



# We know Norway

ANNUAL REPORT AND SUSTAINABILITY REPORT **2015**

# Organisation

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# ORGANISATION



18,590 employees  
are working to make  
us the world's most  
future-oriented mail  
and logistics group.



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## The Group

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

### Vision

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

### Business concept

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

### Development goals for 2017

Posten Norge's Group strategy is to develop a customer-oriented, integrated and industrialised Nordic mail and logistics business.

The Group will develop leading Nordic positions within selected service areas. It will offer Nordic solutions to Nordic and international customers in the Nordic market.

The Group's value chains are being developed in the direction of an integrated distribution and terminal network with a coordinated customer interface. All information about products and capacity will be available throughout the value chain, across geographical and organisational units.

The Group will create greater customer value and competitiveness through standardisation, industrial customisation and continuous improvement.

### Our values

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

- Integrity
- Respect
- Cooperation
- Openness
- Courage

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## The Group

### Main goals and strategies

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

- Satisfied customers
- Leading market positions
- Profitable growth and a competitive increase in value
- Attractive workplaces and a good working environment

**Posten Norge has identified the following group-wide challenges for developing its prerequisites and ability to achieve the Group's main goal:**

- Stronger customer orientation and 'winning the customer's heart'
- Strengthening cross-sales and increasing synergies
- Industrialisation and continuous improvement
- Leading environmental position as a competitive advantage
- Attractive workplace, leader within HSE
- Communication with the market via two brands, Posten and Bring

### Leadership principles

To be a manager in the Group means to set goals, release energy and control resources. The Group's managers must practise value-based leadership that balances involvement and control. Good managers are a prerequisite for employees to be happy and to give their best. Managers shall be role models in terms of how they conduct themselves and must bring the Group's values to life.

### Our managers are known for:

- Being visible
- Being clear
- Taking and delegating responsibility
- Developing and inspiring employees

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## Our brands

Posten Norge AS has two brands in the market: Posten for the private market and Bring for the business market.

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### Sponsoring handball in Norway and Sweden

Posten Norge is the general sponsor of the Norwegian Handball Federation (NHF) at both the national and lower levels. The partnership is part of Posten and Bring's Norwegian public relations strategy. At the same time, handball-related activities also provide good opportunities to bring employees from different parts of the Group together to build a sense of teamwork and pride.

In Sweden, the Group has a sponsorship agreement with the Swedish Handball Federation (SHF), as the sponsor of the women's and men's national teams – via Bring. The cooperation with Swedish handball is a good match for the Group and boosts our efforts to win the hearts of Swedish customers. It also raises awareness of Bring in the Swedish market.

Posten is responsible for the daily distribution of mail throughout Norway, as well as the post office network and services for private individuals.



**Services:** Offers a wide range of mail services and emphasises secure delivery, flexibility and predictability for mail and parcel recipients via a selection of delivery options and good, digital self-service solutions.

**Background:** Posten was established in 1647 and has 368 years of experience in delivering letters and parcels in Norway.

**Reputation:** Despite regular changes and restructuring, Posten has a stable, good reputation among the general public. It was ranked in 22nd place in Ipsos MMI's annual reputation survey in 2015. Of the respondents, 65 per cent stated that they had a positive impression of Posten.





## Our brands

Bring is one of the Nordic region's largest suppliers of mail and logistics services.



Bring wants to win customers' hearts via proud, well-motivated employees who deliver high quality and good service. We handle the transport of large and small consignments in the Nordic region and the rest of the world every day - and all of them are equally important. Our customers

are trusting us with their brands with each consignment we deliver. New technology and expertise enable Bring to develop smart, future-oriented solutions that improve our customers' competitiveness.

**Strong brand:** Since it was launched in 2008, Bring has established itself as a well-known, strong and preferred brand in the Nordic market, and today is one of the Nordic region's largest suppliers of mail and logistics services.



Bring offers the market a range of services:

Parcel services with a Nordic distribution network

Express and courier services for both regular and occasional deliveries

Freight transport by road, rail, air or sea within the Nordic region and internationally

Warehousing solutions for most types of products, whether these involve large volumes, bulk storage or individual pallets

Temperature-controlled logistics services – delivery and storage of fresh, refrigerated and freezer goods from the producer to the table

Fourth-party logistics solutions – developing and operating complete supply chains for companies

Distribution of letters and advertising – bespoke solutions or basic distribution services

Customer dialogue and CRM based on customer insight, CRM tools and the customers' databases

## Employees, locations and services



**Posten:** Head office in Oslo, Posthuset

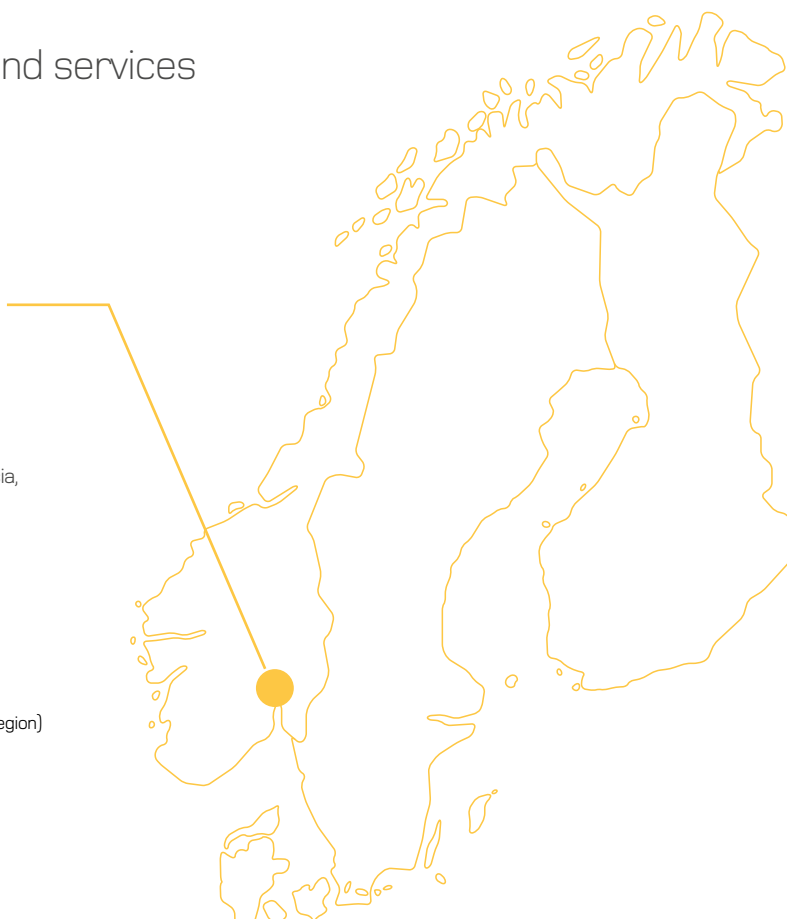
**Presence:** Norway, Sweden, Denmark, Finland, France, Greece, the Netherlands, United Kingdom, Italy, Belgium, China, Germany, Russia, Slovakia, Spain, and the USA.



GlobALLY

**18 590**

(of which 525 are outside the Nordic region)



NORWAY

**14 906**

**Presence:** Throughout Norway

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

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



SWEDEN

**2 661**

**Presence:** Stockholm, Helsingborg, Gothenburg, Malmö, Jönköping and Örebro, among others. Total of more than forty offices in Sweden.

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



FINLAND

**40**

**Til stede:** Helsingfors

**Bring:** Parcel distribution, express logistics and courier services, temperature-controlled logistics services, 3PL and warehousing solutions.



DENMARK

**458**

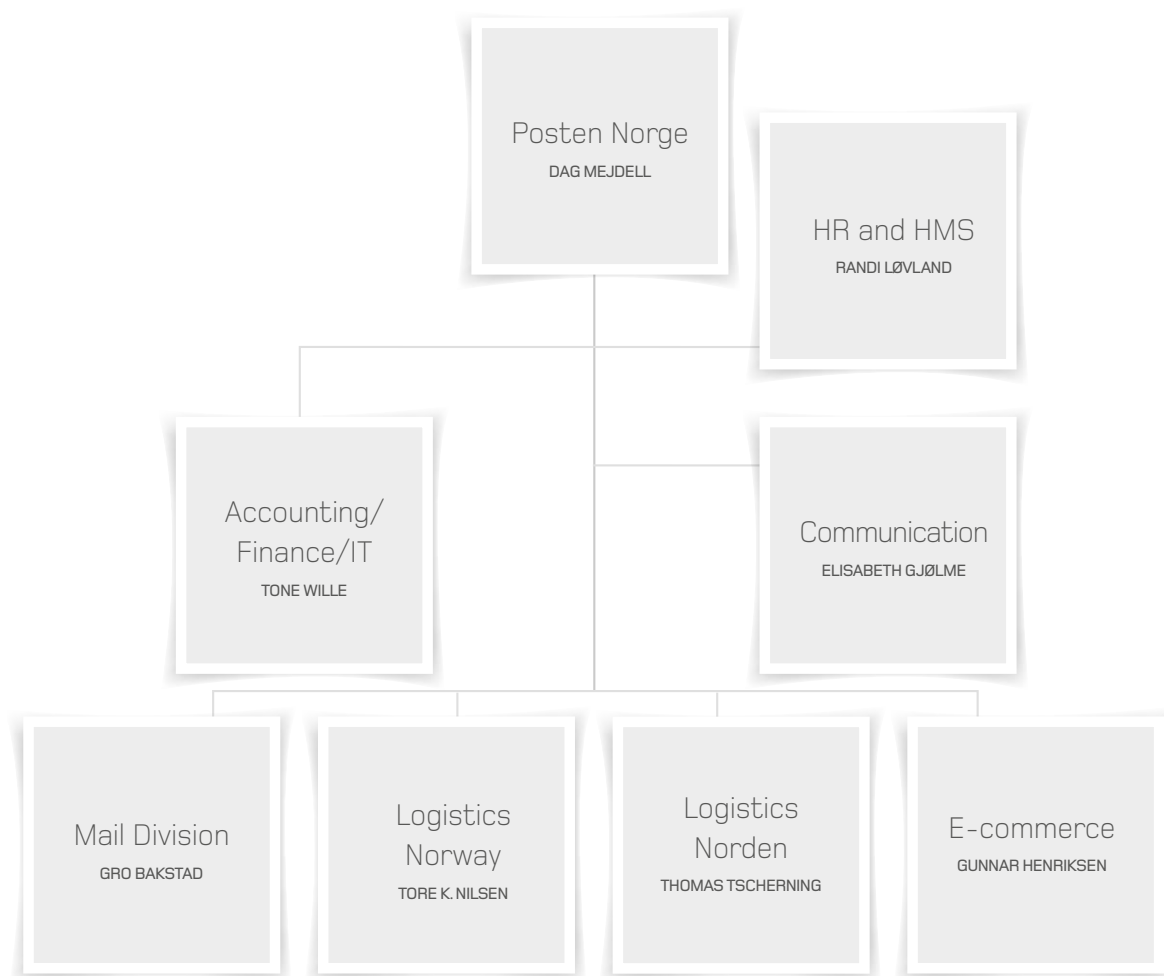
**Presence:** Copenhagen, Frederikshavn, Aalborg, Randers, Risskov, Kolding, Odense, Avedøre and Kastrup, among others. Total of nine offices in Denmark.

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



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## Group structure



Posten Norge is organised into four divisions and three corporate staff units. The executive management team consists of the chief executive and seven executive vice presidents.

The executive management team deals with matters and decisions relating to the Group's strategy, goals, follow-up of results, major investments, pricing strategies, and important issues relating to public relations, the market and customers, as well as issues of a fundamental and strategic nature. The executive vice presidents head divisions or corporate staff units and report to the chief executive.

### Line responsibility

The four divisions are: Mail, Logistics Norway, Logistics Nordic and E-commerce. The divisions are central to the management of the Group and develop and implement strategies for their respective business areas that support the corporate strategy. The divisions are responsible for developing and delivering services with the associated service and quality.

## Professional responsibility

The Group has established corporate staffs with responsibility for governance, joint functions and professional development within the areas of HR/HSE, Communications and Accounting/Finance/IT. The corporate staffs develop and professionalise the various disciplines in the Group, are driving forces and help bolster the business strategies.

The corporate staffs have especially been tasked with contributing to interaction and cooperation across Group boundaries in the development of policies and best practices. Certain professional functions are centralised at the Group level and provide services to the divisions and business areas.

## Two segments

For financial reporting, the Group has chosen to split the business into two segments, Mail and Logistics, in accordance with international financial reporting standards (IFRS) and best practice. The Mail segment consists of the Mail Division, while the Logistics segment consists of two logistics divisions and the E-commerce Division.

The Mail Division is responsible for traditional postal services in Norway (including statutory postal services) and Bring Citymail in Sweden. The division is also responsible for running the Group's activities within digital services and dialogue services. The Mail Division is restructuring and streamlining traditional postal services, while developing new physical and digital services and infrastructure.

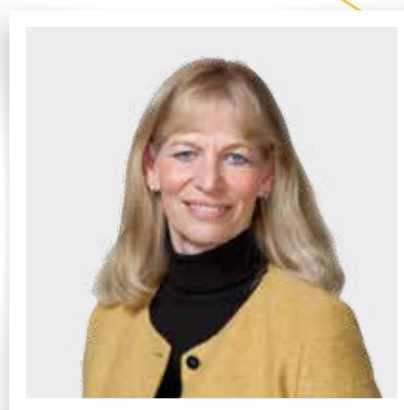
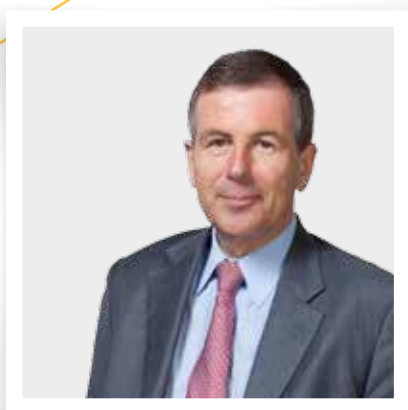
The Logistics Norway Division develops and delivers the Group's services within the Logistics segment in Norway. The division operates the domestic parcel and freight terminals and transports mail, parcels and freight. The division particularly focuses on realising economies of scale in its network,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

The Logistics Nordic Division is responsible for the Group's logistics operations in Sweden, Denmark and Finland. The division establishes, develops and operates networks for parcels and freight in the Nordic countries, and develops Sweden's position as a natural hub for logistics in and out of the Nordic region.

The geographical organisation of the Logistics segment is based upon the different positions and strengths in the Nordic countries. The logistics divisions are tasked with providing customers with uniform services, optimising national networks and utilising economies of scale across countries and business areas.

**E-commerce Division:** The E-commerce Division represents an important growth area for the Group. The division is tasked with supporting the Group's focus on online shopping and developing special expertise and new bespoke solutions for customers. The division serves the Group's largest customers in the B2C segment and is also responsible for services and concept development targeted at all e-commerce customers, as well as Home Delivery. The E-commerce Division has no production; instead it is responsible for ensuring an efficient interface between other the divisions that are responsible for deliveries.

## Group management



GRO  
BAKSTAD

**Born:** 1966  
Executive Vice President: Mail Division (since September 2012)

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

**Education:** Master of Economics and Business Administration and CPA

DAG  
MEJDELL

**Born:** 1957  
President and CEO (since January 2006)

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

**Education:** Master of Economics and Business Administration

ELISABETH  
HEGG GJØLME

**Born:** 1960  
Executive Vice President of Communications (since April 2000)

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

**Education:** Degree in economics

GUNNAR  
HENRIKSEN

**Born:** 1959  
Executive Vice President: E-Commerce Division (since November 2012)

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

**Education:** Master of Economics and Business Administration

## Konsernledelsen



**TORE  
K. NILSEN**

**Born:** 1956  
Executive Vice President  
Logistics Norway Division (since  
October 2012)  
**Previous positions:** Executive  
Vice President, Mail Division at  
Posten Norge, Group Director  
at Securitas, Divisional Manager  
at Security Service Europe  
**Education:** Norwegian  
Police Service

**TONE  
WILLE**

**Born:** 1963  
Executive Vice President/CFO/  
IT (since September 2012)  
**Previous positions:** Director  
of Finance and Corporate  
Governance in the Mail Division  
of Posten Norge AS, Investment  
Director at Norfund, Senior VP  
and CFO at GE Energy (Norway)  
AS and the former Kværner  
Energy AS  
**Education:** Master of  
Economics and Business  
Administration

**THOMAS  
TSCHERNING**

**Born:** 1961  
Executive Vice President  
Logistics Nordic Division (since  
November 2014)  
**Previous positions:** Manager  
for parcel and express  
operations at Logistics  
Nordic Division, CEO of Box  
Delivery, founder and CEO of  
several express companies  
**Education:** Degree in  
economics

**RANDI  
LØVLAND**

**Born:** 1957  
Executive Vice President of  
HR and HSE (since September  
2008)  
**Previous positions:** Transport  
Director and Communications  
Manager at Posten Norge AS,  
Division Director and Strategy  
Manager at Bravida Oslo and  
Akershus AS, union leader  
Manager in the Norwegian  
Post Organisation  
**Education:** Posten Norge

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## Corporate Governance

Each year the Board of Posten Norge AS submits a report on Posten Norge AS's compliance with the Norwegian Code of Practice for Corporate Governance (NUES recommendation).

An account of how the sections of the NUES recommendation have been complied with in Posten Norge AS (Posten) is provided below (sections 1-15). This includes both details of how the principles have been met, the reason for any non-compliance, if applicable, and how Posten rectified any non-compliance with the recommendation.

The Norwegian State is the company's sole owner. As a result of this, Posten's corporate governance deviates from section 4 of the NUES recommendation on the equal treatment of shareholders and transactions with close associates, section 5 on freely negotiable shares, section 6 on general meetings, section 7 on nomination committees and section 14 on take-overs.

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

### Section 1 Implementation and reporting on corporate governance

The Board believes it is important to establish and further develop a high standard for corporate governance, equivalent to Norwegian standards for best practice, including the NUES recommendation, see [www.nuqes.no](http://www.nuqes.no).

Posten is a limited company wholly-owned by the Norwegian State. The Group's corporate governance is based on and in accordance with Norwegian law and the Norwegian State's ownership policy in force at any given time.

Good corporate governance is a prerequisite for a profitable and vigorous company. The Board of Posten believes there is a clear link between good corporate governance and creating value for the company's owners.

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

The Group's shared core values thus create an important premise for its activities – with regard to employees and its operating environment, such as customers, suppliers and business partners. The Group's values are integrity, respect, cooperation, openness and courage. In addition to this platform of shared values, ethical guidelines and management principles have been established.

Posten believes it is important to take responsibility for how its activities impact people, the environment and society. This is achieved by reducing the impact of its activities on the external environment, as well as developing the Group as an attractive workplace with a diverse and inclusive working environment. In the opinion of the Board, fulfilling its social responsibilities contributes to Posten's good reputation and positive development for the Group. The Group's attitudes towards corporate social responsibility is described in the Report of the Board of Directors and in the Group's sustainability report, in accordance with section 3-3b of the Accounting Act. These documents are available from the Group's website under 'Report of the Board of Directors' and 'Sustainability'.

Posten's activities are labour intensive. In total the Group employs around 18,000 full-time equivalents. Health, Safety and the Environment (HSE) is therefore a high priority within the Group's corporate responsibility work. The Group's aims to ensure that nobody is injured or becomes sick as a result working in or for Posten and Bring. The Group works continuously in a goal-oriented manner to reduce sick leave and the number of employees who become unfit for work and to avoid lost-time injuries.

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

## Section 2 Business

Posten's social mission is to ensure the provision of nationwide, high quality and cost-effective postal services in Norway. This social mission is described in Posten's licence issued by the Ministry for Transport and Communications. The current licence is valid from 1 January 2016 and until it is succeeded by signed agreements or decisions taken concerning the services it must deliver pursuant to section 6 of the Postal Services Act.

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

All of these conditions are stated in section 3 of Posten's articles of association. The complete articles of association are available from [POSTENNORGE.NO](http://POSTENNORGE.NO).

As well as meeting the service requirements vis-à-vis its social mission, the Group shall also be run profitably on commercial terms, meet its owner's required rate of return and adapt its activities to the structural changes that take place in the market. This also means that imposed non-profit services that are part of the social responsibility is to be financially compensated by the owner.

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



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

**The following fundamental principles form the basis for the development of the Group:**

- Posten shall perform its social mission in accordance with the adopted licence requirements.
- Posten's business shall be customer oriented, effectively serve customers' requirements and be available where the customer is located.
- Posten shall have a balanced portfolio of activities that strengthens its capacity serve the customers' needs.
- Posten shall be a trusted third party for its customers
- Posten shall ensure a unified culture and shared values, which also provide room for diversity
- Posten shall develop strong, profitable and sustainable market positions within the areas in which the Group operates.
- Posten shall ensure a satisfactory return on all investments and competitive value development over time.
- Posten shall work to extract cost benefits through efficiency measures, coordinating the value chain, industrialisation and continuously improving processes, as well as transparent and integrated business management.
- Posten shall be an environmental leader and work actively to reduce the company's impact on the external environment.
- Posten shall develop good, attractive workplaces.

Continuous improvement is an important common denominator in the development of the Group. This entails continuously working on product and services portfolios, structures, processes and systems, to increase the overall customer value and reduce the unnecessary use of resources.

## Section 3 Equity and dividends.

### Equity

The Group's equity as at 31 December 2015 was NOK [ 5,961] million, which results in a return on equity of [37] per cent of the Group's total assets. This level is deemed adequate with regard to the solidity the Group requires to implement its goals and strategies within an acceptable risk profile.

### Dividends

Posten's general meeting is not bound by the Board's proposal for the distribution of dividends, cf. section 20-4 (4) of the Limited Liability Companies Act, and the company is thus subject to the Norwegian State's dividend policy in force at any given time. The Norwegian State's dividend policy for Posten is that 50 per cent of the Group profit after tax can be paid as a dividend. However, before the annual dividend is determined an independent assessment of the Group's equity and liquidity must be carried out to ensure a prudent level based on the risks associated with the Group's activities and their scope.

## Section 4 Equal treatment of shareholders and transactions with close associates

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

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

Posten deviates from this section of the NUES recommendation. Due to state-ownership, the NUES recommendation on different share classes and issues is not deemed to be relevant for Posten.

Information regarding transactions with close associates is provided in the annual report, see note 24.

## Section 5 Freely negotiable shares

All shares are owned by the Norwegian State and managed by the Ministry of transport and communications. In accordance with section 3 of its articles of association, Posten must operate as a limited company wholly-owned by the Norwegian State.

Posten deviates from this section of the NUES recommendation. Due to state-ownership, the NUES recommendation on different share classes and issues is not deemed to be relevant for Posten.

## Section 6 General meetings

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

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

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

The Board, chief executive, company auditor and the Office of the Auditor General are invited to the general meeting. The minutes from the ordinary general meeting are available from the company's website.

## Section 7 Nomination committee

The Norwegian State, via the Ministry of transport and communications, is the sole shareholder and the company therefore has no nomination committee. The Board is appointed by the general meeting in accordance with section 20-4 (1) of the Limited Liability Companies Act. Posten deviates from this section of the NUES recommendation.

Four members of the Board are chosen by and from the employees in Norway. A Group-wide scheme was established for the election of employee representatives to the Board of Posten. This means that all employees in the Norwegian part of the Group can be elected and have voting rights.

## Section 8 Corporate assembly and board of directors, composition and independence

### Corporate assembly

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

## Board composition

In accordance with the articles of association, the Board shall consist of between seven to ten members. Up to six of these are nominated by the general meeting. As the sole shareholder, the Norwegian State represented by the Ministry of Transport and Communications designates and selects all the shareholder-appointed board members. There are currently six shareholder-appointed board members. There are no deputies for the shareholders' representatives on the Board.

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

The Board has since September 2015 consisted of five men and five women. Two shareholder-appointed board members and one employee representative board member were replaced in 2015. For both groups, the proportion of women remained 50 per cent.

Board members are elected for terms of two years at a time. Continuity in the management of the company is ensured by only half of board members being up for election at the same time.

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

## Board's independence

The Board continually assesses the independence of its members. As at 31 December 2015, all of the shareholder-appointed representatives were deemed to be independent board members, since they were not considered to have commercial, family or other relationships that could be deemed to affect their evaluations or decisions as board members of Posten.

# Section 9 The work of the board of directors

## Board's duties

The Board is responsible for the overall management of the Posten Group and supervises the Group's activities in general.

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

The guidelines for the chief executive's work form part of the instructions for the Board of Directors.

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

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

The Board's work and its meetings are led by the Chairman of the Board and based on presentations by the chief executive. The company expects these presentations to provide a good and satisfactory basis for considering matters. The Board has appointed a Vice-chairman of the Board who functions as the chair if the Chairman of the Board cannot or ought not lead the work of the Board.

The Board held eight board meetings in 2015, of which all were extraordinary board meetings.

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

#### **Board's audit committee**

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

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

#### **Board's remuneration committee**

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

### **Section 10 Risk management and internal control**

The Board emphasises the importance of a good and efficient control environment in addition to good control processes. The Board takes an active role in the work with risk management and internal control. This work is rooted in the company's articles of association, the board instructions and other internal governing documents, as well as through general laws and clear recommendations based on best practices.

The Group's governing documentation establishes how the management and control of the Group shall be carried out. The documents set out Group-wide requirements with regard to conduct in important areas and processes, including ethical behaviour and how corporate social responsibility is to be practised in the Group.

Risk management and internal control depend on people. Managers on all levels are responsible for ensuring that risk management and good internal control systems are established within their own area, that these have the necessary effect and that they are put into operation in an expedient manner. The Board ensures that risk management and internal controls are integrated into the core and support processes of the Group, and follows this up regularly

There is each year conducted an overall assessment of the Group's risk. This risk analysis is based on the Group's strategy business plans and targets. The process is based on COSO's framework for risk management. The aim is to evaluate risks affecting strategy, finance, operations and reputation. The results of this process are consolidated to form an assessment of the main risks to which the Group is exposed. Risk is managed in the Group partly through the operational management, partly through preventive measures from central control functions, and partly through independent, external supervision. The annual risk assessment is followed up with actions and recommendations in order to manage and control the individual risk factors and avoid events that can adversely affect the Group's operations and reputation.

The Group also has a process for internal control that was established to help ensure that there is adequate and effective internal control for specified risk areas. Annual internal control reviews are conducted of priority areas. The reviews result in proposals concerning specific measures aimed at improving internal control. The implementation of proposed measures is the responsibility of line management.

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

The Group has established an advisory investment committee which handles all cases that entail investment and sales in accordance with specified authorisation limits.

A common code of conduct applies to all of the Group's employees. This is continually being promoted. This standard is a part of the Group's integrity programme which shall help to ensure a high and precise ethical standard with regard to anti-corruption, competitive practices, social dumping and the handling of information. The Group's suppliers and business partners are required to comply with the same ethical standard.

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

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

## **Section 11 Remuneration of the board of directors**

The board members' fees are set at the general meeting each year. Remuneration is not dependent on results and none of the shareholder-appointed board members has a pension scheme or agreement on salary after leaving his/her position from the company. Details of the remuneration for the board members in 2015 are presented in note 2.

## **Section 12 Remuneration of executive personnel**

The Board has prepared a statement concerning the determination of salaries and other benefits for the chief executive and other senior executives. This statement is prepared in accordance with section 8 of the articles of association and builds upon the principles in the Government's guidelines for state-ownership on this subject. The statement consists of two parts. Part one concerns the management remuneration policy

that has been conducted in the preceding fiscal year, while part two contains guidelines for determining management salaries for the coming fiscal year.

The statement shall be presented to the ordinary general meeting.

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

Information about total remuneration and the Board's statement concerning the determination of salaries and other benefits for executives, is included in note 2.

## **Section 13 Information and communications**

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

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

These reports are made available on POSTENNORGE.NO in both Norwegian and English.

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

## **Section 14 Take-overs**

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

## **Section 15 Auditor**

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

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

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



## Section 16 Requirements pursuant to section 3-3b of the Accounting Act.

The Board must also provide information on corporate governance in accordance with section 3-3b of the Accounting Act.

Below is an overview of where in the above report this information is described.

1. «details of the recommendations and rules on corporate governance which cover the enterprise or which the enterprise otherwise decides to follow»: see the report's section 1 Implementation and reporting on corporate governance.
2. «information about where the recommendations and rules mentioned in no. 1 are publicly available»: see the report's section 1 Implementation and reporting on corporate governance.
3. «reasons for any non-compliance with the recommendations and rules mentioned in no. 1»: There are five instances of non-compliance described in detail in section 4 Equal treatment of shareholders and transactions with close associates, section 5 Freely negotiable shares, section 6 General meetings, section 7 Nomination committee, and section 14 Take-overs.
4. «a description of the main elements in the company's, as well as the Group's if consolidated accounts are also prepared, systems for internal control and risk management related to the accounts reporting process»: see the report's section 10 Risk management and internal control.
5. «provisions of the Articles of Association which fully or partly expand or exclude provisions of chapter 5 of the Public Limited Companies Act»: see the report's section 6 General meeting.
6. «the composition of the Board of Directors, corporate assembly, representative and control committee; if applicable any working committee for these bodies, as well as a description of the main elements in the applicable instructions and guide-lines for the bodies' and, if applicable, the committees' work»: see the report's section 8 Corporate assembly and board of directors, composition and independence, and section 9 The work of the board of directors.
7. «provisions of the Articles of Association which regulate the appointment and replacement of Board members»: see the report's section 8 Corporate assembly and board of directors, composition and independence
8. «provisions of the Articles of Association and powers of attorney which give the Board the power to decide that the company shall buy back or issue shares or equity certificates»: see the report's section 3 Equity and dividends and section 4 Equal treatment of shareholders and transactions with close associates.

# Milestones in Posten's history

- 2016:** A new Postal Service Act comes into force on 1 January 2016 and the Norwegian mail market is opened up to full competition. Posten Norge ceases Saturday letter deliveries in March 2016.
- 2015:** Posten Norge sells its stake (40 per cent) in Evry ASA. A new Postal Service Act is approved by the Norwegian parliament and Posten Norge is awarded a temporary licence from 1 January 2016.
- 2014:** Posten's digital mail box, Digipost, is chosen as the supplier of digital mail to the public sector.
- 2013:** Posten opens 150 new 'Post in Shop' in-store post offices.
- 2011:** Posten's digital mailbox, Digipost, is launched.
- 2010:** Posten Norge's Eastern Norway terminal in Lørenskog is officially opened by King Harald.
- 2008:** The new brand Bring is launched, while the Posten logo is modernised.
- 2003–2008:** Posten Norge carries out a number of acquisitions in heavy goods and express transport. This includes the purchase of Citymail in Sweden.
- 2002:** The Norwegian parliament makes Posten Norge a limited company: Posten Norge AS.
- 2000:** Posten's plans for transforming traditional post offices to Post in Shops are approved by the Norwegian parliament.
- 1996:** Posten Norge changes from an administrative agency of the government to a state owned company with 'limited liability': Posten Norge BA.
- 1995:** Postbanken is established as an independent bank following the merger of Postbanken and Postgiro. In the same year Posten buys Statens Datasentral, merges it with Posten's Datasentral and renames it Posten SDS (now Evry).
- 1984:** Changeover from contents-based classification of letter post to pricing according to time of forwarding (A, B and C-mail).
- 1976:** Oslo postal terminal and the Postgiro building are built.
- 1968:** Postcodes are introduced to improve the management of increasing volumes of mail.
- 1950:** Norway's Postal Savings Bank is established.
- 1943:** The postgiro is introduced in Norway.
- 1920:** Norway's first official air route opens with Posten on board.
- 1872:** The postcard is introduced.
- 1871:** A new Postal Service Act introduces a simplified price system with a domestic postage rate, post boxes at post offices and letter boxes at the addressees' doors.
- 1855:** The first Norwegian stamp is issued.
- 1854:** Posten is on board when the first railway is established from Christiania to Eidsvoll. The Railways Act of 1848 states that mail should be carried by train and that post offices should be located in train stations.
- 1827:** The need to improve postal delivery along the coast and abroad turns the postal service into the country's first steamship company.
- 1719:** The state assumes responsibility.
- 1647:** The Norwegian postal service is established by the Danish governor in Norway, Hannibal Sehested.

# RESULTS



Despite a difficult market, we continue to grow abroad and are investing increasing resources in delivery of parcels and digital post.



## Key figures

### OPERATING REVENUES MNOK

<b>2015</b>  25 074	<b>2014</b> 24 404	<b>2013</b> 23 557	<b>2012</b> 22 925	<b>2011</b> 22 981
	<b>2010</b> 22 451	<b>2009</b> 22 613	<b>2008</b> 23 940	

### EARNINGS before non-recurring items MNOK

<b>2015</b>  686	<b>2014</b> 933	<b>2013</b> 1 125	<b>2012</b> 1 116	<b>2011</b> 1 051
	<b>2010</b> 952	<b>2009</b> 820	<b>2008</b> 275	

### OPERATING MARGIN (before non-recurring items) in percentage

<b>2015</b>  2,7	<b>2014</b> 3,8	<b>2013</b> 4,8	<b>2012</b> 4,9	<b>2011</b> 4,6
	<b>2010</b> 4,2	<b>2009</b> 3,6	<b>2008</b> 1,1	

### EARNINGS BEFORE INTEREST AND TAXES (EBIT, MNOK)

<b>2015</b>  239	<b>2014</b> 844	<b>2013</b> 641	<b>2012</b> 632	<b>2011</b> 956
	<b>2010</b> 1 638	<b>2009</b> 296	<b>2008</b> -14	

### INCOME BEFORE TAXES MNOK

<b>2015</b>  151	<b>2014</b> 720	<b>2013</b> 619	<b>2012</b> 547	<b>2011</b> 800
	<b>2010</b> 1 499	<b>2009</b> 70	<b>2008</b> -139	

RETURN ON INVESTED CAPITAL (ROIC)\* in percentage

<b>2015</b>  9,9	<b>2014</b> 13,9	<b>2013</b> 17,5	<b>2012</b> 18,3	<b>2011</b> 18,3
	<b>2010</b> 15,8	<b>2009</b> 12,4	<b>2008</b> 4,8	

RETURN ON EQUITY AFTER TAX (ROE) in percentage

<b>2015</b>  -1,0	<b>2014</b> 7,3	<b>2013</b> 8,7	<b>2012</b> 7,1	<b>2011</b> 4,5
	<b>2010</b> 12,1	<b>2009</b> 0,3	<b>2008</b> -4,0	

EQUITY RATIO in percentage

<b>2015</b>  36,8	<b>2014</b> 37,9	<b>2013</b> 38,8	<b>2012</b> 37,5	<b>2011</b> 35,9
	<b>2010</b> 34,3	<b>2009</b> 25,8	<b>2008</b> 26,4	

DEBT RATIO in percentage

<b>2015</b>  0,0	<b>2014</b> 0,2	<b>2013</b> 0,2	<b>2012</b> 0,2	<b>2011</b> 0,2
	<b>2010</b> 0,3	<b>2009</b> 0,6	<b>2008</b> 0,8	

SHARE OF REVENUE FROM MONOPOLY AREA in percentage

<b>2015</b>  12,7	<b>2014</b> 13,6	<b>2013</b> 14,3	<b>2012</b> 14,6	<b>2011</b> 14,5
	<b>2010</b> 14,7	<b>2009</b> 15,3	<b>2008</b> 14,8	

REVENUE FROM FOREIGN SUBSIDIARIES MNOK

<b>2015</b>  8 845	<b>2014</b> 8 122	<b>2013</b> 7 189	<b>2012</b> 6 434	<b>2011</b> 6 646
	<b>2010</b> 5 959	<b>2009</b> 5 855	<b>2008</b> 5 872	

\*) Calculated based on the operating profit before non-recurring items

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## Important Events in 2015

### January

- The first mailing of secure digital post is sent to recipients in Norway. The Norwegian Labour and Welfare Administration (NAV) leads the way and sends no fewer than 52,000 payment notices via Digipost on the first day.
- Sports clubs around Norway are invited to participate in a digital team effort, the first of its kind in the country.
- 25 parcel machines are in operation around the country. The feedback from customers and employees is good.

### February

- Posten Norge is going to build new logistics centres in Sandnes and Mo i Rana, which will be completed in 2017 and 2016, respectively.
- Bring becomes a new main partner of the Swedish knowledge organisation Nordic eCommerce Knowledge. Together they will challenge and develop e-commerce in the Nordic region.

### March

- Posten Norge co-locates its operations in Drammen in a joint terminal in Lierstranda. Almost 140 employees work in the terminal.
- Posten Norge awards new contracts for 140 in-store post offices, Post in Shop, via an open procurement competition. Of these, 49 in-store post offices change location.

### April

- The government presents a draft new Postal Service Act, which includes a proposal to end Saturday letter deliveries. Posten Norge believes the new Act provides good general conditions for further developing the Group.
- Digipost user number 500,000 registers.

### May

- For the third time, Posten and Bring conducts a poll to find the country's most popular online shop. 72,000 Norwegians vote for their favourite online shop. The winner is the cosmetics shop Blivakker.no.
- A survey by Posten Norge shows that the use of mobile phones for online shopping is rising fast. People compare prices, look up product information and call shops on the go. Nonetheless, only a fifth of customers use their mobile phone to make the actual purchase.

### June

- Posten Norge wants to co-locate all mail and logistics operations in Tromsø in a new joint terminal. The plan is to complete it by 2017.
- Posten Norge decides to make one of the largest single purchases of electric vehicles. In one year, almost 300 electric vehicles will be introduced into mail distribution services throughout the country. This is part of Posten's comprehensive focus on reducing CO2 emissions.
- Dag Mejdell is named the world's best head postmaster and receives the prestigious Industry Leadership Award 2015 at the World Mail Awards in Brussels.
- A new survey by Posten shows that people in cities shop online more often and spend more money than those who live in rural districts.



## July

- Sick leave is at a record low: 5.3 per cent.
- Occupational injuries fall by more than 18 per cent compared with last year.
- The German logistics group Schenker and Posten Norge AS reach a settlement in the compensation case brought by Schenker in 2009.
- The new 2,000-square metre terminal in Zwijndrecht in the Netherlands is completed.

## August

- Posten Day is arranged at the Post Museum in Maihaugen.
- HSE and diversity days are arranged at Posten's Eastern Norway Terminal with 52 nationalities represented.
- Online shoppers can shop for up to NOK 3,000 from abroad and still use simplified customs clearance. This makes private imports simpler, cheaper and faster.

## September

- The Fretex bag is made free to everyone who wants to help refugees. Clothes from all over the country are delivered by Posten to Fretex free of charge.
- OnePiece is named best online shop at the online shopping conference LOAD.
- Figures from Posten/Ipsos show online shopping is growing rapidly among active, older online shoppers. The number of over 60s shopping online several times a month has doubled since 2014.

## October

- Posten Norge introduces CO2-free mail delivery in the centre of Bergen and surrounding districts. The future will see the same thing happen in a large number of Norwegian cities.
- Posten Norge implements its largest environmental measure so far and replaces fossil fuel with renewable diesel in all heavy goods transport. This entails 900 lorries on Norwegian roads becoming fossil free.
- The chief executive, Dag Mejdell, receives the prestigious Modern Transport Award for successfully guiding Posten Norge through a demanding period.
- Bring opens a new customs office in Svinesund.

## November

- It is decided that the new logistics centre in Tromsø will be located in the port in Breivika.
- The world's largest convoy of electrical mail vehicles drives from Drammen to Oslo where they will be in service for years to come.
- Black Friday sets a new record. 2015 sees 33 per cent more parcels and a 26 per cent increase in orders within Home Delivery compared with the same period in 2014.
- Bring launches its tracking app for private customers and online shops. Customers can automatically find parcels on their way to them by registering their mobile number and email address.

## December

- Employees of Posten and Bring have never been as satisfied and proud. On average, employees respond 80 on a scale of 1 to 100 when asked how satisfied they are.
- Posten and Bring invest in a modern, new logistics centre in Stokke, which will be completed in 2018.
- Building work commences on Posten and Bring's new logistics centre in Trondheim. The terminal will be completed in 2017.
- Bring acquires the Swedish logistics company Svebol Logistics AB and strengthens its food delivery solutions in the Stockholm area and Mälardalen.

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## The CEO



## Revolutionary evolutionist

Making changes in an organisation as large as Posten Norge Group requires a step-by-step approach to be successful. And a little revolution now and then.

CEO Dag Mejdell is not completely satisfied. The figures he reads in the financial statements are not the ones he envisaged at the start of 2015. And his expectations for 2016 are cautious.

«The short-term outlook is relatively bleak. We are experiencing a significant decline in volumes, and the economic downturn is worse than predicted. No one expected the low oil prices we are experiencing now,» says Mejdell.

However, the CEO is not the type to be phased by fluctuations; he is more concerned with results over time. Large-scale and effective measures have already been carried out, and a plan is in place to ensure that Posten Norge Group will deliver excellent services and satisfactory returns in the future.

## Effective measures

In the mail segment, the transition to five-day delivery is about to be completed. This will provide significant cost savings for the Group. In addition, Posten Norge is proposing to its owner to replace priority and non-priority mail with one precision product, in a single stream with two-day delivery for letters. The goal is to implement this in 2017.

In the logistics divisions, a new terminal structure has been planned for several years that will provide significant cost reductions. We will see the most obvious impact in the coming years, but the results are already evident in Norway and the other Nordic countries.

## Growing nordic actor

A new terminal structure has become necessary, in part to position the Group as a significant player in the Nordic e-commerce market. Volume growth has slowed somewhat due partly to a weaker Norwegian krone and decreasing consumption, but Mejdell believes growth will continue in 2016.

«It is a competitive market, and it is important that e-commerce continues to grow and contributes to the bottom line. We are the undisputed specialists regarding Norway. In the other Nordic countries, I'm sure that both customers and competitors see Bring as an up-and-coming contender,» says the CEO.

The strategy is to grow outside Norway. Many customers consider the Nordic region to be a single market, and don't want to deal with companies that only serve one country. A Nordic company is more relevant for more customers, and makes it possible to offer services that cover more than just Norway.

In a 10-year perspective, Mejdell believes Posten Norge Group will grow considerably, still have a sizable mail delivery business and be the "Nordic champion" in logistics.

«Where will you be in 10 years?»

«Definitely not here,» he says with a laugh, before adding: «Then I'll be 68 years old.»

## Proud of our employees

This year, Mejdell can look back on 10 years as CEO. In 2015 he was named best postal boss in the World Mail Awards. He also received the prestigious Norwegian Modern Transport Award for leading Posten Norge successfully during a challenging period. He stresses that while it is nice to be recognised, he received the award on behalf of an organisation that has performed well over time.

He points to, among others, employees he meets who tell him what they are doing to solve customers' everyday problems. He is proud of the many enthusiastic people who work in Posten Norge, the people for whom the most important job is to deliver, and to find new ways to do it.

He believes the award is the result of good teamwork, teamwork that means the Group can look back on the lowest level of sick leave ever, increased employee satisfaction and fewer injuries.

«It's pretty amazing. You would almost not believe it was possible, considering that Posten Norge has reduced its workforce annually by about 1,000 employees in recent years,» says Mejdell.

## Involved in restructuring

The reductions will continue in 2016, in response to declining volumes, particularly in the mail segment. But Posten Norge is accustomed to transitions, and the CEO is confident that upcoming changes will be implemented with the same thoroughness and quality as in the past. This means that both managers and employees must understand why we make the changes, and be involved in the process.

Mejdell believes it is essential to focus on the parameters that create results in the short and long term. He has little faith in a narrow focus on how much money the Group earns. This might give better financial results this year, but not necessarily in the years to come.

«In a business like ours, evolution is more important than revolution. That said, we must make major changes from time to time that can feel like a revolution.»

The Group can now see clear evidence of many years of dedicated work with HSE. Lower sickness absence levels have had major positive consequences for the individual employees, Posten Norge and society. Among other things, there have been far fewer new disability pensioners over the past 10 years, and expenditure on sickness benefits and insurance has been greatly reduced.

## Environmentally proactive

Posten Norge and Bring have also made a major impression nationally and internationally for their serious commitment to environmental initiatives. 2015 saw the largest-ever purchase of electric vehicles, and over 1,000 lorries in the Nordic countries will switch to renewable diesel during 2016. These are important individual measures, but Mejdell notes that it is also important to look at the long-term commitment.

«I'm proud of the decision we made in 2008, when we set a goal to reduce CO2 emissions by 30 per cent. We achieved this a long time ago, and we can set new ambitious goals. It's about persevering in the face of something which initially seems very difficult, and taking a quantum leap to reverse the trend,» says the CEO.

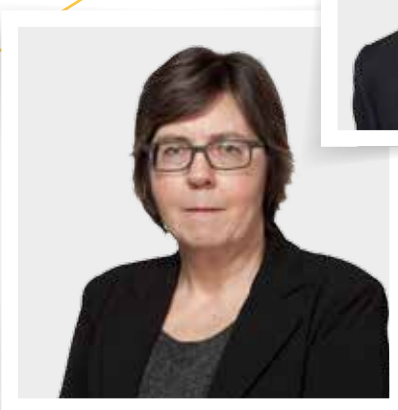
That said, one trend that will never reverse is the digitisation of society. This is the reason why Norwegians now send fewer physical letters. Letter volumes declined rapidly in 2015, partly because the public sector is increasingly switching to digital communication with citizens. This requires a secure digital mailbox.

## Digipost for life

Around 600,000 Norwegians have chosen Posten Norge's Digipost. This is slightly fewer than expected, but in 2016 a large number of public services will adopt digital mail. This means that many more will use Posten Norge's Digipost for all important correspondence, a mailbox you can keep for life.

«Posten Norge is a Nordic company, but we hold a special place in the lives of Norwegians. We play a prominent role in Norwegian society, and will continue to do so. Nobody knows Norway better,» concludes Dag Mejdell.

## The Board of Directors



**MORTEN  
KARLSEN SØRBY**

Born: 1959  
Board member  
(since 2015)  
Executive Vice President,  
Telenor

**Education:** Master of  
Economics and Business  
Administration and CPA  
**Positions of trust:** Chair of  
Digi Malaysia and Telenor  
Broadcast. Board member  
of Dtac Thailand and  
Telenor Norway

**SIV ASTRID  
RYLAN ANDERSEN**

Born: 1962  
Employee representative  
(since 2014)  
Deputy union representative  
for the Mail Division, member  
of the National Executive  
Committee of the Norwegian  
Postal and Communications  
Workers' Union (Postkom)  
Employee of Posten Norge  
since 1987.

**IDAR  
KREUTZER**

Born: 1962  
Chair (since 2012)  
CEO of Finance Norway  
**Education:** Master of Economics  
and Business Administration  
**Positions of trust:** Deputy chair  
of the corporate assembly  
of Statoil, member of the  
corporate assembly of Hydro,  
chair of the Norwegian Refugee  
Council, board member of  
Aschehoug, board member  
of the University of Oslo,  
member of Advisory Board NHH,  
member of the climate council  
of the Minister of Climate and  
Environment, member of the  
government's expert committee  
for green competitiveness.

