 12 months to the end of the period.

### Sick leave

Sick leave in relation to regular contracted working hours.

### UDM (unaddressed direct mail)

Direct mail sent without personal address by companies that, for instance, do not have their own client register or wish to reach a new target group. Through UDM, the customer has the option of reaching out widely to all national households or businesses or targeting mailings to a specific audience.



# Parent Company financial statements

## Income statement

SEKm	Note	2013	2012
	1, 2		
Other income		24	23
<b>Income</b>		<b>24</b>	<b>23</b>
Personnel expenses	3	-24	-28
Other expenses	4	-12	-26
<b>Expenses</b>		<b>-36</b>	<b>-54</b>
<b>OPERATING PROFIT</b>		<b>-12</b>	<b>-31</b>
Dividends from subsidiaries		773	2,473
Write-down of shares in subsidiaries	6	-800	
Interest income and financial income items	5	40	44
Interest expense and financial expense items	5	-123	-57
<b>Financial items</b>		<b>-110</b>	<b>2,460</b>
<b>Profit after financial items</b>		<b>-122</b>	<b>2,429</b>
Group contribution received		92	46
<b>Appropriations</b>		<b>92</b>	<b>46</b>
<b>Profit before tax</b>		<b>-30</b>	<b>2,475</b>
Tax		0	
<b>NET PROFIT</b>		<b>-30</b>	<b>2,475</b>

## Comprehensive income statement

SEKm	2013	2012
Net profit	-30	2,475
Other comprehensive income	0	0
<b>COMPREHENSIVE INCOME</b>	<b>-30</b>	<b>2,475</b>

## Balance sheets

SEKm	Note	Dec 31, 2013	Dec 31, 2012
	1, 2		
<b>ASSETS</b>			
Participations in group companies	6	11,676	12,476
Interest-bearing receivables		8	4
<b>Total financial assets</b>		<b>11,684</b>	<b>12,480</b>
<b>Total fixed assets</b>		<b>11,684</b>	<b>12,480</b>
Receivables from group companies, interest-bearing		8,043	6,257
Other receivables from group companies		95	48
Prepaid expenses and accrued income		5	8
<b>Total current receivables</b>		<b>8,143</b>	<b>6,313</b>
<b>Total current assets</b>		<b>8,143</b>	<b>6,313</b>
<b>TOTAL ASSETS</b>		<b>19,827</b>	<b>18,793</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Capital stock		2,000	2,000
Share premium reserve		10,141	10,141
<b>Non-restricted equity</b>			
Retained earnings		3,597	1,225
Net profit		-30	2,475
<b>TOTAL EQUITY</b>		<b>15,708</b>	<b>15,841</b>
<b>LIABILITIES</b>			
Interest-bearing liabilities		3,905	2,536
<b>Total non-current liabilities</b>		<b>3,905</b>	<b>2,536</b>
Liabilities to group companies			
Other operating liabilities		201	402
Accrued expenses and prepaid income		13	14
<b>Total non-interest-bearing liabilities</b>		<b>214</b>	<b>416</b>
<b>Total current liabilities</b>		<b>214</b>	<b>416</b>
<b>TOTAL LIABILITIES</b>		<b>4,119</b>	<b>2,952</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,827</b>	<b>18,793</b>
<b>CONTINGENT LIABILITIES</b>			
Warranty, PRI		140	103
Guarantees on behalf of subsidiaries		381	256 <sup>1)</sup>
<b>Total</b>		<b>521</b>	<b>359</b>

<sup>1)</sup> As of December 31, 2012, PostNord AB's subsidiary Posten AB had pledged a total of SEK 98m (141) on behalf of subsidiaries.

## Statement of cash flows

SEKm	2013	2012
<b>OPERATING ACTIVITIES</b>		
Profit before tax	-30	2,475
Appropriations	-92	-46
Adjustments for non-cash items	825	0 <sup>1)</sup>
<b>Cash flows from operating activities before changes in working capital</b>	<b>703</b>	<b>2,429</b>
<b>Cash flows from changes in working capital</b>		
Increase (-)/decrease (+) in trade accounts receivable	1	999 <sup>1)</sup>
Increase (+)/decrease (-) in operating liabilities	-3	10 <sup>1)</sup>
<b>Changes in working capital</b>	<b>-2</b>	<b>1,009</b>
<b>Cash flows from operating activities</b>	<b>701</b>	<b>3,438</b>
<b>INVESTING ACTIVITIES</b>		
Change in inter-group claims	-1,789	-5,995
<b>Cash flows from investment activities</b>	<b>-1,789</b>	<b>-5,995</b>
<b>FINANCING ACTIVITIES</b>		
Loans raised	1,345	4,031
Amortization of loans	-200	-1,100
Dividends paid to parent company's owner	-103	-368
Group contribution paid		-6
Group contribution received	46	
<b>Cash flows from financing activities</b>	<b>1,088</b>	<b>2,557</b>
<b>CASH FLOWS FOR THE PERIOD</b>	<b>0</b>	<b>0</b>
Cash and cash equivalents, beginning of the period	0	0
Cash and cash equivalents, end of the period	0	0

<sup>1)</sup> Previously reported values have been adjusted.

## Statement of changes in equity

SEKm	Restricted equity		Non-restricted equity	
	Capital stock <sup>1)</sup>	Surplus fund	Retained earnings incl. net profit for the year	Total
<b>Balance as of 01-01-2012</b>	<b>2,000</b>	<b>10,141</b>	<b>1,593</b>	<b>13,734</b>
Net profit			2,475	2,475
Dividends			-368	-368
<b>Balance as of 12-31-2012</b>	<b>2,000</b>	<b>10,141</b>	<b>3,700</b>	<b>15,841</b>
<b>Balance as of 01-01-2013</b>	<b>2,000</b>	<b>10,141</b>	<b>3,700</b>	<b>15,841</b>
Net profit			-30	-30
Dividends			-103	-103
<b>Balance as of 12-31-2013</b>	<b>2,000</b>	<b>10,141</b>	<b>3,567</b>	<b>15,708</b>

<sup>1)</sup> Number of shares is 2,000,000,001; quota value is SEK 1 per share.

# Parent Company notes

## NOTE 1 ACCOUNTING PRINCIPLES

The parent company essentially applies the same accounting principles as the group does, and thus applies RFR 2, Reporting of Legal Entities. The differences between the parent company's and the group's accounting principles result from the parent company's limitations in applying International Financial Reporting Standards (IFRS) as a consequence of the Swedish Annual Accounts Act and the Law on Safeguarding of Pension Commitments, and are to some extent also based on tax considerations.

### Participations in subsidiaries, associated companies and joint ventures

Participations in subsidiaries, associated companies and joint ventures are reported in the parent company using the acquisition cost method.

### Dividends

Dividends from subsidiaries, associated companies and joint ventures are reported as income when the right to receive such dividend is established.

Anticipated dividends from subsidiaries are reported in cases where the parent company has the exclusive right to determine the size of the dividend and has made a decision on the size of the dividend prior to publication of the parent company's financial statements.

If the carrying amount of the parent company's holding in the subsidiary, associated company or joint venture exceeds the carrying amount reported in the financial statements, this is considered an indication of an impairment and an impairment test shall be performed.

Group contributions are reported as balance sheet appropriations.

### Employee benefits

Pension commitments for civil servants covered by pension insurance plans are reported in the parent company as defined contribution plans. Other pension costs are included under operating profit.