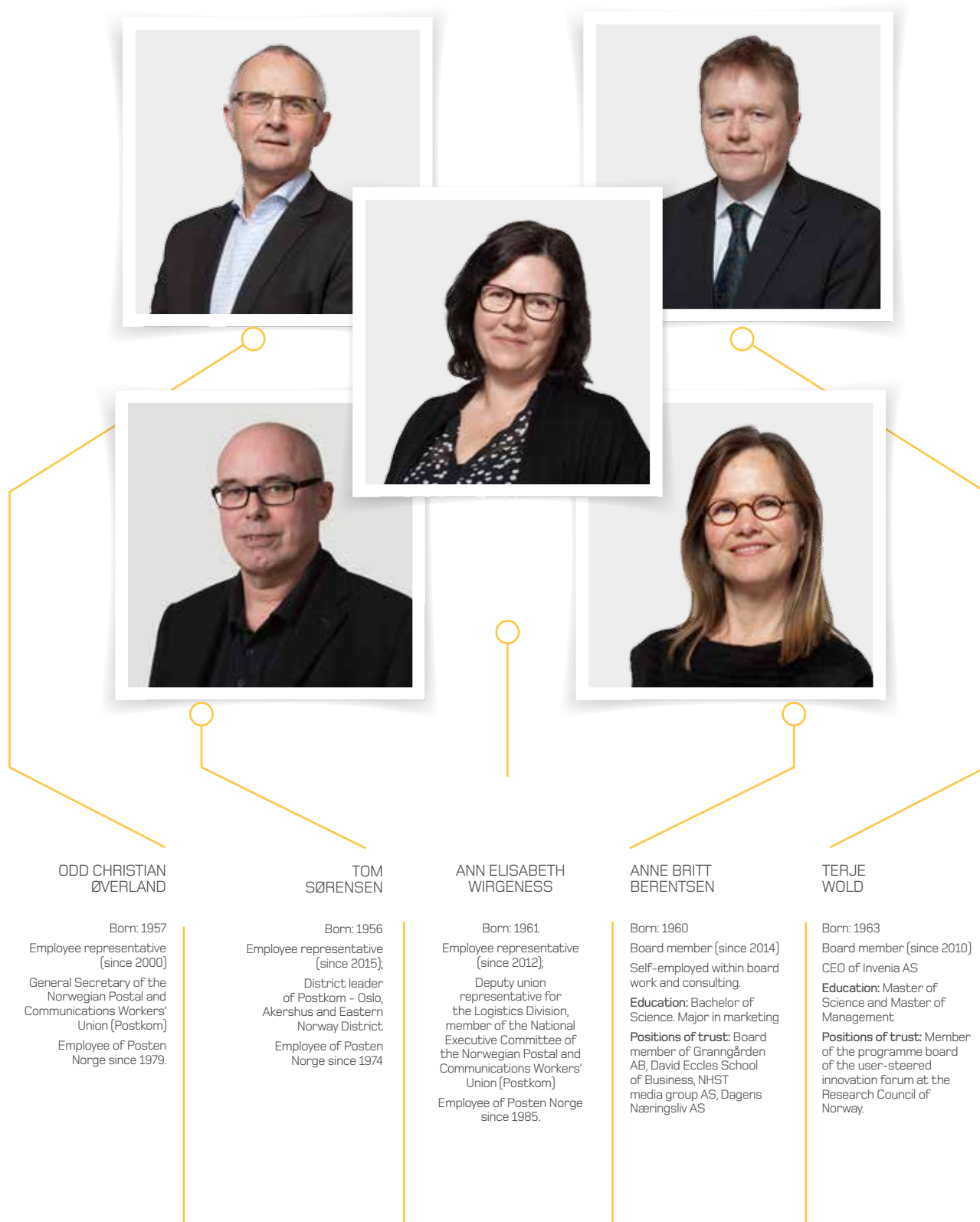
**TOVE  
ANDERSEN**

Born: 1970  
Board member (since 2015)  
VP for Supply Chain  
Europe, Yara  
**Education:** Civil engineer  
and MBA  
**Positions of trust:** Board  
member of Cambi AS

**RANDI B.  
SÆTERS HAGEN**

Born: 1958  
Deputy Chair (since 2010)  
CEO of M3 Helse AS  
**Education:** Master of  
Economics and Business  
Administration  
**Positions of trust:** Chair of  
Arena Terrasse AS, board  
member of Elsilkerhet  
Norge AS, Terningen  
Nettverk

## The Board of Directors





## Report of the Board of Directors 2015

Posten Norge had a pre-tax profit of MNOK 151 in 2015. Operating revenues increased by 2.7 per cent to MNOK 25 074 and operating profit from underlying operations was MNOK 686. The growth came from e-commerce and Nordic operations. The Norwegian market was affected by an economic downturn resulting from the fall in oil prices, among other factors, which led to weaker Group profits than expected.

The focused investment in logistics continues. The Logistics segment is investing in new terminals to industrialise and streamline production. Meanwhile, a number of improvement measures are being carried out to strengthen customer orientation and profitability.

In the Mail segment, operations are being reorganised and streamlined to meet the challenge of digitisation and declining letter volumes. Cost-reducing measures are being implemented continuously to allow the Mail segment to maintain its significant contribution to Group profits.

Delivery quality was strengthened in 2015. Efforts to promote better health have resulted in the lowest ever sickness absence rate and more satisfied employees.

### New regulatory framework

Digitisation affects society and changes customer needs and demands. Most letters and documents will soon be sent electronically, while increased online shopping means that more parcels and freight must be transported and distributed. Starting in 2016, public organisations in Norway will send most mail to residents electronically.

The Storting (the Norwegian parliament) passed a new Postal Services Act in 2015 which came into force on 1 January 2016. The Board believes the new Postal Services Act provides a good regulatory framework for further development of the service offering in line with changing user needs, which in turn will help strengthen the Group's competitiveness. From March 2016 Posten Norge will discontinue mail distribution on Saturdays. Additional measures will be required in the future.

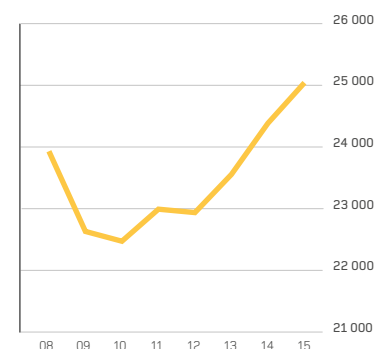
## MARKET DEVELOPMENT

Posten Norge's business consists of two segments: Mail and Logistics. The Group had operating revenues in 2015 of MNOK 25 074, representing an increase of 2.7 per cent on the previous year.

### REVENUE

In MNOK

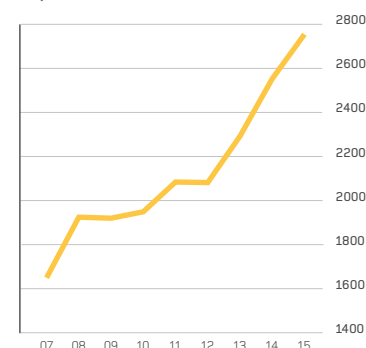
**25,074**



### REVENUE FROM FOREIGN SUBSIDIARIES

in MNOK

**8,845**



The largest revenue growth occurred outside Norway, where the Group's operating revenue increased by 8.9 per cent to MNOK 8 845 in 2015. Revenue outside Norway accounted for 35.3 per cent of total Group revenue.

## Logistics largest segment

Logistics is the Group's largest segment, and accounted for 63 per cent of revenues in 2015. It had external operating revenues of MNOK 15 943, representing an increase of 5.1 per cent on the previous year. The growth came mostly from e-commerce and Nordic operations.

Lower activity in the oil industry affected the logistics business in Norway significantly, both directly within the Offshore & Energy business area and through spill-over effects for other business areas. The growth in private e-commerce continued, and contributed to the Group's total e-commerce volumes in 2015 increasing by 6 per cent.

As part of the focus on e-commerce, the Group expanded its service offering for online stores and online shoppers in 2015. New solutions and additional delivery options were established, including automated parcel dispensers. In Sweden, Bring's presence and visibility in the market has been strengthened and geographical coverage extended through the use of partners.

In 2015, the company Svebol Logistics AB, which specialises in refrigerated freight, was acquired and integrated into Bring Frigo. The acquisition helps to strengthen Bring's position and expertise in temperature-controlled transport in the Stockholm area and Mälardalen. The Group also acquired the logistics company JK Transport AB.

An agreement was reached in 2015 to divest the Danish cold storage operation to the Danish refrigerated freight carrier Frode Laursen A/S.

## Mail volumes fall

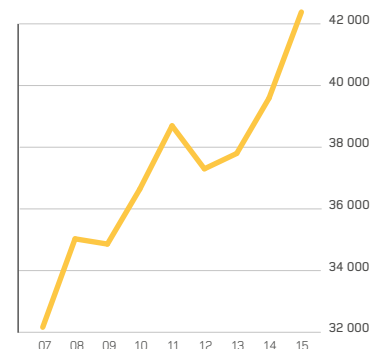
External revenues in the Mail segment were MNOK 9 277, which is MNOK 94 lower than the previous year. The Mail segment represented 37 per cent of Group revenue. In 2015, 12.7 per cent of Posten Norge's revenue came from areas in which Posten Norge has a monopoly. The remaining monopoly on sealed addressed letters under 50 grams ended on 1 January 2016.

Addressed letter volumes fell in 2015 by 6.4 per cent. The decline accelerated towards the end of the year and into 2016. This trend is driven by digitisation, and the largest decrease occurred within banking and insurance. The number of unaddressed deliveries fell by 5.4 per cent. In Sweden, Bring Citymail had a one per cent growth in volume in 2015.

### TOTAL VOLUME PARCELS

in millions of units

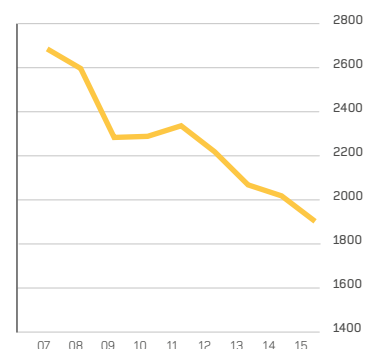
**42,400**



### TOTAL VOLUME LETTERS

in millions of units

**1,902**



Total volume of letters is both addressed and unaddressed

## More Digipost users

Posten Norge's secure digital mailbox, Digipost, acquired 205 000 new users during the year, bringing the total number of registered users up to 587 000 at the end of 2015. Meanwhile, the number of businesses that have agreed to send mail electronically increased by 60 per cent to 2 500 in 2015. To date, 67 public organisations have started sending secure electronic mail to Norwegian residents, the largest being NAV (Norwegian Labour and Welfare Administration).

## Strong networks

Posten Norge plays a prominent role in Norwegian society, and fulfils an important social responsibility through a nationwide, high-quality distribution network. In 2015, 85.4 per cent of A-class mail was delivered overnight. This was 0.4 per cent higher than the licensing requirement. The other licence requirements for delivery quality were also met by good margins.

The Ministry of Transport and Communications has granted Posten Norge an interim license for 2016.

The Ministry has in 2016 announced a tender process for the distribution of subscription newspapers on Saturdays, in areas where the newspapers do not handle their own distribution. Posten Norge intends to submit a tender.

Posten Norge has the delivery network with the best coverage in Norway. At the end of 2015 this network included 1 360 in-store postal services, 35 post offices and about 1 750 rural postal routes. The Group's Nordic distribution networks cover about 6 000 locations in total, as well as a range of solutions for home delivery and express delivery.

## PROFITABILITY

### Weak results

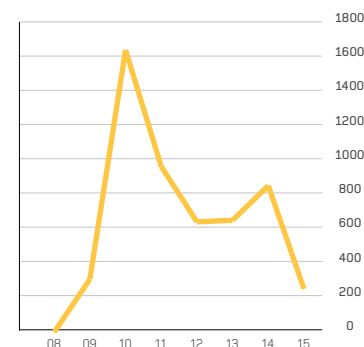
Operating profit before non-recurring items and write-downs (EBITE) was MNOK 686, which is 26.5 per cent lower than the previous year. Despite extensive cost-saving measures, the lower economic activity after the fall in oil prices resulted in a substantial reduction in profit for the Logistics segment. Several of the businesses acquired by the Group in the period 2005-2008 have also failed to regain the margins achieved before the financial crisis.

Profit after non-recurring items and write-downs (EBIT) was MNOK 239, which is MNOK 605 lower than in 2014. Net non-recurring items reduced profit by MNOK 692 in 2015. This was mainly attributable to write-down of goodwill, provisions for loss contracts and restructuring.

### OPERATING PROFIT/LOSS (EBIT)

in MNOK

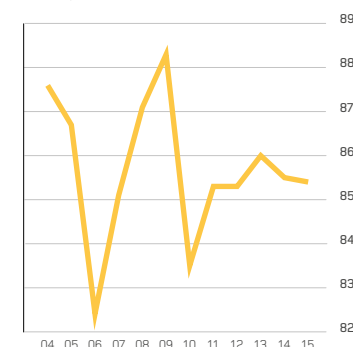
**239**



### DELIVERY QUALITY A-MAIL

in percentage

**85,4%**



Posten Norge's 40 per cent share in EVRY ASA was sold in 2015. The sale price amounted to BNOK 1.7, resulting in a gain of MNOK 219.

## Profitability challenges in Logistics

The Logistics segment in 2015 had an operating profit before non-recurring items and write-downs (EBITE) of MNOK 71, which is MNOK 336 lower than in 2014. The lower profit is a result of direct and indirect consequences of the downturn in the oil industry and subsequent weaker market conditions in Norway, and a trend towards services with lower margins. In addition, parcel profitability fell during 2015. There were also challenging market conditions in 2015 related to logistics operations in Sweden and Denmark, mainly in the freight business.

The new terminal structure and investments in new terminals will help to industrialise the business, streamline operations and improve competitiveness. The establishment of a new logistics centre at Alnabru in Oslo is proceeding as planned and some operations will move in during 2016.

## Effective cost control in Mail

The Mail segment in 2015 had an operating profit before non-recurring items and write-downs (EBITE) of MNOK 816, which is MNOK 31 lower than the previous year. The operating profit points to positive cost developments in the Mail segment.

The Mail segment is undergoing continuous improvements, and operations throughout the value chain are adapting to changes in volume. This includes centralising route preparation and optimising the mail routes. From March 2016 mail distribution on Saturdays will be discontinued, leading to a reduction of about 400 full-time equivalents, mostly Saturday mail carriers. At the same time, shifts are being re-organised for nearly 10 000 employees. Distribution of newspapers will continue on Saturdays until a future solution is determined.

Additional costs that Posten Norge incurs by providing statutory, commercially unprofitable services are covered by government procurement. In 2015 the Storting granted MNOK 418 for this purpose. In 2014 the amount was MNOK 270. Under this scheme, Posten Norge recalculates the requirements the following year in connection with the product accounts that are submitted to the Norwegian Post and Telecommunications Authority every year. In 2015 Posten Norge refunded MNOK 39 for 2014. In the national budget for 2016, the government has allocated MNOK 363, which is lower than the estimated requirement.

## Non-recurring items

Non-recurring items for 2015 amount to MNOK 692, of which MNOK 360 is attributable to write-down of goodwill. The remaining items relate to restructuring, court settlements and increased provision for loss contracts related to cold storage operations.

## Investments

Investments as a whole in 2015, excluding acquisitions, totalled MNOK 1 159 compared to MNOK 1 081 in 2014. The largest investments were related to the new logistics centre at Alnabru in Oslo.

Cash flow from operating activities in 2015 was MNOK 1 213, while net cash flow from investment activities was MNOK 485. The change from last year was mainly due to the sale of the shares in EVRY ASA, which resulted in receipts of BNOK 1.7.

## Financial capacity

In 2015 the Group had net financial expenses of MNOK 88 compared with net MNOK 123 the previous year. The Group had long-term liquidity reserves of MNOK 6 394 on 31 December 2015, compared with MNOK 3 540 the previous year. These reserves consisted of invested funds and available credit facilities. The Group places importance on financial flexibility and the ability to take advantage of opportunities in the market.

Posten Norge continued to implement measures in 2015 to reduce financial risk and increase its room to manoeuvre. Discipline in the use of capital, targeted acquisitions and a focus on cost-cutting and revenue-increasing measures in 2015 did not prevent a decline in profit due to weaker market developments and hence lower growth.

The Group's equity is MNOK 5 926 and the Group has the capacity to make strategically important investments.

Credit and counterparty risk on the placement of surplus liquidity is deemed to be limited as Posten Norge's counterparties generally have high ratings.

## Debt covenants

Some of Posten Norge's loan agreements contain debt covenants that limit net interest-bearing liabilities/EBITDA to 3.5 and require a minimum equity ratio of 20–25 per cent. As at 31 December 2015 net interest bearing liabilities/EBITDA was 0.2, down from 0.8 in 2014, and the equity ratio was 36.8 per cent, compared to 37.9 per cent in 2014. Posten Norge uses financial derivatives to manage the risk associated with changes to interest and foreign exchange rates (see notes 18 and 19).

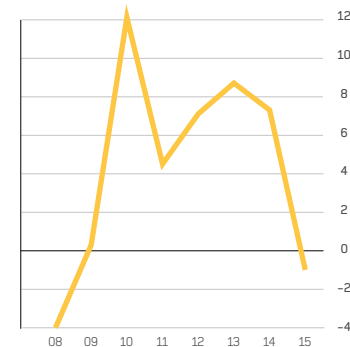
## Risk

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

### RETURN ON EQUITY AFTER TAX

in percentage

**-1,0%**



As part of its corporate governance, the Board of Directors emphasizes good risk management and internal control. The Board of Directors reviews risk analyses every six months which evaluate the Group's total risk. The risk analysis is carried out as a comprehensive internal process and is integrated into the Group's business processes. Emphasis is placed on a quantitative risk approach. Risk-mitigating measures are implemented to ensure that the company achieves its goals, and an evaluation is conducted on a regular basis to ensure that the measures are having the desired effect and to identify any new risk factors. Posten Norge actively follows up on the company's risk exposure within the areas of strategic, operating, financial and corporate reputation risk. The monitoring of information security and integrity will be strengthened.

Risk management and internal control processes are described in more detail in the corporate governance report.

## **Allocation of current year profit**

In 2015 Posten Norge AS had a post-tax loss of MNOK 247 and the Group had a post-tax loss of MNOK 61.

The Norwegian government has a dividend policy whereby 50 per cent of Group post-tax profits can be distributed as dividends. Before the annual dividend is determined, an independent assessment of the Group's financial situation and future prospects must be carried out.

The Board of Directors recommends that no dividend be distributed for 2015 since the Group has posted a loss. This year's deficit is transferred to other equity. This recommendation is made to ensure that the Group's equity is reasonable given the risk and scope of the business.

The national budget for 2016 anticipates a MNOK 320 dividend from Posten Norge for the 2015 fiscal year. The actual dividend will be determined at the 2016 General Assembly.

The annual financial statements have been prepared under the assumption that the business is a going concern. The Board of Directors confirms that this assumption applies.

## **CORPORATE SOCIAL RESPONSIBILITY**

Posten Norge is committed to long-term value creation through the sustainable and responsible management of the company's most important resources while meeting the owner's requirements and expectations.

The Board of Directors is satisfied with the efforts made in corporate social responsibility and considers the sustainability report and materiality analysis to be exemplary in that they are linked to the strategy and highlight specific challenges. These efforts are yielding good results

and are being carried out in a systematic and long-term manner with clear plans for the future. The Board believes Posten Norge stands out as a model organisation in the priority areas of: health, safety and environment (HSE), diversity and the wider environment.

In the sustainability report for 2015, the Board of Directors has adopted a broader definition of the concept of sustainability that addresses the Group's long-term viability. The Group's most important resources to create value and thus ensure this viability are our employees, our relationships and partnerships, our networks and expertise, our adaptability and our financial capital. The sustainability report shows what value we have created in recent years and what footprint we have left in society. The report evaluates our work and provides direction for the future. [\(LINK\)](#)

## Good working environment

One of the Group's principal goals is to have attractive workplaces and a good working environment. Employees represent our most important resource. Health-promoting activities are therefore a high priority, and the Group's vision is that no one should incur injury or sickness as a result of their work in Posten Norge.

The organisation survey in 2015 showed that employee satisfaction is at record levels and has risen to 80 (on a scale of 1-100) from 79 the year before. The factors that score highest are a focus on customers and results, and an attractive workplace.

In 2015 the Group registered the lowest ever rate of sickness absence at 6.0 per cent, down 0.3 percentage points from the previous year.

If we look back ten years, sickness absence has fallen by 35 per cent during that period. The effect of this is that around 550 more employees were at their jobs every day in 2015 than in 2006. The annual financial savings for Posten Norge represents about MNOK 200 and for society MNOK 315.

The number of occupational injuries decreased by 16.8 per cent in 2015. The injury frequency rate, expressed as the H2-value or the number of injuries per million hours worked, was 10.6 at the end of 2015, compared to 12.8 the year before.

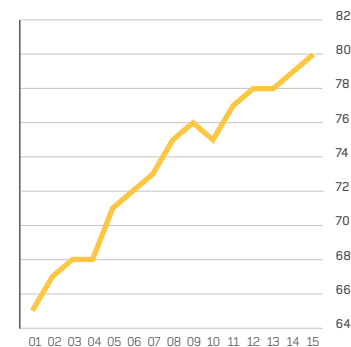
The Board of Directors is satisfied with the efforts to promote better health and see this as a result of management's prioritisation of HSE and the good cooperation between management and union representatives.

The Group's workforce increased by 85 full-time equivalents from 2014 to 2015. In the Mail segment, there was a reduction of 177 full-time equivalents as a result of increased operational efficiencies. The workforce in the Logistics segment increased by 272 full-time equivalents as a result of increased activity and acquisitions.

### EMPLOYEE SATISFACTION

in scale from 1 to 100, where 100 is best

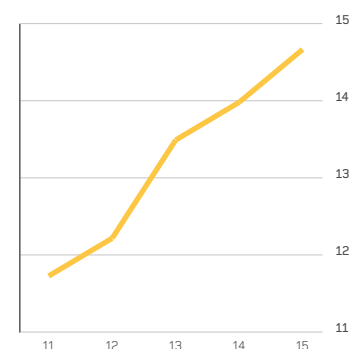
**80**



### EMPLOYEES WITH AN IMMIGRANT BACKGROUND

in Norway, percentage

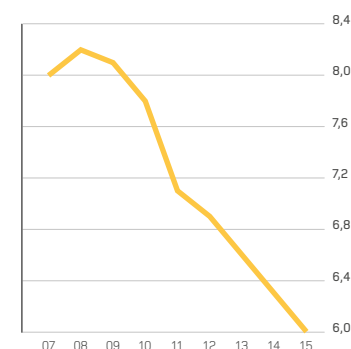
**14,7%**



### SICK LEAVE

Group in percentage

**6,0%**





## Diversity

The Group wishes to reflect developments in society and is working actively to promote integration in the organisation and increase the proportion of employees with immigrant backgrounds in staff and management positions. The Group has employees with backgrounds from more than 70 nationalities. Language training is a vital part of this work. A development and internship programme is offered to selected employees.



For accounts  
and notes, see  
[postennorge.com/  
annual-report-2015](https://postennorge.com/annual-report-2015)

## Pay and equality

The Group subscribes to the main principle that management pay should be competitive but not amongst the highest when compared to similar companies. Posten Norge AS is well within government guidelines for salary policies in state-owned enterprises. The Board of Directors has decided that there will be no new agreements entered into regarding pension rights for the portion of salaries in excess of 12G when changes are made in corporate management in the future.

Salaries, other remuneration and accrued pensions for executive management totalled MNOK 31.5 in 2015, compared with MNOK 29.7 the previous year. There are no significant pay differences between men and women that can be attributed to gender.

Posten Norge is concerned about equality at all levels. Posten Norge's recruitment policy requires moderate gender quotas to increase the number of female managers and employees in male-dominated job categories. Posten Group's management is 50 per cent female. The proportion of women among employees in the Group is 35 per cent, and among managers 29 per cent.

## Employee and management development

Skills development is a major focus area through internal and external course offerings and workplace-based training. The Group has made a major investment in e-learning combined with other types of teaching forms, including an introduction to HSE, the Group's vision and value platform, and environmental efforts. As a supplement to other internal training opportunities, courses are offered in Norwegian reading, writing and oral skills, as well as online apprentice courses to increase the number of employees with a certificate of apprenticeship. Through the Group's scholarship programme, employees receive support to upgrade their formal qualifications.

The Group works systematically on manager development in order to strengthen its implementation ability and goal achievement. Using employee reviews and management evaluations as a basis, managers are objectively evaluated on their performance and potential. In parallel, work is carried out on succession planning and talent development which the Board reviews annually.

## Integrity

The Group sets strict standards of integrity for its own managers and employees, and provides relevant training. The same requirements apply to subcontractors and partners. The Integrity Programme, which was established in 2011, is based on the Group's ethical guidelines. In 2015 the Board conducted a review of these efforts in relation to best practice, status of the measures and compliance.

## Prevention of criminal activity

The risk of criminal activity directed against Posten Norge is considered to be moderate. The Group has a zero-tolerance policy for internal fraud. In 2015 the focus has been on measures to prevent labour market crime. The Group cooperates well with the police services and other authorities, and has carried out checks of the courier industry. Another area of focus has been identity theft.

The Group works actively to prevent all types of crime and to solve cases. The level of security and contingency plans are viewed in the context of, among other things, the government's threat assessments and international efforts and prioritisations, for example under the auspices of the Universal Postal Union (UPU) and the International Civil Aviation Organization (ICAO).

Operational emergency preparedness and general crisis management capability have been strengthened over the past year through, among other things, the Ministry of Transport and Communication's SOROS project.

## Information security

Cyber-attacks and fraud through social manipulation of employees constitute an increasing risk for businesses. As a part of risk management, the Group has established a management system for information security with the aim of securing information against unauthorised modification, destruction, disclosure and loss. This process places as much focus on the people who administer information as on the technology used to rationalise its administration. Training and raising awareness regarding information security are key activities. Security reviews and tests of essential services that are exposed on the Internet are conducted regularly with the assistance of external experts.

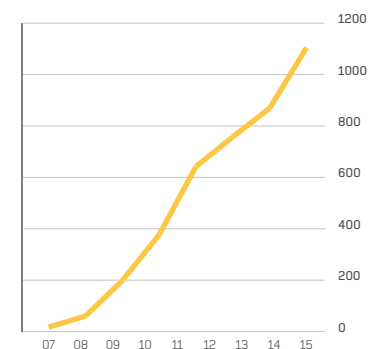
## Environmentally effective operation

As one of the Nordic region's biggest transport operators, the Group takes particular responsibility for reducing its environmental impact and increasing its internal energy efficiency. Some of the most

### ELECTRIC VEHICLES

number

1,115



important measures to reduce climate impact include the use of environmentally friendly vehicles and fuel, transport optimisation, shifting freight from air to ground and from road to rail, efficient use of floor space and building expertise among managers and employees.

The Group has in 2015 reduced CO2 emissions by 28 658 tonnes, or 6 per cent from 2014. In 2016, the Group will continue to replace fossil fuels with electric vehicles and renewable diesel (HVO) for all heavy transport in Norway. This will make a significant contribution to achieving the goal of a 40 per cent CO2 reduction by 2020.

## The work of the Board of Directors

The Board places importance on following Norwegian standards and best practices for corporate governance, based on Norwegian law and the government's state ownership policy in force at any given time.

Each year the Board presents a corporate governance report which forms part of the annual and sustainability report. The Board of Directors also conducts an annual update of the content of the rules of procedure for the Board.

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

The Board carries out an annual evaluation of its work, expertise and working methods, as well as discussing current issues for special attention and building the Board's own expertise.

At the General Assembly in 2015, Tove Andersen and Morten Karlsen Sørby were elected to the Board, succeeding Gøril Hannås and Jørgen Randers. Tom Sorensen became a permanent Board member in the autumn of 2015 as employee representative after Paul Magnus Gamlemshaug left the company.

The Group's head office is located in Oslo and the majority of its operations are conducted in Norway, but the operations outside of Norway are constantly developing, particularly in Sweden.

## Outlook

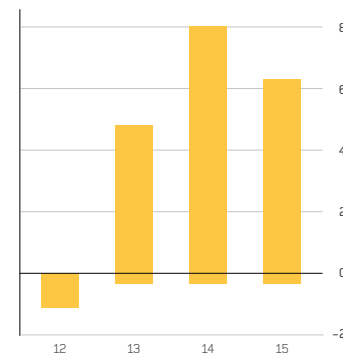
The Board of Directors expects that the downturn in the Norwegian economy will continue. Prospects for growth in the Nordic region are more positive. Meanwhile, the effect of digitisation will accelerate the decline in mail volumes. The logistics market is characterised by strong competition. These factors will affect the Group's profit performance negatively in 2016.

The Group is dealing with developments in the Logistics segment

### E-COMMERCE VOLUME

growth, in percentage

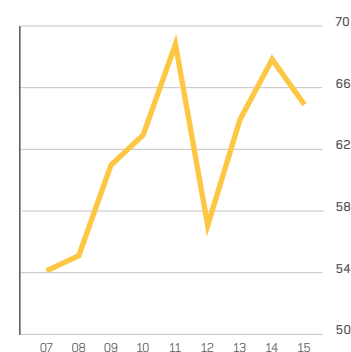
**6,3%**



### REPUTATION

Percentage with positive impression of Posten Norge

**65%**



Source: Ipsos MMI's annual reputation survey

through industrialising and optimising the business system, exploiting economies of scale and customising solutions to customer needs. The Group is investing nearly BNOK 5 in new joint terminals in Norway to integrate and industrialise operations, improve productivity and increase competitiveness. In the same way, networks and production are being coordinated in Sweden.

E-commerce is growing by around 15 per cent annually, and it is the Group's most important area of growth. The goal is to take part in the strong growth by developing new solutions and concepts so that the Group becomes the preferred supplier for both recipients and senders.

The Mail segment will continue to experience a decline in letter volumes, and this will accelerate. The need to restructure will therefore continue in the future. Posten has succeeded in adapting operations to developments and changing customer needs by restructuring in good time and working closely with union representatives. The Board of Directors wishes to remain in the forefront of developments in order to avoid falling behind and risking a pent-up need for restructuring. From March 2016 Posten Norge discontinued mail distribution on Saturdays. Furthermore, the Board has recommended, in the business plan for 2016 (Section 10), combining A- and B-class mail into a single addressed letter stream beginning in 2017.

Digipost expects to attract more users and increased volumes in 2016 when public agencies and organisations switch to sending mail electronically. However, these volumes will not offset the economic impact of the decline in physical mail.

The Group has initiated a comprehensive corporate programme that will strengthen competitiveness and improve customer experience in the years ahead. Investments of BNOK 1 are being made to increase productivity and deliver a simpler customer interface and service offering through more standardised IT systems and solutions throughout the Group.

Posten Norge enjoys a high level of confidence in the market and a good reputation. By restructuring in good time and devoting the time required to do so, necessary and demanding changes have been implemented in a positive way.

The Group will continue the long-term and systematic work on sustainability with a particular focus on health, safety and the environment (HSE), diversity and the wider environment.

The Board thanks all of the employees of the Group for cooperating in and sharing responsibility for the development of Posten Norge and Bring.

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## Statement of the Board of Directors

The Board of Directors confirms that, to the best of our knowledge, the annual financial statements have been prepared in accordance with approved accounting standards and give a true and fair view of the Group and the parent company's consolidated assets, liabilities, financial position and performance as a whole.

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

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17 th March 2016

Idar Kreutzer (leder)

Anne Britt Berentsen

Terje Wold

Randi B. Sæterhagen (nestleder)

Tove Andersen

Morten Karlsen

Odd Christian Øverland

Ann-Elisabeth Wiggeness

Tom Sørensen

Siv Ryan Andersen

Dag Mejdell (konsernsjef)



## Ahead of the curve

Posten has successfully restructured its operations and adapted to new customer needs.

An ever more digitised society is changing people's habits and impacting the demand for traditional postal services. The Mail Division has tackled this trend head on by staying ahead of the curve and restructuring in a timely fashion, which has had positive results.

2015 was the year in which the Norwegian parliament, the Storting, approved a new Postal Service Act and opened up the Norwegian postal market to full competition. With this, Posten's remaining monopoly on addressed letters weighing up to 50 g disappeared on 1 January 2016. The Mail Division is well-placed to meet this increased competition, but the changes are adding to the burden of the already demanding restructuring process.

## Continuous changes

The division has implemented a series of measures since the start of the millennium to keep pace with increasing digitisation. The switch from traditional post offices to in-store post offices, Post in Shops, was a great success. Customers are satisfied with the service and appreciate the good accessibility and long opening hours. The Mail Division has also changed how letters and parcels are produced and distributed such that the network is now more streamlined and cost-effective. This meant that the Mail Division could continue to offer customers and mail recipients good services in 2015 that have been tailored to current and future needs, while successfully restructuring in a manner that safeguards employees. The division's employees have met the changes with understanding and good teamwork.

## Proud, satisfied employees

Employee numbers have fallen and many of those still with us have new duties. Nonetheless, the employees are more satisfied and proud than ever before. Customer satisfaction has also steadily improved. Sick leave has dropped by 30 per cent since 2006 and the number of occupational injuries has decreased, while employee satisfaction has steadily risen. Our employees want to ensure the Group's customers and mail recipients receive good services in all parts of the value chain.

## Adapting services

Saturday letter deliveries ceased from 1 March 2016. This is a necessary restructuring measure. The new Postal Service Act permitted this change. In recent years, there have been far fewer letters on a Saturday than on the other five business days. The Ministry of Transport and Communications has announced a competition for the delivery of newspapers on Saturdays. Until this has been decided, Posten will continue to deliver newspapers on Saturdays. Going forward, the Mail Division will continue to adapt its services to falling volumes and changed framework conditions. A proposal involving the merger of A-mail and B-mail into a common letter stream with two-day delivery has been submitted to the Ministry of Transport and Communications. The proposal will entail major changes in infrastructure and produce significant savings. At the same time, letter distribution tailored to the customers' future needs will continue, which ensures that physical letters will arrive quickly throughout the country. 85.4 per cent of A-mail was delivered overnight in 2015.

## Well-established, future-oriented Digipost

While the number of physical letters is falling, digital mailings are increasing. Posten's digital mailbox, Digipost, has surpassed 600,000 users and has more than 2,000 customers who use it to send mail. It is important that Digipost has positioned itself well in the market, not least because of the public authorities' switch to digital communication. The list of public agencies that became customers of Digipost in 2015 includes

## MAIL DIVISION

- The private market is served by the Posten brand in Norway and the business market by the Bring brand in Norway and the Nordic region.
- Responsible for traditional mail services in Norway (including licensed services) and Sweden (via Bring Citymail).
- Drives the Group's focus on digital services and dialogue services.
- Develops new physical and digital services and infrastructure.



the Norwegian Labour and Welfare Administration (NAV), the Norwegian State Housing Bank, the Norwegian National Collection Agency, and many municipalities. From and including 2016, all public agencies are required primarily to use a digital mailbox in their communications with citizens. Digipost is well positioned to handle the growth in users and volumes, and new services and functions will be developed over time. One new strategic area is e-signature services, in relation to which Digipost won a government contract in 2015.

## Aggressive focus on the environment

The division's environmental work continues unabated. In June, a decision was made to purchase 241 electric vehicles, which represents one of the world's largest single purchases of electric vehicles. The Mail Division now has a total of around 1,100 vehicles that do not use fossil fuels.

## New terminals and technological solutions

In 2015, Posten took a number of important steps towards putting in place a new terminal structure, which is an important element of its strategy for coordinating services across the Group and business areas. In 2015, it decided to build new terminals in Stavanger, Tromsø and Mo i Rana.

The digital route book launched in 2014 was developed into a tool with which delivery staff became very familiar in 2015. The route book simplifies the employees' working day while ensuring faster and simpler updating and thus better address quality. At a time when mail recipients are becoming increasingly mobile, it is important to achieve the desired quality.

In 2015, Posten's tracking app was expanded with a wider range of services that enabled customers to do things such as report address changes via their mobile phones and obtain information about their main or nearest post office. The Mail Division will continue to develop new technological solutions in order to provide customers with the services they want. The ability to offer good services in a constantly changing market requires innovative, smart thinking.

## No one knows Norway better

With 1,400 sales outlets and 1,700 rural delivery staff across the country it is easy to prove that no one knows Norway better than Posten. Posten is still important to the people of Norway and will remain so for the foreseeable future.

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### BUSINESS AREAS:

**The regions:** Develop and operate Posten's physical network. This network includes the production and distribution of letters and admail, as well as serving all private and business postal addresses in Norway. Operate a total of nine mail distribution terminals and are responsible for the nationwide network of traditional post offices and in-store post offices, Post in Shops.

**Digipost:** Posten's digital postal service via which all Norwegian organisations and private individuals can send and receive digital letters.

**Bring Citymail:** Offers postal services to the business market in Sweden with the delivery of mail, newspapers, magazines/journals, admail and freight to letter boxes in Stockholm, Gothenburg, Malmö, Mälardalen and Gotland. This represents 54 per cent of all Swedish households and organisations.

**Bring Dialogue:** Helps companies develop and manage their customer relationships through customer dialogue.



## Affected by the downturn in oil

Bad times in the offshore sector affect the Norwegian economy and thus also Logistics Norway Division's business.

After a strong 2014, 2015 was a demanding year for the division. This was primarily due to lower levels of activity, major restructuring processes and cuts in investments in the offshore industry. In addition to this, a weaker Norwegian kroner exchange rate is making exports cheaper, but imports dearer.

Parcel revenue has not developed as expected either. Although volumes are increasing, a large proportion of big customers at low unit prices is dragging total revenues down. Meanwhile, cross-border volumes made a positive contribution, even though there was a small drop in the volume of domestic business parcels. Groupage and part-load volumes developed well and there was a good inflow of new customers during the year.

## Changes to services

As far as parcels and freight are concerned, customers pay according to various zone tariffs depending on how far the shipment is going. Bring introduced a new price model for freight on 1 July. The number of price zones in Norway has been halved from 40 to 20 and 5,000 customers have started using the new model. Bring has also established a service that offers early delivery before 07:00 to selected customer groups. Bedriftspakke Ekspress (BPX) parcels for companies will continue to be delivered almost as before after Saturday deliveries of letters ceased on 5 March 2016.

## New terminal network

Posten and Bring are investing NOK 4 billion in eighteen shared production facilities for parcels and freight. The new terminal network is halfway finished and will be completed in 2019. This will enable them to produce parcels and freight in the same stream. The goal is full vehicles such that as much cargo as possible is shipped as few kilometres as possible. This means lower CO<sub>2</sub> emissions.

## New business areas

Offshore & Energy saw a reduction in traffic between the oil bases along the coast. Project activity levels have been sustained due to the ongoing development of the processing facilities in Nyhamna in Møre og Romsdal.

On 1 November, Offshore & Energy and Bring International were merged into Bring Cargo AS. At the same time, Bring Transport Solutions became a new business area with responsibility for special customer solutions and vehicle operation. It consists of Bring Cargo Østfold, Bring Trucking AS (Slovakia), Bring Gudbrandsdalen AS and Bring Linehaul AS. All lorries have now been fitted with driving computers that assist with driving and rest period control, eco-driving and fuel oversight.

Bring Express in Norway, which offers courier services for same day collection and delivery, as well as Home Delivery, became part of the Logistics Norway Division in March 2015. The courier services are being continued via a dedicated subsidiary, while Home Delivery is part of the regional structure for parcels and freight.

## High level of international activity

Despite the offshore related downturn, Bring International's turnover was higher in 2015 than in 2014. This was due to a rise in sales to other customer groups. Bring Trucking was named Company of the Year in Slovakia in October in competition with 315 other companies. In July, a 2,000-square metre terminal opened in Zwijndrecht in the Netherlands. Bring Frigo Norway is taking part in the strong growth in exports of salmon and trout, although the competition situation is challenging. The business will move into the new logistics centre in Alnabru in April 2016.

## LOGISTICS NORWAY DIVISION:

- Bring is Norway's leading logistics operator.
- Delivers integrated, industrialised and efficient logistics solutions to the Norwegian market.
- Develops and delivers the Group's overall portfolio for the logistics segment in Norway.
- Operates all of the Group's domestic parcel and freight terminals and transports mail, parcels and freight.
- Responsible for air freight and main postal service network.

## Focusing on rail

The amount of container traffic sent by rail fell in Norway in 2015. From March 2016, the Norwegian National Rail Administration will introduce a pilot scheme involving compensation for cancelled freight trains. Posten and Bring purchase train services worth around NOK 400 million a year in Scandinavia and are the largest purchasers of freight transport by rail in Norway. Rail revenue has increased by around 15 per cent in the last two years. Bring Linehaul has established a Bring train between Jönköping and Stockholm, which supplies five IKEA department stores and five Home Delivery hubs for Bring Express.

## New customs office

On 1 January 2015, the limit for duty free private imports was raised from NOK 200 to NOK 350, and in September the limit for simplified customs clearance for private imports was raised from NOK 1,000 to NOK 3,000 kroner, which has reduced the number of customs clearance jobs. In October, Bring opened a customs forwarding office in Svinesund that is staffed around the clock. One of the aims of this was to save Bring's drivers time through fast forwarding and preparation of customs documents. The office in Svinesund will provide services around the clock, every day of the year.

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## BUSINESS AREAS

**The regions:** Four regions operate parcel and freight terminals in Norway. Transport mail, parcels and freight both nationally and locally. Responsible for the main postal service and line haul traffic in Norway by road, rail and air.

**Bring International and Offshore:** Forwarding activities within offshore and project logistics, international freight activities and the Air & Sea service area.

**Bring Transport Solutions:** Special customer solutions and vehicle operation outside the Norwegian network in the parent company. Responsible for international line haul traffic and corridors.

**Bring Frigo Norway:** Offers logistics solutions for foodstuffs. A leader in temperature-controlled logistics.

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



## Expanded services for Nordic customers

The logistics business outside Norway, Logistics Nordic Division, is growing. In 2015, the division helped ensure the Group an even better foothold in the Nordic region.

E-commerce is a priority area for Bring. During the course of 2015, Bring enhanced its online shopping services in all of the Nordic countries. It launched a series of new innovative services for e-commerce customers.

Bring achieved a clearer presence in the market in 2015, not least through Bring branded collection points in parts of Sweden and messages to customers via text, email and mail. Bring's increased presence in

social media is enabling a closer dialogue with customers and provides an opportunity to spot trends in the industry. In autumn 2015, Bring launched a tracking app for private customers, which enables them to track parcels and home deliveries.

## Ever more goods delivered to people's doors

Bring is one of the leading actors in home delivery. This is an important service for customers who want simple solutions designed for the consumer. Ever more goods are now being delivered to people's doors at a time that suits them. During the year, Logistics Nordic Division also saw an increase in additional services such as installing white goods and delivering PCs with on-site installation.

## Aggressive focus on temperature-controlled logistics

Bring's comprehensive range of services within temperature-controlled transport and warehousing was developed further in 2015. In a changing market, Bring has taken steps such as converting its cold storage facilities into multiple facilities with different temperature zones, which enables it to offer services to a larger segment of customers. It has developed new, innovative services such as a concept for medicines. It also acquired Svebol Logistics AB in 2015 to strengthen its logistics solutions for the retail trade and commercial kitchens.

## Focus on freight business

A number of measures were implemented during the year to strengthen Bring's freight business in Sweden. For example, cooperation agreements were signed with three companies, Närkefrakt, LBC Frakt i Värmland and Skellefteå Lastbilstationen, to give Bring even better geographical coverage in Sweden.

In 2015, Bring successfully continued to offer international freight services by road, rail, air and sea. Different means of transport are also combined to get freight to its destination.

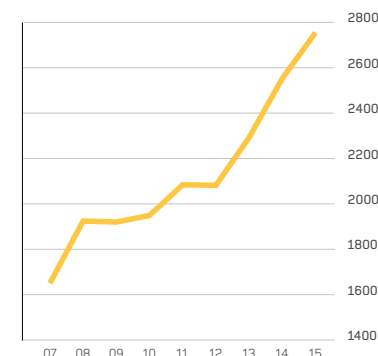
## Efficient operations

Bring in Sweden is systematically improving its operations in order to increase efficiency and profitability within the individual business areas and to ensure efficient terminal operations, line haul traffic and distribution. The work involves putting in place a more efficient structure

### REVENUE FROM FOREIGN SUBSIDIARIES

in MNOK

**8,845**





and coordinating products where this makes sense from the perspective of processes and customer requirements. This work produced positive results in 2015 and will be continued in the coming years. In addition to improving production and transport, Bring simplified its organisational structure, which has resulted in more efficient administration.

## Fulfilling its corporate social responsibilities

Bring is an environmental leader in the industry. The strides Bring made within corporate social responsibility during 2015 included:

- Major conversion to HVO fuel with the resulting significant reduction in CO2 emissions from and including 2015
- Partnership with the 2030 Secretariat, a group of enterprises that want to ensure Sweden achieves a climate neutral transport sector by 2030
- Environmental training for all employees
- Participation in the Food Mission, the Nordic region's first social supermarket that gives financially vulnerable people the chance to buy food at very low prices and at the same time reduces food waste

## The road ahead

In 2015, Bring continued its aggressive development in the Nordic region with a clear goal of profitable growth. The focus on a wide range of strong services that are the most attractive in the Nordic market continues. Some priority areas in 2016:

- Developing services within e-commerce logistics
- Investing in consolidating Bring's position within foodstuff logistics
- Maintaining efficient terminal operations, line haul traffic and distribution

## LOGISTICS NORDIC DIVISION:

- Consists of Posten Norge's logistics operations in Sweden, Denmark and Finland.
- The division's services include transporting parcels, goods and temperature-controlled goods, as well as storage and temperature-controlled storage, courier services and fourth-party logistics, within the Nordic region and internationally.

## BUSINESS AREAS

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

**Frigo:** Logistics solutions for freight that requires temperature-controlled logistics.

**Groupage and part loads:** The entire range of services within shipping of groupage and part loads nationally and internationally.

**Warehousing:** Third-party logistics and warehousing solutions.

**Supply Services:** Fourth-party logistics.





## Solutions designed for consumers

The E-commerce Division consolidated its position in the Nordic region in 2015 by expanding its range of services, increasing the number of collection points and improving its understanding of online shopping, consumer behaviour and trends.

The division's goal is to strengthen and protect its market position in all of the Nordic countries by offering services that appeal to the new ways of shopping online and meeting the higher expectations of consumers. Placing parcel machines in central locations, more collection points, and a wider range of home delivery and express delivery services have contributed to this. At the same time, the division has focused heavily on profitability and systematically adjusted costs per parcel to current market prices during 2015.

### Adapting to trends and consumers' needs

Online shopping is an important priority area for Posten and Bring. The E-commerce Division systematically monitors changing consumer behaviour so it can develop new online shopping concepts with the recipient in mind.

Taking this as its starting point, the division established eLabs in 2015, which aims to identify, develop, test and launch solutions designed to meet consumers' needs. The forum comprises employees with various areas of expertise within online shopping. They also participate in innovation processes in the Group. An advisory board consisting of customers, suppliers and experts within e-commerce was also established in 2015. Its members test ideas and hypotheses, and provide input on relevant customer needs.

## Insight and digitisation

Posten and Bring want to be the preferred providers of logistics services and the preferred advisers within online shopping. The division conducted numerous consumer surveys and trend analyses in 2015 to map the status and future of online shopping in the Nordic region. The results of this work were shared with customers, through both digital and analogue means, which helps to build confidence and credibility.

The division's development of digital channels is in line with the Group's goal of increased digitisation and allows for dialogue with everyone with an interest in online shopping.

## Future-oriented logistics and services

The ever changing needs of industries and consumers mean that the E-commerce Division is constantly developing new services and solutions. These includes services designed for new and growing branches online such as grocery shopping, chemists and building materials.

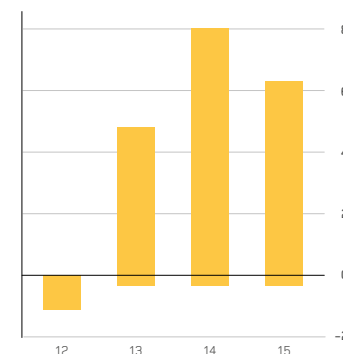
### E-COMMERCE DIVISION:

- Specialises in e-commerce
- Will be the Group's spearhead in the e-commerce market
- Will ensure that Posten and Bring's customers succeed in their e-commerce
- Will help Posten achieve its goal of being the leading Nordic supplier of services and solutions for companies offering goods online
- Will ensure it launches innovative services in line with changing consumer behaviour

### E-COMMERCE VOLUME

growth (in per cent)

6,3%



## E-COMMERCE SERVICES

The E-commerce Division is responsible for Posten and Bring's services within online shopping. The services give recipients the choice between various express services via collection points or having goods delivered to their door.

**Collection:** Recipients can collect parcels from one of our 6,000 collection points throughout the Nordic Region. The recipient is notified in advance and can track a parcel's movements via an app.

**Evening home delivery:** Recipients can ask for parcels to be delivered to their door between 17:00 and 21:00 in most towns and larger conurbations. Text/email notification when a parcel is en route and a call service before delivery. The recipient can choose the delivery date. Saturday delivery is also offered in major Nordic cities, currently Oslo, Stockholm, Gothenburg and Malmö.