### Financial guarantees

The parent company's financial guarantees consist mainly of guarantees for the benefit of subsidiaries and joint ventures. Financial guarantees entail the company pledging to compensate the owner of a debt instrument for losses incurred in the event a debtor does not complete payment on the due date specified in the contract. To report financial guarantee agreements, the parent company applies RFR 2, which is somewhat more lenient than the rules in IAS 39 regarding financial guarantee contracts for the benefit of subsidiaries, associated companies and joint ventures. The parent company reports financial guarantee agreements as provisions on the balance sheet when PostNord has a commitment for which payment is likely to be required to settle the commitment.

### Taxes

The parent company reports untaxed reserves, including its deferred tax liability.

### Segment reporting

The parent company's business activities consist of a sole operation, group functions.

## NOTE 2 ESTIMATES AND ASSESSMENTS

In making these financial reports, group management has made assessments, estimates and assumptions that affect the group's reported accounts. These estimates and assumptions are based on what is known at the time the financial reports are presented, as well as on historical experience and assumptions that group management considers reasonable under the current circumstances. The conclusions drawn by group management form the basis for the values reported in these accounts. Actual future values, estimates and assessments in future financial reports during the coming year may differ from those in this report, due to changing environmental factors and new knowledge and experience.

### Shares in subsidiaries

Assumptions are made about future circumstances in order to estimate future cash flows that determine the recoverable amount. The recoverable amount is compared to the carrying amount of these assets and forms the basis for any impairment losses or reversals. The assumptions that affect the recoverable amount are mostly future financial performance, discount rates and useful life. If future external factors and circumstances change, 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	2013	2012
Wages, salaries and other remuneration	15	17
Statutory social costs	5	6
Pension expenses	4	5
<b>Total</b>	<b>24</b>	<b>28</b>

The parent company has three employees: the President & CEO, the Group CFO and the Head of Group Strategy. President & CEO Håkan Ericsson receives a monthly salary of SEK 745,000. The parent company also pays SEK 37,000 per month for occupational pension insurance and SEK 185,667 for endowment insurance to safeguard the pension liabilities.

## NOTE 4 AUDIT FEES AND REIMBURSEMENT OF EXPENSES

SEKm	2013	2012
<b>Audit engagement</b>		
KPMG	1	
Ernst & Young		1
<b>Total</b>	<b>1</b>	<b>1</b>

"Audit engagement" refers to examination of the annual report, bookkeeping and administration of the Board and the CEO; other duties resting with the company's auditors; and advisory services and other types of support that arise in the course of such examination or the performance of such other duties. The expenses are reported in Other Expenses.

01  
02  
03  
04  
05  
06

**NOTE 5 INTEREST INCOME, INTEREST EXPENSE AND SIMILAR ITEMS**

SEKm	2013	2012
Interest income from group companies	40	43
Exchange gain		1
<b>Total</b>	<b>40</b>	<b>44</b>
Interest expense to group companies	-2	-26
Interest expense	-82	-19
Exchange gain	-28	
Other financial expenses	-11	-12
<b>Total</b>	<b>-123</b>	<b>-57</b>

See also Consolidated Note 29, Financial Risk Management and Financial Instruments, page 126.

**NOTE 6 SHAREHOLDINGS AND PARTICIPATIONS IN GROUP COMPANIES, JOINT VENTURES AND ASSOCIATED COMPANIES**

SEKm	2013	2012
Opening accumulated acquisition value	12,476	12,476
Write-down of shares in subsidiaries	-800	
<b>Ending balance</b>	<b>11,676</b>	<b>12,476</b>