**Bag on door:** The sender and recipient can agree that a parcel should be hung in a neutral bag on the recipient's door.

**In the letter box:** Many consumers want to receive their online shopping parcels directly in their letter boxes. Posten and Bring offer several letter box services: 'Small Parcels' is specifically designed for online shops that send small, light parcels with a relatively low value that fit in a letter box.

**Parcel machines:** Posten and Bring offer online shopping customers the ability to pick up their parcels from parcel machines:

**Free-standing machines in Denmark and Norway:** Placed in central locations. It should be possible for the user to select this option from among the online store's delivery alternatives.

**At existing collection points:** Placed in or close to an existing collection point in order to increase capacity and reduce queues at the collection point.

**Express and courier services:** Offers customers a range of express services and in major cities goods can be delivered to consumers within an hour of ordering them.



## Posten Norge in transition

A drop in demand from the oil sector and low international growth contributed to the continued downturn in the Norwegian economy that started in the summer of 2014.

Sweden saw strong economic expansion in 2015, a trend that is expected to continue in 2016. In general, global economic growth has been weak, but the picture is complex. Growth in the Eurozone slowed in the last quarters and in the third quarter it also weakened in the US. Meanwhile, the upturn has been strong for some time, which means we are approaching the first rise in interest rates. Emerging economies such as Russia and Brazil have been hit hard by low commodity prices, while India and China have enjoyed relatively strong expansion.

Although the past year did not bring radical technology shifts in the mail and logistics industry, recognised trends have gained a footing and are increasingly colouring the market situation.

## Postal services in transition

The digitisation of society is reducing the demand for traditional postal services. The expansion of digital solutions and a reduction in letter volumes of just under 10 per cent a year are generating a constant need for change. The major customers who send out administrative mail, in both the public and private sectors, are all continuing to develop their digital solutions. Public agencies must start using digital mailboxes for communication with the general public in the first quarter of 2016.

Public administration represents a significant portion of the total turnover of addressed mail (approx. 15–20 per cent). The volume of addressed mail will more than halve before 2020 compared with the level in 2011 and be a third of the volume it was at the start of the millennium. Saturday letter deliveries ceased on 5 March 2016 in order to meet this development. Meanwhile, Saturday newspapers that are delivered regionally and local will continue to be distributed by Posten for the time being. A proposal involving the merger of A-mail and B-mail into a common letter stream with two-day delivery has been submitted to the Ministry of Transport and Communications. The proposal will entail major changes in infrastructure and produce significant savings.

The letter monopoly (the monopoly on delivering addressed mail under 50 g) ended on 1 January 2016. The entire letter market is facing ever increasing competition from digital services and Posten is well-prepared for the greater competition that will push prices downwards. Nonetheless, the fact that Posten's room for manoeuvre is limited, because of the requirements relating to its statutory postal services, is a challenge. If competitors provide services better tailored to the market, the result for Posten could be a wider gap between the costs associated with its statutory postal services and the market's willingness to pay. For many, particularly those involved in marketing, written communication is still important. Customer newsletters, brochures and marketing letters still work best on paper. Letter boxes are also an attractive option for online shopping. The quantity of small parcels being delivered to letter boxes is increasing, compensating to some extent for declining letter volumes.

## E-commerce is growing

Online shopping has grown by between 13–20 per cent a year in Norway and Sweden. Posten saw growth of 6.3 per cent in 2015. E-commerce is one of the areas demonstrating the strongest growth in the logistics market in the Nordic region, with high levels of cross-border trade. Online shopping will continue to grow and increase demand for reliable and predictable logistics solutions and related services in the value chain. The retail trade is facing major changes because of digitisation.

Product delivery is a key aspect of online shopping, and delivery alternatives are playing a decisive role in the choice of online shops. Making the delivery process simple and smooth for consumers, and adapting it to differing needs and wants, requires close cooperation between everyone involved in the e-commerce value chain, including logistics operators.

As an increasing number of shops have both a physical and an online shop, more shops will choose to link the two sales channels. For example, some shops allow consumers to order goods online in the physical shop if the desired good is not in stock.

## Online shopping will continue to develop in the future and important digitisation trends could impact Norwegian retail companies:

- We will see a greater degree of the 'mobile phone first' mindset. More and more web shops are designing their websites and payment solutions for mobile phone and many Nordic web shops are introducing 'one-click shopping'. Customers expect to be able to shop from and with their mobile phone, while web shops are being punished for not having mobile phone friendly sites.
- New branches are focusing on online shopping and in the year ahead a lot will happen within the grocery, chemists and building materials branches. The combination of centrally located collection points and home deliveries is making life easier for those who buy food, prescription medicines and planks online. The range and quality of products are the same as those found in physical shops, which is why growth is accelerating.
- Web shops are increasingly using data and customer insights to personalise and tailor the customer pathway. If a web shop is not relevant for a customer in terms of price, payment options and delivery methods, a competitor is just a click away.
- Technology is enabling disruptive actors to challenge established ones within various branches, which we will see even more of in 2016. Open solutions that challenge existing branches will be launched in, for example, logistics and transport services, payment services and other services involving two parties, one with a need and one with a solution.
- More and more web shops will create filters for product information. This will make it simpler for customers to choose the products that are most relevant for them, while also saving them time. The more relevant this categorisation is for the customer, the greater the chance the customer will actually complete the purchase.
- A number of online shops in the Nordic countries plan to open online shops in additional countries in the coming years. Swedish online shops are the most eager to expand geographically, first and foremost to their neighbouring Nordic countries, which will mean increased competition for national online shops.

## Stronger competition

There is a clear correlation between economic growth in the Nordic region and the logistics market. Major Nordic actors and large international networks are making the competition tougher in the Nordic region. As a result, prices will come under increasing pressure, which in turn will contribute to the development of more cost-effective logistics networks.

More customers want their total logistics solutions coordinated and simplified through fewer providers and centralised warehouses, especially in Southern Sweden and, to a somewhat lesser degree, in central Eastern Norway. The ongoing globalisation process is leading to ever larger international product streams, which is resulting in stronger competition from low price actors. Retail companies from Central Europe see opportunities for growth in the Nordic region and structural changes are occurring in both the logistics industry and commerce. The traditional limits on what individual actors will take responsibility for are evolving. For this reason it is becoming increasingly important to capture volumes heading for the Nordic region that originate from outside it. This is especially true with regard to the parcel and freight segment.

The competition situation in the Nordic market is also characterised by ongoing consolidation in which three international actors are now market leaders with a total of 30 per cent of the market, while the ten largest actors account for around half of market revenue.

## Acquisition trend

Acquisitions have played an important role in strengthening the positions of Nordic mail and logistics companies. However, the zeal to acquire has lessened in recent years and the acquisitions have been of smaller companies and aimed at supplementing value chains or acquiring a position regionally/locally.

## Infrastructure and the environment in focus

The Nordic countries are experiencing population growth with relatively high birth rates compared with the rest of Europe, combined with high net immigration rates. Urbanisation is also continuing and an ever increasing proportion of the population is concentrated around the major cities and regional hubs.

Despite huge public investment around cities, the infrastructure is failing to keep pace with the increase in vehicle traffic. Traffic is also creating ever increasing environmental and noise problems. There is therefore a heavy focus on expanding railways. Passenger transport is being prioritised, meaning that the transfer of freight from road to rail is moving slower than desired. Norway is working on revitalising maritime transport solutions in order to exploit this environmentally friendly means of transport.

In Norway, Sweden and Finland, longer, heavier articulated vehicles (25 metres/60 metric tons) are being used, which reduces the number of heavy goods vehicles on the roads as well as costs, fuel consumption and exhaust emissions. Throughout Europe, innovative vehicle solutions for local distribution in cities are being tested and researched. It is important for logistics companies to work closely with customers, the authorities and expert environments in order to identify good, future-oriented solutions.

## Challenges in Western economies

Seven years after the financial crisis, the Eurozone has yet to recover fully. The growth in economic activity is modest and inflation is absent. With rising optimism, gradual debt reduction and an expansive monetary policy, there is reason to assume that the Eurozone will see increased growth in GDP going forward. The high level of idle capacity, low growth trend and tight budgets suggest that the growth will remain relatively weak, albeit with differences between countries. The US economy has enjoyed a long period of expansion. The upturn has lasted six years and will continue going forward. The most important driver is private consumption which is being boosted by strong jobs growth and higher real wages. The British economic upturn was sustained in 2015, but slowed during the autumn. The major Asian countries continue to enjoy high levels of growth, albeit lower than in previous years.

Growth in the Norwegian economy almost halved last year. The fall in oil prices has reinforced the drop in petroleum investments, reduced costs growth in supply industries and dampened business and household optimism. These developments have had an uneven impact on the economy, both regionally and for different industries. An expansive economic policy and weaker Norwegian exchange rate have contributed to continued growth in the Norwegian economy. The Swedish economy experienced a significant upturn in 2015. Private consumption and investments in housing are driving up growth, which will continue going forward.



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## The future 2016-2020

- **The letter monopoly** on addressed letters weighing up to 50 g ended on 1 January 2016.
- **Saturday letter deliveries** ended on 5 March 2016, although local and regional newspapers will be delivered as before.
- A **proposal involving the merger of A-mail and B-mail** into a common letter stream with two-day delivery has been submitted to the Ministry of Transport and Communications. The proposal will entail major changes in infrastructure and produce significant savings.
- In 2016, **public agencies will start using secure digital mail** to communicate with the general public.
- Posten Norge is, with its digital mailbox, **Digipost**, **well positioned** to win the competition for digital mail users in the future. An ever increasing number of private and public users are connecting to the solution.
- Posten and Bring will **reduce their CO2 emissions** by 40 per cent by 2020.
- The Group continues to work on systematic, **long-term improvements to sustainability**, especially within HSE, the climate, and diversity.
- Bring will open a **new logistics centre** for parcels, freight and temperature-controlled transport at Alnabru in Oslo in 2017.
- Bring is **planning new integrated terminals** for parcels and freight in Trondheim, Helgeland, Stavanger, Narvik/Harstad, Tromsø, Stokke and Bergen
- Work on **joint terminals** for mail, parcels and freight continues. The objective is to provide customers with better service and strengthen the Group's competitiveness.
- Posten introduces **improved tracking** of small parcels delivered to letter boxes via radio-frequency identification (RFID).
- **Activities outside Norway are restructured** in order to match market growth and offer the best possible solutions to customers. There is also continued focus on expanding the parcel network in Sweden and Denmark, for among other reasons to exploit the strong growth in e-commerce.
- Posten and Bring **simplify and coordinate their service portfolio** while also renovating their IT systems.
- **Bring takes over all of Danske Fragtmænd** in order to significantly strengthen its competitiveness in Denmark.



# SUSTAINABILITY



Our employees are healthier than ever before and are delivering mail and parcels in an increasingly more environmentally friendly way. 

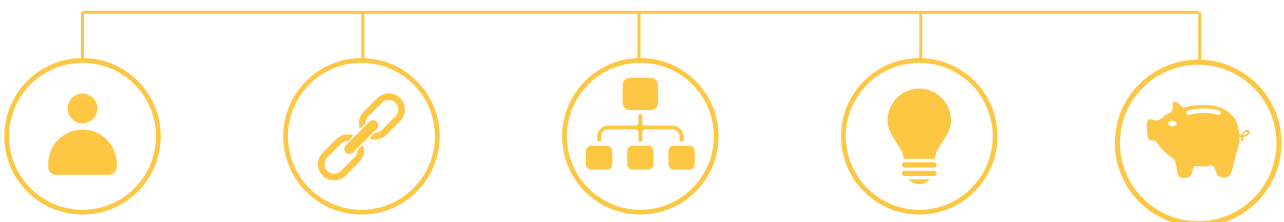


For Posten and Bring, sustainability involves the Group's long-term viability. The Group's most important resources when it comes to creating value and thus ensuring its viability are our employees, relationships and partnerships, our network and expertise, our ability to adapt and our financial capital. This sustainability report shows the values we have created in the last few years via our business model, and our social footprint. The report also evaluates our work and provides us with a direction for the future – where we are headed and how we shall get there.



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## OUR CAPITAL AREAS



Our employees

Our relationships  
and partnerships

Our networks  
and expertise

Our ability to  
change

Our financial  
capital

# Our most important resources for value creation

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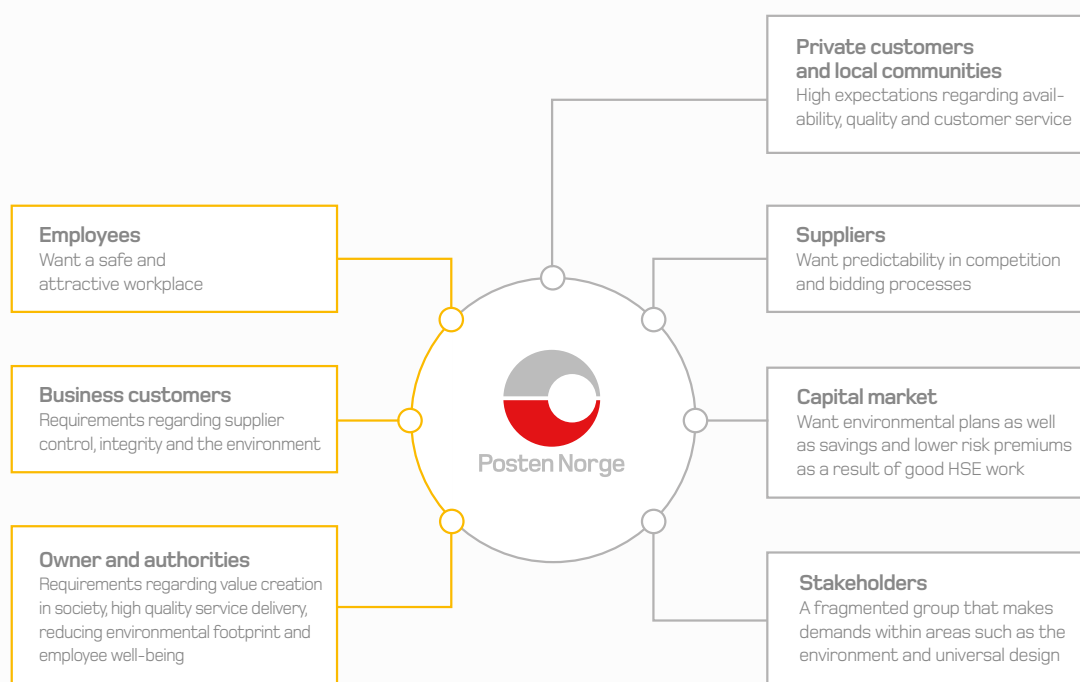
The Group works continuously on initiatives to improve the measurement and reporting of sustainability (long-term viability). The Group's stakeholders place increasing requirements on a systematic approach to sustainability, and expect Posten Norge, as a major Norwegian public-sector player, to work methodically on this.

The Group updated its Materiality Analysis in 2015. The analysis provides the basis for reports in 2015 and was performed after interviews with 12 key persons in the Group, as well as a working meeting with the Group's sustainability council. The sustainability council is a continuation of the steering group for sustainability reporting in the Group. The council shall contribute to the further development of sustainability reporting, and consists of experts from within the Group who can contribute with input and agree on the road ahead (G4-25)

## Key stakeholders

Defining our key stakeholders has been a central element of the materiality analysis, since these stakeholders are involved in establishing the framework for our work on sustainability. The stakeholders each have their own requirements on and expectations of Posten Norge (G4-18). Our most important key stakeholders were identified as the owner and public authorities, corporate customers, and current and future employees. In addition, private customers and local communities, the capital market, suppliers and interest organisations are groups that play a central role in the Group's corporate social responsibility and sustainability (G4-24).

Figure 1.1: Displays Posten Norge's most important stakeholders. The three most important on the left.

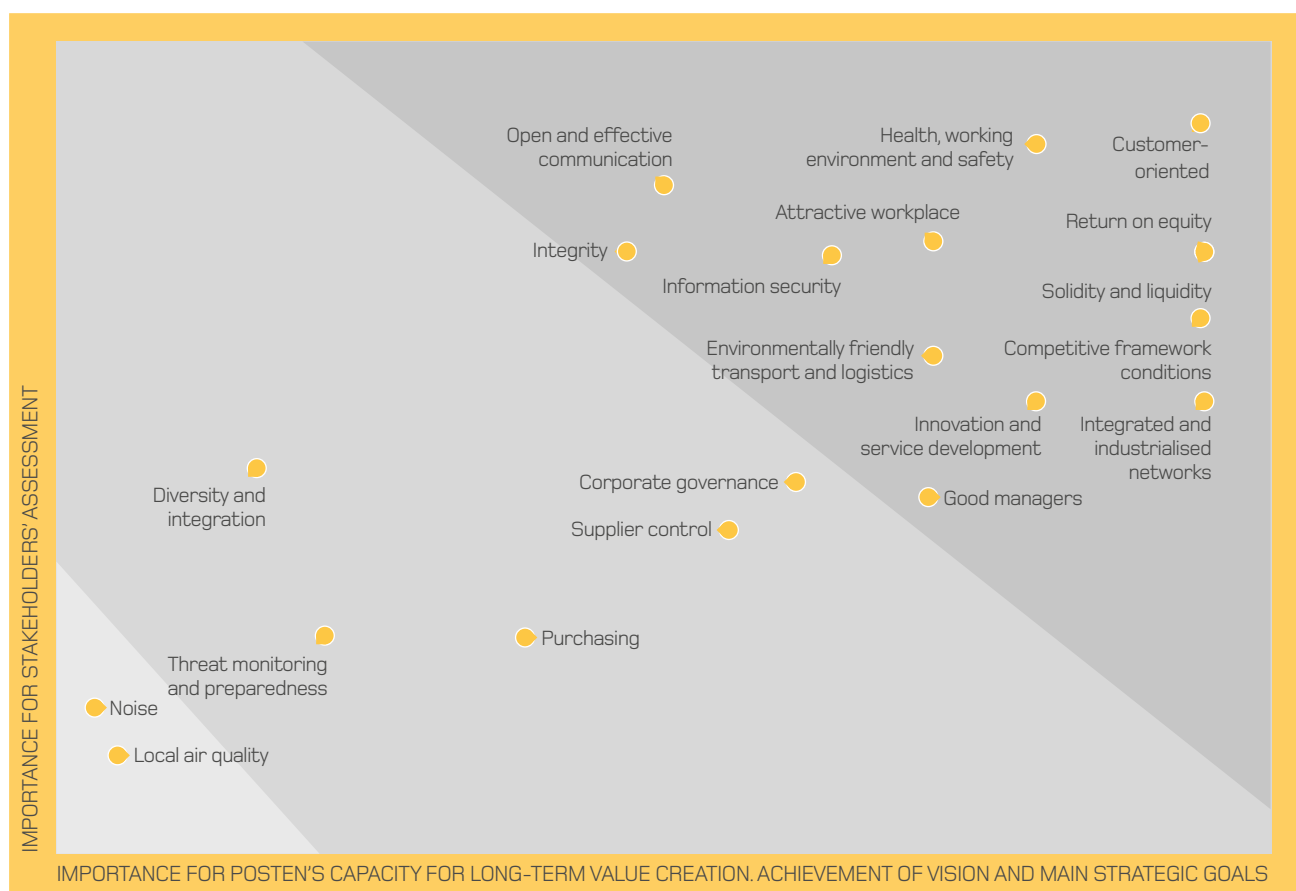


The Group also pursues a dialogue with other stakeholders such as trade unions, business and employer associations, political parties, supervisory authorities, competitors and the media. We are in dialogue with our stakeholders in various formal and informal arenas. The frequency of these meetings varies according to the needs and requirements of the stakeholders (G4-26).

## A wider definition of sustainability

The updated Materiality Analysis is based on a wider definition of sustainability (long-term viability) and is more closely linked to the Group's strategy and governance system. From discussing environmental and social considerations, the analysis now addresses the Group's long-term viability and ability to create value. This change was introduced due to the fact that important stakeholders, such as owners, corporate customers and capital managers, are increasingly asking for more non-financial information. A materiality analysis that takes on the entire spectrum of prioritised areas is also useful internally; it can be used to understand and communicate the relationship between critical success factors and ensures that both strategy and governance are all-inclusive. The materiality analysis resulted in thirteen priority areas defined as having the highest importance for our value creation and for our most important stakeholders. We have also decided to issue reports on supplier management, as this element is of increasing importance for the Group.

Figure 1.2 Posten and Bring's materiality analysis. The area on the right shows the thirteen areas of most importance for the company's ability to create value in the long term, and of most importance for the stakeholders.



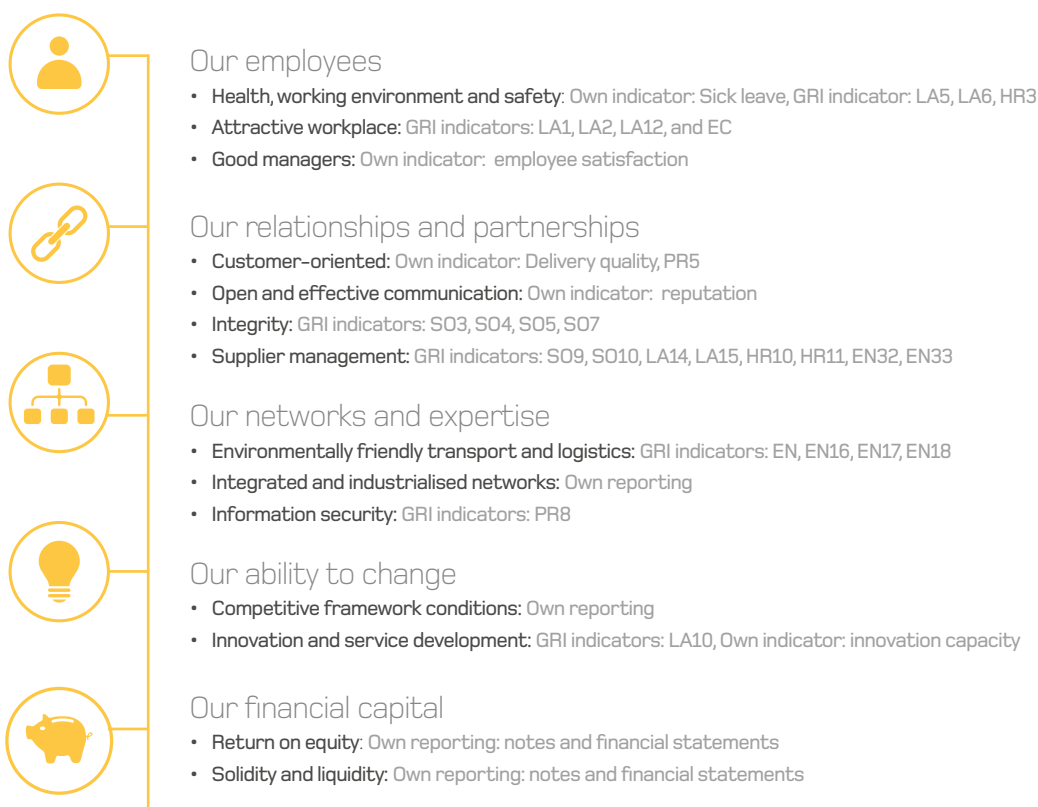
The updated materiality analysis will contribute to a complete understanding of the Group's business model and the resources that Posten and Bring are dependent on to create value. This is described in more detail in the Group's five capital areas representing Posten Norge's five most important resources for value creation.

Figure 1.3 Posten and Bring's five most important resources (capital areas): Our employees, our relationships and partnerships, our network and expertise, our ability to adapt and financial capital.



These resources (capital areas) have provided the basis for defining which critical success factors (aspects) should be included in the materiality analysis. Both opportunities and risk within the most significant success factors have been charted and categorised within each of the capital areas. These form the basis for the reports in 2015. We have also linked the recommended and recognised reporting template, Global Reporting Initiative or GRI, to these success factors, and carried out an analysis in order to define which of the GRI indicators are most important for our reports. The GRI template is an international standard that has not been individually adapted to Posten Norge. We have therefore also included indicators defined by the Group and that are of high importance, but which are not currently part of the GRI template. This enables us to take a large step toward a more integrated report.

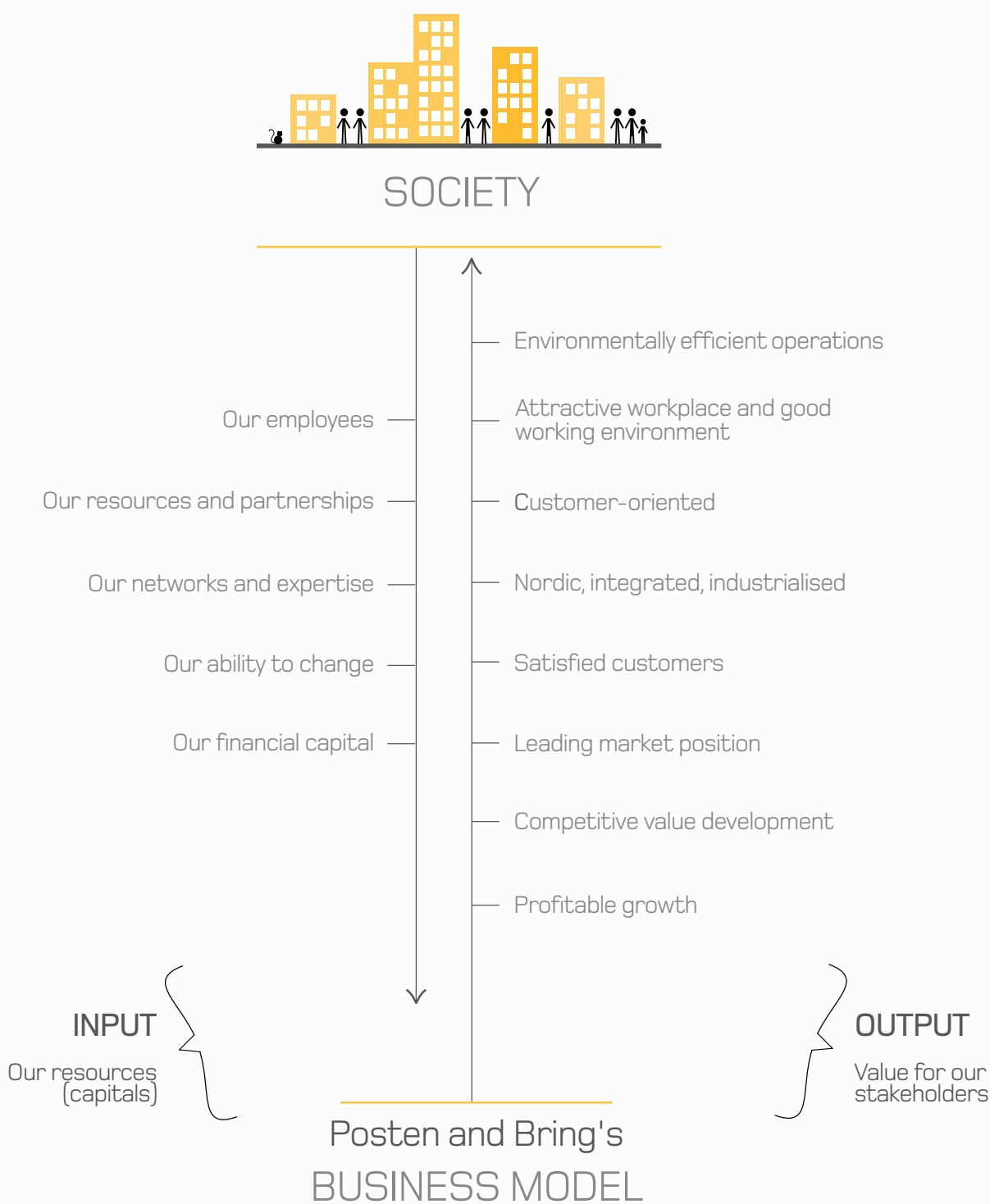
Figure 1.4 Posten and Bring's five most important resources (capital areas) categorised according to critical success factors (aspects) and which indicators we report within each success factor.



## Value creation via our business model

Posten's capital areas are also based on the business model. The resources invested in the business model and the results this provides in the form of value creation for our most important stakeholders (employees, corporate customers, owner and authorities).

Figure 1.5 Model showing the value creation cycle. Posten and Bring take the most important resources (capital) from society and incorporate the resources in the business model. The output is the value we manage to create for our stakeholders and the footprint we leave behind in the society.







# Our employees

## OUR CAPITAL AREAS



Our employees



Our relationships and partnerships



Our networks and expertise



Our ability to change



Our financial capital

The Group's most important resource is its employees. The efforts and expertise of the Group's employees and managers is a key factor for success in achieving the financial results required by our owners. One central part of the Group's strategy is therefore to create a positive culture at work by ensuring a good and safe working environment on a daily basis.

This capital area covers three critical success factors that are essential to report in order to allow proper «management» of this resource. We report according to the following in-house indicators and GRI indicators per critical success factor (aspect):

**1** Health, working environment and safety  
In-house indicators: Sick leave. GRI indicators: LA5, LA6, HR3.

**2** Attractive workplace  
Own indicator: Reputation. GRI indicators: LA1, LA2, LA12, EC5

**3** Good managers  
Own indicator: Employee satisfaction

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# 1

## Health, working environment and safety

In-house indicators: Sick leave: GRI indicators: LA5, LA6, HR3.

One of Posten's goals is to create and sustain a working environment that promotes health and in which nobody is injured or becomes sick as a result of their work. As an IA company (IA is a Norwegian abbreviation for inclusive workplace), Posten is obliged to follow a systematic strategy for improving the working environment by preventing sick leave and increasing awareness of job attendance and preventing exclusion from working life. Posten was awarded the Working Environment Prize in 2014 for its long-term and systematic work on HSE over time.

The Group's investments in systematic HSE work have yielded positive results in the form of lower sick leave, a lower level of disability and a significant reduction in injuries and accidents measured as an H value (number of injuries per million hours worked). These positive results have been achieved partly via a good tripartite cooperation between management, employee representatives and the safety service.

Systematic work on HSE provides substantial savings for the Group. Posten is a personnel-intensive organisation – a high level of sick leave would therefore cause significant costs and operating difficulties. Undesirable incidents and poor working conditions may also damage Posten's reputation and make us less attractive as an employer. In addition, road users and suppliers are affected by the quality of Posten's HSE work.

### Stakeholders:

- **Corporate customers:** Stipulate requirements on systematic HSE management and often have an entitlement to audit HSE work in contracts.
- **Owner and public authorities:** Statutory requirements. Expect systematic HSE work.
- **Employees:** It is of decisive importance to ensure we are an attractive employer and have high job attendance in a work-intensive organisation with a high rate of change.
- **Investors and banks:** Concerned with cost savings and lower risk premiums resulting from good HSE work.

### How we work:

Development work and the long-term strategic work on HSE are centralised under Corporate Staff HR/HSE.

The Divisions order services from Corporate Staff HR/HSE, which also functions as a coordination centre for the line managers in the Divisions. Out in the regions and business areas, there is also a local support apparatus in this area. HSE is the first point on the agenda at all management and Board meetings. As such, HSE remains on the agenda throughout the company. There is also a good tripartite cooperation between the management, employee representatives and the safety service. HSE results are reported systematically in the Group. Every month, key performance indicators (KPI) are reported to executive management. These include key figures for sick leave/attendance, LTI ratios (H1 and H2), employees incapacitated for work and near accidents/ undesirable incidents. The Group's Board of Directors receives reports and analyses on HSE results at all Board meetings. All guidelines, policies, and action plans for HR are revised once a year and are made available via a common HSE system.

In order to solve the problems faced by the Group, coordination between relevant parties and authorities is also key (G4-16 and G4-27). In 2015, initiatives have been taken to reinforce cooperation with the most important parties in order to improve sick leave figures. Posten has organised two gatherings with participants from nationwide NAV centres, the company health service, employee representatives and HR consultants. The aim of these gatherings has been to create a common understanding of the challenges faced by Posten with repetitive sick leave and to find solutions to these problems.

Efforts have continued on constant improvements to the service provided by the company health service. The service is evaluated in monthly reports, status meetings and half-yearly cooperation meetings. The Divisions are monitored monthly to ensure they make use of the financial support schemes included in the IA agreement (inclusive workplace) for utilisation of the company health service and facilitation grants. The close cooperation with the safety service and employee representatives is essential if we are to achieve our goals within this area of the working environment. Regular tripartite meetings are held at all levels of the organisation.

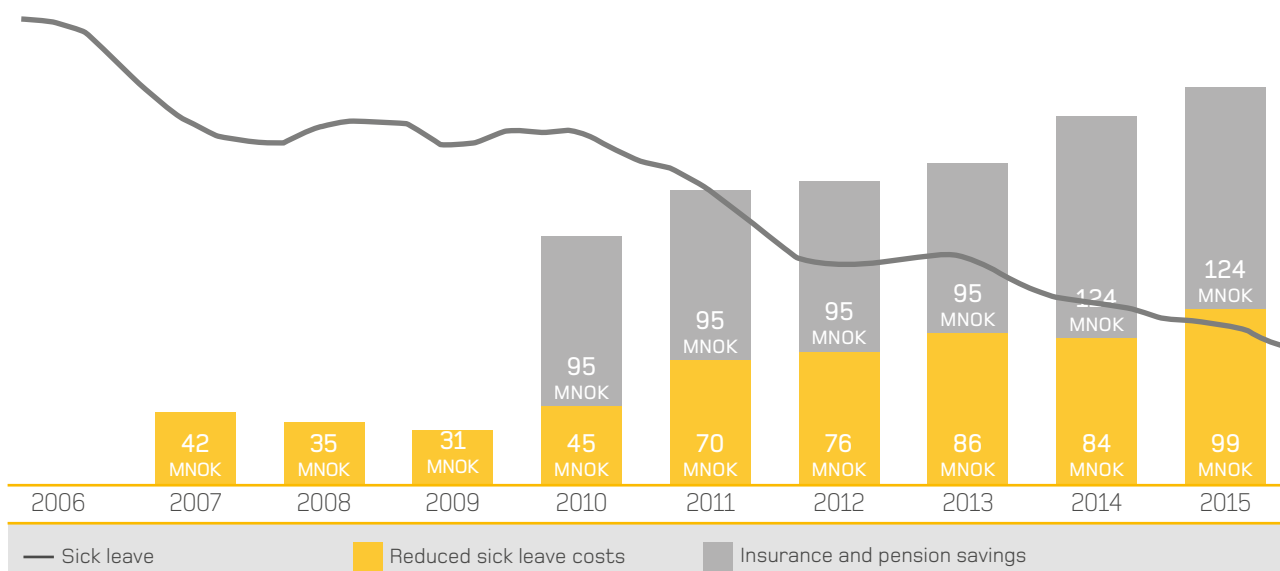
## Historically low sick leave

**Own indicators:** Sick leave: Percentage of the total workforce that at any given time is sick and thus absent from work.

The Group has increased its workforce by 559 persons since the start of 2006. The reduction in sick leave does not only imply more people at work, but also significant financial savings for the Group. Since 2006, the Group has achieved savings in excess of NOK 1 billion due to reduced sick leave and fewer injuries at work. Among the benefits provided by this reduction, we can mention lower costs for sick leave and injuries and lower costs for pension and insurance agreements. In total, the above represented annual savings of NOK 223 million in 2015.

Figure 2.1 Annual savings created by reduced sick leave and fewer injuries.

### ANNUAL SAVINGS RESULTING FROM REDUCED SICK LEAVE AND FEWER INJURIES.



The positive trend for lower sick leave was sustained in 2015. The rolling 12-month trend started at 6.3% at the beginning of the year. The goal of 6.2% sick leave for the year in total was achieved and bettered by 0.2 percentage points, ending at 6.0%. This is 0.3 percentage points lower than the previous year.

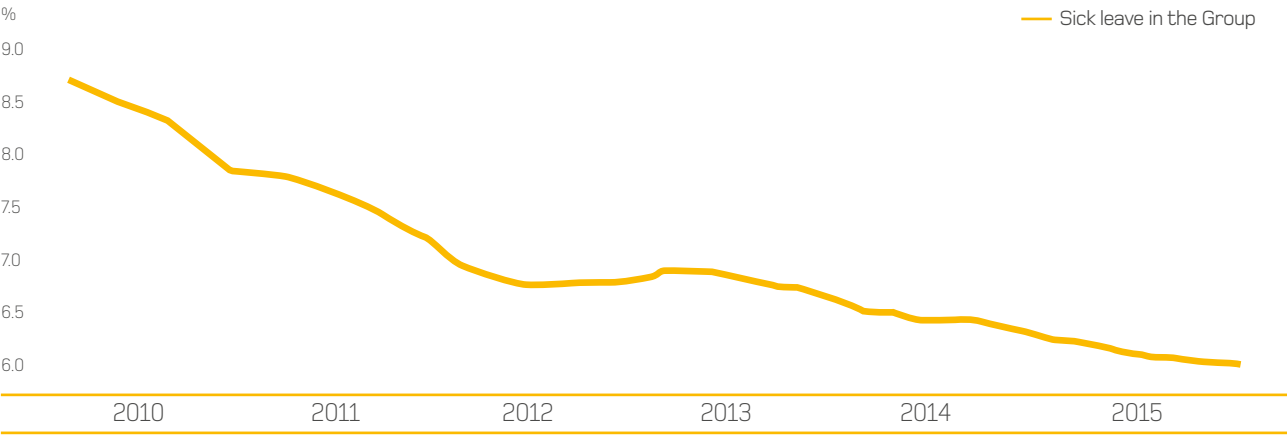
The Group has worked systematically for many years to bring employees with absences of 24 days or more during the past three years back to work. The number of employees with this absence frequency was reduced by 50% at the end of 2015 compared to 2010.

Throughout 2015, the Group has maintained a focus on finding solutions regarding repetitive sick leave for employees who have a long history of being unwell then better then unwell again, resulting in a high level of sick leave in total. During the year, the Group established a close collaboration with NAV in several regions to solve these problems. There has also been a focus on charting ability for work via extensive use of the doctors within the company health service, who have made important contributions to this process.

Figure 2.2 Illustrates the development in sick leave from 2010 to 2015, via a 12-month trend in the Posten Group from 2010 to 2015.

### SICK LEAVE IN THE GROUP

12-month trend as a percentage



The Group can now report record low sick leave.

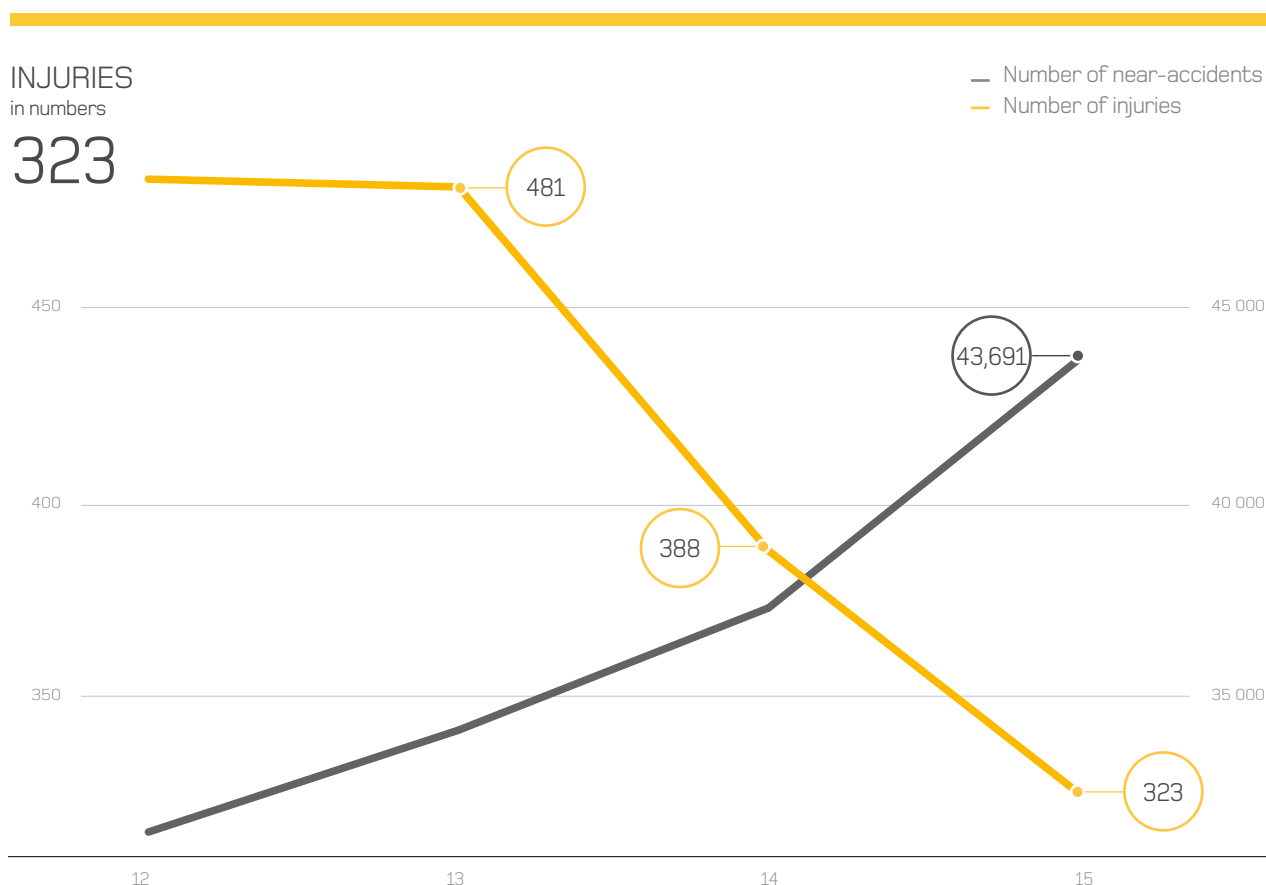
Sick leave analyses indicate a correlation between implementation of improvement measures and the development in sick leave. The most important measures utilised by Posten are systematic follow-up of persons on long-term sick leave, active utilisation of the company health service, graded medical certificates, preventive work and the use of support systems for follow-up.

## Long-term safety work is effective

**GRI-indicators G4 LA6:** Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.

Posten registers and measures the development in injuries and accidents. The measurements are utilised to implement action to reduce the number of accidents that result in absence. The number of registered lost-time injuries has shown a positive decline since measurements were implemented in 2006. The Group registers lost-time injuries based on the Federation of Norwegian Industries' standard. Lost-time injuries requiring medical treatment are now included in the H1 value, while all other personal injuries are registered as H2 injuries. In 2015, a total of 323 personal injuries (H2) were registered in the Group compared to 388 last year, and there were 119 H1 injuries compared to 149 in 2014. This improvement of 20.1% compared to 2014 contributed to a H1 value of 3.9 for the Group. This means that the result was better by 0.8 than the target of 4.7.

Figure 2.4: The number of near-accidents versus the number of injuries in the period from 2012 to the end of 2015.



A total of 43,691 near-accidents/undesirable incidents were reported in 2015. Posten aims for the lowest rate possible of accidents/injuries, but the highest number possible of reports of near-accidents/undesirable incidents in order to allow the Group to implement targeted action. These reports provide important information as a basis on which to prevent new and more serious accidents, and as good support for local action. The work involved in registering and preventing occupational injuries and absence due to occupational injuries will also have high priority in the Group. In order to reach the goal of further reductions to the H value, the following target areas have been established in the Group's HSE plans:

- Continue with audits according to the Group's safety standard for HSE.
- Carry out targeted action to combat the most frequent types of injuries and to achieve improvements in those units with the highest frequency of injuries.
- Ensure education (change of conduct) subsequent to near-accidents/undesirable incidents.

One of the most important actions within safety work is the execution of safety audits within operating units. Other important actions include accident investigations, reporting near-accidents/undesirable incidents and safety meetings between managers and employees. Posten's safety standard for HSE has been further developed and currently comprises 103 control items.

During 2015, 32 central audits were performed. In addition, 494 local in-house evaluations were carried out by managers in Posten and Bring. Over the three years in which we have made use of the safety standard for HSE, the results of both in-house evaluations and central audits have shown that an increasing number of units have achieved approval. We will therefore continue to make use of this method.

In 2015, the Group carried out 113 investigations of incidents where workers injured themselves or where an injury may have occurred. The investigation reports are analysed on an ongoing basis to identify improvement points that could prevent new accidents. The analyses are performed by Corporate Staff HR/HSE. The reports are anonymous and made available on the Intranet.

Table 2.5: Illustrates a total overview of injuries, fatalities and sick leave, for the Group in total and by Division.

	H1-value	H2-value	Fatalities	Sick leave percentage
Posten Group	4.0	10.9	1	6.0%
Posten Norge AS	3.6	8.3	0	6.7%
Mail Division	3.1	10.1	0	6.6%
Logistics Norway Division	6.0	11.6	0	6.0%
Logistics Nordic Division	3.6	15.4	1	4.7%

Table 2.6: Illustrates a total overview of injuries, fatalities and sick leave in Posten Norge by gender.

POSTEN NORGE AS				
	H1-value	H2 -value	Fatalities	Sick leave percentage
Women	4.1	8.6	0	8.4%
Men	3.4	8.3	1	5.8%

A further important safety measure is the work on providing information and knowledge of how to handle hazardous goods. This process will be continued in 2016. Customer information about hazardous goods and prohibited contents is audited and supplemented. Internal and external reference material for Norway is audited and distributed throughout the organisation. The Norwegian Directorate for Civil Protection (DSB) took the initiative to establish cooperation on Norwegian guidelines for biological material. Moreover, meetings are held to exchange experience between the Group's safety advisors for hazardous goods. The Group's in-house training concepts for hazardous goods for special operational target group have also been revised. «Safety Standard HSE» contains a separate chapter on hazardous goods. Compliance with the requirements is monitored via central audits and during annual in-house evaluations by the operating units. (Columns G1 to G6 in the standard).

## Posten and Bring do not tolerate racism at work

**GRI-indicators G4 – HR3:** Incidents of discrimination and corrective action taken.

In collaboration with Norwegian People's Aid, Posten Norge has been a racism-free zone since 2001. In 2011, the agreement was expanded to apply to the whole Group. The agreement entails that all units must demonstrate and mark that the business is racism-free and there is zero tolerance for discrimination. The Group's Working Institute did not handle any incidents of discrimination in 2015. The Group's annual organisational survey has included the statement 'In my unit there is no discrimination' since 2005. On a scale of 1-7, with 7 being the best, the answers to this statement were on average 6.2 in 2015, the same result as in 2014. (G4-HR 3).

## The voices of the employees concerning work on HSE

**GRI-indicators G4 LA5:** Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.

It is important for Posten Norge to ensure that the working situation of all employees is taken seriously. As such, we rely on feedback from employees. Of the Group's permanent employees, 98.5% are employed in operating areas that have formal health and safety committees (working environment committee, tripartite cooperation etc.). The committees help with advice in addition to monitoring organisation-wide measures which promote health and safety.

A large share of the Group's employees are operating personnel who carry out work that is partly defined as «Heavy and/or repetitive work». A course has therefore been developed, entitled «In control of health», the main subjects of which are ergonomics and control, where the participants receive basic information about the body, with a focus on muscles, back, shoulders and neck, and the use of aids.

Posten Norge AS also follows a long-term strategy to contribute towards a working environment free of narcotics by providing for efforts to prevent misuse of narcotics and measures to improve expertise. A programme is planned to increase the expertise among managers so that they are able to take early action in relation to hazardous misuse of narcotics and gambling. AKA, the workplace advisory centre for issues relating to alcohol, drugs and addictive gambling and gaming, has developed an online programme (Balance) that can help raise awareness of how much alcohol we drink. The Group has offered access to Balance to employees to help them adjust their habits involving alcohol.



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## 2

## Attractive workplace

Own indicator: Reputation. GRI indicators: LA1, LA2, LA12, EC5

One of Posten's four principal goals is to offer attractive workplaces and a good working environment. An attractive workplace will attract the most highly skilled and committed employees. Posten and Bring rely upon their employees to succeed in achieving their goals and strategies. The Group depends upon having employees who produce and deliver a top class service, in addition to technical personnel with expertise on digital technology, user experiences and new customer interfaces. As a personnel-intensive operation, a lack of suitable workforce represents a significant risk.

### Stakeholders

- Employees : Important to attract and retain suitable employees. Has an impact on efficiency.
- Corporate customers : May have an impact on the quality of services.

### How we work

The process to create attractive workplaces is not centralised within one specific unit, but something every employee and manager in Posten and Bring jointly perform every day. Companies seen to have a common front are attractive employers. This impression is triggered when our customers meet our employees, via our digital interface with customers, how we are portrayed in the media, marketing campaigns and, not least, our job advertisements.

The marketing department and information department in Corporate Staff Communication are responsible for strategic brand attraction, and carry out measures via their marketing and information channels to portray Posten and Bring as a modern, forward-looking business that keeps both its customers and employees close to its heart. An active PR team answers questions from the media and promotes positive reports of the company.

### Employee composition

GRI-indicator G4 LA12 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.

At the end of 2015, the Posten Group had 18,590 permanent employees. The Group also has temporary employees and other employees who work for certain periods of time and as required. The Group has employees in 16 different countries, and the ratio of employees in Norway to the total number of employees is 80.2% Sweden is the second largest nation for the Group measured by total number of employees, with 14.3%. Denmark has 2.5% of employees and Slovakia 1.8%. In total, the Group has seen a 2.7% fall in the number of employees since 2014, with the highest rate of decline in Norway.

In 2015, 35.1% of all the Group's permanent employees are women, while 29.2% of the Group's managers are women. The ratio of women in corporate management is 50%. The ratio of women in the parent company is 38.6%, and 31% of all managers are women.

In 2015, the ratio of Group employees aged 50 or more was 42.9%. Moreover, 39.5% were aged 30-50 and 17.6% were younger than 30 (ref. table 5). This age composition provides the Group with a stable workforce.

Table 5: Distribution of age among the Group employees

AGE INTERVAL	MANAGER	EMPLOYEE	TOTAL
Younger than	3.4%	18.6%	17.6%
30 to 50 years	49.0%	38.8%	39.5%
Older than 50	47.6%	42.6%	42.9%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Through a number of measures Posten Norge is increasing the percentage of employees with an immigrant background. The Group almost reached its goal to ensure that 15% of employees in Norway have an immigrant background by the end of 2015. Based on an internal survey in 2015 of all employees in the Norwegian part of the Group, we estimate that 14.7% have an immigrant back-ground. This is a slight increase of roughly 0.1% compared to last year's survey. The number of managers increased from 3.7% to 4.4%. No members of Posten Norge's Board of Directors have an immigrant background (ref. table 6).

Table 6: The Board of Directors of Posten Norge by background, gender and age

AGE INTERVAL	WOMEN	WOMEN as %	MEN	MEN as%	TOTAL	TOTAL as%
Non-minority back-ground	5	100%	5	100%	10	100%
30 to 50 years	1	20%	0	0%	1	20%
Older than 50	4	80%	5	100%	9	90%
Minority background	0	0%	0%	0%	0	0%
<b>Total</b>	<b>5</b>	<b>50%</b>	<b>5</b>	<b>66.9%</b>	<b>10</b>	<b>100.0%</b>

New goals have been stipulated for staff, management and administration for the period from 2016 to 2020.

## Equal salary and equal opportunities

**GRI-indicator G4 EC5** Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.

**GRI-indicator G4 EC5** Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.

The Nordic countries do not make use of a minimum wage. Wage levels and starting wages are governed jointly by employee representatives and the employer. The majority of Posten and Bring's employees are employed in Nordic countries.

**GRI-indicator G4 LA 13** Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.

Within the parent company, female employees earned on average 0.1% more than men, while the average salary for female managers was 99% of the salary paid to male managers.

**GRI-indicator LA2** Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.

96.8% of all Group employees work in a company where the same benefits are offered to both permanent employees and temporary employees. This is controlled by the agreements or settlements within the individual companies.

## Healthy turnover

**GRI-indicator G4 LA1:** Total number and rates of new employee hires and employee turnover by age group, gender and region.

The Group has adopted rules of action that govern central aspects of local recruitment, in relation to recruitment processes, equal opportunities, non-discrimination and mobility within the Group.

The Group recruited 1,364 new permanent employees in 2015, 72% of whom were recruited in Norway.

Table 1: Showing new employee hires in Norway in 2015 by age and gender.

### Norway

AGE INTERVAL	WOMEN	WOMEN as%	MEN	MEN as%	TOTAL	TOTAL as %
Younger than 30	107	10.9%	269	27.4%	376	38.3%
30 to 50 years	113	11.5%	243	24.8%	356	36.3%
Older than 50	105	10.7%	144	14.7%	249	25.4%
Total in%	325	33.1%	656	66.9%	981	100.0%

Table 2: Showing new employee hires outside of Norway in 2015 by age and gender.

### Outside Norway

AGE INTERVAL	WOMEN	WOMEN as %	MEN	MEN as %	TOTAL	TOTALas %
Younger than 30	26	6.8%	66	25.8%	125	32.6%
30 to 50 years	55	14.4%	125	32.6%	180	47.0%
Older than 50	13	3.4%	65	17.0%	78	20.4%
Total	94	24.5%	289	75.5%	383	100.0%

In total, the Group had a turnover of 10.7% in 2015, with only marginal differences in turnover between women and men. Turnover among part-time employees in the Group was 9 percentage points higher than turnover for full-time employees. Total turnover in the parent company was 9.4%, with turnover among women 1.5 percentage points higher than turnover among men. The Group constantly makes adjustments, and turnover at this level provides the opportunity to control developments in workforce according to needs

Table 3: Showing employee turnover in Norway by age and gender:

### Norway

AGE INTERVAL	WOMEN	WOMEN as %	MEN	MEN as %	TOTAL	TOTAL as %
Younger than 30	188	24.7%	393	24.6%	581	24.6%
30 to 50 years	116	6.6%	286	8.1%	402	7.6%
Older than 50	293	9.9%	308	7.2%	601	8.3%
<b>Total</b>	<b>597</b>	<b>10.9%</b>	<b>987</b>	<b>10.5%</b>	<b>1584</b>	<b>10.6%</b>

Table 4: Showing employee turnover outside Norway by age and gender:

### Outside Norway

AGE INTERVAL	WOMEN	WOMEN as %	MEN	MEN as %	TOTAL	TOTAL as %
Younger than 30	40	12.8%	101	16.9%	141	15.5%
30 to 50 years	40	6.9%	154	10.6%	194	9.6%
Older than 50	12	9.0%	49	7.9%	61	8.1%
<b>Total</b>	<b>92</b>	<b>9.0%</b>	<b>304</b>	<b>11.4%</b>	<b>396</b>	<b>10.7%</b>

\*Turnover figures include natural turnover and compulsory redundancies, as well as retirees.

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## 3 Good managers

Own indicator: Employee satisfaction

Good managers are a prerequisite for employees to be happy and to do their best. Poor management and poor managerial expertise may result in a lack of in-house communication that in turn may cause problems during reorganisations, lower efficiency and in realising synergy effects. The 1,400 managers in Posten and Bring make significant contributions to the impact and quality of in-house communications and building a positive company culture. They also make important contributions to achieving strategic goals. It is therefore extremely important to develop managers and managerial expertise, in order to allow Posten and Bring to achieve their strategic goals.

### Stakeholders

- **Owner and public authorities** : Of relevance for Posten's ability to achieve its goals.
- **Corporate customers** : Good management may impact the quality of services provided to customers.
- **Private customers and local communities**:: Good management may impact the quality of services provided to customers.
- **Employees**:: Decisive for motivation and performance at work. Important to attract and retain suitable employees.

### How we work

Development work and the long-term strategic work on organisational development are centralised under Corporate Staff HR/OD. Corporate Staff HR/OD develop, implement and improve Group structures to be applied for both central and local work on organisational development. Organisational development comprises managerial development, performance management, management of competencies and organisational surveys. The principal goal for managerial development is to develop managers who comply with our code of conduct and who have the capacity to balance conduct and results so that the Group can achieve its four main goals. The principal goal of performance management is to develop, implement and improve Group structures that measure, evaluate and remunerate individual performance. The principal goal of management of competencies is to develop, implement and improve Group structures that manifest development opportunities for Group employees. The Group management is regularly updated on organisational developments, during which the progress made with central measures is presented. The Group management receive annual reports on management capacity and capabilities in the Group. The quality and utilisation of KPIs and goals for managers are reported to the Group's management groups on an annual basis. The Divisions order services from Corporate Staff HR/OD, which also functions as a coordination centre for the line managers in the Divisions.

The Group's managers shall practise value-based leadership that balances involvement and control. Managers shall be role models in terms of how they conduct themselves and must bring the Group's values to life. Our managers shall embody the following characteristics: visible, clear, willing to take and delegate responsibility, able to develop and inspire employees. These characteristics are measured during the organisational survey, under the section entitled «immediate superior». This is where employees can provide anonymous feedback on their superiors by answering questions related to how managers perform management. Requirements are made on all managers in the Group to follow up on the results of the annual organisational survey. Managers must set up initiatives for their units in a specific «Smart Plan» (G4-27). The Smart Plans and the progress made in executing the initiatives are followed up. The development in the results of the organisational survey from year to year can also be measured (if more than five persons have responded).

Systematic performance appraisals between managers and employees are carried out at least once a year and are known as «PLUSS appraisals». Managers are responsible for dialogue with employees on central initiatives and topics which affect working processes and the working day out in the units.

# Record-high job satisfaction

Own indicators: Job satisfaction

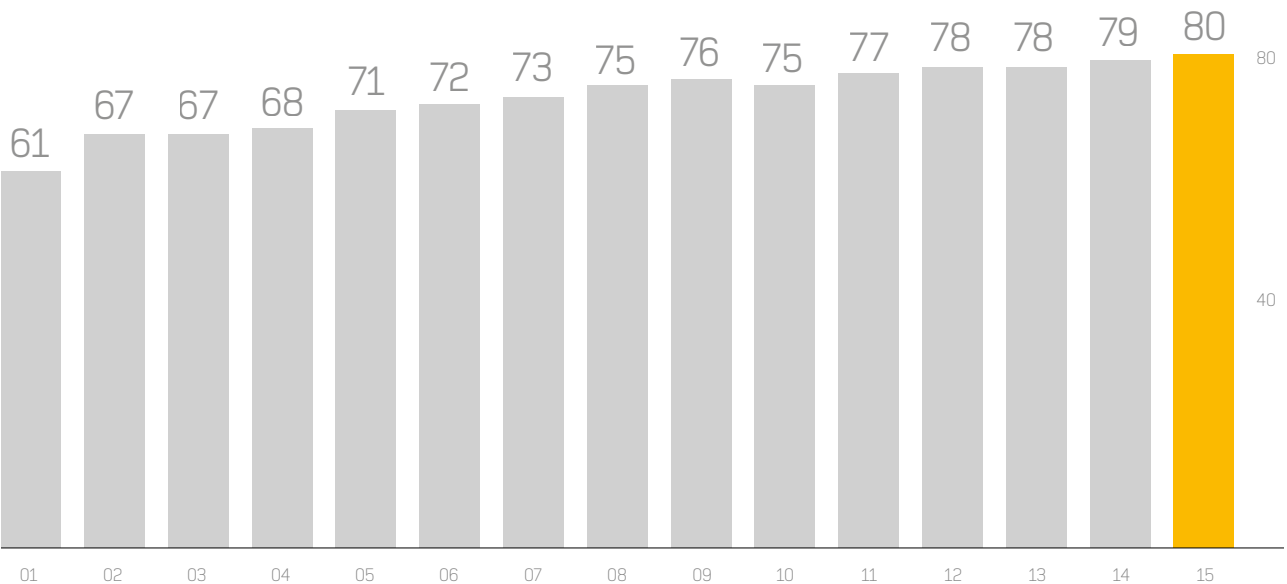
The annual organisational survey indicated a high level of job satisfaction in the Group. In 2015, 82% of those working in the Group responded to this survey. The total index in the survey has gradually risen, with a significant increase from 61 at start-up in 2011 to the record high of 80 in 2015. These are the best results ever achieved by the Group, and a figure with which few other major comparable businesses can compete.

Figure 3.2 Development in job satisfaction from 2001 to 2015

## EMPLOYEE SATISFACTION

in scale from 1 to 100, where 100 is best

80





# Our relationships and partnerships

## OUR CAPITAL AREAS



Our employees



Our relationships and partnerships



Our networks and expertise



Our ability to change



Our financial capital

It is strategically crucial to Posten and Bring to maintain, create and strengthen relationships with key stakeholders. Good relationships and communication with owners, customers, partners and suppliers are key to generating the desired results.

The Group has a high standard of integrity, which helps ensure that the Group operates in a responsible and fair manner and in accordance with applicable laws. We also require our suppliers and partners to comply with this standard of integrity.

In this capital area, there are four aspects that we consider crucial for reporting on in order to ensure good management of the capital area. We report on the following GRI indicators for each aspect:

1

## Customer-oriented

Own indicator: Delivery quality, GRI indicator: PR 5

2

## Open and effective communication

Own indicator: reputation

3

## Integrity

GRI indicators: S03, S04, S05, S07

4

## Supplier management

GRI indicators: S09, S010, LA14, LA15, HR10, HR11, EN32, EN33



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# 1

## Customer-oriented

Own indicator: Delivery quality, GRI indicator: PR 5

Having a good relationship with customers is about how they perceive the solutions and services we offer, customer service and, crucially, whether we deliver as promised. Our corporate customers are increasingly looking for development partners who can provide customised solutions. Access to a unique network in Norway (and the wider Nordic region) is a differentiator. A perceived decline in reliability, customer service and quality (availability, options and simplicity) could result in diminished customer satisfaction and reputation. This could have a negative impact on Posten's competitiveness and customer loyalty.

### Stakeholders

- **Owner and public authorities:** Quality indicator. Concerned with Posten's value-creating function in districts. Legislative requirements concerning coverage levels and availability
- **Business customers:** Posten increasingly contributes to delivering on customer promises to customers (interview). Key differentiator when selecting Posten as a partner
- **Private customers and local communities:** Affected by Posten's everyday service, reliability and reputation.
- **Employees:** Linked to pride, efficiency and satisfaction

### How we work

In 2014, the Group commenced the continuous measurement of customers' experience of the service or information provided. The measurements are based on the Net Promoter Score (NPS) method, and include questions relating to loyalty and satisfaction concerning both the brand and the actual point of contact for the customer. The Net Promoter Score allows both business customers and private customers to give feedback to the Group on their overall perception of the company. Results and feedback from the customer are followed up in the line organisation, as the basis for customer-oriented continuous improvement within the organisation.

Good delivery quality is crucial for Posten and Bring, in order to satisfy the owner's license requirements and also in respect of customer trust. We therefore measure letters and parcels on an ongoing basis to monitor the delivery quality in Posten's distribution network. The measurements contribute to ensuring a robust nationwide distribution system. Measurement of letter quality is carried out in accordance with a European standard using test mailings implemented by an external company.

Posten Norge does not undertake its own customer surveys that specifically include social and environmental issues. For the Posten and Bring sales team, corporate social responsibility is a topic that is considered as necessary, when requested by customers (G4-26). Health, the environment, safety and quality are on the agenda at all operational meetings, both internally and externally at customers and suppliers. The focus on corporate social responsibility among Bring's customers is increasing, particularly in the Offshore segment. Posten Norge AS and Divisjon Logistikk Norge/Bring Cargo AS are ISO 9001:2008 certified within the following business areas: International and national shipping and logistics, parcels, freight and warehousing, Aircraft and Marine and Offshore & Energy. Bring International & Offshore is also certified in accordance with Achilles and follows NorSok S006N and the Norwegian Oil and Gas Association's guidelines 116 and 091. The certifications clarify the requirements set down for Bring International & Offshore within the areas of health, the working environment, safety, the external environment and quality.

International & Offshore is represented on the boards of directors of several business associations and plays an active role in the development of its immediate environment. International & Offshore is also represented on committees for conferences within the oil and gas industry and contributes presentations on contemporary issues. Bring Cargo International & Offshore has members in the Norwegian Petroleum Society, and is a member of NCE Subsea and Subsea Valley.

## Increased customer satisfaction for Posten and Bring

**GRI indicator PR 5:** Results from customer satisfaction surveys.

In 2015, 28 per cent of those who received an NPS invitation provided feedback about their experience after contacting customer services, using self-service (MyBring) or receiving a delivery. The feedback shows a positive trend for every point of contact. Customer service had the best quarterly results since the measurements started in February 2014. MyBring showed good results in September and is continuing on the same track, whereas Collect/Deliver has had positive developments and general improvement for both delivery vans and Home Delivery. Customers are becoming increasingly satisfied by it being easy to get in touch with customer services, that customer advisers are friendly, drivers professional and that the self-service in MyBring is both quick and simple. No overall goals have been determined for NPS yet, as Posten Norge is in the midst of an implementation phase at several of the points of contact. Feedback on what works well and what does not work well is taken into account and forms the basis for customer-oriented improvement throughout the organisation. Overall NPS goals will be considered during 2016.

## Good delivery quality

**Own indicator:** Delivery quality.

Delivery quality for A-mail (delivered overnight) was 85.4 per cent for 2015. This is 0.4 percentage points above the owner's license requirement and 0.1 percentage points weaker than the previous year. Other license requirements linked to domestic quality goals were also met. Delivery quality for B-mail was 96.2 per cent compared to a license requirement of 85 per cent. Delivery quality for parcels was 88.8 per cent, which was also better than the license requirement of 85 per cent.

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## 2 Open and efficient communication

Own indicator: reputation

Open and effective communication is crucial to developing a good reputation, creating understanding of the choices that the Group makes and contributes to developing solid relationships with key stakeholder groups. Reputation and ability to adapt could be negatively affected if the stakeholders' information needs are not met. Employees, customers, investors, partners, suppliers and stakeholder organisations want an overview of how Posten and Bring operate. Inadequate internal communication could lead to challenges in restructuring processes, lower efficiency and challenges linked to the realisation of synergies.

## Stakeholders

- **Owner and public authorities:** Want information on whether Posten meets its required rate of return and fulfils its social mission.
- **Business customers:** Dialogue is a prerequisite for customer information and business customers look for simplicity when communicating with Posten and Bring.
- **Private customers and local communities:** Want simplicity when communicating with Posten.
- **Employees:** Linked to company pride and potential restructuring processes.
- **Suppliers:** Predictability in tender competitions.
- **Investors and banks:** Clear information is crucial for analyses and decisions linked to lending as well as insurance and pension premiums.

## How we work

Group Communication will support the Group's business strategies and goals, contribute to a good reputation, strong brands, satisfied customers and proud employees. The information department is responsible for Group-wide internal and external communication channels and the Group's annual and sustainability report. The Group has an active press team that acts as the point of contact with the media.

The Group's marketing department is responsible for the Group's communication with potential and existing customers. The Group endeavours to adhere to the Norwegian Marketing Act in all market communication with the Group's customers. The Group's annual market plan is quality assured against this legislation. The Group has a procedure to ensure that all external communication is quality-assured by Group Communication.

The Group uses Ipsos MMI's annual profiling survey on major Norwegian companies as its measurement parameter for the perceived reputation of Posten and Bring. (G4-26). In 2015, 116 companies were evaluated with regard to overall impression, environmental awareness, corporate social responsibility, finances and ethics. The survey is based on a nationally representative selection.

## Good reputation for environmental awareness

**Own indicator:** Reputation

Posten has a good reputation. In 2015, Posten experienced a regression from being ranked 11 in the previous year to being ranked 22 on overall impression in the Ipsos MMI annual profiling survey. In this survey, corporate social responsibility and ethical code are defined as a company's ability and willingness to adhere to laws and regulations, and to act fairly and responsibly towards employees, customers, consumers and the authorities. In 2015, 53 per cent stated that they had a good impression and 22 per cent that they had a bad impression of Posten within this area. Posten has therefore dropped from being ranked fifth in 2014 to being ranked eighth in this area this year. Environmental awareness is defined as a company's image with regard to protection of the environment in the broadest sense, both in terms of production and the use of products in general. In 2015, Posten maintained its fifth place in this ranking. Posten was beaten only by environmental profiles such as Flytoget, NSB, Tine and Nordic Choice Hotels within the area of environmental awareness (G4-27).

## Considering internal measuring next year

We currently do not have an indicator measuring open and efficient internal communication. This will be considered next year.

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## 3 Integrity

GRI indicators: S03, S04, S05, S07

Posten and Bring systematically work to maintain a high standard of integrity. We also require our subcontractors and partners to comply with this standard of integrity. High requirements concerning internal and external integrity help raise the standard across the entire industry. This contributes to good relationships with key partners.

Inadequate compliance with the integrity standard, for example in relation to anti-corruption and fair competition, could result in significant negative reputation and financial consequences. Investments in internal training and knowledge are therefore crucial to ensure compliance. External follow-up is also crucial as the integrity standard is also important in terms of governing subcontractors and others acting on behalf of Posten.

### Stakeholders

- **Owner and public authorities:** Requirements set down in legislation as well as expectations
- **Business customers:** Set down clear requirements concerning follow-up on integrity in their invitations to tender. Especially clear requirements among major customers and within sectors such as oil and gas. Business customers expect fair and competitive prices and tenders.
- **Suppliers:** Concerned with fairness during the processing of tenders and collaborative relationships.

### How we work

Group attorneys have an overall responsibility for ensuring that the integrity standard has the proper content and is known within the Group. This involves creating and maintaining Group-wide instruments, such as guidelines and manuals, e-learning programmes and training courses. The instruments will contribute to understanding of and compliance with the standard. Group management is updated on the status, risk profile and ongoing initiatives in the work related to compliance with the integrity standard within the Group every six months. A network of local resources in each division and subsidiary shall ensure that there is adequate information about Group-wide tools and that these tools are implemented locally.

The overall principles for the work with integrity are outlined in the Group's ethical guidelines, integrity handbook and in the Group policy for corporate social responsibility. These principles are then put into operation via regulations and Group-wide tools. Managers and other key personnel undergo regular training to ensure a high level of competence internally within the organisation.

Group attorneys are also responsible for the management and operation of the Group's Warning Institute. If employees experience, discover or suspect unacceptable conditions, they are encouraged to notify their immediate superior. Where this is not possible or feels too difficult, everyone employed by the Group can contact the Group's Warning Institute. This programme was established in 2006 and is available to all Group employees regardless of their country or company with which they are associated. The Institute is easily accessible and can be reached by email, telephone and mail. The Group's Warning Institute ensures that warnings are handled appropriately, both in regard to the person reporting the warning and the person or entity whose actions have initiated the warning. Procedures for the follow-up of all reports have been prepared particularly to ensure that the person reporting the warning is not subject to repercussions after the fact. The Group's Warning Institute reports to the audit committee of Posten Norge AS once every six months. The report details the number and type of cases, the results of each case and the measures and activities taken into effect and implemented. In 2015, the Warning Institute received seven warnings that were investigated and assessed.

## Identification of integrity risks

**GRI indicator G4 SO 3:** Total number and percentage of operations assessed for corruption and significant risks that have been identified.

As a part of the process to assess the risk of violation of the integrity standard, including the risk of violation of the corruption rules, a survey has been carried out across all divisions within the Group. The basis for the overall risk assessment linked to compliance with integrity topics also includes the experiences and observations made by the Group through general and specific training of and contact with Group entities and suppliers as part of the Group's integrity programme. The risk assessment indicates that cross-border transport and collaboration with competitors are the most obvious integrity risks within the Group. A key focus area for 2016 is to further develop this risk assessment. A new method for the implementation of risk assessments is scheduled for development in 2016 and will provide a better basis for the implementation of various risk-reducing measures.

## Communication and training

**GRI indicator G4 SO 4:** Communication about and training in policies and procedures for anti-corruption.

The Group has an integrity programme to help strengthen the Group's standard for ethics and topics related to integrity. So far, the integrity programme has emphasised the following topics: anti-corruption, legal competitive practices, social dumping and information security. Using these themes as a basis, various tools have been developed for employees and select partners. These tools help managers and employees in the Group actively take ownership and live up to the Group's integrity standard. The integrity programme was adopted by the Board of Directors of Posten Norge AS in October 2011. In May 2015, the Board of Directors reviewed the Group's work on corporate social responsibility. As part of this review, the Board of Directors was also presented with an update on the status of the work on the integrity topics, including a list of measures for complying with best practice within this area.

The integrity programme is based on the Group's ethical guidelines adopted in 2006 and includes guidelines, an integrity handbook and an e-learning programme, etc. The guidelines and integrity handbook were distributed to all Group employees in 2011 and 2012. All new employees receive the ethical guidelines and an integrity handbook when they start work at the Group.

The target group for the e-learning module consists of the employees in the Group deemed to be most vulnerable to typical risk situations discussed in the integrity programme (primary target group).

248 employees (including external employees from in-store post offices) completed the e-learning programme in 2015. This corresponds to around 1.1 per cent of the total number of employees in the Group and around 2 per cent of the primary target group. Per Group division the breakdown is as follows: 91 from the Post division, 35 from the Logistics Norway Division, 78 from the E-commerce Division, 40 from the Logistics Nordic Division, 4 others. As shown by the overview, relatively few people completed the e-learning programme in 2015. The reason for this is that the majority of employees within the target group have already completed the training, as well as follow-up on the e-learning programme being given less attention in 2015 due to other activities within the integrity programme being prioritised, such as the analysis of which integrity measures to implement to ensure compliance and best practice. One of the focus areas for 2016 will be to prepare improved procedures for the implementation of the e-learning programme (for new employees, etc.) and to consider further development of the e-learning programme.

Managers, support staff, sales and marketing resources and other resource persons with regard to integrity-related issues must undergo more training in addition to the e-learning module. Therefore, a course in a classroom setting was developed for this specific target group. These courses are based on the e-learning module, but go into more detail and prioritise discussions about relevant problems that arise.

In 2015, approximately 43 people attended the customised training (G4-S04). This corresponds to around 0.3 per cent of the total number of employees in the Group and around 0.5 per cent of the primary target group. Per Group division the breakdown is as follows: Post Division 0 (completed in 2012) Logistics Norway Division: 0 (completed in 2012) E-commerce Division: 0 (completed in 2012) Logistics Nordic Division: 49.

As mentioned, one of the subjects of the integrity programme is legal competitive practices. To ensure that all employees and others working on behalf of the Group have sufficient knowledge of and comply with the competition rules, this topic was developed further in 2013 in the form of a separate topic handbook: Posten og Brings 10 konkurranserettsbud («ten commandments of competition»). It is now also available on the Group's intranet.

## No reported corruption incidents

**GRI indicator G4 SO 5:** Confirmed corruption incidents and implemented measures.

In 2015, the Group's Warning Institute received seven warnings that were investigated and assessed. None of these cases referred to an alleged breach of corruption rules (G4- SO5). In addition to the cases that were processed by the Group's Warning Institute, the Warning Institute also received certain other reports that were not investigated further. The background to this was that the Warning Institute did not consider further investigation of the matter to be justified following initial investigation.

Information about contact details for the Warning Institute is available on the Group intranet. The Warning Institute was also presented to employees through training on the integrity standard and it is clearly mentioned in guidelines and handbooks.

**GRI indicator G4 SO 7:** The monetary value of significant fines and the total number of non-monetary sanctions for inadequate compliance with laws and regulations.

The Group did not receive any complaints for inadequate compliance with laws and regulations in 2015.

The logistics company Schenker made a claim for compensation against Posten Norge in 2010 connection with the ESA case regarding former exclusivity clauses in the in-store post office agreements for the period 2000-2006. A settlement was reached between the parties in 2015.

**GRI indicator G4 PR 8:** Total number of confirmed complaints concerning violation of customer privacy and loss of customer data.

Handling of information about individuals and companies is an important part of Posten and Bring's operations. The Group is therefore very focused on compliance with privacy policies to ensure that we process information in accordance with applicable legislation.

In 2015, the Group has continued to work on the further development of procedures to ensure efficient compliance with the privacy policy. The Group did not receive any complaints from public authorities in 2015 about breaches of customer privacy or losses of customer data. Compliance with the privacy policy formed part of the risk assessment in 2015. The Group has also not received any such complaints from private individuals.

## Future integrity work

In 2013 and 2014, the main focus was on the implementation of the integrity programme instruments. The main focus in 2015 was to continue this work while also establishing a strategy for the further work on the programme. In connection with this we prepared an overview of the implemented measures as well as the measures that should be implemented to satisfy the requirements and expectations set out in an integrity/compliance programme. These measures were adopted by the Group management and presented to the Board of Directors during spring 2015. The implementation of the adopted measures will be the main focus of the work on the integrity programme for 2016. As mentioned above, a key element to this work will be the creation of a new methodology for the implementation of risk assessments. Posten and Bring experience reputational risk related to suppliers and subcontractors increasingly representing Posten and

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# 4

## Supplier management

GRI indicators: SO9, SO10, LA14, LA15, HR10, HR11, EN32, EN33

Bring (for example: in-store post offices and transport subcontractors). Posten and Bring's suppliers therefore influence the company's ability to deliver on customer promises and other strategic goals. As a major player, the Group has the opportunity to influence industry standards and conditions in a positive manner through good supplier governance.

### Stakeholders

- **Business customers:** Major companies set out requirements concerning systematic follow-up for Posten and Bring. Business customers expect partners acting on behalf of Posten and Bring to comply with their standards.
- **Owner and public authorities:** Expect acceptable behaviour and zero social dumping. This is important as suppliers that represent Posten and Bring indirectly also represent the owner.
- **Suppliers:** Require predictability and control. Focus on cabotage.

### How we work

Group HR/HSE, HSE and Social Corporate Responsibility ensure systematic, Group-wide solutions and coordinate the work on supplier governance within the Group. Suppliers with Group-wide agreements are followed up by Group Procurement. Transport suppliers are followed up by the relevant divisions and business areas. Divisional coordinators manage local coordinators in any business contact with transport suppliers and ensure local support.

Group management is regularly updated on the status, risk profile and ongoing initiatives in the work related to compliance with the Group's requirements for suppliers. All suppliers that have signed an agreement with the Group must sign the «Ethical standard for suppliers», which states the minimum requirements placed by the Group on its suppliers, as well as HSE and environmental declarations. The largest road transport suppliers must also sign a transport environmental declaration.

The dialogue with both existing and potential suppliers is central to Posten Norge's procurement procedures. As part of its standard procurement process (G4-26), Posten Norge engages in both written and verbal dialogue, based on workshops. In dialogue with the supplier market, the Group generally emphasises good business practices and compliance with the Group's ethical principles and values. Confidence in the supplier market is a prerequisite for achieving good terms and conditions and covering the Group's procurement requirements on a satisfactory basis. This applies both before a contract is established and during the contract's term (G4-27).

### More checks and collaboration to combat labour crime

**GRI indicators G4: SO10, LA15, EN33, HR11:** Substantial actual and potential negative consequences to society (SO10) in the supply chain, environmental criteria (EN 33), labour practice criteria (LA15) and human rights criteria (HR11) in the supply chain and implemented measures.

A total of 241 suppliers have submitted self-reporting and have been assessed on compliance with the Group's ethical standard for suppliers, including HSE, employee rights, human rights, business practice and the environment.

12 road transport suppliers have been audited in relation to compliance with the Group's ethical standard for suppliers. Five of the audits identified inadequate procedures and inspections linked to the safeguarding of e.g. employee rights and anti-corruption.



Improvement plans were agreed with nine of the audited suppliers in respect of safeguarding of employee rights and/or business practice (including anti-corruption). None of the audited suppliers were terminated based on the Group's ethical standard for suppliers and/or environmental requirements.

Additionally, two unannounced inspections were conducted in connection with compliance with the Group's ethical standard for suppliers in Oslo and Trondheim.

The Group has also entered into collaborations with different authorities in the work to combat labour market crime within the transport industry, with particular focus on the courier and express transport segment.

## Road transport – the greatest environmental challenge

**GRI indicator G4 LA33:** Significant actual and potential negative environmental impact from labour practices in the supply chain and implemented measures.

A total of 241 suppliers have submitted self-reporting and have been assessed on environmental impact and compliance with the Group's ethical standard for suppliers. 138 road transport suppliers have been identified as potentially having negative environmental impact. The most substantial negative environmental impact identified among the Group's transport suppliers originates from road transport. Road transport amounted to 63 per cent of total emissions at transport supplier level in 2015, air transport amounted to 18 per cent, ferry transport amounted to 17 per cent and train transport amounted to 2 per cent.

The emissions relate to: Emission of greenhouse gases that contribute to global warming, predominantly carbon dioxide, methane and nitrogen oxide, emission of air pollutants that contribute to a poorer local environment, such as nitrogen oxides, particulate matter, carbon monoxide and hydrocarbons and finally, traffic noise. There were no terminated agreements with any suppliers due to environmental impact.

## New procedure for the management of people smuggling in international road transport

**GRI indicator G4 HR11:** Significant actual and potential negative consequences on human rights in the supply chain and implemented measures.

No suppliers have been identified as having significant actual and potential negative consequences on human rights.

A new procedure has been implemented for the management of refugees and people smuggling in international road transport at supplier level («New group policy for suppliers and partners regarding the refugee situation in Europe»). This is a necessary consequence of the increasing challenges linked to people smuggling across country borders, and also internally within Europe.

## Criteria for supplier selection

**GRI indicators G4 S09, HR10, LA14:** Percentage of new suppliers selected based on criteria for social consequences (S09), human rights criteria (HR10), labour practices (LA14) and environmental criteria (EN32).

For all 60 acquisitions implemented by Group Procurement in 2015, a requirement in the pre-qualification phase was that all suppliers had to accept the Group's ethical standard for suppliers and complete declarations concerning the environment and HSE.

## Risk management – a central topic in 2016

The work on risk management of suppliers will be continued with full force in 2016, including inspections and supplier audits. 2016 focus areas will include expertise development among managers and buyers of transport services internally in the Group with the aim of further reducing the risk at supplier level.



# Our networks and expertise

## OUR CAPITAL AREAS



Our employees



Our relationships and partnerships



Our networks and expertise



Our ability to change



Our financial capital

Our networks are Posten and Bring's arteries. Knowing how we can make the best use of our networks is vital if our strategy of becoming Nordic, customer-oriented, integrated and industrialised is to succeed.

The Group is wholly dependent on good operating models in order to optimise our terminal and logistics networks, and, not least, reduce our environmental impact on society. At the same time, Posten and Bring are becoming ever more dependent on technology. This technology is a critical factor that keeps a large proportion of our networks and value chains going.

There are three critical success factors (aspects) it is important we report on in this capital area in order to ensure it is properly managed. We report on the following GRI indicators per aspect:

- 1** Environmentally friendly transport and logistics  
GRI indicators: EN 15, EN 16, EN 17, EN 18
- 2** Integrated and industrialised networks  
Own text reporting
- 3** Information security  
GRI indicator: PR 8

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# 1

## Environmentally friendly transport and logistics

GRI indicators: EN 15, EN 16, EN 17, EN 18, EN 32, EN 33

As one of the Nordic region's biggest transport operators, the impact from our CO<sub>2</sub> emissions is significant. The Group's emissions account for around 1 per cent of Norway's climate emissions of 53.8 million tCo<sub>2</sub>e. The environment is, therefore, one of the Group's most important focus areas within corporate social responsibility. The Group's two largest climate challenges are reducing CO<sub>2</sub> emissions from heavy goods vehicles and minimising local pollution. Optimising networks by, for example, modifying the terminal structure and using alternative vehicles also makes it possible to cut costs. Climate efficient transport and logistics can also be a differentiator for customers when they choose their service provider.

### Stakeholders

- **Owner and authorities:** Our ownership statement obliges us to make our operations more environmentally friendly.
- **Business customers:** Major customers (ASKO, IKEA, oil and gas) are interested in the environment and make demands of us. For example, Statoil is encouraging us to make greater use of maritime transport.
- **Private customers and local communities:** Customers notice the environmental efforts you make. In 2013, Posten was ranked fifth in IPSOS MMI's reputation survey under the point concerning environmental awareness. In our experience, customers in Sweden are interested in the environment.

### How we work

The Group is actively working to reduce the extent of its impact on the environment. Posten's environmental vision is «to work in a goal-oriented manner to achieve environmentally efficient operations and sustainable development that help us become the world's most future-oriented mail and logistics group.» Posten Norge is aiming to reduce its CO<sub>2</sub> emissions by 40 per cent before 2020 through a series of measures. Cuts in emissions of 30 per cent were achieved from 2008 to 2013, based on the original companies' levels in 2008, and the target for the entire Group is a 10 per cent cut in emissions by 2020.

The HSE and Corporate Social Responsibility Department in the Corporate Staff HR/HSE unit ensures the systematic, group-wide reuse of good solutions and a comprehensive approach. A group-wide environmental network consisting of environmental resource persons from all business areas also ensures that the Group shares lessons we have learned and best practice throughout the organisation. The expertise we need in specific areas is secured via partners and suppliers.

A climate reporting system that covers the entire Group is used to register the Group's total climate impact. The Board and executive management team are regularly updated on status, the risk picture and ongoing initiatives within our environmental work. This environmental work is also defined in a separate environmental policy and strategy, which is supported by action plans in the business areas. The Group works according to annual environmental action plans in the business areas and the work is followed up in quarterly reports, business reviews, the executive management team's CPI maps and PLUSS conversations. Goals are set for the Group and business areas per year and up to 2020. The goal is that part of the executive management team's CPI map will be followed up in relation to goal achievement.

Interaction between companies, organisations and authorities is key in order to solve the major environmental challenges facing the Group (G4-16 and G4-27). In 2015, the Group continued its collaboration with ZERO in several areas and is an active participant in ZERO's Klimalab and the 0/2030 project. A partnership has been entered into with the 2030 secretariat in Sweden. The Group also took part in the 'Grønnskystfrakt' ('Green Coastal Transport') project in cooperation with DNV. In October 2015, Posten, as one of several companies, submitted a report on how the business sector can contribute to achieving Norway's goal of cutting greenhouse gas emissions by 40 per cent by 2030: 'Norway 203040'. The Group is affiliated with the International Post Corporation, which administers an international industry collaboration, and is also a member of the 'Swan Purchaser Club' and 'Green Dot Norway'.

## Reducing greenhouse gas emissions and polluting less

### EN 15: Direct emissions of greenhouse gases (CO<sub>2</sub>e).

In 2015, the Group decided to replace fossil fuels with renewable diesel for its heavy goods vehicles. The green shift means that around 1,000 lorries on Norwegian and Swedish roads will instead use fossil-free fuel. This will result in reduced greenhouse gas emissions and less pollution. Posten and Bring are the first actors in Norway to switch to the new type of second-generation renewable diesel. Initially it will be the lorries that will be switching to using the new fuel called hydrogenated vegetable oil (HVO). This fuel consists of vegetable oils and waste certified in accordance with the EU's sustainability criteria. The arguments against the original biodiesel, such that using raw materials like oil seed rape and sugar cane took up valuable land and pushed up food prices in poor countries, do not apply to HVO. The Group started the environmental initiative with 82 lorries which used 1,030,000 litres of this renewable fuel in 2015. The initiative is also being implemented in Sweden where 219 vehicles are using renewable fuel.

In addition to this, the Group has 133 biogas vehicles, including the world's first Euro 6 biogas lorry and three lorries that run on liquefied gas. Vehicles that run on bioethanol are being tested in Bergen.

Bring in Sweden has used more than 4.1 million litres of second-generation biofuel. Bring in Sweden has also well under way with its RME and HVO project, which is a fuel that reduces CO<sub>2</sub> emissions by 90-93 per cent. It has 240 vehicles running on these types of fuel.

The Group now has Norway's largest electric vehicle fleet with more than 1,100 electric vehicles consisting of 580 electric mopeds, 368 electric vehicles and 167 electric trolleys. In 2015, the Group decided to make one of the world's largest individual purchases of 241 electric vehicles. The focus on zero emission solutions and the co-location of these has resulted in 21 city and town centre areas across Norway with completely CO<sub>2</sub>-free mail distribution. This improves air quality and results in less noise and greenhouse gas emissions. The effort will be expanded to 20 new cities/towns in 2016.

The Group also updates its vehicle fleet regularly, which helps reduce local emissions. The average age of the vehicles in the parent company is 2.6 years. For heavy goods vehicles in excess of 7,500 kg, 95 per cent are Euro 5 and Euro 6. The Group has introduced speed reductions for 550 lorries, which has advantages in terms of both the environment and safety.

The Group reviewed the emission factors used in greenhouse gas reporting in 2015 and has switched from reporting on CO<sub>2</sub> to reporting on CO<sub>2</sub> equivalents. CO<sub>2</sub>e gases are CO<sub>2</sub> (carbon dioxide), N<sub>2</sub>O (nitrous oxide) and CH<sub>4</sub> (methane). This covers all emissions from sources defined in the Greenhouse Gas (GHG) Protocol, except for refrigeration gases, which are not part of CO<sub>2</sub>e. Other greenhouse gases that are not part of the GHG protocol are not reported. All emissions that are presented in the Group's greenhouse gas accounts in 2015 are in tonnes CO<sub>2</sub> equivalents. Emission calculations are based on a mix of consumption figures, data from various transport systems related to subcontractors, and estimates in which the data is not particularly precise.

Table 1 (scope 1): Shows a reduction in direct emissions of 8 per cent (7,490 tonnes CO<sub>2</sub>e) from 2014 to 2015. Together, the most important environmental measures contribute to the fact that the Group's greenhouse gas emissions have been reduced by 3.6 per cent (4,900 tonnes CO<sub>2</sub>e) in 2015 compared with 2014.

Scope 1 [tonne CO <sub>2</sub> e]	2013	2014	2015	2015
<b>Group</b>	<b>136,812</b>	<b>136,115</b>	<b>128,625</b>	<b>128,625</b>
Road	135,952	135,444	128,012	128,012
Buildings	860	670	613	613
<b>Logistics Norway Division</b>	<b>76,325</b>	<b>88,814</b>	<b>91,308</b>	<b>91,308</b>
Road	76,216	88,717	91,189	91,189
Buildings	109	97	119	119
<b>Logistics Nordic Division</b>	<b>39,638</b>	<b>27,459</b>	<b>19,406</b>	<b>19,406</b>
Road	39,075	27,042	19,027	19,027
Buildings	563	417	379	379
<b>Mail Division</b>	<b>20,849</b>	<b>19,842</b>	<b>17,911</b>	<b>17,911</b>
Road	20,661	19,685	17,796	17,796
Buildings	187	157	115	115
Outside of scopes	n/a	24,469	24,058	24,058

## Reduced emissions from electricity consumption

EN 16: Energy – indirect emissions of greenhouse gases.

The Group increased its electricity consumption from buildings by 3.5 per cent in 2015. This includes the electricity consumption from the Group's 1,133 electric vehicles. The EU stipulated requirements concerning two new reporting methods for electricity in 2015: location-based and market-based. The requirements must correspond with the GHG Protocol. Using the location-based method the Group has reduced its indirect emissions by 28 per cent. The reduction is due to updated emission factors for electricity consumption in the Nordic region. Using the market-based method the Group has reduced its indirect emissions by 71 per cent. This large reduction is due to the fact that the Group bought electricity with origin guarantees for 83 per cent of the Group's electricity consumption in 2015, compared with 31 per cent in 2014. Electricity with origin guarantees is power that is produced from renewable energy sources; the Group has bought origin guarantees for hydroelectricity.

Table 2 (scope 2): Shows indirect emissions of greenhouse gases (metric tonnes of CO<sub>2</sub>e) through electricity consumption.

	2013	2014	2015	2015
<b>GROUP (location-based)</b>	<b>26,330</b>	<b>21,723</b>	<b>15,622</b>	<b>15,622</b>
<b>GROUP (market-based)</b>	<b>n/a</b>	<b>48,446</b>	<b>14,057</b>	<b>14,057</b>
Electricity (location-based)	23,414	19,297	13,079	13,079
Electricity (market-based)	n/a	46,019	11,515	11,515
District heating	2,916	2,427	2,543	2,543

## Stable emissions from subcontractors

EN 17 Other indirect emission of greenhouse gases.

Since 2014, emissions from the Group's subcontractors have reduced by 3 per cent. There has been a decline in air transport but some increase within other areas.

The reduction in the Logistics Norway Division is predominantly attributable to reduced air transport. Within the areas of Road and Train, emissions have increased slightly due to more transport on roads and trains. Updates to the emission factor have resulted in a lower than anticipated increase. Emissions from marine transport have been reduced due to lower volumes being transported.

The increase in the Logistics Nordic Division has been within air and marine transport. Amongst other things, the increase is a result of improved reporting and increased international marine transport. Emissions from road transport have increased and are caused by growth, slightly offset by the restructuring of an office and updated factors.

The Mail division has increased by 242 tonnes CO<sub>2</sub>e since 2014. The increase was caused by increased emissions from business travel.

Table 3: Shows that other indirect emissions of greenhouse gases in metric tons of CO<sub>2</sub>e via our subcontractors have fallen by 3 per cent (11,307 metric tonnes of CO<sub>2</sub>e) from 2014 to 2015.

Scope 3 [tonnes CO <sub>2</sub> e]	2013	2014	2015	2015
<b>Group</b>	<b>366,407</b>	<b>356,427</b>	<b>345,120</b>	<b>345,120</b>
Road	240,346	223,182	214,735	214,735
Rail	4,135	4,331	5,492	5,492
Air	66,080	68,793	62,630	62,630
Water	51,084	56,072	56,760	56,760
Business travel	4,761	4,049	5,503	5,503
<b>Logistics Norway Division</b>	<b>220,777</b>	<b>223,996</b>	<b>215,217</b>	<b>215,217</b>
Road	113,360	108,846	112,665	112,665
Rail	4,012	4,207	5,371	5,371
Air	65,535	68,196	57,859	57,859
Water	36,532	41,628	38,211	38,211
Business travel	1,338	1,119	1,111	1,111
<b>Logistics Nordic Division</b>	<b>143,165</b>	<b>130,000</b>	<b>127,208</b>	<b>127,208</b>
Road	126,505	113,319	101,245	101,245
Rail	123	124	121	121
Air	544	597	4,771	4,771
Water	14,553	14,445	18,549	18,549
Business travel	1,440	1,515	2,523	2,523
<b>Mail division</b>	<b>1,827</b>	<b>1,947</b>	<b>2,189</b>	<b>2,189</b>
Road	482	1,017	825	825
Rail	n/a	n/a	n/a	n/a
Air	n/a	n/a	n/a	n/a
Water	n/a	n/a	n/a	n/a
Business travel	1,345	930	1,364	1,364
<b>E-Commerce division</b>	<b>n/a</b>	<b>n/a</b>	<b>41</b>	<b>41</b>
Road	41	38	41	41
Rail	0	0	0	0
Air	n/a	n/a	n/a	n/a
Water	n/a	n/a	n/a	n/a
Business travel	n/a	n/a	n/a	n/a
<b>Staff group</b>	<b>598</b>	<b>448</b>	<b>465</b>	<b>465</b>
Road	0	0	0	0
Rail	n/a	n/a	n/a	n/a
Air	n/a	n/a	n/a	n/a
Water	n/a	n/a	n/a	n/a
Business travel	598	448	465	465
Outside of scopes	n/a	20,691	21,524	21,524



## Towards a more greenhouse gas emissions efficient organisation

**GRI indicator EN 18:** Emission intensity for greenhouse gases.

The Group's turnover is rising while emissions per NOK 1 earned are falling. This indicates a more greenhouse gas emissions efficient organisation.

Table 4: Shows the Group's emission intensity for greenhouse gases in the last three years. All emissions are included (Scope 1-3) in the calculation of emission intensity

Relative target	2013	2014	2015
CO2e emission (gram) per NOK 1 earned	22.5	21.1	19.5

## The overall greenhouse gas accounts show major progress

The Group reduced its emissions by 5 per cent from 2014 to 2015 (26,454 tonnes CO2e). The reduction was achieved due to implemented greenhouse gas measures, more efficient means of transport, and upgraded emission factors.

Table 4: Shows the total climate accounts for the Group in tonnes CO2e from 2013 to 2015. Scope 1 is GRI indicator EN 15, scope 2 is GRI EN 16 and scope 3 is GRI EN 17.