Shares owned directly or indirectly by parent company (PostNord AB), SEKm	Corporate Identity Number	Legal domicile	Country	Equity stake, %		Number of shares	Book value, parent company Dec 31, 2013	Dor-mant
				Direct	Indirect			
<b>Posten AB</b>	<b>556128-6559</b>	<b>Solna</b>	<b>Sweden</b>	<b>100</b>		<b>600,000</b>	<b>7,089</b>	
Posten Meddelande AB	556711-5695	Solna	Sweden		100	1,000		
Strålfors AB	556062-0618	Malmö	Sweden		100	21,381,288		
Strålforsbolagen AB	556158-7006	Ljungby	Sweden		100	1,000		v
Strålfors Svenska AB	556102-9843	Ljungby	Sweden		100	5,000		
Tand 2:103 Fastighets AB	556594-3650	Östersund	Sweden		50	2,000		
EsonPac Group AB	556838-0868	Varberg	Sweden		48	4,800		
Strålfors A/S	10068657	Brøndby	Denmark		100	200,000		
Strålfors Oy	0115061-7	Helsinki	Finland		100	2,100		
Stralfors SAS	77572776100063	Paris	France		100	620,776		
Strålfors AS	944997431	Oslo	Norway		100	200		
Stralfors Sp.zO.o	000296330	Laskowice	Poland		100	2,000		
Friends & Tactics AB	556888-3820	Stockholm	Sweden		30	600		
Stralfors (UK) Ltd.	00928859	Redruth	Great Britain		100	100		
Chacewater Properties Ltd.	03905657	Redruth	Great Britain		100	1,000		v
DPS Holding Ltd.	03239427	Orpington	Great Britain		100	45,000		v
DPS Direct Mail Ltd.	02683284	Orpington	Great Britain		100	45,000		v
Stralfors plc	01626027	Redruth	Great Britain		100	600,000		
Th Stralfors (Data Products) Ltd.	02683284	Redruth	Great Britain		100	10,000		v
Direct Link Worldwide GmbH	217864281	Mörfelden-Walldorf	Germany		100	150		
PostNord logistics GmbH	HRB8888HL	Lübeck	Germany		100	1		
Tollpost Globe AS	984054564	Oslo	Norway		100	117,570		
PostNord Logistics AB	556711-5380	Solna	Sweden		100	1,000		
Nils Hansson Logistics AB	556147-4254	Ljungbyhed	Sweden		100	2,500		
Posten Logistik SCM Oy	1056251-7	Vanda	Finland		100	5,817		
PostNord Logistics A/S		Copenhagen	Denmark		100	500,001		
Svensk Adressändring AB	556476-3562	Stockholm	Sweden		85	850		
Tidningstjänst AB	556039-7480	Stockholm	Sweden		100	7,500		
Direct Link Worldwide Ltd.	2911080	Middlesex	Great Britain		100	110,000		
Addresspoint AB	556587-5597	Stockholm	Sweden		85	1,700		
Posten Leasing AB	556341-0009	Stockholm	Sweden		100	5,000		
Postbolagen AB	556234-1353	Stockholm	Sweden		100	1,000		v

Note 6, cont.