[tonnes CO2e]*	2013	2014	2015	2015
<b>Scope 1</b>	<b>136,812</b>	<b>136,115</b>	<b>124,625</b>	<b>128,625</b>
Road	135,952	135,444	128,012	128,012
Buildings	860	670	613	613
<b>Scope 2 (location-based)</b>	<b>26,330</b>	<b>21,723</b>	<b>15,684</b>	<b>15,684</b>
<b>Scope 2 (market-based)</b>	<b>n/a</b>	<b>48,446</b>	<b>14,066</b>	<b>14,066</b>
Electricity (location-based)	23,414	19,297	13,132	13,132
Electricity (market-based)	n/a	46,019	11,515	11,515
District heating	2,916	2,427	2,552	2,552
<b>Scope 3</b>	<b>366,407</b>	<b>356,427</b>	<b>345,120</b>	<b>345,120</b>
Road	240,346	223,182	214,735	214,735
Rail	4,135	4,331	5,492	5,492
Air	66,080	68,793	62,630	62,630
Water	51,084	56,072	56,760	56,760
Business travel	4,761	4,049	5,503	5,503
<b>Sum (location-based)</b>	<b>529,548</b>	<b>514,265</b>	<b>485,608</b>	<b>489,429</b>
<b>Sum (market-based)</b>	<b>n/a</b>	<b>540,988</b>	<b>483,990</b>	<b>487,811</b>
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2015</b>
<b>Outside of Scopes**</b>	<b>n/a</b>	<b>45,161</b>	<b>45,583</b>	<b>45,583</b>

\*) The sources for emission factors were obtained from fuel suppliers. 'Defra' for km/tonne-km and 'location based electricity', which were the Norwegian product mix in 2012, have been used as a baseline since this is the most complete following restructuring and acquisitions. The consolidation method pursuant to the GHG Protocol is 'organisational control'

\*\*), 'Outside of scopes' is the direct CO2 effect from the combustion of biofuel.

## Our environmental work is gaining international attention

The Group won the Environmental Achievement of the Year award for 2015. This international award is presented by Postal Technology. The Group was also ranked the fifth most environmentally aware organisation in Norway in IPSOS MMI's reputation survey for the third year in a row.

## 2

### Integrated and industrialised networks

Own reporting

One of Posten and Bring's strategic goals is to ensure that mail, parcels and freight are distributed quickly and efficiently, and at a reasonable price, with a high degree of precision and good solutions for recipient-steered delivery. Integrated and industrialised networks are the key to achieving this. The Group depends on good operating models and knowledge to optimise our networks. Poor utilisation of the networks can result in reduced efficiency and profitability, and make the Group less competitive. At the same time, inadequate interaction between the networks and poor integration could result in a silo mentality and sub-optimal solutions at a group level. Integration through good interaction and a coordinated customer interface can result in the better utilisation of synergies and increased cross sales.

### Stakeholders

- **Owner and authorities:** Have an implicit interest through required rate of return.
- **Business customers:** Have an implicit interest if optimisation of the networks affects prices, customer service or quality. They expect their interaction with Posten to be simple.
- **Employees:** Linked to own working day and workplaces.
- **Suppliers:** Can affect the working day and expectations.
- **Investors and banks:** Can implicitly be relevant in relation to credit risk.

### How we work

Posten is restructuring operations in line with the reduction in volumes of letters and a growing parcel and freight market. Both direct cost synergies and indirect sales synergies are being realised in this development. We are systematically working to realise direct cost synergies between mail, parcel and freight operations in Norway and thus contribute to the efficient execution of our social mission. Furthermore, we are working on taking positions outside Norway that will ensure sufficient volumes enter Posten's networks inside Norway. In order to provide Nordic/international customers with a competitive offer for distribution in the Nordic countries, Posten is also establishing separate business areas and distribution networks outside Norway.

Posten and Bring are currently investing in joint parcel and freight terminals in order to achieve cost synergies in production. The logistics centre in Alnabru in Oslo is by far the largest single project and will become a new hub in Norwegian operations. Nine joint parcel and freights terminals have been established so far, with the newest in Drammen. A new joint terminal will be built in Trondheim in 2016. In country that is as stretched out as Norway is, with a dispersed settlement structure, there are also significant synergy effects in the co-distribution of various types of freight between terminals, Post in Shops, and distribution units. The combined terminals thus facilitate larger synergies on the transport side between freight and the traditional parcel and mail services.

Posten is also in the process of implementing the 'New Posten and Bring' programme in which standardised IT systems will help industrialise the Group's operations, internal processes and customer interface.

### Time will tell if we are successful

We do not have a specific performance indicator for integrated and industrialised networks. The indicator is whether our investment in the future enables us to achieve the financial targets we have set for things such as the terminal structure projects and for the 'New Posten and Bring' change programme.

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## 3 Information security

GRI indicator: PR 8

Our work on information security is becoming ever more important for Posten and Bring. The digitisation and globalisation of society have radically changed the way we work in Posten and Bring. Digital tools for mail deliveries, tracking parcels and communicating sensitive personal data via Posten's secure digital mailbox, Digipost, are examples of these. Information security breaches can have major consequences for our operations in the form of reputational damage, lost income and increased costs. Therefore, the goal of information security is to ensure that information is available at all times to those who need it and prevent the unauthorised alteration, destruction, publication and loss of data.

### Stakeholders

- **Owner and authorities:** Expect a focus on information security when handling information from public agencies and Digipost.
- **Business customers:** Hygiene factor. Expect secure and efficient information flow, predictability and absence of downtime.
- **Private customers and local communities:** Hygiene factor. Are interested in safeguarding personal privacy. Expect predictability and absence of downtime.

### How we work

Posten and Bring's strategy for information security is based on active risk management. The goal is to establish and maintain a level of security that protects information, products and services, and also takes reasonable account of risk, costs and operational matters. The work is continuous and is just as focused on the employees' knowledge and attitudes as on information security as a technology that is used to increase the efficiency of information processing.

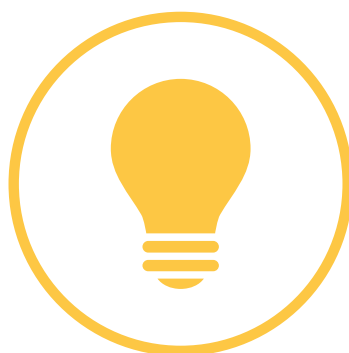
The Corporate Staff IT unit, Information Security Department, bears technical responsibility for information security in the Group. This responsibility involves setting standards and the framework, as well as be an active adviser and driving force behind establishing adequate information security for all information processing the Group. By information security we mean all measures aimed at preventing breaches of the confidentiality, integrity and availability of the information being processed. This applies both in relation to the processing that takes place in the organisation and the systems/applications and networks. The standards are set through governing documentation for information security, security requirements for suppliers, awareness campaigns for employees, and taking part in decision-making process that affect information security.

Day-to-day responsibility for information security lies with the line management and individual managers. Managers are responsible for the services and routines their department develops and administers.

### No complaints of lost customer data

**GRI indicator PR8:** Total number of confirmed complaints concerning breaches of customers' personal privacy and loss of customer data.

No complaints were received concerning breaches of customers' personal privacy and loss of customer data in 2015.



# Our ability to change

## OUR CAPITAL AREAS



Our employees



Our relationships and partnerships



Our networks and expertise



Our ability to change



Our financial capital

Posten and Bring have to be able to adapt to rapid changes in both framework conditions and customers' needs in order to achieve long-term value creation. The markets Posten and Bring operate in are, and have been for a long time, undergoing dramatic change driven by factors such as globalisation and big technological changes. The results are changed customer behaviour and greater competition, which, among other things, are creating a need for rapid innovation.

In this capital area we have chosen two aspects which it is important to report on in order to ensure our employees are more than capable of adapting and, not least, a healthy pace of innovation. We report on innovation and service development in accordance with a GRI indicator:

**1** Competitive framework conditions  
Own reporting

**2** Innovation and service development  
Own reporting, GRI indicator: LA 10

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# 1 Competitive framework conditions

Own reporting

In order to ensure good general operating conditions, it is important that Posten works proactively and in a long-term perspective in relation to key authorities. It is especially important to create an understanding of the need for restructuring and adapting service provision within the mail segment. Changing relevant framework conditions can often take a long time. One example of this is the process involving the new Postal Service Act that took many years. There are financial and strategic risks associated with the framework conditions that are not suited to the competition situation and changed customer needs.

## Stakeholders

- **Owner and authorities:** Expect good, constructive input in relevant processes.
- **Suppliers:** Posten's framework conditions influence the suppliers' framework conditions.
- **Private customers and local communities:** Framework conditions can have consequences in relation to developing services (especially mail).
- **Employees:** Can affect their working day.

## How we work

Posten's social mission is to ensure the provision of high quality, cost-effective, nationwide postal services. This is stipulated by the company's articles of association. The Ministry of Transport and Communications manages the State's ownership of Posten Norge AS. The Group is therefore subject to the ministry's corporate governance of the company.

The executive management team holds quarterly meetings with the Ministry of Transport and Communications. Corporate social responsibility was one of the main topics at the year's last quarterly meeting. The Norwegian Communications Authority supervises that Posten fulfils its statutory obligations pursuant to the Postal Service Act, regulations and licence. The Group must also deal with other relevant authorities that are of significance to our operations, including our corporate social responsibility activities.

The function responsible for liaising with the authorities in the Corporate Staff Finance unit is responsible for Posten's work on its framework conditions, national and international. This includes:

- Preparing a plan for Posten's activities that, pursuant to article 10 of the company's articles of association, the Board must present to the Minister of Transport and Communications every second year.
- Quarterly meetings with the ministry.
- Reporting to the Norwegian Communications Authority, including the annual licence report and product accounts.
- Dialogue with the Ministry of Transport and Communications and the Norwegian Communications Authority on specific matters.
- Active participation in the Universal Postal Union and in industry organisations on an EU level.
- Membership and participation in the Employers Association Spekter and the Confederation of Norwegian Enterprise (NHO), Logistics and Transport.
- Consultation input and other participation in political matters of significance to the Group.

Posten must express its opinion in a credible and constructive manner on all matters to do with regulatory and other factors that directly affect our activities so we can fulfil our role as a socially responsible company and statutory provider of postal services in the Norwegian mail market.

## Implemented a number of structural changes

Posten has implemented a number of structural changes and measures in the last few years that have helped to maintain revenue in mail activities despite a significant drop in the volume of letters. Political acceptance and amendments in regulatory requirements have to a large extent been necessary conditions for this restructuring. If regulatory requirements are not tailored to the restructuring Posten believes is necessary to ensure the satisfactory development of profitability, the extra costs must be financed through the government procurement of unprofitable business services.

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## 2 Innovation and service development

Own reporting, GRI indicator: LA 10

The pace of change in Posten and Bring is fast. The change from post offices operated by us to Post in Shop (in-store post offices), changes to our terminal structure, increased automation in production, new distribution structure and, not least, simplified service structure are some examples that have produced significant effects in recent years. Saturday letter deliveries also ceased in March 2016, which will have a positive effect on the result as early as 2016. These measures have been necessary but are not nearly sufficient to compensate for digital substitution, changes in customer needs and greater competition.

The mail and logistics industry is constantly being challenged by new disruptive models. This means that existing positions are also being challenged. Yesterday's market leaders could quickly be pushed to the sidelines if they are unable to change. Innovation is not an alternative; it is a necessity that provides opportunities for new sources of income. The absence of innovation will affect our right to exist and competitiveness. For example, Posten must achieve efficiency gains equivalent to NOK 300–400 million a year to compensate for a 7 per cent drop in letter volumes per year due to digital substitution and business models.

The ability of Posten and Bring's 20,000 employees to change and adapt is also absolutely key to achieving innovation and renewal. Good processes for switching employees to new careers inside and outside Posten will have an important effect on employees and their families. The fact that our employees are highly adaptable results in better rationalisation and restructuring processes and thus a better pace of change for the whole Group.

### Stakeholders

- **Owner and authorities:** Are interested in return on equity (maintaining it requires adaptability) and at the same time are interested in good restructuring processes.
- **Business customers:** Are interested in ensuring that Posten satisfies current customer needs at any given time. Are increasingly demanding new, preferably bespoke, services.
- **Private customers and local communities:** Are interested in ensuring that Posten satisfies current customer needs at any given time. Are increasingly demanding new services and business models.
- **Employees:** Are interested in good restructuring processes that involve, for example, requirements and expectations concerning internal and external mobility. Innovation can affect job numbers.

### How we work

One of Posten's strategic responses to developments within our mail business is to develop logistics as a profitable growth area for the Group. We are systemically working to realise synergies between our original mail and parcel activities and the business we have acquired within transport and logistics services.

In addition to all of the innovation work taking place in the line, the Strategy and M&A Department bears a special responsibility for initiating, being a driving force behind, and following up innovation projects. A number of key projects are also being initiated and run via eLabs. This is a group comprised of cutting edge expertise from many areas in the Group where the task is to research and implement projects. This is being done in close cooperation with the line management and partners from several different expert communities.

As far as the employees' ability to change and adapt is concerned, the Organisational Development Department in the Corporate Staff HR/HSE unit bears responsibility for the personal development of employees and managers. It is also responsible for ensuring good restructuring processes in the Group in close cooperation with the rest of the organisation and the trade unions. See the earlier introduction to the Organisational Development Department under the 'Good Managers' aspect.

## Innovation on the agenda

In the Group's experience these changes mean that we will have to think innovatively in multiple dimensions to an even greater extent than in previous years. It is no longer enough to just think of productivity improvements or working smarter with existing services and processes. In order to ensure we succeed tomorrow we have to challenge, refine and change what we know now. Some things will also have to be radically changed. Many industries have gained new competitors who have changed the market's dynamics almost overnight. This has been seen within, for example, passenger transport, accommodation and banking/finance. The threat inherent in reactivity is clearer than ever. In our opinion, many of the changes we are experiencing are permanent. This means that innovation is therefore no longer an alternative; rather it is an absolute necessity.

In 2015, we continued our good partnership with the Centre for Service Innovation at the Norwegian School of Economics (NHH) (see [csi.nhh.no](http://csi.nhh.no)) and also worked actively with many partners on the Customer Care 2015 project. This cooperation will also continue in 2016.

## Measuring our future capacity for innovation

An innovation index that bases its results on customers' perceptions of the companies' innovation capacity was developed via the Centre for Service Innovation in 2015. The index is based on the notion that it is not nations that are innovative, but companies. Furthermore, it is not the managers and companies that should determine the degree to which they are innovative or not, but customers.

We will consider using this innovation index as a specific indicator of our capacity for innovation in our annual and sustainability reporting for next year.

## Future challenges

Examples of areas that will affect our industry in the future include the network and platform economy, the opportunities inherent in the growth of the online grocery market, the consequences of 3D printing for supply chains, how drones can supplement our existing delivery portfolio, and what the explosive growth of the 'internet of everything' means for our activities. We continuously challenge ourselves with the ambition of being able to deliver even better services to our customers based on the business models of the future. Going forward, the Group will therefore continue to work on developing the mail and logistics ecosystem of which we are a part. Both alone and together with our customers and partners.

## Working to ensure employees have a high capacity for change

**GRI indicator G4 LA10:** Programmes for skills management and lifelong learning that support the continued of employability and assist them in managing career endings.

Development opportunities for employees help make the Group a more attractive employer. At the same time, they help to better equip employees to cope with changes in their working day and getting to grips with new duties.

In addition to the upgrading of skills that takes place on the job, courses are offered via the Group's own learning portal, the Posten and Bring Academy. 4,664 individual e-learning courses were completed via the academy in 2015.

The Group aims to have the largest possible number of employees in Norway with certificates of apprenticeship. Young people with relevant skills training within transport and logistics are recruited via the apprenticeship scheme. At the last count in 2015 there were 1,023 full-time employees with certificates of apprenticeship and around 80 apprentices in training.



For employees in replacement programmes, the Group can offer re-training based on an individual assessment. The Group also offers scholarships. The scholarships are intended to help motivate employees to upgrade their formal qualifications. 36 scholarships were awarded in 2015.

The Group systematically works to develop groups of managers and individual managers on different levels as needed. In 2015, 131 employees participated in the Group's various management development measures: 21 in the middle management programme and 77 in the front line management programme, 'The Confident Manager'. The operational management programme is a team development programme. In 2015, two groups of managers involving a total of 17 participants completed the programme.

The Group has also developed its own concept for statutory basic training in the working environment. The training consists of three compulsory parts: two e-learning courses and one two-day seminar. The training is intended to provide the participants with an understanding of our HSE work in Posten and Bring and improve cooperation between the various actors in the HSE work. 153 managers, employee representatives, safety deputies and HR/HSE employees completed the new training in 2015.

Managers have had to undergo a three-hour HSE training programme for many years. A simplified version of the basic training was used for HSE management training in 2015.

16 participants from the Mail Division and Logistics Norway Division completed the 'Manager Talent' programme in 2015. The goal of the programme is to develop front line managers who have the potential to take on greater management responsibilities at a higher level or across regions/businesses in the Group. The 'Aspiring Managers' programme is also intended to recruit more front line managers from among our own employees. 21 participants completed two programmes in 2015.

The Group's two-year trainee programme was conducted for the sixteenth time. The trainee programme is part of Posten's long-term focus on management development and the recruitment of critical expertise, and seven group trainees started in 2015. Four Summer Internships and four University/University College Internships were completed in autumn 2015.

In 2015, the Group also continued its focus on a course to enhance basic skills levels. Seven courses were carried out in 2015 with a total of more than 40 participants. The courses are an initiative that upgrades the skills of employees who are not sufficiently fluent in Norwegian and are carried out in Bergen, Kristiansand, Vestby and Stavanger. The measure, which receives public funding, is an important tool for promoting life-long learning and the integration of employees with immigrant backgrounds.



# Our financial capital

## OUR CAPITAL AREAS



Our employees



Our relationships  
and partnerships



Our networks  
and expertise



Our ability to  
change



Our financial  
capital

Our financial capital provides the foundation for our ability to develop Posten and Bring and create long-term value for our owner. Satisfactory financial performance, solidity and liquidity are vital in order to gain access to new capital.

There are two critical success factors (aspects) it is important we report on in this capital area in order to ensure we have solid financial capital. We do not report on these aspects in accordance with any GRI indicators.

**1** Return on equity  
Own reporting.

**2** Solidity and liquidity  
Own reporting.

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# 1

## Return on equity

Own reporting.

A good return on equity is relevant with respect to satisfying the owner's requirements, the expectations of banks and investors, and for our operational execution capacity. The return on equity is important when it comes to raising capital and ensuring financial freedom of action.

### Stakeholders

- **Owner and authorities:** Set requirements concerning the return on equity after tax.
- **Investors and banks:** Relevant when it comes to raising capital.
- **Employees:** Relevant when it comes to job security.

### How we work

The Corporate Staff Finance unit addresses the key financial functions for the entire Group. The department is responsible for ensuring that the Group has financial freedom of action, which provides divisions and staff units with the opportunity to operationalise strategies and achieve their goals.

The Corporate Staff Finance unit is, via the Group's investment committee, responsible for quality assuring all important investments in the Group. All investments (business cases) above a specified threshold are considered by the investment committee. All business cases must be based on thorough analyses and fulfil given criteria to ensure the required return on the investment.

Posten and Bring are planning a significant investment programme in the coming years in order to achieve our strategies. Investors and banks are therefore important stakeholders because of the Group's need for long-term financing. These groups of stakeholders are interested in factors such as historical financial key figures, strategies and the Group's plans for environmental measures, since the focus on the environment is becoming an ever more important requirement. Banks and investors are also interested in cost savings due to good HSE initiatives.

The Corporate Staff Finance unit and the Group's lenders regularly meet to discuss topics such as investment plans and financing needs. An annual joint meeting is also held with the most important lenders in which both results and future prospects are reviewed. Besides this, lenders regularly produce credit analyses that are distributed to the investors. Investors and banks are also invited to the Group's presentation of our annual and half-yearly results.

All managers in Posten and Bring are responsible for ensuring a good return on capital by helping to continuously improve operations.

## Low return on equity in 2015 – but future prospects are good

Posten and Bring need to be in a good financial position in order to carry out the necessary investments and measures in a demanding market.

As of 31 December 2015, Posten's equity was around NOK 6 billion and we had an equity ratio of 37 per cent. The return on equity was negative in 2015, primarily because of write-downs and provisions. Heavy pressure on prices in the industry reduced the operating result in relation to 2014.

The Group's strategy is ambitious and it is planning an aggressive approach going forward by investing more than NOK 4 billion in new terminals and an improvement programme that are intended to produce a better customer experience, more integrated and standardised solutions, and more profitable operations. In addition to these investments, the Group is implementing a cost-efficiency programme in the Group aimed at reducing our cost base. Together these investments and efficiency programmes will result in a higher return on equity for the Group going forward. Achieving a satisfactory return on equity in the next two years will be demanding, but the ambition is for the investments to help achieve a return on equity in line with the owner's requirements (9 per cent) from 2018 onwards.

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## 2 Solidity and liquidity

Own reporting.

Solidity and liquidity are important with respect to satisfying the requirements of the owner, banks and investors, and for our operational execution capacity.

### Stakeholders

- Owner and authorities: Expect good solidity and liquidity.
- Investors and banks: Relevant when it comes to raising capital.
- Employees: Relevant when it comes to job security.

### How we work

The Corporate Staff Finance unit closely monitors current liquidity and solidity to ensure that the Group's investments do not conflict with the goal of a satisfactory liquidity reserve. The Group has focused on capital discipline for years and this has resulted in both solidity and liquidity being very good and providing considerable financial freedom of action.

### Robust solidity and liquidity

Posten and Bring have exercised good capital discipline for years and can therefore boast good solidity and liquidity. This has increased both the liquidity reserve and the Group's investment capacity in the last few years. This means we are in a position to implement the Group's strategies and further develop Posten and Bring in a tough market.

For a complete overview of our financial capital – see financial statements and notes

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## READ MORE

For a complete overview of our financial capital, please refer to the **financial statements and notes**

# GRI CONTENT INDEX for "In accordance – Core"

In total, we report on 30 indicators, 26 of which are GRI indicators and four that are our own indicators.

The confirmation statement will be digitally published at [postennorge.no/aarsrapport](http://postennorge.no/aarsrapport) on 17 March.

## PERFORMANCE INDICATORS 2015:

Our sustainability areas (critical aspects)	GRI: DMA and performance indicators	Number of GRI indicators	Verified by EY
Health, working environment and safety	Own indicator: Sick leave. GRI indicators: LA 5, LA6, HR3	3 + 1 own	Yes
Attractive workplace	GRI indicators: LA1, LA2, LA 12, EC5	4	Yes
Good managers	Own indicator: Employee satisfaction	1 own	Yes
Customer-oriented	Own indicator: Delivery quality GRI indicator: PR5	1 + 1 own	Yes
Open and effective communication	Own indicator: reputation	1 own	Yes
Supplier management	GRI indicators: SO9, SO10, LA14, LA15, HR10, HR11, EN32, EN33	8	Yes
Integrity	GRI indicators: SO3, SO4, SO5, SO7	4	Yes
Environmentally friendly transport and logistics	GRI indicators: EN15, EN16, EN17, EN18	4	Yes
Integrated and industrialised networks	Own text reporting	Text	Yes
Information security	GRI indicator: PR8	1	Yes
Competitive framework conditions	Own text reporting	Text	Yes
Innovation and service development	GRI indicator: LA10	1	Yes
Return on equity	Own text reporting + linked to notes and financial statements	Notes + financial statements	Yes
Solidity and liquidity	Own text reporting + linked to notes and financial statements	Notes + financial statements	Yes
<b>TOTAL</b>		<b>26 + 4 own</b>	

The table above looks at the indicators we report on within our 13 most critical sustainability areas (we have also included supplier management) based on the new updated materiality analysis implemented in 2015.

The GRI G4 template includes two levels at which we can report: Core or Comprehensive. For 2015 we met the require-

ments for Core. In total we report on 30 indicators, 26 of which are GRI indicators and four that are own indicators. Comprehensive is very extensive and requires us to report on 42 GRI indicators as well as extended profile information.

The auditor verifies all indicators in all texts included in the sustainability part of the annual report (in which the performance indicators have been reported). We also report profile information. This includes general information about the Group and our operations. The majority of such profile information can be found in other parts of the annual report, such as corporate governance and segment reports. In the auditor's report, the auditor confirms that the profile information has been reported.

## An extra effort for society

**Posten Norge has a long tradition of reporting the results the Group achieves through our work on, and commitment to, corporate social responsibility.**

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

This means that the Group will take responsibility in particular for reducing the impact of its operations on the external environment. A healthy work environment is a strategic area of focus for the Group and all organisational and commercial development should emphasise the importance of a good working environment. The Group should take a particularly active role in its work with integration and diversity, and it should work to promote a racism-free working environment.

This work is important for securing Posten Norge's strong position in society and strengthening its reputation. A good reputation will help attract and motivate employees, strengthen competitiveness and provide increased freedom to further develop the Group's business.

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

### Group Policy – Corporate Social Responsibility

In 2011, the Group introduced a separate Group policy for corporate social responsibility. This policy is a part of the Group's governance documents and describes on a general level how the different technical areas are to be governed and controlled in the Group.

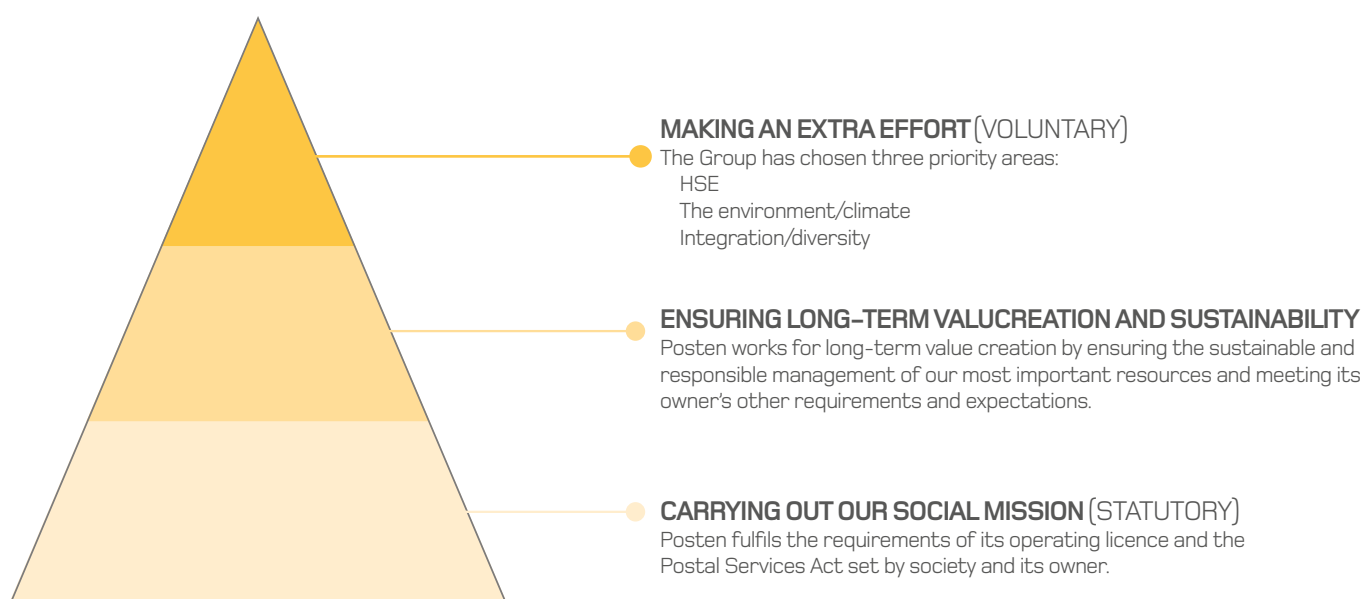
The purpose of the policy is to ensure that the Group complies with applicable legal requirements and expectations from the Group's stakeholders with regard to protecting people and the part of society and the environment that is affected by the operations. The Group Policy Corporate Social Responsibility is based on "Ethical guidelines for the Posten Norge Group".



## Sustainability on the agenda for the Board

The Board is very satisfied with the corporate social responsibility work that is being done and regards the work on sustainability as exemplary in that it is linked to the strategy and highlights specific challenges. The Board believes Posten Norge stands out as a pioneering company within the priority areas of HSE, diversity and the environment. The Board closely monitors the work and development, among other things through the approval of the annual sustainability report.

Figure 1.1 Posten and Bring's sustainability pyramid.



# Global Compact participant

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

The Group is a participant in the Global Compact Nordic Network, which consists of 180 participating companies from Norway, Sweden, Denmark, Finland, Iceland and Greenland. The network arranges meetings at which participating companies can gain inspiration and new knowledge as well as exchange experiences.

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



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## GLOBAL COMPACT'S TEN PRINCIPLES

### Human Rights

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

### Employee rights

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

### Environment

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

### Anti-corruption

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

# Accounts

## Income statement

AMOUNTS IN MNOK

Posten Norge AS

Posten Norge AS				Group			
2013	2014	2015		Note	2015	2014	2013
12 826	12 580	13 394	Operating revenues	1	25 074	24 404	23 557
1 713	1 782	2 707	Cost of goods and services		9 927	9 174	8 212
7 023	7 020	7 098	Payroll expenses	2	9 859	9 600	9 631
437	451	445	Depreciation and amortisation	8 , 9	788	790	750
105	3	3	Write-downs	8 , 9	385	282	245
2 689	2 645	2 554	Other operating expenses	4	3 814	3 907	3 840
11 967	11 902	12 807	Operating expenses		24 773	23 753	22 678
(283)	(125)	(574)	Other income and (expenses)	5	(307)	66	(218)
			Share of profit or loss from investments in associates and joint ventures	10	245	126	(22)
575	553	13	Earnings before interest and taxes		239	844	641
462	546	525	Financial income	6	551	354	450
568	603	678	Financial expenses	6	639	477	472
(106)	(57)	(153)	Net financial (expenses)		(88)	(123)	(22)
469	496	(140)	Income before taxes		151	720	619
32	163	107	Tax expense	7	212	271	108
438	333	(247)	Net income for the year		(61)	449	512
			Net income attributable to controlling interests		(62)	447	510
			Net income attributable to non-controlling interests		1	2	2
			Proposed transfers and allocations				
(256)	(225)		Dividends				
			Group contributions				

# Comprehensive income

AMOUNTS IN MNOK

Posten Norge AS

Posten Norge AS			Group				
2013	2014	2015		Note	2015	2014	2013
438	333	(247)	Net income for the year		(61)	449	512
			Items which will not be reclassified through profit and loss				
			Pension				
(22)	3	27	Change in actuarial gains and losses	3	87	(56)	(2)
6	(1)	(7)	Tax	7	(21)	13	2
(16)	2	19	Total items which will not be reclassified through profit and loss	(66)	(43)		
			Items which will be reclassified through profit and loss				
			Translation differences:				
			Result from hedging of investments in foreign entities	19	(140)	(9)	(142)
			Tax	7	38	3	38
			Translation differences from investments in foreign entities		141	43	190
			Cash-flow hedging:				
(28)	(17)	(6)	Changes in value	19	(6)	(17)	(28)
34	20	26	Transferred to income	19	26	20	34
(2)	(1)	(5)	Tax	7	(5)	(1)	(2)
4	2	14	Total items which will not be reclassified through profit and loss	53	38	91	
			Share of other comprehensive income/(expenses) of investments associated companies	10	(41)	(57)	43
(20)		(5)	Change in tax rate	7	1		(20)
(32)	4	29	Other comprehensive income/(expenses)	79	(62)	114	
407	336	(219)	Comprehensive income	18	387	625	
			Comprehensive income is distributed as follows:				
			Controlling interests	17	386	623	
			Non-controlling interests	1	1	2	
				18	387	625	

# Balance sheet

AMOUNTS IN MNOK

Posten Norge AS

			Group				
31.12.13	31.12.14	31.12.15		Note	31.12.15	31.12.14	31.12.13
<b>ASSETS</b>							
586	528	852	Intangible assets	8	2 339	2 720	2 973
395	323	265	Deferred tax asset	7	379	420	477
985	1 172	941	Tangible fixed assets	9	5 574	4 914	4 615
3 749	3 633	3 759	Investments in subsidiaries	10			
1 780	317	317	Investments in associated companies and joint ventures	10	380	369	1 851
1 835	1 523	2 077	Interest-bearing non-current receivables	12,13	7	7	7
18	101	219	Other financial assets	12,19	232	105	45
<b>9 348</b>	<b>7 598</b>	<b>8 430</b>	<b>Non-current assets</b>		<b>8 910</b>	<b>8 536</b>	<b>9 969</b>
16	10	10	Inventories		24	24	28
1 541	1 552	1 678	Interest-free current receivables	12,14,19	4 278	4 058	3 657
1 179	1 710	1 886	Interest-bearing current receivables	12,13	113	175	224
1 690	1 948	2 667	Liquid assets	12,15	2 773	2 073	1 791
<b>4 426</b>	<b>5 221</b>	<b>6 240</b>	<b>Current assets</b>		<b>7 188</b>	<b>6 330</b>	<b>5 699</b>
<b>1 462</b>			<b>Assets held for sale</b>	10		<b>1 512</b>	<b>6</b>
<b>13 773</b>	<b>14 281</b>	<b>14 671</b>	<b>Assets</b>		<b>16 097</b>	<b>16 377</b>	<b>15 674</b>
<b>EQUITY AND LIABILITIES</b>							
3 120	3 120	3 120	Share capital		3 120	3 120	3 120
992	992	992	Share premium		992	992	922
1 359	1 438	904	Other equity		1 833	2 124	2 004
(33)	(31)	(17)	Other reserves		(17)	(31)	(33)
			Non-controlling interests		(2)	(1)	(1)
<b>5 438</b>	<b>5 519</b>	<b>5 000</b>	<b>Equity</b>	20	<b>5 926</b>	<b>6 205</b>	<b>6 081</b>
<b>1 031</b>	<b>941</b>	<b>860</b>	<b>Provisions for liabilities</b>	11	<b>1 450</b>	<b>1 439</b>	<b>1 450</b>
1 926	1 864	2 045	Interest-bearing non-current liabilities	12,16,19	2 111	1 904	1 973
61	63	36	Interest-free non-current liabilities	12,17,19	36	63	61
<b>1 987</b>	<b>1 927</b>	<b>2 081</b>	<b>Non-current liabilities</b>		<b>2 147</b>	<b>1 967</b>	<b>2 034</b>
2 202	2 664	2 518	Interest-bearing current liabilities	12,16,19	896	1 626	1 232
2 920	3 137	4 147	Interest-free current liabilities	11,12,17,19	5 520	4 951	4 627
194	93	65	Tax payable	7	158	189	249
<b>5 316</b>	<b>5 895</b>	<b>6 730</b>	<b>Current liabilities</b>		<b>6 574</b>	<b>6 766</b>	<b>6 108</b>
<b>13 773</b>	<b>14 281</b>	<b>14 671</b>	<b>Equity and liabilities</b>		<b>16 097</b>	<b>16 377</b>	<b>15 674</b>

# Cash-flow statement

Amounts in MNOK

Posten Norge AS

			Group			
2013	2014	2015	Note	2015	2014	2013
469	496	(140)		151	720	619
(166)	(194)	(94)				
4	(79)	(248)		(8)	(73)	
804	671	1 153	8 ,9 ,10	1 173	1 072	995
			10	(245)	(126)	22
27	8	34		159	170	75
(861)	(425)	484		241	(282)	(129)
140	121	72		21	56	74
(111)	(122)	(106)		(89)	(102)	(116)
<b>307</b>	<b>475</b>	<b>1 155</b>		<b>1 213</b>	<b>1 175</b>	<b>1 324</b>
(428)	(568)	(759)	8 ,9	(1 159)	(1 081)	(1 092)
(338)	(252)	(228)	23	(123)	(92)	(320)
9	18	2		67	44	10
8	162	1 711	23	1 711	162	
38	43		10		46	39
367	273	(164)		(11)	25	(24)
<b>(345)</b>	<b>(325)</b>	<b>561</b>		<b>485</b>	<b>(897)</b>	<b>(1 387)</b>
535	550	1 000	16	1 000	550	589
(451)	(186)	(1 698)	16	(1 698)	(153)	(570)
					(136)	
(279)	(256)	(300)	20	(300)	(256)	(254)
<b>(195)</b>	<b>108</b>	<b>(998)</b>		<b>(998)</b>	<b>4</b>	<b>(298)</b>
<b>(233)</b>	<b>258</b>	<b>719</b>		<b>700</b>	<b>282</b>	<b>(298)</b>
1 923	1 690	1 948		2 073	1 791	2 089
<b>1 690</b>	<b>1 948</b>	<b>2 667</b>		<b>2 773</b>	<b>2 073</b>	<b>1 791</b>

1) For the Group, this mainly concerns provisions for restructuring and loss contracts, set-off by the effect from the Group's financial instruments. This applies for Posten Norge AS correspondingly.

# Changes in equity

Group

	Controlling interests						Non-controlling interests	Total equity
	Share-capital	Share premium	Hedging reserve	Translation difference	Other equity	Total equity		
<b>Equity 01.01.2013</b>	<b>3 120</b>	<b>992</b>	<b>(37)</b>	<b>34</b>	<b>1 598</b>	<b>5 706</b>	<b>(3)</b>	<b>5 703</b>
<b>Net income</b>					<b>510</b>	<b>510</b>	<b>2</b>	<b>512</b>
Change in actuarial gains/losses								
Translation differences				87		87		87
Cash-flow hedging			4			4		4
Change in tax rate					(20)	(20)		(20)
Other comprehensive income from associated companies and joint ventures					43	43		43
<b>Other comprehensive income/(expenses)</b>			<b>4</b>	<b>87</b>	<b>23</b>	<b>114</b>		<b>114</b>
<b>Total comprehensive income/(expences)</b>			<b>4</b>	<b>87</b>	<b>533</b>	<b>623</b>	<b>2</b>	<b>625</b>
Dividend paid					(254)	(254)		(254)
Other changes in equity					7	7		7
<b>Equity 31.12.2013</b>	<b>3 120</b>	<b>992</b>	<b>(33)</b>	<b>121</b>	<b>1 884</b>	<b>6 082</b>	<b>(1)</b>	<b>6 081</b>
<b>Equity 01.01.2014</b>	<b>3 120</b>	<b>992</b>	<b>(33)</b>	<b>121</b>	<b>1 884</b>	<b>6 082</b>	<b>(1)</b>	<b>6 081</b>
<b>Net income</b>					<b>447</b>	<b>447</b>	<b>2</b>	<b>449</b>
Changes in actuarial gains/losses					(43)	(43)		(43)
Translation differences				36		36		36
Cash-flow hedging			2			2		2
Other comprehensive income from associated companies and joint ventures					(57)	(57)		(57)
<b>Other comprehensive income/(expenses)</b>			<b>2</b>	<b>36</b>	<b>(100)</b>	<b>(62)</b>		<b>(62)</b>
<b>Total comprehensive income/(expences)</b>			<b>2</b>	<b>36</b>	<b>348</b>	<b>386</b>	<b>1</b>	<b>387</b>
Dividend paid					(256)	(256)	(1)	(257)
Other changes in equity					(7)	(7)		(7)
<b>Equity 31.12.2014</b>	<b>3 120</b>	<b>992</b>	<b>(31)</b>	<b>156</b>	<b>1 968</b>	<b>6 206</b>	<b>(1)</b>	<b>6 205</b>
<b>Equity 01.01.2015</b>	<b>3 120</b>	<b>992</b>	<b>(31)</b>	<b>156</b>	<b>1 968</b>	<b>6 206</b>	<b>(1)</b>	<b>6 205</b>
<b>Net income</b>					<b>(62)</b>	<b>(62)</b>	<b>1</b>	<b>(61)</b>
Changes in actuarial gains/losses					66	66		66
Translation differences				39		39		39
Cash-flow hedging			14			14		14

Change in tax rate				1	1		1
Other comprehensive income from associated companies and joint ventures				(41)	(41)		(41)
<b>Other comprehensive income/(expenses)</b>	<b>14</b>	<b>39</b>	<b>26</b>	<b>79</b>			<b>79</b>
<b>Total comprehensive income/(expenses)</b>	<b>14</b>	<b>39</b>	<b>(36)</b>	<b>17</b>	<b>1</b>		<b>18</b>
Dividend paid				(300)	(300)	(2)	(302)
Other changes in equity				5	5		5
<b>Equity 31.12.2015</b>	<b>3 120</b>	<b>992</b>	<b>(17)</b>	<b>195</b>	<b>1 637</b>	<b>5 927</b>	<b>(2) 5 926</b>

Posten Norge AS

	Share- capital	Share premium	Hedging reserve	Translation difference	Total equity
<b>Equity 01.01.2013</b>	<b>3 120</b>	<b>992</b>	<b>(37)</b>	<b>1 211</b>	<b>5 286</b>
<b>Net income</b>				<b>438</b>	<b>438</b>
Changes in actuarial gains/losses				(16)	(16)
Cash-flow hedging			4		4
Change in tax rate				(20)	(20)
<b>Other comprehensive income/(expenses)</b>			<b>4</b>	<b>(36)</b>	<b>(32)</b>
<b>Total comprehensive income/(expenses)</b>			<b>4</b>	<b>402</b>	<b>406</b>
Dividend paid				(254)	(254)
<b>Equity 31.12.2013</b>	<b>3 120</b>	<b>992</b>	<b>(33)</b>	<b>1 359</b>	<b>5 438</b>
<b>Equity 01.01.2014</b>	<b>3 120</b>	<b>992</b>	<b>(33)</b>	<b>1 359</b>	<b>5 438</b>
<b>Net income</b>				<b>333</b>	<b>333</b>
Changes in actuarial gains/losses				2	2
Cash-flow hedging			2		2
<b>Other comprehensive income/(expenses)</b>			<b>2</b>	<b>2</b>	<b>4</b>
<b>Total comprehensive income/(expenses)</b>			<b>2</b>	<b>334</b>	<b>336</b>
Dividend paid				(256)	(256)
<b>Equity 31.12.2014</b>	<b>3 120</b>	<b>992</b>	<b>(31)</b>	<b>1 438</b>	<b>5 519</b>
<b>Equity 01.01.2015</b>	<b>3 120</b>	<b>992</b>	<b>(31)</b>	<b>1 438</b>	<b>5 519</b>
<b>Net income</b>				(247)	(247)
Changes in actuarial gains/losses				19	19
Cash-flow hedging			14		14
Change in tax rate				(5)	(5)
<b>Other comprehensive income/(expenses)</b>			<b>14</b>	<b>15</b>	<b>29</b>



<b>Total comprehensive income/(expences)</b>			<b>14</b>	<b>(233)</b>	<b>(219)</b>
Dividend paid				(300)	(300)
<b>Equity 31.12.2015</b>	<b>3 120</b>	<b>992</b>	<b>(17)</b>	<b>904</b>	<b>5 000</b>

See [note 20](#) for information about shareholderes and dividends.

# Statement of the Board of Directors

## Statement of the Board of Directors regarding the annual report

We confirm that, to the best of our knowledge, the financial statements have been prepared in accordance with approved accounting standards and give a true and fair view of the Group and the parent company's consolidated assets, liabilities, financial position and results of operations. We also confirm that the Report of the Board of Directors provides a true and fair view of the development and performance of the business and the position of the Group and the parent company together with a description of the key risks and uncertainties that the company is facing.

**March 26 2015**



# Auditor's report

## AUDITOR'S REPORT

### Report on the financial statements

We have audited the accompanying financial statements of Posten Norge AS, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the balance sheet as at 31 December 2014, the income statements, comprehensive income, cash flow statements and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

#### *The Board of Directors' and Group President and Chief Executive Officer's responsibility for the financial statements*

The Board of Directors and Group President and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and Group President and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

#### *Opinion*

In our opinion, the financial statements of Posten Norge AS have been prepared in accordance

with laws and regulations and present fairly, in all material respects, the financial position of the Parent Company and the Group as at 31 December 2014 and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

## **Report on other legal and regulatory requirements**

### *Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

### *Opinion on registration and documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Group President and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 26 March 2015

ERNST & YOUNG AS

Eirik Tandrevold

State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

# Notes

## Accounting principles

Posten Norge AS was established as a company on 1 December 1996 and is now a limited company with the Norwegian Government (represented by the Ministry of Transport) as the only shareholder. Posten Norge's address is Biskop Gunnerus gt. 14, 0001 Oslo.

The consolidated financial statements and financial statements of Posten Norge AS have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by IFRS Interpretations Committee (IFRIC), set by the International Accounting Standards Board and approved by the EU.

The financial statements have been prepared on a historical cost basis, except for available-for-sale financial assets and financial assets and financial liabilities (including derivatives) at fair value through profit or loss that have been measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. Applying the Group's accounting principles also requires management to exercise judgment. Areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are described under item 3 below.

The financial statements are presented in NOK, rounded to the nearest million, if not otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the financial statements and notes may not add up to the total of that row or column.

The table below gives an overview of relevant accounting principles for the Group, with references to the applicable notes and accounting standards.

Accounting principle	Associated note(s)	IFRS-standard
1. Changes in accounting principles and disclosures		IAS 8
2. Adopted standards that are not yet effective or lacked approval by the EU		IAS 8
3. Accounting estimates	Note 3 Pensions Note 5 Other income and expenses Note 7 Taxes Note 8 Intangible assets Note 11 Provisions for liabilities	IAS 12, IAS 19, IAS 36, IAS 37
4. Foreign currency translation		IAS 21
5. Consolidation principles	Note 23 Changes to the group structure	IFRS 3, IFRS 10, IFRS 11, IFRS 12, IAS 27, IAS 28
6. Segment reporting	Note 1 Segments	IFRS 8

7. Revenues	Note 1 Segments	IAS 18
8. Pensions	Note 3 Pensions	IAS 19
9. Taxes	Note 7 Taxes	IAS 12
10. Intangible assets	Note 8 Intangible assets	IAS 38
11. Tangible fixed assets	Note 9 Tangible fixed assets	IAS 16
12. Investments in subsidiaries, associates and joint ventures	Note 10 Investments in subsidiaries, associates and joint ventures	IFRS 10, IFRS 11, IFRS 12, IAS 27, IAS 28
13. Impairments of non-financial assets	Note 8 Intangible assets Note 9 Tangible fixed assets Note 10 Investments in subsidiaries, associates and joint ventures	IAS 36
14. Provisions	Note 5 Other income and expenses Note 11 Provisions for liabilities	IAS 18, IAS 19, IAS 37
15. Contingent liabilities and assets	Note 11 Provisions for liabilities Note 25 Other matters	IAS 37
16. Financial instruments	Note 6 Financial income and financial expenses Note 12 Overview of financial instruments Note 13 Interest-bearing non-current and current receivables Note 14 Interest-free current receivables Note 15 Liquid assets Note 16 Interest-bearing non-current and current liabilities Note 17 Interest-free non-current and current liabilities Note 18 Financial risk and Capital management Note 19 Derivatives and hedging	IFRS 7, IFRS 13, IAS 32, IAS 39
17. Accounts receivable	Note 14 Interest-free current receivables	IFRS 7, IFRS 13, IAS 18, IAS 32, IAS 39
18. Cash and cash equivalents	Note 15 Liquid assets	IFRS 7, IFRS 13, IAS 32, IAS 39
19. Loans	Note 16 Interest-bearing non-current and current liabilities Note 17 Interest-free non-current and current liabilities	IFRS 7, IFRS 13, IAS 32, IAS 39
20. Equity	Changes in equity Note 20 Equity	IAS 1
21. Leasing	Note 22 Leases	IAS 17
22. Events occurring after the balance sheet date	Note 25 Other matters	IAS 10
23. Cash flow statement	Cash flow statement	IAS 7

## **1. Changes in accounting principles and notes**

The accounting policies applied are consistent with previous years. In addition, the Group implemented the following relevant, new and revised accounting standards and interpretations published by the IASB and approved by the EU, effective from 1 January 2015.

### **1.1 IFRIC 21 Levies**

IFRIC 21 *Levies* addresses the accounting of an obligation to pay a levy if the liability is within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation addresses what the obligating event is that gives rise to pay a levy, and when a liability should be recognised. The interpretation did not imply any significant changes in the timing of recognising levies for the Group.

## **2. Approved standards that are not yet effective or lacked approval by the EU**

The following standards and statements that are relevant for Posten Norge have been issued, but have yet to take effect or lacked approval by the EU for the financial year 2015.

### **2.1. IFRS 9 Financial Instruments**

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

The future classification depends on the entity's business model for managing its financial instruments and the characteristics of the cash flows of each individual instrument. IFRS 9 relaxes the requirements for hedge accounting by bringing the hedge effectiveness closer to management's risk control and gives more room for judgment. Hedge documentation is still required.

The standard is effective from 2018, but has still not been approved by the EU. The Group is not expecting any effects on the financial statements of the new classification, recognition and measurement requirements. In the course of the next 12 months, the Group will give more detailed considerations of the effects on financial obligations at fair value through profit or loss and the changes within hedge arrangements and write-downs, respectively. The preliminary assessment is that this will not have any significant impact for the Group.

### **2.2 IFRS 15 Revenue from Contracts with Customers**

IFRS 15 *Revenue from Contracts with Customers* replaces IAS 18 *Revenue* and IAS 11 *Construction Contracts* and associated interpretations. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service and thereby has the opportunity to decide the use and obtain the benefits from the good or service.

The standard is effective from 2018, but has not yet been approved by the EU. The Group does not expect any significant impact from implementing IFRS 15 in the consolidated financial statements. The Group will perform more detailed evaluations of the effect during the next 12 months.

## 2.3 IFRS 16 Leases

IASB has published the new standard, IFRS 16 *Leases*. The new standard changes the requirements for recognising lease agreements with the *lessee*. All lease agreements (with some minor exceptions) shall be recognised as a "right to use" asset in the lessee's balance sheet with the corresponding obligation, and the payments shall be recorded as amortisations/down payments and interest expenses. The "right to use" asset shall be depreciated over its expected economic life.

Accounting requirements for the lessor are unchanged. Disclosure requirements for the lessees and lessor are changed. The new standard is effective from 2019, but has not yet been approved by the EU.

The standard implies a significant change in the lessees' accounting for lease agreements, that in accordance with IAS 17 are defined as operating leases. The change will effect both the balance sheet and the income statement.

The Group is in an early phase in evaluating the effects of IFRS 16 and has not fully considered the impact of the new standard. The Groups initial assessment is that the new standard will change the accounting for lease contracts to a large extent, most significantly concerning lease contracts related to buildings and terminals, together with the Group's car fleet. The Group has not yet determined method for implementation.

## 2.4 IAS 19 Employee Benefits

The amendments to IAS 19 *Employee Benefits* simplify the accounting of contributions from the employees or third parties to pension plans where the contribution is independent of the number of service years, for example when the employees' contribution is calculated as a fixed percentage of the salary. The change is effective in the EU for accounting period beginning on or after 1 February 2015, but early adoption is allowed. The amendment does not imply any significant changes for the Group.

There are no other IFRSs or IFRIC interpretations not yet effective that are expected to have a material impact on the Group.

## 3. Accounting estimates

The preparation of the Group's financial statements requires management to make estimates and assumptions affecting reported amounts of revenues, expenses, assets and liabilities, the accompanying notes and the disclosure of contingent liabilities. Sources of estimation uncertainty and assumptions concerning the future representing a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are described below:

### 3.1 Estimated impairment of assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount. Calculations of recoverable amounts require the use of estimates. There is uncertainty related to assumptions and parameters in connection with the estimation of future cash flows when evaluating write-down amounts and the choice of discount rate in the calculation of the present value of the cash flows. These estimates are particularly relevant



when assessing goodwill and other intangible assets. Details on the key assumptions used to determine the recoverable amount of a cash generating unit, including sensitivity analyses, are provided in note 8.

### **3.2 Pensions**

There is also uncertainty related to the estimation of pension obligations. The present value of the pension obligations depends on a number of factors determined by actuarial assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

The assumptions used in the calculation of net pension cost (income) include the discount rate. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Details are given in note 3.

### **3.3 Provisions**

In determining the fair value of provisions for restructuring expenses and other provisions, assumptions and estimates are made in relation to discount rates, the expected settlement value and settlement date. Additional information is disclosed in note 11.

### **3.4 Deferred tax assets**

Deferred tax assets are recognised when it is probable that the Group will have sufficient profits to utilise the tax benefit. Management judgment is required to determine the size of the tax benefit to be utilised, based on when future taxable profits can be expected and their value, together with tax planning strategies. Note 7 has more details.

## **4. Foreign currency translation**

### **4.1 Functional currency and presentation currency**

The financial statements of the individual entities in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Group's presentation currency is Norwegian kroner, which is also the parent company's functional currency.

### **4.2 Transactions and balances**

Transactions in foreign currencies are translated into the functional currency at the exchange rate on the transaction date.

On the balance sheet date, monetary balances in foreign currencies are translated at the exchange rate applicable on the balance sheet date. Foreign exchange gains and losses resulting from the settlement and translation of monetary items are recognised as finance income and finance costs, respectively. If the currency position is considered to constitute cash

flow hedges or the hedging of a net investment in a foreign business, the gain or loss is recognised in other comprehensive income.

Non-monetary items in a foreign currency measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Non-monetary items in a foreign currency measured at fair value are translated using the exchange rates at the date when the fair value is determined.

### **4.3 Group companies**

For consolidation purposes, balance sheet figures for subsidiaries that use a different functional currency than the Group's presentation currency, are translated at the rate applicable on the balance sheet date, and subsidiaries' income statements are translated at the average monthly exchange rate. Exchange differences are recognised in other comprehensive income and specified separately in the statement of equity (cf. the statement of changes in equity). If a foreign subsidiary is sold, the accumulated translation differences related to the subsidiary are recognised in the income statement.

## **5. Consolidation principles**

The consolidated financial statements present the total financial result and position for the parent company Posten Norge AS and the companies over which Posten Norge AS has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The consolidated financial statements have been prepared using uniform accounting principles for similar transactions and other events, provided that the circumstances otherwise are the same. The classification of items in the income statement and balance sheet has been carried out according to uniform definitions. All significant intercompany transactions and balances, including internal profit and unrealised gains and losses, have been eliminated.

### **5.1. Consolidation principles: Subsidiaries**

Companies where the Group has control (subsidiaries) are fully consolidated line by line in the consolidated financial statements. Subsidiaries are consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration is measured at fair value of assets transferred, liabilities incurred and equity interests issued. Identifiable assets, liabilities and contingent liabilities are initially recognised at fair value. The excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held, and net identifiable assets and liabilities, is classified as goodwill in the balance sheet. Should negative goodwill arise from a business combination, the identification and measurement of identifiable assets and liabilities is reassessed. Any negative goodwill that arises following this reassessment is recognised in the income statement immediately.

When agreements are made for additional consideration (contingent consideration) in connection with the acquisition of companies, the additional consideration is measured at fair value and included in the acquisition costs at the time of acquisition. The change in value of

the additional consideration is only recognised as goodwill if the change is within a "12 months window" and is a result of new or changed facts and circumstances existing at the time of acquisition. Other changes in value of the additional consideration are recognised in the income statement. The adjustments are measured at the exchange rate on the balance sheet date or at the rate when the adjustment occurred, if this differs from the balance sheet date.

The Group recognises any non-controlling interest in the acquired company for each purchase, either at fair value or at its share of acquired company's net assets. The proportion of equity related to non-controlling interests is shown on a separate line in the Group's equity. The proportion of net income after taxes and total comprehensive income from non-controlling interests is shown in the income statement.

Transactions with non-controlling interests that do not result in any loss of control are accounted for as equity transactions. In the event of loss of control and consequent deconsolidation of the subsidiary, gain or loss is recognised in the income statement. Any retained investment is measured at fair value at the time of the transaction.

## **5.2. Consolidation principles: Investments in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence normally exists when the Group owns 20 to 50% of the voting capital.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Investments in associates and joint ventures are accounted for using the equity method. The investment is initially recognised at cost, and the Group's share of the profit or loss of the investee after the date of acquisition is recognised in the income statement. The Group's share of the result is classified as operating income or expense.

## **5.3. Held for sale**

Assets are classified as held for sale when they have been designated for sale, are expected to be sold within a period of twelve months and an active sales process has begun. If the Group has committed to a plan for sale which entails the loss of control over a subsidiary, all assets and liabilities of the subsidiary are classified as held for sale regardless of whether or not the company will maintain a non-controlling interest in its former subsidiary following the sale. Assets satisfying the criteria to be classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell. Such assets are no longer amortised. Assets meeting the criteria to be classified as held for sale are presented separately in the balance sheet, and the results of discontinued operations are presented separately in the statement of total comprehensive income.

## **6. Segment reporting**

Reporting segments are aggregated from underlying operating segments on the basis of an assessment of the risks and yields relating to the types of products or services, production processes, customer groups, distribution channels and statutory or other requirements, as well as management reporting. The division of reporting segments has been prepared in accordance with areas whose operating results are reviewed regularly by Posten Norge's Board to enable the Board to make decisions about resources to be allocated to the segment

and assess its performance. The Group defines Posten Norge's Board as the chief operating decision maker.

The segments' accounting principles are the same as those used to prepare and present the consolidated financial statements.

## **7. Revenue**

Revenue is recognised when it can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities, as described below. Sales revenue is measured at the fair value of the consideration received net of value added tax and discounts. In all segments, revenue from the sale of goods and services is recognised at the time when the products or services are delivered to the customer, and when significant risks have been transferred to the customer.

### **7.1. Revenue: Mail segment**

The segment's revenues are generated from the sale of letter products, postage stamps, banking services, sales of goods and dialogue services.

- The sale of stamps is considered to be advance payments for the sale of postal services, and recognised when the delivery of the service takes place.
- Franking machines (pre-paid franking) are recognised on the basis of the customer's postage consumption.
- Other postage sales are billed and recognised when letter products are delivered.
- Fees for banking services are recognised on the basis of performed banking services.
- International mail within ordinary terminal charge agreements is recognised on the basis of the calculation of volumes and preliminary prices, and adjusted the following year when final prices are received from the International Post Cooperation.
- Dialogue services, including precise target groups, addresses, outsourcing services within sales, customer service and customer-oriented marketing, are recognised at the time of the delivery of the service and significant risks are transferred to the customer.
- Sales of goods are recognised when the goods are delivered and significant risks are transferred to the customer.
- According to Posten Norge's license, additional expenses incurred as a result of the licensing requirements shall be covered by monopoly profits, if available, and/or government procurements of commercially unprofitable services. Government payments for unprofitable operations are recognised when the allocated funds are received, limited to an amount equaling the current year's estimated additional expenses regarding licensing requirements reduced by income from exclusive rights' profits.

### **7.2. Revenue: Logistics segment**

The segment's revenue is generated by transportation and warehouse services:

- Transport services cover courier and express services and the transportation of letters, parcels, freight and temperature-controlled deliveries, and are recognised at the time of delivery of the service and when significant risks are transferred to the customer.
- Warehouse services comprise storage, handling and picking-up services in addition to the unloading of vehicles, sealing of pallets, installation/repair of equipment and construction of sales pallets, and are recognised at the time of delivery of the service and when significant risks are transferred to the customer.

## **8. Pensions**

The Group has both defined contribution and defined benefit pension plans. The net pension expenses for the defined benefit pension plans comprise the pension contributions of the period, including future salary increases and the interest expense on the estimated pension liability, less the contributions from employees and estimated yield on the pension assets. For defined contribution plans, the premium less the employees' contribution is recognised as expenses when incurred.

The liability recognised in the balance sheet for the defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets. The gross obligation is calculated by independent actuaries applying the projected unit credit method. When pension assets exceed pension liabilities, prepaid pensions are classified as a long-term asset in the balance sheet if it is likely that the excess value can be utilised or repaid. The recognition of pension funds is limited to the present value of all financial benefits that materialise in terms of refunds from the plan or reductions in future contributions to the plan.

Net pension expenses are classified as salary costs in the income statement, except the interest element, which is classified as finance income/finance expenses. The effect on previously earned rights resulting from changes in the schemes' yields is recognised immediately in the income statement. Actuarial gains and losses are recognised in other comprehensive income in the period in which they occur, and will not be recognised through profit and loss in future periods.

In transitions to new pension schemes, effects from settlements of former pension plans are presented on a separate line in the income statement. If the transition is caused by changed legislation, the effect is measured at the time of the adoption of the amended law.

## **9. Tax expense**

The tax expense comprises tax payable for the period and changes in deferred tax liabilities/assets. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax payable is calculated on the basis of the taxable income for the year. The net deferred tax liability/asset is computed on the basis of temporary differences between the carrying amount and tax values of assets and liabilities and tax losses carried forward at the end of the financial year, with the exception of:

- deferred tax liabilities arising from initial recognition of taxable non-depreciable goodwill
- temporary differences relating to investments in subsidiaries, associates and joint ventures and where Group management itself decides when the temporary differences will be reversed, and it is probable that this will not take place in the foreseeable future.

Tax increasing and tax reducing temporary differences that are reversed or can be reversed are offset against each other. Taxes are not counterbalanced across national borders. A deferred tax asset is recognised when it is probable that the company will have sufficient taxable profits to utilise the tax asset. Deferred tax liabilities and deferred tax assets that can be recognised in the balance sheet are stated at their nominal value and netted.

If the authorities are notifying a change in previous year's tax return, the expense will normally be recognised as part of the current year's taxes.

## **10. Intangible assets**

Intangible assets are recognised in the balance sheet if probable future economic benefits can be proven and attributed to the asset, and the cost of the asset can be measured reliably. Intangible assets are recognised in the balance sheet at their acquisition cost net of any accumulated amortisation and write-downs. If the recognition criteria are met, acquisitions cost

also includes salary expenses.

Goodwill and other intangible assets with indefinite useful lives are not amortised, but assessed for impairment annually (note 13 "Impairment of assets" has a more detailed description). Intangible assets with finite lives are amortised linearly over their estimated useful economic life. Amortisations start from the date when the intangible asset is available for its intended use. Intangible assets not yet available for use are also tested for impairment annually.

### **10.1. Intangible assets: Development costs**

The Group's development costs mainly relate to the development of IT systems intended for internal use. Development costs are recognised in the balance sheet if all of the following criteria are met:

- The product or process is clearly defined and cost elements can be identified and measured reliably.
- The product's technical solution has been demonstrated.
- The product or process will be sold or used in the business.
- The asset will generate future economic benefits.
- Adequate technical, financial and other resources are available to complete the project.

Only when all the criteria are met, the expenses relating to development work will be recognised in the balance sheet. Otherwise, the costs will be expensed as incurred.

### **10.2. Intangible assets: Goodwill**

Goodwill is the excess of the aggregate of the consideration transferred, non-controlling interests and any previous interest held, over net identifiable assets acquired and liabilities assumed at fair value at the date of an acquisition. For investments in associates and joint ventures, goodwill is included in the acquisition cost of the investment.

## **11. Tangible fixed assets**

Tangible fixed assets are recognised in the balance sheet at their acquisition cost net of accumulated depreciation and impairment losses. The acquisition cost of fixed assets includes costs directly attributable to the acquisition, construction or installation of the assets. For larger investments involving a long manufacturing period, interest is capitalised as part of the acquisition cost. The acquisition cost of fixed assets is decomposed when the fixed asset consists of components that have different useful economic lives. Costs relating to normal maintenance and repairs are charged to expenses when incurred. Costs relating to replacements and renewals which significantly increase the useful economic life of the fixed assets are recognised in the balance sheet.

Tangible fixed assets are depreciated linearly to allocate costs to the residual values over their estimated useful economic life. Depreciation starts from the date when the tangible fixed asset is available for its intended use. Land is not depreciated.

The assets residual values, if any, depreciation method and useful lives are reviewed annually.

## **12. Investments in subsidiaries, associated companies and joint ventures**

Subsidiaries are consolidated into Posten Norge's consolidated financial statements. Investments in associated companies and joint ventures are accounted for using the equity

method (details are given under section 5 "Consolidation principles" above).

In Posten Norge AS' financial statements, investments in subsidiaries, associated company and joint venture are accounted for at historical cost.

### **13. Impairment of assets**

An impairment loss is recognised if the carrying amount of a valuation unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less sales costs and value in use, where value in use is the present value of estimated cash flows relating to future use. If cash flows relating to an individual asset are independent of cash flows relating to other assets, the individual asset constitutes a valuation unit. If not, a valuation unit is identified at a higher level and is called a cash-generating unit. A cash-generating unit shall be defined consistently over time.

The Group calculates future cash flows based on estimated results (forecasts and long-term plans) over a period of three years, adjusted for depreciation, investments and changes in working capital. The extrapolation period contains an extrapolation of the cash flows after the forecast period, using a constant growth rate. The present value of future cash flows is calculated using a weighted required rate of return of total capital and is calculated before tax.

With the exception of goodwill, impairment losses recognised in prior periods are reversed if new information indicates that an impairment loss no longer exist or has been reduced. However, an impairment loss is not reversed if it implies that the carrying amount exceeds the value that had been determined if no impairment loss been recognised.

#### **13.1. Impairments: Goodwill and other assets with indefinite useful lives**

Goodwill, intangible assets with indefinite useful lives and intangible assets being developed are subject to an impairment test annually, irrespective of whether or not there are any indications of impairment.

#### **13.2. Impairments: Other assets with finite useful lives**

An assessment of impairment losses of other assets with finite useful lives is made when there are indications of impairment.

### **14. Provisions**

Provisions are recognised when the company has a present obligation (legal or actual) as a result of a past event, it is probable (more probable than not) that the liability will result in a financial settlement and the amount can be measured reliably. Provisions are reviewed on each balance sheet date, and their level reflects the best estimate of the liability. When the effect of the time value of money is material, the liability is recognised at the present value of future cash flows.

#### **14.1. Provisions: Restructuring**

Restructuring expenses are costs incurred by the company based on a decision that entails a significant change in the company's defined business areas, either concerning the scope of the activities or the manner in which the company is operated. Provisions for restructuring are

expensed when the program has been determined and announced, and the costs are identifiable, quantifiable and not covered by corresponding revenues. The restructuring expenses include costs relating to both personnel measures and vacated premises.

#### **14.2. Provisions: Onerous contracts**

Expenses related to onerous contracts concern contracts where the costs of meeting the obligations under the contract exceed the economic benefits expected to be received over the contract period.

#### **15. Contingent liabilities and assets**

Contingent liabilities include:

- o possible liabilities resulting from past events whose existence depends on future events
- o liabilities that have not been recognised because it is not probable that they will result in payments
- o liabilities that cannot be measured with sufficient reliability

Contingent liabilities are not recognised in the financial statements unless they have been acquired in a business combination. Such liabilities are provided for. Significant contingent liabilities are disclosed, unless it is unlikely that the liability will result in payments.

Contingent assets are not recognised in the financial statements, but disclosed if it is probable that the Group will benefit from them.

#### **16. Financial instruments**

Financial instruments are initially measured at fair value on the settlement date, normally at the transaction price. Financial assets are categorised as fair value through profit or loss, available for sale or loans/receivables. Financial liabilities are categorised as fair value through profit or loss or other liabilities.

- o Financial assets and liabilities that are held with the intention of profiting on short-term fluctuations in prices (held for trading purposes) or are recognised according to the fair value option are classified as fair value through profit or loss.
- o All other financial assets, except loans and receivables originally issued by the company and subsequently measured at amortised cost, are classified as available for sale.
- o All other financial liabilities subsequently recognised at amortised cost are classified as other liabilities.

Gains or losses resulting from changes in the fair value of financial investments classified as available for sale are recognised in other comprehensive income until the investment is derecognised. The accumulated gain or loss on the financial instrument that was previously recognised in other comprehensive income will then be reversed, and the gain or loss recognised in the income statement.

Changes in the fair value of financial instruments classified as fair value through profit or loss (held for trading purposes or fair value option) are recognised and presented as finance income/expenses.

Financial instruments are recognised in the balance sheet when the Group has become a party to the instrument's contractual terms. Financial instruments are derecognised when the contractual rights or obligations have been fulfilled, cancelled, expired or transferred. Financial instruments are classified as non-current when their expected realisation date is more than 12 months after the balance sheet date. Other financial instruments are classified as current assets or liabilities.



## **16.1. Financial instruments: Hedging**

Before a hedging transaction is carried out, an assessment is made as to whether the derivative shall be used to a) hedge the fair value of an asset or liability, b) hedge future cash flows associated with an asset, liability or a future transaction, or c) hedge a net investment in a foreign entity.

The Group's criteria for classifying a derivative as a hedging instrument are as follows: (1) the hedge is expected to be very effective in that it offsets changes in the fair value of or cash flows from an identified asset or liability, and hedge effectiveness is expected to be within a range of 80-125%, (2) the effectiveness of the hedge can be measured reliably, (3) there is adequate documentation at the time of the hedging that the hedge is highly effective, (4) for cash flow hedges, the future transaction must be very likely, (5) the hedge is assessed on an ongoing basis and has been determined to be highly effective during the reporting periods for which the hedge was designated.

Hedge accounting ceases when:

- (a) the hedging instrument expires, is sold, terminated or exercised, or
- (b) the hedge no longer meets the criteria for hedge accounting as described above

### **16.1.1. Hedging: Fair value**

Derivatives that qualify as fair value hedges are measured at fair value, and changes in fair value are recognised in the income statement. Correspondingly, changes in fair value of the hedged item are recognised in the income statement.

### **16.1.2. Hedging: Cash flows**

The effective portion of changes in fair value of a hedging instrument in a qualifying cash flow hedge is recognised in other comprehensive income. The ineffective portion of the hedge instrument is recognised directly in the income statement.

If the hedged cash flow results in the recognition of an asset or liability, the gains and losses previously recognised in other comprehensive income are reclassified and recognised together with the asset or liability. For other cash flow hedges, gains and losses previously recognised in other comprehensive income and accumulated in equity are reclassified to the income statement in the same period as the cash flow constituting the hedged item is recognised. When a hedging instrument ceases to be highly effective, hedge accounting is prospectively discontinued. In this case, the accumulated gain or loss on a hedging instrument in equity will not be reversed until the hedged transaction actually occurs. If it is no longer expected that the hedged transaction will occur, previously accumulated gains or losses on the hedging instrument in equity will be reversed and recognised in the income statement.

### **16.1.3. Hedging: Net investment in a foreign entity**

Posten Norge AS uses currency futures to hedge its net investments in foreign entities. Changes in currency futures that are designated as hedging instruments are recognised in other comprehensive income together with translation differences related to the investment

until any sale of the investment, whereby the accumulated translation differences are recognised in the income statement. The ineffective portion of the hedge instrument is recognised directly in the income statement.

### **16.2. Financial instruments: Derivatives that are not hedging instruments**

Derivatives not classified as hedging instruments are classified as held for trading purposes and assessed at fair value. Changes in fair value of such derivatives are recognised in the income statement.

### **16.3. Impairments: Financial instruments**

At the end of each reporting period, the Group assesses whether there is objective evidence of a financial asset or group of financial assets being impaired. Impairment losses of a financial asset or a group of financial assets are recognised only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows that can be reliably measured.

Impairment losses of financial assets carried at amortised cost are recognised in the income statement. Prior impairment losses are reversed if the reduced impairment requirement can be objectively related to an event occurring after the impairment was recognised. However, the reversal is only recognised to the extent that it does not exceed the amortised cost that would have been determined, had no impairment loss been recognised.

For financial assets classified as available for sale, accumulated gain or loss previously recognised in other comprehensive income is reclassified to the income statement for the period providing objective information about impairment. A reversal of a prior impairment loss is recognised when there is new objective information related to an event occurring after the impairment loss was recognised. The reversal of a prior impairment loss is recognised in other comprehensive income for shares classified as available for sale, and is recognised in the income statement for other financial assets.

## **17. Accounts receivable**

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost, less provisions for losses. Should there be any objective evidence of impairment, the difference between the recognised value and the present value of future cash flows is recorded as a loss.

## **18. Cash and cash equivalents**

Cash and cash equivalents include cash in hand and bank deposits. Cash and cash equivalents are short-term liquid investments that can be converted into a known amount in cash within three months and are subject to insignificant risk.

## **19. Loans**

Loans are recognised initially at fair value when paid, net of transaction costs incurred. In subsequent periods, the loans are recognised at amortised cost using the effective interest method. Amortised cost is the amount at which the financial obligation is measured initially less

repayments (instalments, interest and service charges etc.), including effective interest.

## **20. Equity**

In accordance with IAS 1, Posten Norge presents other comprehensive income and changes in equity for the period in separate statements.

### **20.1. Equity: Translation differences**

Translation differences arise in connection with currency differences in the consolidation of foreign entities. Currency differences relating to monetary items (debts or receivables where settlements are neither planned, nor likely to occur within a short period of time), and in reality constitute a part of a company's net investment in a foreign subsidiary, are treated as translation differences. At a sale of a foreign entity, the accumulated translation difference related to the entity is reversed and recognised in the income statement in the same period as the gain or loss of the sale is recognised.

### **20.2. Equity: Hedging reserve**

The hedging reserve includes the total net change in fair value of the hedging instrument in cash-flow hedge until the hedged cash flow occurs or is no longer expected to occur.

### **20.3. Equity: Costs relating to equity transactions**

Transaction costs directly related to equity transactions are recognised directly in equity net of taxes. Other transaction costs are recognised in the income statement.

## **21. Leasing**

Leases are classified as either operating or finance leases, based on a review of the substance in each individual agreement. A lease that transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the Group is classified as a finance lease.

The Group presents finance leases in the financial statements as assets and liabilities, at the cost of the asset or, if lower, the present value of cash flows in the lease. When calculating the present value of the lease, the interest rate implicit in the lease is used when this can be determined. Alternatively, the company's marginal borrowing rate is used. The asset is depreciated over the shorter of the useful life of the asset and the lease term. Monthly lease payments are divided into an interest element and a repayment element.

Payments concerning operating leases are classified as operating expenses and recognised in the income statement over the term of the lease.

## **22. Events occurring after the balance sheet date**

New information about the company's positions on the balance sheet date is taken into account in the financial statements. Events taking place after the balance sheet date that do not affect the company's position on the balance sheet date, but will do so in the future, are disclosed if significant.

## **23. Statement of cash flows**

The statement of cash flows has been prepared according to the indirect method. Cash and cash equivalents consist of liquid assets, including liquid assets related to the sales network.

# Note 1 Segments

The reporting of segments in the Group has been prepared in accordance with areas whose operating results are reviewed regularly by the Posten Norge's Board to enable the Board to make decisions about resources to be allocated to each segment and assess its earnings. Revenues, assets and investments are also reported on a geographical basis, split between Norway and abroad depending on where the revenue is generated/localised, cf. sections 6 "Segment reporting" and 7 "Revenue" in the Group's accounting principles.

The reporting segments contain the following:

**Mail:** letter products, banking services and dialogue services. The segment includes the Mail Division including its subsidiaries Bring Citymail, Bring Mail and Bring Dialog.

**Logistics:** bulk and part load, parcels, warehousing, thermo and express. The segment corresponds to the divisions Logistics Norway, Logistics Norden and E-commerce including the subsidiaries within the areas Bring Cargo, Bring Linehaul, Bring Warehousing, Bring Frigo, Bring Express, Bring Parcels, Bring Cargo International and Bring Supply Services.

**Other/elimination:** Group administration and shared functions, together with eliminations, are allocated to segment Other.

Internal revenues are turnover between the Group segments. The pricing of transactions with other segments are based on commercial terms and as if the segments were independent parties. Deferred tax assets are not allocated in allocated assets. Deferred tax liabilities and interest-bearing debt are included in non-allocated liabilities.

## Result per segment

2015	Mail	Logistics	Other/eliminations	Group
External revenues	9 277	15 795	2	25 074
Internal revenues	792	982	(1 774)	
<b>Total operating revenues</b>	<b>10 069</b>	<b>16 777</b>	<b>(1 772)</b>	<b>25 074</b>
External expenses including depreciation	7 718	15 189	1 481	24 388
Internal expenses	1 535	1 517	(3 052)	
<b>Operating expenses</b>	<b>9 253</b>	<b>16 706</b>	<b>(1 571)</b>	<b>24 388</b>
Write-downs	(3)	(382)		(385)
Restructuring expenses	(46)	(56)	(2)	(104)
(Gains)/losses on the sale of fixed assets and subsidiaries		9		8
Other non-recurring items	(63)	(148)		(211)
Share of profit or loss of investments accounted for using the equity method	(7)	13	239	245
<b>Earnings before interest and taxes</b>	<b>698</b>	<b>(495)</b>	<b>36</b>	<b>239</b>

Net financial items	(38)	646	(696)	(88)
Taxes				(212)
<b>Net income for the year</b>				<b>(61)</b>

2014

Mail Logistics Other/eliminations Group

External revenues	9 371	15 028	5	24 404
Internal revenues	773	912	(1 686)	
<b>Total operating revenues</b>	<b>10 144</b>	<b>15 941</b>	<b>(1 681)</b>	<b>24 404</b>

External expenses including depreciation	7 661	13 946	1 864	23 471
Internal expenses	1 636	1 588	(3 224)	
<b>Operating expenses</b>	<b>9 297</b>	<b>15 534</b>	<b>(1 360)</b>	<b>23 471</b>

Write-downs	(3)	(278)		(282)
Restructuring expenses	11	(14)	(1)	(4)
(Gains)/losses on the sale of fixed assets and subsidiaries	66	4		71
Other non-recurring items		(1)		(1)
Share of profit or loss of investments accounted for using the equity method	(1)	9	118	126
<b>Earnings before interest and taxes</b>	<b>921</b>	<b>128</b>	<b>(205)</b>	<b>844</b>

Net financial items	(52)	157	(229)	(123)
Taxes				(271)
<b>Net income for the year</b>				<b>449</b>

2013

Mail Logistics Other/eliminations Group

External revenues	9 613	13 944		23 557
Internal revenues	872	997	(1 869)	
<b>Total operating revenues</b>	<b>10 485</b>	<b>14 941</b>	<b>(1 869)</b>	<b>23 557</b>

External expenses including depreciation	7 651	13 169	1 612	22 432
Internal expenses	1 692	1 536	(3 228)	
<b>Operating expenses</b>	<b>9 343</b>	<b>14 705</b>	<b>(1 616)</b>	<b>22 432</b>

Write-downs	(2)	(242)		(245)
Restructuring expenses	(14)	(23)		(30)

(Gains)/losses on the sale of fixed assets and subsidiaries	(2)	1	(1)
Other non-recurring items		(188)	(187)
Share of profit or loss of investments accounted for using the equity method	2	7	(31)
<b>Earnings before interest and taxes</b>	<b>1 125</b>	<b>(208)</b>	<b>(276)</b>
Net financial items	(50)	28	(22)
Taxes			(108)
<b>Net income for the year</b>			<b>512</b>

## Balance per segment

2015	Mail	Logistics	Other/eliminations	Group
Segment assets	4 317	10 996	(2 749)	12 564
Associated company and joint venture	20	361		381
Non-allocated assets				3 152
<b>Total assets</b>				<b>16 097</b>

Segment liabilities	3 205	4 264	(304)	7 164
Non-allocated liabilities				3 007
<b>Total liabilities</b>				<b>10 172</b>

2014	Mail	Logistics	Other/eliminations	Group
Segment assets	4 167	9 409	(1 573)	12 003
Associated company and joint venture	21	348	1 512	1 881
Non-allocated assets				2 493
<b>Total assets</b>				<b>16 377</b>

Segment liabilities	3 033	3 640	(31)	6 642
Non-allocated liabilities				3 531
<b>Total liabilities</b>				<b>10 172</b>

2013	Mail	Logistics	Other/eliminations	Group
Segment assets	4 550	8 793	(1 792)	11 552
Associated company and joint venture	21	338	1 494	1 853

Non-allocated assets				2 268
<b>Total assets</b>				<b>15 674</b>
Segment liabilities	3 032	3 509	(111)	6 430
Non-allocated liabilities				3 162
<b>Total liabilities</b>				<b>9 593</b>

## Investments per segment

2015	Mail	Logistics	Other	Group
Investments in fixed assets <sup>1)</sup>	91	965	103	1 159
Depreciation	377	412	(1)	788
Write-downs	3	382		385
2014	Mail	Logistics	Other	Group
Investments in fixed assets <sup>1)</sup>	161	741	179	1 081
Depreciation	405	388	(3)	790
Write-downs	3	278		282
2013	Mail	Logistics	Other	Group
Investments in fixed assets <sup>1)</sup>	106	827	159	1 092
Depreciation	435	318	(3)	750
Write-downs	2	242		245

<sup>1)</sup>Investments in fixed assets include neither the purchase of enterprises nor goodwill.

## Geographic information

	2015	2014	2013
<b>External revenues</b>			
Norway	15 452	16 209	15 840
Abroad <sup>1)</sup>	9 623	8 195	7 717



<b>Total revenues</b>	<b>25 074</b>	<b>24 404</b>	<b>23 557</b>
<hr/>			
<b>Assets</b>			
Norway	13 223	13 846	13 149
Abroad <sup>1)</sup>	2 874	2 531	2 525
<b>Total assets</b>	<b>16 097</b>	<b>16 377</b>	<b>15 674</b>
<hr/>			
<b>Investments during the period</b>			
Norway	929	918	823
Abroad <sup>1)</sup>	230	163	269
<b>Total investments</b>	<b>1 159</b>	<b>1 081</b>	<b>1 092</b>
<hr/>			

<sup>1)</sup>Abroad mainly comprises other Nordic countries.

# Note 2 Payroll Expenses and other remunerations

The note shows the Group's salary expenses for employees and expensed remunerations to the Group's Board, executives and auditors. Information about the Group's bonus and pension schemes for executives and the statement on executives' remunerations is also given in the note.

Posten Norge AS				Group		
2013	2014	2015		2015	2014	2013
(All amounts in MNOK)						
5 710	5 670	5 767	Salaries	7 884	7 673	7 738
752	749	760	National insurance contributions	1 218	1 165	1 173
346	379	359	Pension expenses	518	513	476
215	222	212	Other contributions	239	248	244
<b>7 023</b>	<b>7 020</b>	<b>7 098</b>	<b>Payroll expenses</b>	<b>9 859</b>	<b>9 600</b>	<b>9 631</b>

Posten Norge AS				Group		
2013	2014	2015		2015	2014	2013
(All amounts in TNOK)						
2 242	2 374	2 471	Board remuneration	2 515	2 399	2 423
1 571	1 524	1 654	Fee for financial audit	8 824	8 630	8 271
720	768	838	Fee for other assurance services	838	946	728
616	260	416	Fee for tax advisory services	692	836	1 892
611	1 431	575	Fee for other non-audit services	1 395	2 242	1 669
<b>5 760</b>	<b>6 357</b>	<b>5 953</b>	<b>Remuneration</b>	<b>14 263</b>	<b>15 054</b>	<b>14 982</b>

12 918	12 572	12 398	Number of full-time equivalent positions	18 189	18 104	19 022
14 348	14 042	13 440	Number of employees 31.12	19 895	19 804	20 676

1) The number of employees is the number of permanent and temporary employed individuals that generated salary expenses in December.

Social security tax on pensions is classified as pension expenses (details in [note 3](#)).

## Remunerations and fees

Auditor fees in 2015 mainly concerned the audit firm EY. NOK 511 000 of "Fees for other non-audit services" were fees to the audit firm BDO for services rendered for foreign subsidiaries.

## The Board of Directors

External board members did not have pension schemes or other benefits than board remuneration. Employee representatives only had pension schemes related to their employment in Posten Norge AS. The Annual General Meeting determines the remuneration to the Board of Directors of Posten Norge AS. The board fees for 2015 were approved in the Annual General Meeting on 11 June 2015, and the board members received the following remuneration in 2015:

(All amounts in NOK exclusive of social security tax)

Board of Directors	Remuneration		Remuneration
Idar Kreutzer, chairman of the board	420 504	Morten Karlsen Sørby (from 12.06.2015)	106 002
Randi B. Sætershagen, vice chairman of the board	310 254	Odd Christian Øverland, employee representative 1)	209 004
Terje Wold	204 000	Paul Gamlemshaug, employee representative (to 31.10.2015 1)	169 500
Gøril Hannås (to 11.06.2015)	119 001	Ann Elisabeth Wirgeness, employee representative 1)	204 000
Jørgen Randers (to 11.06.2015)	103 002	Siv Ryan Andersen, employee representative 1)	204 000
Anne Britt Berentsen	223 002	Tom Sørensen (deputy to 31.10.2015, employee representative from 01.11.2015) 1)	95 500
Tove Andersen (from 12.06.2015)	103 500		
	<b>Sum</b>		<b>2 471 269</b>

1) For employee representatives, the amounts only concern compensation for the board position stated.

An audit committee was established in December 2008 for Posten Norge AS. The Vice Chairman of the Board Randi Sætershagen, the board members Gøril Hannås and Anne Britt Berentsen participated in the audit committee in 2015 and received fees amounting to NOK 62 502, NOK 18 501 and NOK 19 002, respectively, for this work. A compensation committee was established in June 2003 for Posten Norge AS. The Chairman of the Board Idar Kreutzer and board members Jørgen Randers, Morten Karlsen Sørby and Odd Christian Øverland were members of the compensation committee in 2015, and received NOK 10 752, NOK 2 502 and NOK 5 004, respectively, in fees. The fee for 2015 is included in the remuneration specified above.

## Group management – compensation

Group management is defined as the persons with the authorisation and responsibility for planning and monitoring the enterprise's operations (Group management). Unless otherwise stated, the amounts below cover the entire year.

(All amounts in NOK exclusive of social security tax)

Group management	Basic pay 1)	Expensed bonus	Other benefits 2)	Pension cost	Period of notice	Severance
Dag Mejdell 3)	4 087 653	495 102	6 201	3 002 970	6 months	9 months
Gro Bakstad	2 684 059	310 070	6 201	1 601 055	6 months	No
Elisabeth H. Gjølme	2 030 050	157 538	6 201	690 784	6 months	9 months
Randi Løvland	1 826 912	207 306	185 961	259 025	6 months	9 months
Tore K. Nilsen	3 364 272	339 188	6 201	587 114	6 months	9 months
Tone Wille	2 389 070	220 500	6 201	357 677	6 months	No
Gunnar Henriksen	2 015 032	169 092	126 119	309 760	6 months	No
Thomaas Tscherning 4)	2 964 298	208 169	242	839 863	6 months	9 months
<b>Sum</b>	<b>21 361 345</b>	<b>2 106 965</b>	<b>343 325</b>	<b>7 648 247</b>		

1) Basic pay includes wages, car allowance, holiday pay and pension compensation.

2) Include company cars and electronic communication

3) Chief Executive Officer Dag Mejdall has a loan with Posten Norge AS, with an outstanding balance of NOK 642 858 as of 31 December 2015. The interest rate as of 31 December 2015 is 2,7%, and the loan runs until 27 June 2020.

4) Group director Thomas Tscherning has received his salary in Swedish kroner. Translated into Norwegian kroner with an average exchange rate for the year of 0,9571

## Bonus schemes

Posten Norge AS has a bonus program for the CEO and Group management. The scheme has two parts, one element based on the consolidated Group results and one on individual results. A bonus of up to 25% of the salary can be achieved. The final decision regarding bonuses is made by the board (the CEO for Group management). Bonuses are only paid to persons maintaining their positions as at 31 December.

In addition, Posten Norge AS has bonus-based remuneration for division management, regional management, other key personnel and sales staff. Bonus payments are based on defined Group and individual targets. Specific upper limits for bonus payments are defined in the different schemes.

The majority of the Group's subsidiaries have bonus schemes for executives connected to achieving results and/or individual criteria. In certain subsidiaries, sales personnel and other key personnel also have bonus-based pay, while others pay a productivity bonus to all employees.

## Pension schemes

Group management has the same pension schemes and pension terms as other employees in

the company (cf. item 5 under the Statement on the determination of salaries and other remuneration to executives in Posten Norge AS and Posten Norge AS' wholly owned subsidiaries).

There are exceptions for executives joining Group management before 31 December 2006. They have a defined benefit pension scheme of 66% based on operations with a retirement age of 65 for the CEO and 64 years for other executives. This scheme was closed on 31 December 2006.

New members of Group management after 31 December 2006 have a defined contribution scheme based on operations with annual contributions limited to 25% of the salary that exceeds the pensionable income over 12G in Norway. This scheme was closed in February 2015 for employees in Posten Norge AS and in October 2015 for employees in Norwegian subsidiaries.

### **Severance pay**

For the CEO there is an agreement to reduce severance pay against other income after three months. Severance pay agreements for members of Group management include clauses of curtailment against other income.

### **Statement on the determination of salaries and other remuneration to executives in Posten Norge AS and Posten Norge AS' wholly owned subsidiaries**

(Approved by the Board on 18 February 2016)

This statement is based on Guidelines for salaries and other remuneration to executives in state enterprises and companies (established by the Ministry of Trade and Fisheries effective from 13 February 2015) and has been prepared by the Board in accordance with the Articles of Association section 8, last paragraph, cf. the Public Limited Company Act section 6-16a.

The declaration will be reviewed in Posten Norge's Annual General Meeting. The declaration applies until either the Board repeals it or adopts a new declaration.

The declaration applies to the Group CEO and Group Executive Vice Presidents reporting to the Group CEO (Group Management) in Posten Norge AS. The statement correspondingly applies to the CEO and executives reporting to the CEOs in Posten Norge AS' wholly owned subsidiaries. This group is called "senior employees".

The declaration has two main parts. Part I deals with the executive remuneration policy that has been followed in the preceding financial year, cf. the Public Limited Companies Act section 6-16 a, first, third and fourth paragraphs. Part II contains guidelines for determining management salaries for the coming fiscal year, cf. the Public Limited Companies Act section 6-16 a, second paragraph. The guidelines in Part II apply in full when new agreements are made in the coming financial year, and shall otherwise be followed as far as possible within the framework of the agreements concluded upon earlier.

### **Implementation of new guidelines**

New guidelines for senior employees in Posten Norge AS and wholly owned subsidiaries became effective on 13 February 2015 as stated in Part II of this statements.

In 2015, the pension scheme of contribution for income over 12G was discontinued in Posten Norge AS and wholly owned Norwegian subsidiaries, and senior employees will not be offered such contribution. For senior employees who were members of the scheme, it will be carried on in their present employment.

For 2016, separate guidelines and routines have been established for following up salary levels and variable salaries also for senior employees in wholly owned subsidiaries.

### **Part I (policy for executive remuneration in the previous year)**

The fees in 2015 have been in accordance with Statement of salaries and other remuneration to executives in Posten Norge AS, adopted on 26 February 2015 (last year's statement).

No new employment contracts or severance pay agreements for senior employees have been made in Posten Norge AS in 2015.

The Board has not approved any long-term incentive scheme for senior employees in 2015, as the statement allows for.

Some agreements concluded before 31 March 2011 deviate from last year's statement about severance pay and last year's statement on retirement.

Notes 2 and 3 to the 2015 financial statements for Posten Norge AS include complete overviews of the remunerations. Last year's statement did not comprise Posten Norge AS' wholly owned subsidiaries.

### **Part II (policy for executive remuneration in the coming year)**

The guidelines in this Part II apply to Posten Norge AS. If not specifically stated in the text, the guidelines apply correspondingly for Posten Norge AS' wholly owned subsidiaries.

#### **1. The main principles for the executive remuneration policy**

The total remuneration, in the following is referred to as executive pay, shall be competitive, but not leading, compared to similar companies. The Board in each company shall have an overview of the total compensation for each executive.

Posten Norge AS shall be adequately informed and ensure that the statement of salaries are adhered to in all companies for which the statement applies.

#### **2. Elements of executive pay**

##### **2.1 Base salary**

The main element of executive pay shall be the fixed salary. The objective is to have competitive salaries without being a wage leader for the same type of positions.

To support the ongoing reviews of salary levels, market information about executive compensation shall be collected annually from a recognised international company with satisfactory statistics from Norway, Sweden and Denmark.

##### **2.2 Variable pay**

Individual agreements on variable pay with senior management can be made on the basis of performance, with an economic framework of up to six months' salary. A system of variable pay (bonus) must be transparent and clearly understandable.

The individual goals are set for one year at a time and should always be described and based on objective, definable and measurable criteria on which the manager can have an influence.

The basis for calculating the bonus shall comprise both common Group goals and individual goals for each manager. The objectives shall be linked to the results achieved within the following main categories: economic / financial goals, HSE (Health, Safety and Environment), the external environment, customers, strategy and the individual's professional responsibility.

The category economic /financial targets is calculated after achieving the established budget, and can be a common Group goal as well as an individual goal for each manager. Bonus targets shall always include the Group's return on invested capital (ROIC) and at least one HSE target.

The corporate goals in Posten Norge AS shall constitute between 60 and 100% of the bonus potential, and the individual targets between 0 and 40%. In wholly owned subsidiaries, the corporate goals shall constitute a minimum of 20% of the bonus potential.

Within the economic framework of six months, the Board in Posten Norge AS can, in addition, establish a long-term incentive plan that measures the added value over time.

### **2.3 Other benefits**

Senior employees may receive benefits in kind customary for comparable positions.

### **2.4 Insurance**

Senior employees shall have the same level of insurance coverage as other employees.

### **2.5 Severance pay**

Advance agreements can be made about a reasonable amount of severance pay for senior employees in Posten Norge AS, taking effect if the employee does not contest the notice.

Total severance compensation on retirement shall not exceed 12 months' salary. Severance pay should be reduced proportionately with new annual income (calculated from the period of notice).

Severance pay is not applicable for voluntary resignations. Severance is not used if there are valid reasons for dismissal or if irregularities or omissions that may lead to liability or prosecution for offenses for the individual are discovered in the period.

## **3. Share options and programs**

Senior employees shall not receive compensation in the form of share options or shares in the parent company or subsidiaries, or a cash bonus linked to an assessed value growth of the share.

## **4. Board remuneration**

Senior employees shall not receive special compensation for board positions in other Group companies.

## **5. Pension benefits**

Senior employees shall be members of the same pension scheme and have the same pension terms as other employees in the company. Posten Norge AS and the Norwegian wholly owned subsidiaries shall have defined contribution schemes, where the pension basis shall not exceed 12G. For foreign wholly owned subsidiaries, the individual national rules and practice shall be followed

The employer's payments to the contribution scheme shall be made only in the period of employment, preventing costs to incur after a senior employee has resigned from his/her position in the company.



# Note 3 Pensions

The Group has both defined contribution and defined benefit plans. The defined benefit schemes are predictable for the employee and characterised by the fact that the payments have been agreed in advance. The premium payments depend on factors like the members' service time, age and salary level. In the contribution schemes, the payments are determined as a percentage of the employee's salary. The size of the pension assets determines how much pension the employee is entitled to, and as a consequence, the employees have the return risk on what has been paid into the scheme. The majority of the Group's pension schemes are based on contribution

More information is available in section 3 «Accounting estimates» and section 8 «Pensions» in the Group's accounting principles.