Shares owned directly or indirectly by parent company (PostNord AB), SEKm	Corporate Identity Number	Legal domicile	Country	Equity stake, %		Number of shares	Book value, parent company Dec 31, 2013	Dor-mant
				Direct	Indirect			
Direct Link Worldwide Inc	112-797-736/000	New Jersey	USA		100	100		
Direct Link Worldwide AS	994072889	Oslo	Norway		100	1,000		
Direct Link Worldwide Oy	2260087-5	Vanda	Finland		100	100		
Fastighets AB Penelope	556517-0544	Stockholm	Sweden		100	100		
Nässjöterminalen Kommanditbolag	916629-7458	Solna	Sweden		100			
Posten Scanning AB	556824-2852	Stockholm	Sweden		100	1,000		
Data Scanning Finland Ab	2552507-3	Helsinki	Finland		100	1,000		
Rosersberg Brevterminal AB	556819-9862	Stockholm	Sweden		100	1,000		
Hallsberg Brevterminal AB	556848-8133	Stockholm	Sweden		100	500		
Fastighets AB Jönköping Barnarps-Kråkebo 1:69	556782-6903	Solna	Sweden		100	1,000		
Direct Link Worldwide Distribution Pte. Ltd.	199700772	Singapore	Singapore		100	700,000		
Direct Link Worldwide Pty. Ltd.	095493459	Sydney	Australia		100	1		
Direct Link Worldwide Company Ltd.	199700772	Hong Kong	China		100	1		
PostNord Logistics TPL AB	556161-7191	Haninge	Sweden		100	50000		
PostNord Logistics TPL A/S	22115396	Brøndby	Denmark		100	100		
KB Sveterm	916631-9492	Stockholm	Sweden		100			
Kardinalmärket 1 AB	556875-8899	Stockholm	Sweden		100	50000		
Harlem Transport AS	928378926	Oslo	Norway		100	50		
Nordisk Kyl Logistik AB	556454-1737	Östersund	Sweden		100	8000		
Transbothnia AB	556278-8876	Umeå	Sweden		100	3000		
<b>Post Danmark A/S</b>	<b>26663903</b>	<b>Copenhagen</b>	<b>Denmark</b>	<b>100</b>		<b>25,000,000</b>	<b>4,587</b>	
Post Danmark Logistik A/S	33077556	Copenhagen	Denmark		100	10,000		
Data Scanning A/S	19803376	Copenhagen	Denmark		100	10		
Data scanning PST - filial		Solna	Sweden		100			
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		
<b>Total holdings in group companies</b>							<b>11,676</b>	

# The Board of Directors' and CEO's certification

The Board of Directors and the Chief Executive Officer certify that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated accounts have been prepared in accordance with international accounting standards as prescribed by the European Parliament and the Council in Regulation (EC) No 1606/2002 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 parent company's and the group's financial position and results of operations. Nothing of a significant nature that could affect the representation of the company as described has been omitted. The consolidated financial review for the parent company and the group provides a true and fair overview of the development of the parent company's and the group's business activities, financial position and results of operations as well as the significant risks and uncertainties which the parent company and the companies included in the Group are exposed to.

The annual accounts and the consolidated accounts were approved for issue by the Board of Directors and the Chief Executive Officer on February 20, 2014.

Solna, February 20, 2014

**Jens Moberg**  
*Chairman*

**Gunnel Duveblad**  
*Member of the Board*

**Mats Abrahamsson**  
*Member of the Board*

**Christian Ellegaard**  
*Member of the Board*

**Sisse Fjelsted Rasmussen**  
*Member of the Board*

**Torben Janholt**  
*Member of the Board*

**Anitra Steen**  
*Member of the Board*

**Lars Chemnitz**  
*Employee representative*

**Alf Mellström**  
*Employee representative*

**Ann-Christin Fällén**  
*Employee representative*

**Håkan Ericsson**  
*President and CEO*

Our Audit Report was presented on February 28, 2014

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 2013. The company's annual report and consolidated accounts comprise all information before page 4, pages 8-41, the section on environmentally licensed operations on page 60, pages 70-138 and page 140 of the printed version of this document.

## 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, 2013 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, 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory

administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the income statement and statement of financial position for the group.

## Other matters

The audit of the annual accounts and consolidated accounts for year 2012 was performed by another auditor who submitted an auditor's report dated February 21, 2013, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

## 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 2013.

## 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 the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess 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, February 28, 2014  
KPMG AB