Posten Norge AS				Group		
2013	2014	2015		2015	2014	2013
			<b>Pension costs:</b>			
119	131	66	Present value of the pensions earned for the year	74	171	145
			Administration costs			1
29	34	19	Net interest expense on net liabilities	27	40	36
			Plan changes recognised in the income statement		(5)	(5)
<b>149</b>	<b>164</b>	<b>84</b>	<b>Gross pension cost incl. social security tax (benefit based)</b>	<b>101</b>	<b>206</b>	<b>176</b>
(2)	(2)	(1)	Employees' 2% contribution	(1)	(2)	(2)
(26)	(29)	(16)	Interest element reclassified to finance item	(24)	(37)	(33)
<b>121</b>	<b>132</b>	<b>67</b>	<b>Net pension cost incl. social security tax (benefit based)</b>	<b>75</b>	<b>167</b>	<b>142</b>
330	352	400	Defined contribution pension schemes	556	456	445
(105)	(105)	(108)	Employee contributions to defined contribution pension schemes	(113)	(110)	(110)
<b>346</b>	<b>379</b>	<b>359</b>	<b>Total pension expenses included in operating profit for the year</b>	<b>518</b>	<b>513</b>	<b>476</b>
			<b>Net pension liabilities:</b>			
(26)	(27)	(25)	Estimated accrued secured liabilities	(481)	(502)	(420)
21	22	22	Estimated value of the pension assets	264	246	227
<b>(5)</b>	<b>(5)</b>	<b>(4)</b>	<b>Net estimated secured pension (liabilities)/assets</b>	<b>(216)</b>	<b>(256)</b>	<b>(192)</b>
(861)	(874)	(782)	Estimated accrued unsecured pension liabilities	(802)	(895)	(881)
<b>(866)</b>	<b>(880)</b>	<b>(786)</b>	<b>Net estimated pension (liabilities)/assets in the balance</b>	<b>(1 017)</b>	<b>(1 150)</b>	<b>(1 073)</b>

## sheet

			Pension funds recognised as financial non-current assets	2	2	
(866)	(880)	(786)	Pension liabilities recognised as provisions for liabilities	(1 019)	(1 152)	(1 073)

## Changes in liabilities:

(828)	(866)	(880)	Net (liabilities) assets at 01.01.	(1 150)	(1 073)	(1 038)
(149)	(164)	(84)	Gross pension expenses	(101)	(206)	(167)
132	144	150	Premium payments and benefits paid	161	189	150
2	3	1	Contributions from scheme members	1	3	2
			Adjustment of previous period's pension liabilities	6	(2)	1
(22)	3	27	Changes in pension estimates recognised in total comprehensive income	87	(56)	(1)
			Translation differences	(21)	(5)	(19)
(866)	(880)	(786)	<b>Net pension (liabilities)/assets at 31.12.</b>	<b>(1 017)</b>	<b>(1 150)</b>	<b>(1 073)</b>

## The main categories of pension assets at fair value:

2	2	1	Equity instruments (shares, bonds)	124	109	90
16	16	17	Debt instruments	108	104	108
2	2	3	Property	22	19	20
1	1	1	Other assets	11	14	10
<b>21</b>	<b>22</b>	<b>22</b>	<b>Total pension assets</b>	<b>264</b>	<b>246</b>	<b>227</b>

## 398 Losses/(gains) on pension estimates at 31.12. 494

16	Changes in discount rate, pension liabilities	29
30	Changes in other financial assumptions, pension liabilities	56
(14)	Changes in demographic assumptions, pension liabilities	(10)
(6)	Changes in other factors, pension liabilities	14
1	Changes in other factors, pension assets	

## 27 Total 87

## 425 Losses/(gains) on pension total in other comprehensive income at 31.12. 582

## Defined contribution pension schemes

18 125	17 671	17 728	Number of members	22 474	22 487	23 818
5-8%	5-13%	5-20%	Share of salary	1-30%	1-30%	1-30%

### Defined benefit pension schemes

#### Actuarial assumptions:

4,0%	2,3%	2,5%	Discount rate	2,5%	2,3%	4,0%
3,75%	2,75%	2,5%	Expected salary regulation	2,5-3,2%	2-3,2%	3,75%
3,5%	2,5%	2,25%	Expected G regulation	2,25%	2,5-2,75%	3,5%
2,5-3,25%	1,75-2,5%	1,5-2,25%	Expected pension regulation	1,5-2,25%	1,5-5,0%	0,6-4,0%
4,4%	2,3%	2,5%	Expected yield	2,5%	2,3%	4,0-5,0%
8%	4,7%	3,5%	Expected voluntary retirement (below 50 years)	2-3,5%	2-12,6%	2-12,6%
2,5%	1,8%	1,5%	Expected voluntary retirement (over 50 years)	1,5-2%	1,5-2,58%	1,5-2,58%
50%	35-50%	35-50%	Expected use of AFP	35-50%	35-50%	50%
K2013	K2013	K2013	Demographic assumptions on mortality rate	K2013	K2013	K2013

### Defined contribution schemes

#### Group

The Group has defined contribution schemes for most of the employees in Norway, Sweden and Denmark, and the premium is expensed when incurred.

Some companies in the Group's Swedish operations had defined benefit schemes, ITP2, which, pursuant to IAS 19, do not qualify for recognition in the balance sheet. In accordance with Swedish rules, the pension liability is covered by a capital insurance and accounted for as a contribution scheme in the consolidated financial statements.

The defined contribution pension plans in Sweden and Denmark had variable contribution rates based on different calculation bases and rate ranges. In Sweden, as an example, the calculation basis for some employees is a so-called "income base amount" (IBB). In 2015, this constituted 58 100 Swedish kroner.

The contribution amounts were calculated in three intervals with a low rate from an annual salary of 0-7,5 IBB, the next interval 7,5-20 and a high rate of 20-30 IBB. This shall result in yields of 10%, 65% and 32,5%, respectively, of the annual salary.

#### Posten Norge AS

The bulk of the parent company's pension costs concern contribution pension and disability pension, annually expensed in the income statement by the amount paid to the pension supplier.

The contribution rates in 2013 and the first half-year of 2014 were 5.0% for salaries between 1 - 6G (the national insurance basic amount) and 8% for salaries between 6 - 12 G. From 1 July

2014, the contribution rates were 5% for salaries between 0 to 7,1G and 13% for salaries in the range

7 - 12G, and from 1 July 2015, the rates were increased from 13% to 20% for salaries between 7,1G and 12G. Employees contribute to the pension scheme through salary deductions.

### **The AFP (early retirement) scheme**

#### *Group*

On 1 November 2011, the parent company and most of the Norwegian subsidiaries transferred to a new AFP scheme (the joint scheme for AFP in the private sector). The new AFP scheme is a multiple company plan considered to be a defined benefit plan. For the time being, however, there is not adequate information available to measure the pension obligation in a reliable manner, and the scheme is therefore accounted for as a contribution plan. Some provisions related to AFP have been reversed in 2015 and thereby reduced the pension cost for the year.

Employees still being members of the Norwegian Public Service Pension Fund (SPK) have kept their rights in accordance with the AFP scheme in the public sector.

### **Defined benefit schemes**

#### *Group*

The parent company and a few subsidiaries have defined benefit pension plans. Some of these schemes are nevertheless presented as contribution plans and expensed on a current basis. Pension funds in the Group basically relate to benefit schemes for companies in the Bring Cargo Group and Bring Frigo AB.

#### *Posten Norge AS*

The bulk of the parent company's benefit schemes is related to the fact that Posten withdrew from the Norwegian Public Service Pension Fund, and those employed at the date of the transition have become entitled to various compensation and guarantee schemes.

A disability pension has been introduced which provides benefits corresponding to 66% of the employee's pay without a paid-up policy accrual, and Posten Norge also has significant obligations concerning salaries in excess of 12G. Pension obligations related to salaries in excess of 12G and early retirement pension are financed by the company's operations.

Posten Norge's defined benefit pension schemes are in accordance with the legislation on company pensions, and the pension funds are managed by life insurance companies. Posten Norge's benefit pension schemes were closed on 31 December 2005, with the exception of plans for senior employees that were closed on 31 December 2006. Consequently, the liabilities connected with most of the schemes will be terminated over time.

### **Assumptions**

From 2015, changes have been made to the financial assumptions, basically in accordance with recommendations from the Norwegian Accounting Standards Board (NRS). Posten Norge

uses covered bonds (OMF) as its basis for the discount rate, and set the rate to 2,5% in 2015 against 2,3% in 2014. This interest was 0,2 percentage points lower than the recommendation from NRS, as it was considered to give a better estimate of the obligation, in view of the relatively short horizon for payments that exist for the schemes.

A new mortality rate table (K2013) was used when estimating the liability as of 31 December 2013. For Posten Norge, the change in the table increased the actuarial loss of MNOK 50 recognised in other comprehensive income, constituting 76% of the net actuarial loss in 2013. For the Group, the estimated reduction in equity as a consequence of the change in mortality table was estimated to MNOK 54.

The subsidiaries have principally applied the same long-term economic assumptions for benefit schemes as the parent company, but they are adjusted for country-specific macro-economic circumstances.

The general retirement age for the Norwegian employees is 67 years.

### Sensitivity

The table below shows estimates for possible effect of changes in some assumptions for defined benefit pension schemes. The estimates are based on facts and circumstances as at 31 December 2015 with the assumption that all other premises are unchanged. The actual figures can deviate significantly from these estimates.

	Discount rate		Pension regulation		Voluntary retirement	
Change (percentage points)	+1%	-1%	+1%	-1%	+1%	-1%
Change in pension obligation	-14%	17%	5%	-4%	-4%	4%

# Note 4 Other operating expenses

Other operating expenses are cost not directly related to the sale of goods and services, salaries and personnel costs or depreciation/write-downs.

Posten Norge AS				Group		
2013	2014	2015		2015	2014	2013
936	880	870	Cost of premises	1 161	1 165	1 247
295	264	283	Other rental expenses	365	372	399
717	753	587	IT services	627	828	843
196	193	200	Other external services	439	382	361
95	92	106	Tools, fixtures, operating materials	138	123	130
70	72	84	Repair and maintenance of equipment	118	112	102
81	79	82	Travel expenses	188	177	169
37	36	39	Telephone	187	176	92
111	103	100	Marketing	117	124	134
36	34	51	Insurance, guarantee and compensation expenses	113	85	86
41	37	38	Accounting and payroll services	44	46	48
74	102	115	Other expenses	317	317	229
<b>2 689</b>	<b>2 645</b>	<b>2 554</b>	<b>Totalt operating expenses</b>	<b>3 814</b>	<b>3 907</b>	<b>3 840</b>

## Group

In addition to costs related to premises and other rental expenses, the most significant part of the Group's other operating expenses concerns IT services. The decrease in IT services is due to lower project activities and new contracts (operations and administration). The reason for the increased other external services is to a large degree more use of temporary staff and consultants in the Group. The increase in insurance, guarantee and compensation expenses is a result of increased volumes and that the production is now taking place in the Group's own network.

## Posten Norge AS

Posten Norge AS has significant costs related to premises and leases. The reduction in these costs is mainly a consequence of the closure of post offices. The parent company has substantial IT costs in line with the changes in the Group, as described above. The domestic groupage and part loads activities in Bring Cargo AS were transferred to Posten Norge AS in 2015, and this has generally increased costs in the parent company, with the exception of IT costs. The increase in other expenses mainly constitutes losses on receivables.

# Note 5 Other income and expenses

Other income and expenses comprise significant income and costs that are non-recurring, and includes restructuring costs and gain and loss at the sale of fixed assets (details in section 3 "Accounting estimates" and section 14 "Provisions" in the Groups accounting principles).

Posten Norge AS				Group		
2013	2014	2015		2015	2014	2013
(16)	12	(55)	Restructuring expenses	(104)	(4)	(30)
(5)	80	249	Gain/(loss) on sale of fixed assets	8	71	(1)
(262)	(217)	(767)	Other income/(expense)	(211)	(1)	(187)
<b>(283)</b>	<b>(125)</b>	<b>(574)</b>	<b>Total other income and (expenses)</b>	<b>(307)</b>	<b>66</b>	<b>(218)</b>

## Restructuring expenses

The restructuring expenses include restructuring costs and severance pay.

### Group

In 2015, the Group made a provision of MNOK 109 for restructuring costs and reversed the previous years' provision of MNOK 5. The corresponding provision in 2014 amounted to MNOK 41 MNOK 55 in 2013. MNOK 95 of the provision of MNOK 119 concerned personnel initiatives and MNOK 13 premises. The provisions were basically made in Posten Norge AS, Cargo Inrikes AB, Bring Cargo International AB and Bring Frigo Sverige AB. Total provisions for restructuring are shown in [note 11](#).

### Posten Norge AS

In 2015, Posten Norge AS had a provision for restructuring costs of MNOK 60, and reversed provisions from the previous year of MNOK 5. The corresponding provision in 2014 amounted to MNOK 25 and in 2013 MNOK 41. The provision of MNOK 60 concerned personnel initiatives.

## Gain/loss on the sale of fixed assets

### Group

The sale of fixed assets concerned disposals.

### Posten Norge AS

Posten Norge AS sold their shares in EVRY ASA in 2015, with a gain of MNOK 249 for the parent company and MNOK 219 for the Group. In the Group, the gain was classified as income from associated company ([note 10](#)).

## Other income and expenses

## *Group*

Other income and expenses in 2015 and 2013 mainly concerned onerous contracts in connection with a market regulation of rental contracts in the Logistics segment. On 31 December 2015, an agreement on the sale of the thermo warehousing business in Denmark was made, where the terms demonstrate that the market rent level in Denmark is lower than expected. There was a need for providing for additional losses in 2015, as the sale did not include the transfer of the lease contracts.

I 2015, Other expenses also included costs related to a settlement with the logistics company DB Schenker. In 2010, DB Schenker made a claim for compensation against Posten Norge in connection with the ESA case about former exclusivity clauses in the Post in Store agreements from 2000 until 2006. The settlement was signed in July 2015

## *Posten Norge AS*

In 2015, Other income and expenses mainly concerned write-downs of shares in subsidiaries, of which the most significant amounts were MNOK 282 in Bring Cargo International AB, MNOK 202 in Bring Frigo AB and MNOK 200 in Bring Cargo Inrikes AB. [Note 10](#) has more details. Other income and expenses in 2014 and 2013 also concerned write-downs of shares in subsidiaries.

In addition to write-downs of shares, Other expenses in 2015 included costs related to a settlement with the logistics company DB Schenker as mentioned above.



# Note 6 Financial income and financial expenses

The note gives an overview of the Group's finance income and expenses, including income and costs related to the Group's financing, currency effects from receivables and debt in foreign currencies, in addition to gain and loss from financial derivatives (cf. also section 16 "Financial instruments" in the Group's accounting principles).

Posten Norge AS				Group		
2013	2014	2015		2015	2014	2013
69	74	65	Interest income from group companies			
110	60	44	Other interest income	50	67	128
161	117	235	Currency gains	321	175	199
120	293	181	Gains on derivatives	180	108	120
2	2	1	Other financial income	2	3	3
<b>462</b>	<b>546</b>	<b>525</b>	<b>Financial income</b>	<b>551</b>	<b>354</b>	<b>450</b>
21	25	19	Interest expenses to group companies			
		1	Interest expenses on financial leases	3	3	4
136	124	97	Other interest expenses	98	132	145
117	102	173	Currency losses	265	158	162
153	272	208	Losses on derivatives	66	78	12
120	61	158	Losses on loans at fair value through profit <sup>1)</sup>	158	61	120
21	20	23	Other financial expenses	50	45	29
<b>568</b>	<b>603</b>	<b>678</b>	<b>Financial expenses</b>	<b>639</b>	<b>477</b>	<b>472</b>

1) Value change on loan in Japanese yen, where a "fair value option" has been applied, corresponds to value changes in combined interest and currency swaps recognised as "gain on derivatives". Details are given in [note 19](#).

## Group

Other interest income in 2015 included MNOK 12 in net value increase on current market investments.

Other interest expenses in 2015 included interest costs on net pension obligations constituting MNOK 25 for the Group.

Other finance expenses in the Group were primarily interest costs related to long-term financing.

[Note 18](#) has details on the Group's financial risk and capital management.

### *Posten Norge AS*

The comments for the Group concerning other interest income are considered adequate also for Posten Norge AS.

Other interest expenses for 2015 included interest costs on net pension obligations constituting MNOK16 for Posten Norge AS.

Other interest expenses in Posten Norge AS primarily concerned interest costs related to long term financing.

# Note 7 Taxes

The note accounts for the authorities' taxation of the profit in the Group companies. The tax expense is calculated on the basis of the accounting result and is split into the period's tax payable and change in deferred tax/deferred tax assets. Deferred tax liabilities/assets arise when the accounting and taxable accruals differ (cf. also section 3 "Accounting estimates" and section 9 "Tax expense" in the Group's accounting principles).

Posten Norge AS				Group		
2013	2014	2015		2015	2014	2013
<b>INCOME TAXES</b>						
45	105	67	Tax payable	159	203	107
(13)	59	41	Changes in deferred tax (deferred tax asset)	53	68	1
<b>32</b>	<b>163</b>	<b>107</b>	<b>Tax expense</b>	<b>212</b>	<b>271</b>	<b>108</b>
194	93	67	Tax payable for the year	160	189	249
2			Adjustments previous years	(1)	7	(2)
(151)	12		Other		7	(140)
<b>45</b>	<b>105</b>	<b>67</b>	<b>Tax payable</b>	<b>159</b>	<b>203</b>	<b>107</b>
<b>7%</b>	<b>33%</b>	<b>-76%</b>	<b>Effective tax rate</b>	<b>140%</b>	<b>38%</b>	<b>17%</b>

## Reconciliation of the effective tax rate with the Norwegian tax rate:

469	496	(140)	Earnings before tax	151	720	619
131	134	(38)	27% tax	41	194	173
			Write-downs of goodwill	97	66	32
78	63	196	Other non-deductible expenses	15	10	44
(11)	(33)	(68)	Non-taxable income	(75)	(46)	(6)
			Effect from tax rates in other countries	18	12	11
(5)		16	Effect of changes in tax rate	24	2	(4)
			Adjustments previous years	(4)	4	(4)
			Not-recognised deferred tax asset	103	42	(2)
(162)			Other	(7)	(13)	(136)
<b>32</b>	<b>163</b>	<b>107</b>	<b>Tax expense</b>	<b>212</b>	<b>271</b>	<b>108</b>

Posten Norge AS				Group		
2013	2014	2015		2015	2014	2013

## Changes in deferred tax recorded directly in other

comprehensive income					
(6)	1	7	Actuarial gains and losses	21	(13) (2)
			Translation differences from hedging of investments in foreign entities	(38)	(3) (38)
2	1	5	Cash flow hedging	5	1 2
20		5	Effect of change in tax rate	(1)	20
<b>16</b>	<b>2</b>	<b>17</b>	<b>Total</b>	<b>(12)</b>	<b>(15) (19)</b>

## Group

The increase in effective tax rate compared to last year, from 38% to 140% for the Group, is mainly due to a write-down of goodwill and increase in deferred tax assets not recognised in the balance sheet in Swedish subsidiaries. The effect is to some extent offset of tax-free income, mostly related to the sale of shares. In addition, the tax expense has increased as a consequence of a reduced tax rate, principally in Norway. The effect of the changed tax rate recognised in the Group result is MNOK 24

## Posten Norge AS

The effective tax rate was negative by 76%. This is due to permanent differences related to the write-down of shares and other financial non-current assets, in addition to tax-free gain at the sale of shares. The tax expense has also increased as a consequence of the reduced tax rate to 25% in Norway. This is effective from 2016 and taken into consideration in the calculation of deferred tax assets. The effect of the changed tax rate recognised in the income statement amounts to MNOK 16.

## Changes in deferred tax/tax asset

Group

	01.01.2015	Additions subsidiaries	Recognised in equity	Recognised in income statement	Other	Translation differences	Effect of change in tax rate	31.12.2015
Tangible fixed assets	27	1	1	(2)		2	1	29
Retained gains and losses	1			(27)			2	(24)
Receivables	(4)							(3)
Inventories	(1)							
Currency	12			20			(2)	30
Pensions	(283)		22	20		(4)	16	(229)
Contribution fund	39			(14)			(2)	23
Provisions	(59)			(67)		(1)	9	(120)
Financial instruments	(50)		(33)	42			3	(43)
Other	(14)			18		1		7
Tax losses carried forward	(348)	(1)	10	(62)		(26)	2	(425)
<b>Total deferred tax/(tax asset)</b>	<b>(682)</b>	<b>1</b>	<b>1</b>	<b>(73)</b>		<b>(28)</b>	<b>29</b>	<b>(754)</b>
Total not-recognised in balance sheet	262		(3)	103		19	(5)	375
<b>Total deferred</b>	<b>(420)</b>	<b>1</b>	<b>(2)</b>	<b>29</b>		<b>(9)</b>	<b>23</b>	<b>(379)</b>

## tax/(tax asset)

### Posten Norge AS

	01.01.2015	Recognised in equity	Recognised in income statement	Other	Effect of change in tax rate	31.12.2015
Tangible fixed assets	(34)		20		1	(13)
Retained gains and losses	3		(1)			2
Receivables	(2)		(8)		1	(8)
Inventories	(1)					
Currency	12		20		(2)	30
Pensions	(238)	7	18		16	(196)
Contribution fund	39		(14)		(2)	23
Provisions	(31)		(31)		5	(58)
Financial instruments	(51)	5	(1)		4	(43)
Other	(20)		20			
<b>Total deferred tax/(tax asset)</b>	<b>(323)</b>	<b>12</b>	<b>24</b>		<b>21</b>	<b>(265)</b>

### Group

The ordinary corporate tax for companies domiciled in Norway was reduced from 27% to 25% with effect from 2016. The tax rate of 25% is the basis in the calculation of the value of deferred tax assets for the Group's Norwegian companies. This resulted in a reduction in deferred tax assets of MNOK 23.

The effect of the changed tax rate is related to the underlying assets recognised partly in the income statement and partly in other comprehensive income. The tax effect has been recognised correspondingly. The effect of the changed tax rate recognised in other comprehensive income of – 1 MNOK mainly concerns changes in pension estimates, offset by hedges in foreign subsidiaries.

Denmark has reduced its tax rate from 23,5% to 22% with effect from 2016. The Group's Danish companies have not recognised any deferred tax assets in their balance sheets, and the effect recognised in the income statement is insignificant.

Deferred tax assets not recognised mainly concerned losses to carry forward in Sweden and Denmark. The Group had a total of MNOK 425 in deferred tax assets related to losses carried forward as at 31 December 2015. There is no time limit connected with the losses. The losses to carry forward included in the basis for the deferred tax assets recognised in the balance sheet are based on expected future profits and opportunities for group contributions.

### Posten Norge AS

Deferred tax assets in Posten Norge AS have been reduced by MNOK 21 as a consequence of the reduced tax rate.

The effect of the changed tax rate is related to the underlying assets recognised partly in the income statement and partly in other comprehensive income. The tax effect has been recognised correspondingly. The effect of the changed tax rate recognised in other comprehensive income of 5 MNOK mainly concerns changes in pension estimates.

# Note 8 Intangible assets

Intangible assets are non-physical assets and mainly concern capitalised IT development, including specially adapted software and goodwill in connection with acquisitions of businesses. Intangible assets and goodwill are subject to significant estimation uncertainty (cf. also section 3 "Accounting estimates" and section 10 "Intangible assets" in the Group's accounting principles).

Group	In-house developed intangible assets		Purchased intangible assets			Total
	IT-development etc.	Projects in progress	IT-development etc.	Projects in progress	Goodwill	
Acquisition cost 01.01.2015	5		2 072	227	3 020	5 324
Accumulated amortisation and write-downs 01.01.2015	(4)		(1 733)		(867)	(2 604)
<b>Carrying amount 01.01.2015</b>	<b>1</b>		<b>339</b>	<b>227</b>	<b>2 153</b>	<b>2 720</b>
Additions	1	1	93	23		118
Additions through company acquisitions (Note 23 )					13	13
Amortisation for the year	(1)		(242)			(243)
Write-downs for the year					(360)	(360)
Adjustment of cost price/scraping			(2)			(2)
Translation differences			2		92	93
Transfers from projects in progress			183	(183)		
<b>Carrying amount 31.12.2015</b>	<b>1</b>	<b>1</b>	<b>372</b>	<b>66</b>	<b>1 898</b>	<b>2 339</b>
Acquisition cost 31.12.2015	7	1	2 345	66	3 372	5 790
Accumulated amortisation and write-downs 31.12.2015	(5)		(1 972)		(1 474)	(3 451)
<b>Carrying amount 31.12.2015</b>	<b>1</b>	<b>1</b>	<b>372</b>	<b>66</b>	<b>1 898</b>	<b>2 339</b>
Acquisition cost 01.01.2014	7		1 892	310	2 935	5 145
Accumulated amortisation and write-downs 01.01.2014	(6)		(1 356)	(206)	(604)	(2 172)
<b>Carrying amount 01.01.2014</b>	<b>2</b>		<b>537</b>	<b>103</b>	<b>2 331</b>	<b>2 973</b>
Additions			34	156		190
Disposals			(1)			(1)
Additions through company acquisitions (Note 23 )					52	52
Amortisation for the year	(1)		(263)			(264)
Write-downs for the year					(253)	(253)

Adjustment of cost price/scraping		(10)	10		
Translation differences				24	24
Transfers from projects in progress		43	(43)		
<b>Carrying amount 31.12.2014</b>	<b>1</b>	<b>339</b>	<b>227</b>	<b>2 153</b>	<b>2 720</b>
Acquisition cost 31.12.2014	5	2 072	227	3 020	5 324
Accumulated amortisation and write-downs 31.12.2014	(4)	(1 733)		(867)	(2 604)
<b>Carrying amount 31.12.2014</b>	<b>1</b>	<b>339</b>	<b>227</b>	<b>2 153</b>	<b>2 720</b>
Amortisation method	Straight line	Straight line			
Useful life	3-10 years	3-10 years			

Posten Norge AS	In-house developed intangible assets		Purchased intangible assets		
	IT-development etc.	Projects in progress	IT-development etc.	Projects in progress	Goodwill
Acquisition cost 01.01.2015			1 799	227	
Accumulated amortisation and write-downs 01.01.2015			(1 498)		
<b>Carrying amount 01.01.2015</b>			<b>302</b>	<b>227</b>	<b>528</b>
Additions			87	22	
Amortisation for the year			(224)		
Adjustment of cost price/scraping			(2)		
Intercompany transfers					441
Transfers from projects in progress			183	(183)	
<b>Carrying amount 31.12.2015</b>			<b>346</b>	<b>66</b>	<b>441</b>
Acquisition cost 31.12.2015			2 060	66	
Accumulated amortisation and write-downs 31.12.2015			(1 714)		
<b>Carrying amount 31.12.2015</b>			<b>346</b>	<b>66</b>	<b>441</b>
Acquisition cost 01.01.2014			1 607	287	
Accumulated amortisation and write-downs 01.01.2014			(1 121)	(187)	



<b>Carrying amount 01.01.2014</b>	<b>486</b>	<b>100</b>	<b>586</b>
Additions	31	156	186
Amortisation for the year	(244)		(244)
Adjustment of cost price/scraping	(10)	10	
Transfers from projects in progress	40	(40)	
<b>Carrying amount 31.12.2014</b>	<b>302</b>	<b>227</b>	<b>528</b>
Acquisition cost 31.12.2014	1 799	227	2 026
Accumulated amortisation and write-downs 31.12.2014	(1 498)		(1 498)
<b>Carrying amount 31.12.2014</b>	<b>302</b>	<b>227</b>	<b>528</b>
Amortisation method	Straight line	Straight line	
Useful life	3-10 years	3-10 years	

## IT development etc.

### Group

Total intangible assets related to IT development etc. recognised in the balance sheet at 31 December 2015 constituted MNOK 373, of which MNOK 346 concerned Posten Norge AS. A group-shared IT platform was capitalised by MNOK 84. MNOK 48 concerned Oracle E-business Suite, comprising solutions for a shared address register, response sending system, accounting and salary systems, as well as an HR and order system. The program also includes a new route register which, together with the shared address register, will provide more automated and detailed route planning. The solution gives the Group an improved basis for managing and planning staffing levels and the distribution of mail and advertising in an efficient manner.

A development platform and shared client software for the use of handheld terminals amounting to MNOK 46 were recognised in the balance sheet, as well as a production support system for tracking and tracing parcels totalling MNOK 19. Also included in the balance sheet are several projects concerning web solutions aiming to make the mail handling and tracing of parcels and home deliveries more effective.

As part of Posten Norge's adaptation of services to new user needs, a solution for a secure digital postal system, Digipost, has been developed. At year end, it had 587 000 users and was capitalised at MNOK 36.

For intangible assets that have a finite useful economic life, the amortisation period for the Group was 3-10 years in 2015 (3-10 years in 2014 and 2013), depending on the useful economic life of each individual component based on an individual assessment. In the income statement, the amortisation for the year is presented on the line for depreciation and amortisation.

## Posten Norge AS

The information for the Group primarily concerns Posten Norge AS.

### Projects in progress

#### Group

Projects in progress at 31 December 2015 amounted to MNOK 67, of which approximately MNOK 52 concerned a project for a group-shared transformation program to support line management in their efforts to achieve the Group's strategic and operating goals. The program comprises several IT investments that in total shall contribute to give the Group an improved basis for its operations.

## Posten Norge AS

The information for the Group primarily concerns Posten Norge AS.

### Impairment of IT development etc. and projects in progress

Impairment costs are presented on the line for write-downs in the income statement.

No impairment was recognised in 2015 or 2014 for IT development etc. or projects in progress. The write-downs in 2013 of MNOK 123 mainly concerned a system for the planning and managing of transport activities that will be replaced by other transportation systems in the future.

### Goodwill

#### Group

Goodwill is allocated to cash-generating units based on an assessment of cash flows related to the business or business group (operating segment) to which the goodwill pertains. If the cash flows are independent of cash flows related to other entities, the individual entity comprises the cash-generating unit, and if not, goodwill is allocated to a valuation unit at a higher level. Goodwill in the Group is summarised below.

#### Group

	Carrying amount 01.01.15	Additions	Intercompany transfers	Write-downs	Translation differences	Carrying amount 31.12.15
Bring Dialog Norge	45					45
Bring Mail Nordic	25				2	28
<b>Total Mail Segment</b>	<b>71</b>				<b>2</b>	<b>73</b>
Posten Norge AS – Logistics division			441			441
Bring Express Norge	60		122			182
Bring Express Norden	217		(122)	(9)	9	94

Bring Warehousing	64				64
Bring Cargo	729		(435)	4	298
Bring Frigo Sverige	466	12		(120)	398
Bring Frigo Norge	60				60
Bring Linehaul	8	1			10
Bring Cargo Inrikes	39			4	42
Bring Cargo International	428			(231)	230
Bring Gudbrandsdalen	13		(6)		6
<b>Total Logistics Segment</b>	<b>2 082</b>	<b>13</b>		<b>(360)</b>	<b>1 825</b>
<b>Total Group</b>	<b>2 153</b>	<b>13</b>		<b>(360)</b>	<b>1 898</b>

## Additions goodwill

The addition of MNOK 441 in Posten Norge AS concerned intercompany transfers from Bring Cargo and Bring Gudbrandsdalen. Details on acquisitions and disposals of companies, together with other changes in the Group structure, are given in [note 23](#).

## Impairment of goodwill

Impairment costs are presented on the line for write-downs in the income statement.

Goodwill is subject to annual impairment tests. If there are any indications of impairment during the year, goodwill is tested when these indications occurs. The Group uses the value in use as the recoverable amount for goodwill.

## Forecasts

Future cash flows are calculated on the basis of estimated results (forecasts and long-term plans) over a period of three years, adjusted for depreciation, investments and changes in working capital. Forecasts and long-term plans for group entities are prepared by local management based on the most recent available general economic indicators and market expectations, considered against strategic goals, historical results and other factors. Final forecasts are approved by Group management.

The Mail segment is characterised by a decline in volume of letters, some increased price pressure and efficiency efforts in production and distribution. Significant cost elements are salaries and external service and operating expenses that are affected by price negotiations and inflation. In the Logistics segment, profit margins are characterised by strong competition and inflation. Significant cost elements are external service costs that are affected by price negotiations and inflation. The Group is sensitive to fluctuations in market trends in Norway and the Nordic countries, especially related to the Logistics segment. This is reflected in the growth rates of the Group entities.

## Other assumptions (growth and discount rate)

The extrapolation period contains a projection of cash flows after the forecast period, using a constant growth rate. The growth rate per segment is stated in the table below. Growth rates

do not exceed the long-term average rate in the areas where the Group operates.

The present value of future cash flows is calculated using a weighted average cost of capital for each segment before tax. The required rate of return for equity is calculated by using the capital asset pricing model (CAPM). The required rate of return for debt is estimated on the basis of a long-term risk-free interest with the addition of a credit margin derived from the Group's marginal long-term interest rate on loans. The Group's required rate of return per segment is assessed each year for significant changes in factors that affect the requirement. The Group mainly operates in the Norwegian and Swedish markets with cash flows in Norwegian and Swedish Kroner. The required rate of return per segment is stated in the table below.

### Overview of goodwill and key assumptions per segment

Segment	Goodwill	Discount rate before tax (WACC):			Long-term growth rate:		
		2015	2014	2013	2015	2014	2013
Mail	73	8,5%	8,2%	8,7%	0 - 2%	0 - 2%	0 - 2%
Logistics	1 825	9,1%	8,7%	9,2%	2%	2%	0 - 2%
<b>Total Group</b>	<b>1 898</b>						

### Results from impairment tests in 2015

Based on the criteria described above, a total impairment loss of MNOK 360 concerning goodwill in the Logistics segment was recognised in 2015 (MNOK 253 in 2014 and MNOK 117 in 2013).

The growth in volume in the Swedish market has not been as expected, after the finance crisis in 2008/2009, when the Group acquired the businesses presently being part of Bring Frigo Sverige and Bring Cargo International. In addition, the competitive situation is considered to be more demanding.

As a consequence of a weaker market development and a more demanding competition implying challenges to win profitable market shares, a write-down of goodwill related to Bring Frigo Sverige totalling MSEK 117 was recognised.

An impairment loss of MSEK 226 concerning goodwill in Bring Cargo International was recognised, also a consequence of the weak market development and competitive situation in the market for international transports. In addition, Bring Cargo International is exposed to the market in Europe in general and in Greece especially. This implies that the future expected growth and profitability development is weaker than previously assumed.

In addition, an impairment loss of MDKK 7 related to goodwill in Bring Express Danmark was recognised as a consequence of profitability challenges the last years.

No additional impairment losses have been identified and recognised for other goodwill items as of 31 December 2015.

## Sensitivity analyses

Sensitivity analyses have been performed for those cash generating units where the difference between the carrying amount and value in use is low. This concerns Bring Frigo Sverige, Bring Cargo International and Bring Express Danmark, and for these adjustments in key assumptions like growth, required rate of return and margins have been analysed. The result are summarised below.

### Sensitivity in growth rates:

Changed assumptions	Additional write-downs		
Long term growth rate	Bring Frigo Sweden	Bring Cargo International	Bring Express Danmark
1,0%	(97)	(33)	(4)
0,0%	(173)	(59)	(7)

### Sensitivity in discount rates:

Changed assumptions	Additional write-downs		
Discount rate Logistics segment	Bring Frigo Sweden	Bring Cargo International	Bring Express Danmark
9,6%	(46)	(22)	(3)
10,1%	(85)	(41)	(5)

### Sensitivity in margins:

Changed assumptions	Additional write-downs		
Forecasted EBIT	Bring Frigo Sweden	Bring Cargo International	Bring Express Danmark
Decrease of 5%	(41)	(17)	(2)
Decrease of 10%	(83)	(34)	(4)
Decrease of 15%	(124)	(51)	(6)

# Note 9 Tangible fixed assets

Tangible fixed assets comprise various types of property and operating equipment needed for the type of business conducted by the Group. The largest values are represented by mail and logistics terminals (cf. also section 11 "Tangible fixed assets" in the Group's accounting principles).

Group

	Machinery	Vehicles, fixtures and fittings	Buildings, property	Machinery and facilities under constr	Buildings under constr	Total
Acquisition cost 01.01.2015	1 359	2 693	4 291	90	259	8 692
Accumulated depreciation and write-downs 01.01.2015	(953)	(1 419)	(1 406)			(3 778)
<b>Carrying amount 01.01.2015</b>	<b>406</b>	<b>1 274</b>	<b>2 884</b>	<b>90</b>	<b>259</b>	<b>4 914</b>
Additions	24	287	107	100	523	1 041
Disposals		(50)	(8)			(59)
Additions through company acquisitions (Note 23)		57	100		35	192
Depreciation for the year	(100)	(305)	(140)			(545)
Write-downs for the year		(19)	(6)			(25)
Adjustment of cost price/scraping		(10)				(10)
Intercompany transfers, additions/(disposals)	12	(12)				
Translation differences	4	33	27		2	66
Transfers from assets under construction	59	34	61	(94)	(60)	
<b>Carrying amount 31.12.2015</b>	<b>405</b>	<b>1 290</b>	<b>3 025</b>	<b>96</b>	<b>757</b>	<b>5 574</b>
Acquisition cost 31.12.2015	1 441	2 890	4 585	96	757	9 769
Accumulated depreciation and write-downs 31.12.2015	(1 036)	(1 600)	(1 560)			(4 195)
<b>Carrying amount 31.12.2015</b>	<b>405</b>	<b>1 290</b>	<b>3 025</b>	<b>96</b>	<b>757</b>	<b>5 574</b>
Acquisition cost 01.01.2014	1 432	2 483	4 403	21	27	8 366
Accumulated depreciation and write-downs 01.01.2014	(963)	(1 462)	(1 327)	(1)		(3 753)
<b>Carrying amount 01.01.2014</b>	<b>469</b>	<b>1 022</b>	<b>3 076</b>	<b>21</b>	<b>27</b>	<b>4 615</b>
Additions	41	424	15	139	272	891
Disposals		(34)				(35)
Additions through company acquisitions (Note 23)	3	84				87

Disposals through company sales (Note 23)		(2)	(96)			(98)
Depreciation for the year	(93)	(291)	(143)			(527)
Write-downs for the year		(11)	(16)			(27)
Adjustment of cost price/scraping		(14)	1			(13)
Intercompany transfers, additions/(disposals)	(16)	16				
Translation differences	1	15	7			24
Transfers from assets under construction	1	68	40	(69)	(40)	

<b>Carrying amount 31.12.2014</b>	<b>406</b>	<b>1 274</b>	<b>2 885</b>	<b>90</b>	<b>259</b>	<b>4 914</b>
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Acquisition cost 31.12.2014	1 359	2 693	4 291	90	259	8 692
Accumulated depreciation and write-downs 31.12.2014	(953)	(1 419)	(1 406)			(3 778)

<b>Carrying amount 31.12.2014</b>	<b>406</b>	<b>1 274</b>	<b>2 885</b>	<b>90</b>	<b>259</b>	<b>4 914</b>
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Depreciation method	Straight line	Straight line	Straight line
Useful life	4-20 years	1-15 years	5-50 years

Posten Norge AS

	Machinery	Vehicles, fixtures and fittings	Buildings, property	Machinery and facilities under constr	Buildings under construction	Total
Acquisition cost 01.01.2015	1 158	1 159	527	87	16	2 946
Accumulated depreciation and write-downs 01.01.2015	(827)	(677)	(271)			(1 775)
<b>Carrying amount 01.01.2015</b>	<b>331</b>	<b>482</b>	<b>256</b>	<b>87</b>	<b>16</b>	<b>1 172</b>
Additions	7	81	7	98	16	209
Disposals		(1)				(1)
Depreciation for the year	(85)	(123)	(13)			(221)
Write-downs for the year		(2)	(1)			(3)
Adjustment of cost price/scraping						(1)
Intercompany transfers			(215)			(214)
Transfers from assets under construction	57	34	27	(91)	(27)	
<b>Carrying amount 31.12.2015</b>	<b>310</b>	<b>471</b>	<b>61</b>	<b>94</b>	<b>6</b>	<b>941</b>

Acquisition cost 31.12.2015	1 194	1 210	172	94	6	2 676
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Accumulated depreciation and write-downs 31.12.2015	(885)	(739)	(112)			(1 736)
<b>Carrying amount 31.12.2015</b>	<b>310</b>	<b>471</b>	<b>61</b>	<b>94</b>	<b>6</b>	<b>941</b>
Acquisition cost 01.01.2014	1 231	1 046	525	17	12	2 832
Accumulated depreciation and write-downs 01.01.2014	(837)	(715)	(295)			(1 847)
<b>Carrying amount 01.01.2014</b>	<b>393</b>	<b>331</b>	<b>230</b>	<b>17</b>	<b>12</b>	<b>985</b>
Additions	18	180		136	48	381
Disposals		(1)				(1)
Depreciation for the year	(81)	(108)	(18)			(207)
Write-downs for the year		(2)	(1)			(3)
Intercompany transfers		16				16
Transfers from assets under construction	1	66	44	(67)	(44)	
<b>Carrying amount 31.12.2014</b>	<b>331</b>	<b>482</b>	<b>256</b>	<b>87</b>	<b>16</b>	<b>1 172</b>
Acquisition cost 31.12.2014	1 158	1 159	527	87	16	2 946
Accumulated depreciation and write-downs 31.12.2014	(827)	(677)	(271)			(1 775)
<b>Carrying amount 31.12.2014</b>	<b>331</b>	<b>482</b>	<b>256</b>	<b>87</b>	<b>16</b>	<b>1 172</b>
Depreciation method	Straight line	Straight line	Straight line			
Useful life	5-15 years	4-15 years	10-40 years			

## Additions of tangible fixed assets

### Group

Total additions of MNOK 1 041 in 2015 mainly concerned investments in buildings and property. The largest project was the building of a new logistics center at Alnabru in Oslo, amounting to appr. MNOK 500.

The Alnabru project is a co-location of the services parcels and freight and refrigerated and frozen transport at Alnabru. This involves the construction of a new production building for parcels, purchase of production equipment for parcels and freight as well as a new building and production facilities for thermos activities. In addition, the freight center (Postens Godssenter) shall be rebuilt and united with the new logistics center at Alnabru. Total investments including land are estimated to MNOK 1 740. A contract has been signed with Vedal AS for the construction of the logistics center at Alnabru. The remaining obligation at 31 December 2015 amounted to MNOK 212.



In purchasing Posten Eiendom Trondheim AS (prev. Kvenild Eiendom IV AS) in October 2015, the Group acquired a site to be used for developing Posten and Bring's logistics center in Trondheim. The estimated cost for the project is MNOK 450. A contract has been made with Veidekke Entreprenør AS. The remaining liabilities as of 31 December 2015 amount to MNOK 259.

Information on additions/sales of businesses is provided in [note 23](#).

#### *Posten Norge AS*

Out of total additions of MNOK 209 in 2015, approximately MNOK 50 concerned a new sorting plant connected with the new logistics center at Alnabru in Oslo.

Intercompany transfers (disposals) of MNOK 214 concerned a demerger of properties from Posten Norge AS to separate property companies.

#### **Other matters**

##### *Group*

#### **Interest on building loans**

Tangible fixed assets in the Group includes capitalised interest related to building loan, totalling MNOK 74 as of 31 December 2015 (MNOK 64 as of 31 December 2014 and MNOK 64 as of 31 December 2013). The balance as of 31 December 2015 was mainly related to the terminal at Robsrud and the new logistics center at Alnabru in Oslo.

#### **Insurance**

The Group has secured significant parts of the business and property by traditional insurance coverage. For cars, the Group has only statutory liability coverage. The Group is self-insured for the part concerning hull insurance.

#### **Finance leasing**

Information on finance leases is provided in [note 22](#).

# Note 10 Investments in subsidiaries, associates and joint ventures

Investments in associated companies and joint ventures are accounted for according to the equity method in the consolidated financial statements. In the company accounts of Posten Norge AS, investments in subsidiaries, associated company and joint venture are recognised at historical cost (cf. also section 12 "Investments in subsidiaries, associated companies and joint ventures" in the Group's accounting principles).

## Investments in associated companies and joint venture

Group Entity	Country/City	Ownership share	Book value 01.01.2015	Share of earnings 2015	Dividend 2015	Other adjustments	Book value 31.12.2015
Danske Fragtmænd A/S	Denmark	34%	332	12			345
Svensk Adressändring AB	Sweden	15%	8	2	(2)	(1)	6
AdressPoint AB	Sweden	15%	12	(9)	(1)	10	12
Bring Citymail Stockholm KB	Sweden	50%	1				1
Materiallageret AS	Spitsbergen	34%	8	1			8
Euroterminal - Blue	Denmark	50%	5				5
Water/Frigoscandia ApS							
Other			1				1
<b>Associated companies and joint venture</b>			<b>369</b>	<b>6</b>	<b>(3)</b>	<b>9</b>	<b>380</b>
EVERY ASA				239			
<b>Total Group</b>			<b>369</b>	<b>245</b>	<b>(3)</b>	<b>9</b>	<b>380</b>

## EVERY ASA

EVERY ASA was sold on 17 March 2015, and on the basis of this, the investment was reclassified to assets held for sale as of 31 December 2014. The sale gave a gain of MNOK 219 for the Group and MNOK 249 for Posten Norge AS. The profit share for 2015 including the gain on the sale constituted MNOK 239 in the Group.

Posten Norge AS' ownership share in EVERY ASA of 40% was recognised in the Group's balance sheet at the following values:

Year	Book value 01.01	Share of earnings 2014	Dividend	Other adjustments	Book value 31.12
2015	1 512	239		(1 751)	
2014	1 494	118	(43)	(57)	1 512

2013	1 520	(3)	(37)	43	1 494
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## Danske Fragtmænd A/S

Danske Fragtmænd AS is the largest logistics company for domestic transport of goods in Denmark. The ownership in Danske Fragtmænd is part of the Group's strategy to develop a leading position in the Nordic logistics market.

Posten Norge AS's ownership in Danske Fragtmænd AS of 34% was acquired in July 2013. The remaining shares in Danske Fragtmænd AS are owned by Fragtmænd Holding A/S, which in turn are owned by individuals operating as transport subcontractors for Danske Fragtmænd A/S. Posten Norge AS' ownership in Danske Fragtmænd A/S was recognised in the Group's balance sheet at the following values:

Year	Book value 01.01	Share of earnings 2014	Dividend	Other adjustments	Book value 31.12
2015	332	12			345
2014	324	8			332
2013		7		317	324

## Investments in associated companies and joint adventures

Posten Norge AS

Subsidiaries	Acquired/ established	Address	Primary activity	Ownership share 31.12.2015	Voting share 31.12.2015	Book value 31.12.2015
Bring Cargo AS	10.06.2004	Oslo	Transport	100%	100%	1 105
Bring Frigo AB	20.01.2006	Sweden	Transport	100%	100%	508
Bring Express AS	29.10.1997	Oslo	Exspress	100%	100%	257
Bring Express Norge AS	12.11.1997	Oslo	Exspress	100%	100%	400
Bring Warehousing AS	12.04.2000	Oslo	3P logistics	100%	100%	114
Bring Cargo Inrikes AB	30.11.2012	Sweden	Transport	100%	100%	24
Bring Frigo Norge AS	10.06.2004	Lørenskog	Transport	100%	100%	91
Bring Parcels AB	1999/2008	Sweden	Transport	100%	100%	91
Bring Linehaul AS	2000/2009	Jaren	Transport	100%	100%	37
Bring Denmark A/S	18.11.2010	Denmark	Transport	100%	100%	1
Bring Cargo International AB	23.03.2011	Sweden	Transport	100%	100%	259
Kirkestuen Transport AS	11.06.2014	Lom	Transport	100%	100%	19
Bring Citymail AB	01.05.2002	Sweden	Holding	100%	100%	16
Bring Citymail Sweden AB	01.05.2002	Sweden	Mail	100%	100%	19
Bring Mail Nordic AB	01.09.2005	Sweden	Mail	100%	100%	86
Bring Dialog Norge AS	01.11.2006	Oslo	Customer Relations	100%	100%	58
Posten Eiendom Svanholmen AS	11.04.2014	Oslo	Property	100%	100%	14

Posten Eiendom Kanalvegen AS	21.03.2006	Oslo	Property	100%	100%	121
Posten Eiendom Robsrud AS	08.06.2006	Oslo	Property	100%	100%	480
Posten Eiendom Alnabru AS	01.01.2008	Oslo	Property	100%	100%	57
Posten Eiendom AS	08.06.2006	Oslo	Property	100%	100%	
Posten Eiendom Skien AS	18.05.2011	Skien	Property	100%	100%	
Posten Eiendom Bodø AS	04.05.2015	Bodø	Property	100%	100%	
Posten Eiendom Molde AS	04.05.2015	Molde	Property	100%	100%	
Posten Eiendom Trondheim AS	01.11.2015	Trondheim	Property	100%	100%	
Bring AS	08.03.2005	Oslo	None	100%	100%	
Bring Norden AB	07.06.2011	Sweden	Logistics	100%	100%	1

### Total investments in subsidiaries

**3 759**

Investment in associated company	Acquired/ established	Address	Primary activity	Ownership share 31.12.2015	Voting share 31.12.2015	Book value 31.12.2015
Danske Fragtmænd A/S	04.07.2013	Denmark	Transport	34%	34%	317

In connection with Posten Norge AS' take-over of the terminals and employees of Bring Cargo AS' groupage and part loads business, the cost of the shares in Bring Cargo AS increased by MNOK 97 in 2015.