**Helene Willberg**  
*Authorized Public Accountant*

# Multi-year review

SEKm, unless otherwise specified	Pro forma 2009	2010	2011	2012	2013
<b>PostNord Group<sup>1)</sup></b>					
Net sales	44,633	41,669	39,466	38,920	39,533
Other income	249	289	274	253	233
Expenses	44,605	40,589	38,167	38,669	39,100
Operating profit (EBITDA)	2,298	3,292	3,237	2,410	2,324
Operating profit (EBIT)	284	1,375	1,571	511	676
Profit before tax	2,439 <sup>2)</sup>	1,348	1,671	367	468
Net profit	2,414 <sup>2)</sup>	1,031	1,225	247	322
Operating margin (EBITDA), %	5.1	7.8	8.1	6.2	5.8
Operating margin (EBIT), %	0.6	3.3	4.0	1.3	1.7
Cash flows from operating activities		1,824	1,634	1,825	1,662
Net debt		-728	578	4,299	2,991
Return on equity, rolling 12-month, %	19.6 <sup>2)</sup>	8.2	10.3	2.6	3.9
Equity-Assets ratio, close of period, %	45	46	47	27	35
Average number of employees	47,625	44,060	41,714	39,713	39,305
<b>Mail Denmark<sup>3)</sup></b>					
Net sales	13,094	10,882	9,347	10,165	9,364
Letters	9,289	7,607	6,502	5,732	5,309
Advertisements and Newspapers	2,546	2,211	1,890	1,583	1,343
Parcels				2,099	2,021
Other	1,259	1,064	955	751	691
Other income	1,592	1,816	1,685	55	99
Operating profit (EBIT)	444	641	355	-177	-89
Operating margin, %	3.0	5.0	3.2	neg	neg
Average number of employees	16,320	15,187	13,766	12,730	12,311
Volumes, millions of units produced					
Priority mail	680	602	411	320	278
Non-priority and business mail	305	283	366	365	337
Parcels				39	39
<b>Mail Sweden</b>					
Net sales	15,794	15,554	15,220	15,137	15,050
Letters	8,817	8,571	8,142	7,811	7,608
Advertisements and Newspapers	4,639	4,670	4,699	4,786	4,813
Other	2,338	2,313	2,379	2,540	2,629
Other income	728	711	731	787	841
Operating profit (EBIT)	397	879	890	793	583
Operating margin, %	2.4	5.4	5.6	5.0	3.7
Average number of employees	20,197	19,010	18,311	17,686	17,167
Volumes, millions of units produced					
Priority mail	1,088	1,045	980	925	912
Non-priority mail	1,245	1,266	1,251	1,198	1,144
<b>Logistics<sup>3)</sup></b>					
Net sales	12,673	12,423	12,450	11,762	13,432
Parcels				6,382	4,760
Solutions (heavy freight and integrated solutions)				2,830	3,665
Other logistics services (mixed cargo groupage, etc.)				3,238	3,337
Other income	1,360	1,299	1,317	1,330	1,283
Operating profit (EBIT)	-158	139	269	272	197
Operating margin, %	neg	1.0	2.0	2.1	1.3
Average number of employees	7,010	6,275	6,381	6,509	7,373
Volumes, millions of units produced					
Parcels		101	98	73	79
<b>Strålfors</b>					
Net sales	3,762	3,391	3,048	2,665	2,612
Information Logistics	2,987	2,819	2,728	2,665	2,612
Identification Solutions	582	572	320		
Supplies	193				
Other income	25	28	18	17	15
Operating profit (EBIT)	-351	-170	-76	-25	16
Operating margin, %	neg	neg	neg	neg	0.6
Average number of employees	2,324	2,206	1,921	1,509	1,492

<sup>1)</sup> Values prior to 2012 have not been restated due to changes in IAS 19, Employee Benefits.

<sup>2)</sup> Includes capital gain of SEK 2,002m on the sale of Post Danmark A/S' share in Belgian bpost (formerly De Post-La Poste) in July 2009.

<sup>3)</sup> Values prior to 2012 have not been restated due to reorganisation of the group's parcel business in Denmark.



# Contact information

## Contact information

### PostNord AB

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

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

[www.postnord.com](http://www.postnord.com)

### People to contact

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

Henrik Rättzén  
Chief Financial Officer  
Tel +46 10 436 43 94

Investor Relations and  
sustainability communication  
Tel +46 10 436 00 00  
[ir@posten.se](mailto:ir@posten.se)

Media Relations  
Tel +46 10 436 10 10  
[press@postnord.com](mailto:press@postnord.com)



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