As operations in Bring Gudbrandsdalen AS (prev. Kirkestuen Transport AS) were transferred to Posten Norge AS, the cost price of the shares in Bring Gudbrandsdalen AS increased by MNOK 2.

In November 2015, all shares in Bring Express Norge AS were sold from Bring Express AS to Posten Norge AS, at MNOK 400.

As a consequence of the fact that the value of the shares exceeded the value in use of net assets, the shares in the subsidiary were written down. The table below also shows capital contributions carried out in 2015.

### Investments in associated companies and joint adventures

Company	Write-downs in MNOK	Capital contribution in MNOK
Bring Cargo International AB	282	
Bring Frigo AB	202	149
Bring Cargo Inrikes AB	200	149
Bring Norden AB	11	
Bring Warehousing AB	7	
Bring Danmark A/S	2	
Bring CityMail AB		16
Bring CityMail Sweden AB		19

**Condensed financial information of associates companies and joint venture (100% basis):**

Entity	Assets	Liabilities	Equity	Revenues	Net income/(loss)
Danske Fragtmænd A/S	1 542	959	583	3 600	42
Svensk Adressändring AB	100	86	15	275	14
AdressPoint AB	9	4	5	9	3
Bring Citymail Stockholm KB	134	159	(25)	939	(20)
Materiallageret AS	29	12	16	7	3
Euroterminal - Blue Water/Frigoscandia ApS	20	8	13	2	
<b>Total</b>	<b>1 834</b>	<b>1 228</b>	<b>606</b>	<b>4 833</b>	<b>41</b>

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# Note 11 Provisions for liabilities

The Group's provisions mainly comprise provisions related to restructuring, pensions and other types of provisions (cf. also section 3 "Accounting estimates", section 14 "Provisions" and section 15 "Contingent liabilities and assets" in the Group's accounting principles).

## Group

	Reorganization	Pensions	Other	Total
<b>Balance 01.01.2013</b>	<b>388</b>	<b>1 038</b>	<b>160</b>	<b>1 585</b>
Provisions recorded during the year	55		210	265
Reversal of previous year's provisions	(25)		(101)	(126)
Effect from discounting	3			3
Translation differences		18	14	32
Provisions utilised during the year	(143)		(1)	(144)
Change in pension liabilities during the year		16		16
<b>Balance 31.12.2013</b>	<b>277</b>	<b>1 073</b>	<b>283</b>	<b>1 632</b>
Provisions recorded during the year	41		8	49
Reversal of previous year's provisions	(37)		(9)	(46)
Effect from discounting	5		3	8
Translation differences		5	7	12
Provisions utilised during the year	(139)		(41)	(180)
Change in pension liabilities during the year		74		74
<b>Balance 31.12.2014</b>	<b>147</b>	<b>1 152</b>	<b>250</b>	<b>1 549</b>
Provisions recorded during the year	109		146	255
Reversal of previous year's provisions	(5)		(3)	(8)
Effect from discounting	2		4	6
Translation differences	3	22	27	51
Provisions utilised during the year	(101)		(17)	(117)
Change in pension liabilities during the year		(155)		(155)
<b>Balance 31.12.2015</b>	<b>155</b>	<b>1 019</b>	<b>406</b>	<b>1 579</b>
Current provisions	81		48	129
Non-current provisions	74	1 019	358	1 450

## Posten Norge AS

	Reorganization	Pensions	Other	Total
<b>Balance 01.01.2013</b>	<b>385</b>	<b>828</b>	<b>88</b>	<b>1 301</b>
Provisions recorded during the year	41		21	63

Reversal of previous year's provisions	(25)	(75)	(100)
Effect from discounting	3		3
Provisions utilised during the year	(127)		(127)
Change in pension liabilities during the year		38	38
<b>Balance 31.12.2013</b>	<b>277</b>	<b>866</b>	<b>34</b>
Provisions recorded during the year	25		25
Reversal of previous year's provisions	(37)	(5)	(42)
Effect from discounting	5		5
Provisions utilised during the year	(133)	(29)	(163)
Change in pension liabilities during the year		14	14
<b>Balance 31.12.2014</b>	<b>136</b>	<b>880</b>	<b>1 016</b>
Provisions recorded during the year	60		60
Reversal of previous year's provisions	(5)		(5)
Effect from discounting	2		2
Provisions utilised during the year	(68)		(68)
Change in pension liabilities during the year		(94)	(94)
<b>Balance 31.12.2015</b>	<b>125</b>	<b>786</b>	<b>911</b>
Current provisions	52		52
Non-current provisions	74	786	860

## Restructuring

### Group

The Group classified MNOK 109 as restructuring cost in 2015, of which MNOK 95 concerned personnel related measures and MNOK 13 premises.

### Posten Norge AS

The current year's provision of MNOK 60 in the parent company concerned personnel related measures. The provision for restructuring in 2015 was primarily due to adjustments within the distribution services and terminal function.

In addition to restructuring, this balance includes severance pay. Severance pay is payable to employees of the Norwegian state who have been made redundant, and is payable for the period until they obtain new employment. For employees in Posten Norge AS, the scheme applies to redundancies made up to and including 31 December 2014.

The liabilities as at 31 December are specified below.

Posten Norge AS				Group		
2013	2014	2015		2015	2014	2013
179	100	108	Personnel related	136	109	185

64	17	3	Property	4	19	66
8			Other measures			1
25	19	15	Severance pay	15	19	25
<b>277</b>	<b>136</b>	<b>125</b>	<b>Total reorganization</b>	<b>155</b>	<b>147</b>	<b>277</b>

The disbursement in the Group are expected to be MNOK 81 in 2016 and MNOK 74 in the years to follow. For Posten Norge AS, the expected amounts are MNOK 52 in 2016 and MNOK 74 in the years to follow.

### Pensions

Pensions are described in [note 3](#).

### Other

Other provisions in the Group as of 31 December 2015 mainly relate to onerous contracts concerning thermo warehouses in the Bring Frigo Sverige Group. The provisions are a consequence of reduced levels in the rental market for thermo warehouses in the remaining period for the lease agreements (2024-2026). Future reversals of the provisions will be made with approximately identical annual amounts.



# Note 12 Overview of financial instruments

The note gives an overview of the classification of the Group's financial instruments and their carrying amounts (cf. also section 16 "Financial instruments" in the Group's accounting principles).

Group

2015	Note	Measurement-level	At fair value			At amortised cost		2015 Total
			FVO – fair value through profit or loss	Derivatives at fair value through profit or loss	Derivatives at fair value through comprehensive income	Receivables	Other financial liabilities	
<b>Assets</b>								
Interest bearing non-current receivables	13					7		7
Other financial assets	19	2		198		32		232
Interest-free current receivables	14,19	2		42		4 236		4 278
Interest-bearing current receivables	13					113		113
Liquid assets	15							2 773
<b>Total financial assets</b>								<b>7 399</b>
<b>Liabilities</b>								
Interest-bearing non-current liabilities	16,19	2	639				1 472	2 111
Interest-free non-current liabilities	17,19	2		30	6			36
Interest-bearing current liabilities	16,19	2	370				526	896
Interest-free current liabilities incl. tax payable	17,19	2		32	110		5 536	5 678
<b>Total financial liabilities</b>								<b>8 721</b>
Total measurement level 1								
Total measurement level 2			(1 010)	178	(116)			(948)
Total measurement level 3								

Group

2014	Note	Measurement-level	At fair value			At amortised cost		2014 Total
			FVO – fair value through profit or	Derivatives at fair value through profit or loss	Derivatives at fair value through comprehensive income	Receivables	Other financial liabilities	

loss

## Assets

Interest bearing non-current receivables	13				7	7
Other financial assets	19	2		84	20	105
Interest-free current receivables	14				4 058	4 058
Interest-bearing current receivables	13				175	175
Liquid assets	15					2 073

## Total financial assets

6 416

## Liabilities

Interest-bearing non-current liabilities	16,19	2	851			1 053	1 904
Interest-free non-current liabilities	17,19	2		43	20		63
Interest-bearing current liabilities	16					1 626	1 626
Interest-free current liabilities incl. tax payable	17,19	2		18	116	5 006	5 140

## Total financial liabilities

8 734

Total measurement level 1

Total measurement level 2 (851) 24 (136) (964)

Total measurement level 3

Group

2013	Note	Measurement-level	FVO - fair value through profit or loss	At fair value Derivatives at fair value through profit or loss	Derivatives at fair value through comprehensive income	At amortised cost Receivables	Other financial liabilities	2013 Total
<b>Assets</b>								
Interest bearing non-current receivables	13					7		7
Other financial assets						45		45
Interest-free current receivables	14					3 657		3 657
Interest-bearing current receivables	13					224		224
Liquid assets	15							1 791

<b>Total financial assets</b>							<b>5 722</b>
<b>Liabilities</b>							
Interest-bearing non-current liabilities	16,19	2	790	15	17	1 151	1 973
Interest-free non-current liabilities	17,19	2			61		61
Interest-bearing current liabilities	16					1 232	1 232
Interest-free current liabilities incl. tax payable	17,19	2			28	4 848	4 876
<b>Total financial liabilities</b>							<b>8 142</b>
Total measurement level 1							
Total measurement level 2							
Total measurement level 3							

The table above is the basis for further information about financial assets and liabilities with reference to subsequent notes. In addition, the classification in categories pursuant to IAS 39 is shown, and at which level the Group's financial instruments have been assessed to in the valuation hierarchy.

### Information about fair value

Applied methods for determining fair value are defined in three categories reflecting varying levels of valuation uncertainty, based on the measurement method's objectivity:

Level 1: Use of listed prices in active markets

Level 2: Use of valuation methods with observable market data as input

Level 3: Use of valuation methods where input is based on a significant degree of non-observable market data

No financial assets or liabilities have been reclassified in such a way that the valuation method has been changed from amortised cost to fair value, or vice versa. There were no transfers between level 1 and level 2 of fair value measurements in 2015, and no registrations of financial assets in or out of level 3.

### Fair value of financial instruments measured at fair value in the balance sheet

The fair value of the Group's derivatives and loans in foreign currency (Japanese yen), where the fair value option (FVO) according to IAS 39 has been applied, was measured on the basis of sources described in level 2. See [note 19](#) for further details.

### Fair value of financial instrument measured at amortised cost in the balance sheet

Information about fair value is provided in accordance with the disclosure requirements in IFRS

7, even though the assets or liabilities are not measured at fair value in the balance sheet.

The fair value of receivables and other financial liabilities as of 31 December was approximately the same as book value (amortised cost). Fair value was calculated as the present value of estimated cash-flows discounted at the interest rate applicable for corresponding assets and liabilities on the balance sheet date. Fair value measurement of financial assets and liabilities were valued based on the sources described in level 3.

# Note 13 Interest-bearing non-current and current receivables

Non-current receivables mainly comprise loans from Posten Norge AS to other group companies, and current loans to employees and prepayments (cf. also section 16 "Financial instruments" in the Group's accounting principles).

Posten Norge AS				Group		
2013	2014	2015		2015	2014	2013
5	6	6	Other non-current receivables	7	7	7
1 830	1 517	2 071	Loans to group companies			
<b>1 835</b>	<b>1 523</b>	<b>2 077</b>	<b>Interest-bearing non-current receivables</b>	<b>7</b>	<b>7</b>	<b>7</b>
202	143	91	Other current receivables	113	175	224
977	1 567	1 795	Loans to group companies			
<b>1 179</b>	<b>1 710</b>	<b>1 886</b>	<b>Interest-bearing current receivables</b>	<b>113</b>	<b>175</b>	<b>224</b>

## Group

The Group's other current interest-bearing receivables mainly comprise prepayments to deposit fund and premium fund in DNB Liv for Posten Norge AS, amounting to MNOK 91 in 2015.

## Posten Norge AS

The increase in loans to group companies generally relates to the financing of the Alnabru project, together with the demerger of properties from Posten Norge AS to separate property companies in the Group.

Other current interest-bearing receivables are described above.

# Note 14 Interest-free current receivables

The note gives an overview of the Group's interest-free current receivables, including trade receivables, together with receivables by due date and provision for bad debts. (cf. section 17 "Accounts receivable" in the Group's accounting principles).

Posten Norge AS				Group		
2013	2014	2015		2015	2014	2013
851	849	975	Accounts receivables	2 980	2 842	2 626
2	2	2	Receivables from employees	4	12	4
365	306	307	Receivables from group companies			
92	87	164	Prepaid expenses	286	220	237
		42	Short-term derivatives	42		
231	308	188	Other receivables	966	984	790
<b>1 541</b>	<b>1 552</b>	<b>1 678</b>	<b>Interest-free current receivables</b>	<b>4 278</b>	<b>4 058</b>	<b>3 657</b>
<b>Account receivable by due date:</b>						
660	728	798	Current	2 429	2 276	1 994
181	100	160	0 - 30 days	471	450	531
6	16	8	30 - 60 days	51	92	57
4	2	2	60 - 90 days	18	11	29
9	11	14	Over 90 days	53	54	62
(9)	(7)	(7)	Provisions for bad debts	(41)	(40)	(47)
<b>851</b>	<b>849</b>	<b>975</b>	<b>Total receivables</b>	<b>2 980</b>	<b>2 842</b>	<b>2 626</b>
<b>Provisions for bad debts:</b>						
10	9	7	As at 01 January	40	47	56
9	5	24	Provisions allocated during the year	30	(2)	5
(13)	(9)	(16)	Actual losses recognised against provisions	(20)	(7)	(18)
3	2	(8)	Over/underfunded accruals in previous years	(11)	2	
			Translation differences	1		4
<b>9</b>	<b>7</b>	<b>7</b>	<b>As at 31 December</b>	<b>41</b>	<b>40</b>	<b>47</b>
19	9	17	Total actual losses on bad debts	22	14	27
<b>Provisions for bad debts by:</b>						
			Individual receivables	25	23	25
9	7	7	General provisions	16	17	22
<b>9</b>	<b>7</b>	<b>7</b>	<b>Total</b>	<b>41</b>	<b>40</b>	<b>47</b>

The carrying amount of interest-free short-term receivables was approximately equal to their fair value due to the short period left until maturity. The Group had no significant credit risk related to a individual counterparty, or to counterparties which could have been seen as a group due to similarities in credit risk. The Group has guidelines to ensure that credit sales are made only to customers with adequate payment ability and that outstanding amounts do not exceed defined credit limits. There are no indications that customer receivables not yet due, or already provided for on the balance sheet date, are not collectible.

# Note 15 Liquid assets

Liquid assets consists of cash, bank deposits and low-risk short-term investments (cf. section "Cash and cash equivalents" in the Group's accounting principles).

Posten Norge AS				Group		
2013	2014	2015		2015	2014	2013
154	369	189	Cash and cash equivalents	296	494	255
1 536	1 579	2 478	Short-term investments	2 478	1 579	1 536
<b>1 690</b>	<b>1 948</b>	<b>2 667</b>	<b>Liquid assets</b>	<b>2 773</b>	<b>2 073</b>	<b>1 791</b>

A considerable portion of cash and cash equivalents are held for the purpose of meeting liquidity needs in the sales network. Posten Norge is through a cash account agreement with DNB obliged, at any time, to have sufficient cash available to serve the banks customers. Cash holdings as of 31 December 2015 amounted to MNOK 98, and the level is based on a requirement to meet 95% of historical net withdrawals. The remuneration for this service is recognised in operating revenues, and interest from cash holdings is part of finance income.

Posten Norge AS has a bank guarantee in Nordea, limited to MNOK 500, to cover the employees withheld tax. A majority of the Group's subsidiaries also have their own tax withholding guarantees with banks.

A corporate cash pool in Nordea is used in Norway, Sweden and Denmark, and according to the agreement, Posten Norge AS is the Group account holder. The banks can settle withdrawals and deposits against each other, and the net position will accordingly represent the balance between the bank and the Group account holder. As of 31 December 2015, Posten Norge had unused credit facilities of MNOK 500 in Nordea and MNOK 50 in DNB.

The Group's short-term investments consists of investments in low-risk liquid interest funds. The investments constitute an important part of the Group's liquidity reserve. The increase from 2014 is primarily due to cash settlement received from the sale of shares in EVRY ASA.

Information about market-based investments and interest funds is also provided in [note 18](#).



# Note 16 Interest-bearing non-current and current liabilities

Interest-bearing non-current and current liabilities comprise debt to credit institutions, bond loans, finance leasing, certificate loans and other interest-bearing debt. Non-current liabilities are presented with one part at fixed interest and one at floating interest. The first year's instalment of interest-bearing non-current debt is included in current liabilities (cf. also section 16 "Financial instruments" and section 19 "Loans" in the Group's accounting principles).

## Interest-bearing non-current liabilities

Posten Norge AS				Group		
2013	2014	2015		2015	2014	2013
			<b>Liabilities with fixed interest</b>			
748	211	648	Liabilities to credit institutions	648	211	748
500	500	263	Bond Loans	263	500	500
<b>1 248</b>	<b>711</b>	<b>911</b>	<b>Non-current liabilities with fixed interest</b>	<b>911</b>	<b>711</b>	<b>1 248</b>
			<b>Liabilities with floating interest</b>			
629	1 141	391	Liabilities to credit institutions	391	1 141	629
		738	Bond Loans	738		
	9	5	Financial lease obligations	54	49	47
49	4		Other non-current liabilities	17	4	49
<b>678</b>	<b>1 154</b>	<b>1 134</b>	<b>Non-current liabilities with floating interest</b>	<b>1 200</b>	<b>1 194</b>	<b>725</b>
<b>1 926</b>	<b>1 864</b>	<b>2 045</b>	<b>Interest-bearing non-current liabilities</b>	<b>2 111</b>	<b>1 904</b>	<b>1 973</b>

## Interest-bearing current liabilities

Posten Norge AS				Group		
2013	2014	2015		2015	2014	2013
100	100	672	First year repayments on non-current liabilities	673	100	100
	3	4	First year repayments on financial lease obligations	20	13	15
950	1 500	200	Certificate loans	200	1 500	950
1 056	1 061	1 638	Debts to group companies			
95		4	Other current liabilities	4	13	167
<b>2 202</b>	<b>2 664</b>	<b>2 518</b>	<b>Interest-bearing current liabilities</b>	<b>896</b>	<b>1 626</b>	<b>1 232</b>

## Group

In 2015, Posten Norge issued new bonds totalling MNOK 1 000 with time to maturity from three to seven years. In connection with, Posten Norge repurchased bonds due in March 2016 totalling MNOK 298.

As of December 2015, Posten Norge had fixed interest rate loan agreements of MNOK 1 213 with a weighted average interest rate of 3,3% and maturities from 2016 to 2023. At the same time, Posten Norge had floating interest rate debt amounting to MNOK 1 699 with a weighted average interest rate of 2,0% as of December 2015.

As of December 2015, Posten Norge had certificate loans totalling MNOK 200. Certificate loans are classified as current interest-bearing liabilities. During 2015 Posten Norge had a net reduction in outstanding certificate loans of MNOK 1 300.

#### *Posten Norge AS*

The account for the Group wholly applies to Posten Norge AS. In addition, Posten Norge AS has loans to subsidiaries in the Group. Due to changes in the cash pool account, loans to subsidiaries has increased.

[Note 18](#) "Financial risk and capital management" has details on the instalment profiles for debt.

# Note 17 Interest-free non-current and current liabilities

The Group's interest-free liabilities mainly comprised short-term items such as accounts payable, other provisions concerning salaries, public charges and other accruals for incurred expenses. The Group's non-current interest-free liabilities consist of minor balances (cf. also section 16 "Financial instruments" in the Group's accounting principles).

Posten Norge AS				Group		
2013	2014	2015		2015	2014	2013
61	63	36	Non-current derivatives	36	63	61
<b>61</b>	<b>63</b>	<b>36</b>	<b>Interest-free non-current liabilities</b>	<b>36</b>	<b>63</b>	<b>61</b>
1 574	1 558	1 583	Provisions for payroll expenses and public charges	2 036	1 960	1 982
345	483	431	Provisions for accrued expenses <sup>1)</sup>	1 031	944	707
282	328	309	Prepaid revenues	329	356	297
154	291	470	Accounts payable	1 418	1 221	981
348	223	896	Debts to group companies			
111	75	52	Restructuring and severance pay, current	81	86	117
106	180	406	Other liabilities <sup>1)</sup>	624	385	516
<b>2 920</b>	<b>3 137</b>	<b>4 147</b>	<b>Interest-free current liabilities</b>	<b>5 520</b>	<b>4 951</b>	<b>4 627</b>

1) As a consequence of an adjustment of the comparable figures for 2014 and 2013, there has been a reclassification between "Provision for accrued expenses" and "Other liabilities".

## Group

The Group's account payable have increased compared to last year, mainly due to new framework agreements with extended terms of payment. The growth in provisions for salary and public charges is mostly a consequence of changes in the number of employees. The Group's accrued expenses have increased because of provisions in connection with the building of terminals. The increase in other liabilities can be explained by a provision for settlements and recorded guarantees related to the CSA agreement (cf. [note 19](#)).

## Posten Norge AS

As a consequence of business combinations and new supplier agreements with extended terms of payment, both accounts payable and other liabilities increased in 2015 compared with 2014, cf. the above paragraph.

The increase in debt to group companies relates to the purchase of shares in Bring Express Norge AS.

# Note 18 Financial risk and Capital management

The note describes the Group's financial risks, including credit risk, market risk (currency and interest rate risk) and liquidity risk. The Group utilises derivatives to manage market risk, and [note 19](#) provides detailed information about derivatives and hedging (cf. also section 16 "Financial instruments" in the Group's accounting principles).

Posten Norge has a centralised finance function with the principal objective to secure the Group's financial flexibility, as well as monitoring and managing financial risk.

## Risk categories

Financial risk comprises:

1. **Credit risk:** Risk of loss caused by a counterparty/customer who fails to fulfil his/her payment obligations to the Group. Credit risk comprise all financial assets, mainly trade receivables, interest-bearing securities, granted but not utilised credit/overdraft facilities, as well as counterparty risk from derivatives and currency contracts.
2. **Market risk:** Risk from the Group's open positions in currency and interest rate instruments. The risk is related to variations in profit or loss due to changes in market prices or exchange rates.
3. **Liquidity risk:** The risk that the Group cannot fulfil its financial obligations.

## Use of financial derivatives

Financial derivatives are agreements used to determine interest terms, exchange rates and values of equity instruments for specific periods. Posten Norge utilises financial derivatives to manage market risks that arise as a result of the Group's ordinary operations.

The following derivatives are used by the Group for hedging purposes:

*Futures:* An agreement to purchase/sell currency at a future date at a pre-determined rate. Posten Norge primarily uses currency futures to hedge investments in and loans to subsidiaries in foreign currencies, in addition to income and costs in foreign currency.

*Swaps:* Transactions where two parties exchange cash flows in an agreed period of time. Posten Norge utilises the following types of swap agreements:

*Interest-rate swaps:* Exchange of interest rate terms related to an agreed principal for a predetermined period. In the agreed period, the parties in the swap exchange fixed and floating interest in the same currency.

*Currency swaps:* An agreement between two parties to exchange one currency with another, with an agreement to exchange these back at an agreed future date to an agreed rate.

Combined interest-rate and currency swaps: The parties exchange both currency and interest rate terms.

## **1. Credit risk**

The Group has the following guidelines to reduce credit risk:

### **Trade accounts receivable**

The Group has policies to ensure that credit sales are only made to customers with an acceptable financial capacity, and that outstanding amounts do not exceed established credit limits. The Group has no significant credit exposure to one single counterparty.

### **Market-based investments**

The group has invested in fixed income funds to manage its liquidity and excess reserves. As of 31 December 2015, the Group had MNOK 2 476 invested in various funds (MNOK 1 579 in 2014 and MNOK 1 536 in 2013). According to Group investment policies and guidelines, funds shall be liquid and have a minimum rating of BBB-.

### **Bank deposits**

The Group's principal bank connection has an AA- rating.

### **Derivatives**

In order to reduce credit risk, the Group has guidelines to enter into derivative contracts only with counterparties with a rating equal to or better than A-. To further reduce credit risk, the Group entered into a CSA (Credit Support Annex) agreement for one of the derivatives related to a loan in Japanese yen (see [note 19](#) for details).

### **Overdraft facilities**

The Group has two overdraft facilities, of which none was utilised as of 31 December 2015. One of the facilities, a MEUR 350 revolving credit facility with a syndicate of Nordic Banks (all of which have a rating of A- or better) was renegotiated in 2015. The facility now runs for 5 years with an option to extend for two additional years. In addition, the Group has a bilateral overdraft facility of MNOK 750 which matures in 2018.

The Group did not have any financial assets not disclosed on the balance sheet. Hence, the maximum risk exposure is considered to be represented by the book value of the financial assets on the balance sheet. [Note 14](#) specifies current interest-free receivables including trade receivables by age and provision for bad debts.

The Group had not guaranteed for third-party debt at 31 December 2015.

## **2. Market risk**

### **2.1 Currency risk**

Market risk is managed by reducing the effects of the exchange rate by using forward contracts. Foreign currency balances in bank accounts are minimized at the subsidiary level

and are actively managed at Group level in order to avoid large balances.

Frequently used exchange rates	Exchange rate 01.01.2015	Average exchange rate 2015	Exchange rate 31.12.2015
Swedish kroner	0,9597	0,9633	1,0475
Danish kroner	1,2136	1,2054	1,2891
Euro	9,0365	8,9927	9,6190
British Pound Sterling	11,5710	12,4179	13,0720
US Dollar	7,4332	8,1437	8,8090

As Norwegian krone (NOK) is the Group's presentation currency, Posten Norge is exposed to currency risks from translation of the Group's net investments in foreign entities. In order to reduce the effect of translation differences in the accounts, Posten Norge enters into forward contracts.

The parent company finances subsidiaries by providing long-term financing in the subsidiaries' currencies. If the loans are made in foreign currencies the parent company is exposed to currency risk. To manage this exposure, forward contracts are used.

The Group has net income from foreign mail companies for distribution of mail in Norway. This results in income in foreign currency, mainly euro, and the Group secures the settlement exchange rate by forward contracts.

## 2.2 Interest rate risk

Posten Norge's interest rate risk is mainly related to the Group's debt portfolio. This type of risk is managed at group level. The Group's goal is to have 20-70% of the long-term loan portfolio at fixed interest rates.

As of 31 December 2015, fixed interest agreements totalled to MNOK 1 213 (52%) of the Group's long-term interest-bearing debt.

### *Inflation indexed interest rate swaps*

In 2006, Posten Norge entered into an inflation indexed interest rate swap of MNOK 1 000 to secure the Group's competitiveness as a consequence of costs that are positively correlated with inflation. According to the agreement, Posten Norge receives the percentage change in the Norwegian consumer price index, together with a fixed margin, annually, in return for paying three months' NIBOR each quarter. The agreement has a duration of 10 years and expires in 2016.

In 2009, MNOK 300 of the principal of this swap was cancelled through an agreement with the counterparty. In addition, the remaining principal of MNOK 700 was cancelled by entering new and opposite agreements.

## 2.3 Sensitivity analyses

### 2015 Sensitivity analysis market risk

Purchase currency	Currency amount	Sales currency	Currency amount	Maturity	Effect of changes +/- 20% (NOK) <sup>1)</sup>
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						Through profit and loss	Through comprehensive income
Hedging of income in euro	NOK	117	EUR	20	2016		39
Hedging of investments in foreign entities	NOK	1 496	SEK	1 502	2016		318
Hedging of loans to foreign subsidiaries	NOK	679	SEK	670	2016	141	
Hedging of loans to foreign subsidiaries	NOK	96	EUR	10	2016	19	
Hedging of loans from foreign subsidiaries	SEK	26	NOK	26	2016	2	
					Carrying amount	Effect of changes +/- 100 basis points	
						Through profit and loss	Through comprehensive income
Net interest bearing debt (floating interest rate only)					(1 075)	(11)	

## 2014 Sensitivity analysis of market risk

	Purchase currency	Currency amount	Sales currency	Currency amount	Maturity	Effect of changes +/- 20% (NOK) <sup>1)</sup>	
						Through profit and loss	
Hedging of income in euro	NOK	339	EUR	40	2015/16		68
Hedging of investments in foreign entities	NOK	1 775	SEK	1 927	2015		355
Hedging of loans to foreign subsidiaries	NOK	519	SEK	539	2015	104	
Hedging of loans to foreign subsidiaries	NOK	91	EUR	10	2015	18	
					Carrying amount	Effect of changes +/- 100 basis points	
						Through profit and loss	Through comprehensive income
Net interest bearing debt (floating interest rate only)					810	8	

## 2013 Sensitivity analysis market risk

Purchase currency	Currency amount	Sales currency	Currency amount	Maturity	Effect of changes +/- 20% (NOK) <sup>1)</sup>
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						Through profit and loss	Through comprehensive income
Hedging of income in euro	NOK	377	EUR	45	2014/15		75
Hedging of investments in foreign entities	NOK	1 825	SEK	1 927	2015		365
					Carrying amount	Effect of changes +/- 100 basis points	
						Through profit and loss	Through comprehensive income
Net interest bearing debt (floating interest rate only)					66	1	

1) Exchange rate at 31 Dec.

The accounting effect from a change in market risk is classified through profit or loss or in other comprehensive income, depending on where the effect is initially recognised.

The table above presents the sensitivity of the Group's currency and interest rate derivatives.

The currency sensitivity present the effect in the income statement or other comprehensive income by changing the exchange rate at 31 December 2015 by +/- 20%. Currency forwards related to hedging euro income and foreign investments are recognised in other comprehensive income, whereas value changes in currency forwards related to loans in foreign currencies are recognised in the income statement, as this will counter the effect of currency gains/losses recognised in the income statement from the loans.

The interest rate sensitivity shows the effect in the income statement by changes in the floating interest rate of +/- 1%.

Where the derivatives are included in hedging relations, it is expected that the effect on the income statement and other comprehensive income is offset by fluctuations in the relevant hedged objects.

### 3. Liquidity risk

Available liquidity and any currency exposure is followed up by the Group's centralised finance function on a daily basis. In addition to the Group's overdraft facilities, certificate loans are utilised to cover short-term funding.

The table below shows the maturity structure of the Group's debt.

#### Maturity structure of the Group's loans/financial obligations:

Balance 31.12.2015	Year 1	>Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Over 7 years	Total
Liabilities to credit institutions	633	103	103	103	252			299	1 494
Bond Loans	202		275		375		350		1 202



Financial derivatives (interest rate swaps) <sup>1)</sup>	9	6	6	6	6				35
Financial derivatives (currency futures) <sup>1)</sup>	138								138
Financial leases	20	9	9	9	12	7	7		74
Other non interest-bearing liabilities exclusive financial derivatives	5 539								5 539
<b>Total Group</b>	<b>6 542</b>	<b>119</b>	<b>394</b>	<b>119</b>	<b>645</b>	<b>7</b>	<b>357</b>	<b>299</b>	<b>8 482</b>
Future interest payments <sup>2)</sup>	54	47	43	36	32	16	14	8	280
Average interest rate	2.66%								

Balance 31.12.2014	Year	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Over 7 years	Total
Liabilities to credit institutions	1 612	430	100	100	100	248		299	2 889
Bond Loans		500							500
Financial derivatives (interest rate swaps) <sup>1)</sup>	12	12	5	5	5	5			46
Financial derivatives (currency futures) <sup>1)</sup>	134	11							145
Financial leases	14	8	8	8	8	8	8		62
Other non interest-bearing liabilities exclusive financial derivatives	5 006								5 006
<b>Total Group</b>	<b>6 779</b>	<b>961</b>	<b>113</b>	<b>113</b>	<b>113</b>	<b>262</b>	<b>8</b>	<b>299</b>	<b>8 649</b>
Future interest payments <sup>2)</sup>	73	37	27	25	22	16	9	11	220
Average interest rate	3.16%								

Balance 31.12.2013	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Over 7 years	Total
Liabilities to credit institutions	1 050	100	430	100	100	100	248	299	2 427
Bond Loans			500						500
Financial derivatives (interest rate swaps) <sup>1)</sup>	20	10	10	4	4	4	4		55
Financial derivatives (currency futures) <sup>1)</sup>	79	4							83
Financial leases	15	8	8	8	8	9	9		62
Other non interest-bearing liabilities exclusive financial derivatives	5 015								5 015
<b>Total Group</b>	<b>6 179</b>	<b>121</b>	<b>947</b>	<b>112</b>	<b>112</b>	<b>113</b>	<b>261</b>	<b>299</b>	<b>8 142</b>

Future interest payments <sup>2)</sup>	90	36	33	30	27	25	13	20	274
Average interest rate	3.77%								

1) Includes derivatives recognised as assets.

2) Based on interest rate level at 31.12.

As of 31 December 2015, none of the Group's overdraft facilities of MEUR 350 and MNOK 750 were utilised.

## Capital management

The Group has a centralised finance function with responsibility for the capital structure and the overall liquidity management. This shall ensure an efficient use of the company's capital.

The Group's goal is to achieve accessibility, flexibility and return on the Group's liquid assets and at the same time reduce credit risk. This is achieved by concentrating all available liquidity in the Group's cash pool, and by having a conservative investment profile on excess liquidity, with emphasis on liquidity.

In order to secure the Group financial flexibility, targets for the liquidity reserve has been defined. The liquidity reserve comprises market-based investments and unutilised overdraft facilities less any outstanding commercial papers, and shall constitute a minimum of 15% of the Group's revenue for the last 12 months.

The Group has long-term credit facilities constituting a satisfactory financing reserve. In addition, the Group has diversified its sources of capital and currently has bonds, credit facilities, private placement loans with international lenders as well as bilateral agreements with Nordic financial institutions. Subsidiaries are not permitted to raise external financing, but receives funding from the Group through long-term intercompany loans or overdraft facilities and short-term credit facilities within the Group's cash pool.

The Group measures capital utilisation by using the debt ratio, being net interest-bearing debt divided by equity. Net interest-bearing debt comprises interest-bearing current and non-current liabilities less liquid assets in the forms of cash, bank deposits and short-term investments.

In addition, net interest-bearing debt divided by EBITDA is used to measure whether the operating profit is adequate to service the Group's external debt. Net interest-bearing debt shall not exceed 3.5 times EBITDA. There were no changes in the Group's goals, principles or processes related to capital management during 2015, 2014 or 2013.

## Key figures capital management:

Group	2015	2014	2013
Interest-bearing debt	3 007	3 531	3 205
Interest-bearing liquid assets	2 773	2 073	1 791
Net interest-bearing debt	234	1 458	1 415

Total equity	5 926	6 205	6 081
<b>Debt ratio</b>	<b>0.0</b>	<b>0.2</b>	<b>0.2</b>
<b>Share of equity</b>	<b>36.8%</b>	<b>37.9%</b>	<b>38.6%</b>
EBITDA <sup>1)</sup>	1 474	1 723	1 875
<b>Net debt / EBITDA<sup>1)</sup></b>	<b>0.2</b>	<b>0.8</b>	<b>0.8</b>

## Covenants

The Group has external financing with covenants. Compliance with the covenants is calculated on the basis of the Group's accounting figures.

The Group's overdraft facility of MEUR 350 has a clause stating that net interest-bearing debt cannot exceed 3,5 times 12 months' trailing EBITDA. As of 31 December 2015, net interest-bearing debt was 0,2 times EBITDA (0,8 in 2014 and 0,8 in 2013).

Posten Norge has loan agreements with covenants requiring an equity ratio of 20-25% at a minimum. As of 31 December 2015, the Group had an equity ratio of 37% (38% in 2014 and 39% in 2013).

In addition, the following covenants apply to the majority of the loan agreements:

- Change of control covenant: a minimum of 51% public ownership
- Negative pledge: a prohibition to mortgage assets
- Cross default: a default in one agreement implies that all agreements are deemed default.

Violating the terms of covenants can result in a demand to repay all interest-bearing debt or to renegotiate the loan agreements.

There are no clauses on annual regulations of the levels of debt covenants in the loan agreements. The level of the financial key ratios in the covenants is followed up closely and reported to management on a regular basis.

# Note 19 Derivatives and hedging

All derivatives are used in hedging of currency and interest rate risk. The value of the derivatives fluctuate in relation to the underlying prices, and the note shows the fair value of open derivative contracts at the balance sheet date (cf. also section 16 "Financial instruments" in the Group's accounting principles).

Posten Norge AS			Group		
2015			2015		
Assets	Liabilities		Assets	Liabilities	
<b>a) Cash-flow hedging</b>					
6	Interest-rate swaps			6	
17	Forward exchange contracts EUR			17	
<b>b) Hedging of net investment</b>					
	Hedging of net investment in foreign entities SEK			93	
<b>c) Other economic hedges (Hedges not included in hedge accounting according to IFRS)</b>					
6	33	Interest-rate swaps	6	33	
1	121	Forward exchange contracts SEK	1	28	
	1	Forward exchange contracts EUR		1	
233		Combined interest-rate/currency swaps	233		
<b>240</b>	<b>178</b>	<b>Total</b>	<b>240</b>	<b>178</b>	

Posten Norge AS		Group	
2014		2014	
Assets	Liabilities	Assets	Liabilities
<b>a) Cash-flow hedging</b>			
13	Interest-rate swaps		13
29	Forward exchange contracts EUR		29
<b>b) Hedging of net investment</b>			
	Hedging of net investment in foreign entities SEK <sup>2)</sup>		94
<b>c) Other economic hedges (Hedges not included in hedge accounting according to IFRS)</b>			
33	Interest-rate swaps		33
111	Forward exchange contracts SEK		17
1	Forward exchange contracts EUR		1
84	10 Combined interest-rate/currency swaps	84	10

84 197 Total

84 197

Posten Norge AS

2013

Assets Liabilities

Group

2013

Assets Liabilities

**a) Cash-flow hedging**

27	Interest-rate swaps	27
18	Forward exchange contracts EUR	18

**b) Hedging of net investment**

Hedging of net investment in foreign entities SEK <sup>2)</sup>	61
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**c) Other economic hedges (Hedges not included in hedge accounting according to IFRS)**

28	Interest-rate swaps	
61	Forward exchange contracts SEK	
13	Combined interest-rate/currency swaps	13
<b>147</b>	<b>Total</b>	<b>147</b>

The derivatives in the table above are classified by type of hedge for accounting purposes, and the objective of the derivatives is described below.

**Information on fair value**

The fair value of currency forward contracts is determined by applying the forward exchange rate on the balance sheet date.

The fair value of interest rate and currency swaps are primarily determined by discounting future cash flows at discount rates derived from observable market data.

For all derivatives, the fair value is confirmed by the finance institutions with which the company has made agreements.

**a) Cash flow hedging****Interest rate swaps**

As of 31 December 2015 the Group had an outstanding loan with Nordiska Investeringssbanken totalling to MNOK 500. The interest rate is fixed every sixth month and the annual downpayment is MNOK 100. In order to ensure fixed interest rate terms, an interest rate swap for the corresponding amount and maturity was entered into in 2015. Previously, Posten Norge had a fixed interest rate swap which ended in March related to this loan, and MNOK 3 was recycled to the income statement as a finance cost in 2014 (-MNOK 19 in 2013).

In 2015, Posten Norge entered into a fixed interest rate swap of MNOK 175 relating to an underlying bond of MNOK 375 with interest rate fixings every third month and a term of 5

years.

In connection with new financing in September 2015, Posten Norge repurchased part of an outstanding bond of MNOK 500 hedged with a fixed interest rate swap. As a consequence of this repurchase, the hedged relation did no longer comply with the requirements for hedge accounting according to IAS 39. As of 31 December 2015, MNOK 9 were recycled to the income statement as a finance expense, and the derivative was classified as other financial hedges.

### Forward contracts EUR

Posten Norge had revenues of approximately MEUR 30 for distributing mail from abroad in 2015 (MNOK 33 in 2014 and MNOK 34 in 2013) and is expecting corresponding revenues in euros in 2016. The exchange rate risk is partly hedged by selling forward contracts in euros. The changes in value of the forward contracts which are effective hedging instruments are recognised in other comprehensive income. As of 31 December 2015, Posten Norge had outstanding forward contracts for euro revenues in 2016 totalling MEUR 20 with a negative value of MNOK 17. As a consequence of forward contracts realised in 2015, MNOK 17 were recycled from equity to the income statement as a reduction in operating revenues in the Mail segment (MNOK -17 in 2014 and MNOK -13 in 2013).

### Forward contracts USD/EUR

In 2013, Posten Norge AS had costs of MUSD 21 and MEUR 2 in connection with the air freight of mail. A part of this currency risk was hedged by selling US dollars and euros forwards. The hedging was closed in its entirety in August 2013. The Group had no such contracts in 2014 or 2015.

### Hedging reserve in equity

Movements in hedging reserve in equity (cf. the Statement of changes in equity ) divided between interest rate swaps and forward (exchange) contracts:

Group	Interest-rate swap	Forward contracts	Total Hedging reserve
<b>Balance 1.1.2013</b>	<b>(33)</b>	<b>(4)</b>	<b>(37)</b>
Changes in value	(1)	(27)	(28)
Transfers to income statement <sup>1)</sup>	19	15	34
Associated deferred taxes	(5)	3	(2)
<b>Balance 31.12.2013</b>	<b>(20)</b>	<b>(13)</b>	<b>(33)</b>
Changes in value	11	(28)	(17)
Transfers to income statement <sup>1)</sup>	3	17	20
Associated deferred taxes	(4)	3	(1)
<b>Balance 31.12.2014</b>	<b>(10)</b>	<b>(21)</b>	<b>(31)</b>
Changes in value	(2)	(4)	(6)
Transfers to income statement <sup>1)</sup>	9	17	26
Associated deferred taxes	(2)	(3)	(5)

1) Positive numbers represent losses.

## **b) Hedging of net investment in foreign entities**

Posten Norge uses forward contracts for hedging investments in foreign subsidiaries and have entered into revolving exchange contracts totalling MSEK 1 502 in 2015 (MSEK 1 927 in 2014 and MSEK 1 927 in 2013). The changes in the value of the contracts are recognised in other comprehensive income and offset the translation differences from investments until investments are sold. Should hedges become ineffective, change in value is recognised in the income statement.

## **c) Other financial hedges (derivatives not included in hedging relations according to IFRS)**

### **Interest rate swaps**

As of 31 December 2015, Posten Norge had several interest rate swaps not qualifying as hedging relations according to IFRS.

In 2015, Posten Norge raised a seven-year bond loan of MNOK 350 at a fixed coupon that in its entirety was swapped to a floating interest rate in the same transaction. Part of the amount, MNOK 88, were then swapped back to a fixed interest rate.

Following a partial repurchase of an outstanding bond in 2015, the interest rate swap related to this bond was reclassified to derivatives not included in hedging relations pursuant to IFRS (cf. a) *Cash flow hedging* above for details).

### **Forward contracts SEK and EUR**

Posten Norge uses forward contracts in Swedish kroner and euros for hedging loans in currencies from the parent company to foreign subsidiaries. Revolving forward contracts constituted MSEK 670 and MEUR 10 as of 31 December 2015. The changes in value are recognised in the income statement and will offset changes in the loans in the income statement as a consequence of currencies.

### **Combined interest rate and currency swaps**

In 2004, 2008 and 2014, the Group entered into long-term loan agreements with Japanese life insurance companies of 5, 3 and 5 billion yen, respectively, at fixed interest rate terms. At the same time, combined interest rate and currency swap agreements were made, effectively giving the Group loans in Norwegian kroner with the interest rate fixed every third month.

Posten Norge employ the "fair value option" in IAS 39 for these loans. Changes in interest rates or exchange rates resulting in changes in the value of the Japanese yen denominated loans measured in Norwegian kroner are offset by changes in the value of the combined interest rate and currency swaps.

As of 31 December 2015, the loans from the Japanese life insurance companies were

recognised at a total value of MNOK 1 010 (MNOK 851 in 2014 and MNOK 790 in 2013), where the value changes from the borrowing date constituted MNOK 233 (MNOK 75 in 2014 and MNOK 13 in 2013). This change in value is offset by the interest and currency swap agreements and recognised as an asset.

An interest rate swap has also been established related to the loan of 3 billion yen, converting this loan to a fixed interest loan. The interest rate swap has the same maturity date as the loan, but does not qualify for hedge accounting. In the table above, it is included in the line *interest rate swaps* at a negative fair value of MNOK 29 as at 31 December 2015.

Upon entering into the loan agreement for 5 billion yen in 2013 and the combined interest rate and currency agreement, Posten Norge also entered into a CSA (Credit Support Annex) agreement. This agreement defines how two swap counterparties act when the value of a swap changes in favour of one of the parties during the swap period. A deposit shall be paid/received in order to reduce the credit risk if the swap's value exceed the threshold value (MEUR 2). The value of the swap is measured monthly, and if the value in one of the parties' favour is larger than MEUR 2, the excess value shall be paid into the counterparty's account. It has also been determined that the minimum amount for such a payment is MEUR 0,5. As of 31 December 2015, Posten Norge had received MEUR 6,8 from the counterparty.



## Note 20 Equity

The shares in the parent company Posten Norge AS are fully owned by the Norwegian state, represented by the Ministry of Transport and Communication. In a Norwegian group context, it is the share capital of the parent company that is relevant, and it is Posten Norge AS's equity capital that serves as the basis of calculation and the limit for distribution of dividends from the Group (cf. also section 20 "Equity" in the Group's accounting principles).

As of 31 December 2015, the share capital consisted of 3 120 000 shares at a nominal value of NOK 1 000.

No dividend for the accounting year 2015 has been proposed.

In accordance with the Annual General Assembly's decision, a dividend of MNOK 225 from the 2014 results were paid in July 2015 together with an extraordinary dividend of MNOK 75, totalling MNOK 300. In July 2014, a dividend of MNOK 256 of the 2013 results were paid. In 2013, a dividend amounting to MNOK 199 of the 2012 results together with an extraordinary dividend of MNOK 55, totalling MNOK 254, were paid.

# Note 21 Guarantees/Mortgages

Posten Norge has given various guarantees, including rental guarantees, contract guarantees and other payment guarantees, in connection with daily operations, primarily for subsidiaries. The Group has not pledged property of significant value.

Posten Norge AS				Group		
2013	2014	2015		2015	2014	2013
383	413	513	Guarantees for Group companies' liabilities	539	437	401
			Commercial guarantees	2	4	4
161	154	130	Other guarantees	543	488	459
<b>544</b>	<b>567</b>	<b>673</b>	<b>Total guarantees</b>	<b>1 084</b>	<b>929</b>	<b>864</b>

## Group

Guarantees for group companies' debt consisted primarily of guarantees provided by Posten Norge AS to its subsidiaries in Sweden related to rents, customs duties and pension liabilities. In addition, Bring Cargo AS issued guarantees for fuel purchases in the subsidiary Bring Trucking, amounting to MNOK 25. The increase of MNOK 102 from 2014 to 2015 was due to guarantees given by Posten Norge AS to subsidiaries.

Other guarantees mainly concerned rent provided by Bring Frigo AB and Bring Citymail Sweden to subsidiaries. In addition, Posten Norge AS issued a guarantee for EVRY associated with IT operating agreements. The increase from 2014 to 2015 was primarily due to currency effects.

Some of Posten Norge's loan agreements include a negative pledge and requires the Group to comply with defined levels of financial key ratios. At the end of the year, the Group complied with these levels (cf. [note 18](#)).

## Posten Norge AS

Information about guarantees provided by Posten Norge AS to group companies and other companies is included in total in the above section.

In addition, Posten Norge AS has issued guarantees to cover the Share Capital in Bring Cargo Inrikes AB and Bring Norden AB at 31 December 2015. There is also a letter of support as of 31 December 2015 for continued operations in Bring Cargo International AB and Bring Cargo Denmark A/S. Furthermore, Posten Norge has provided a delivery guarantee to Statoil Petroleum AS for Bring Cargo AS.

## Note 22 Leases

The note shows the Group's leasing costs and short-term and long-term liabilities for lease agreements, in addition to rental income and future rental income for hiring out operating equipment. Most of the Group's lease agreements are clasified as operating lease (cf. also section 21 "Leasing" in the Group's accounting principles).

## 1. Lessee

### 1.1 Finance leases

Posten Norge AS			Group			
2013	2014	2015		2015	2014	2013
			<b>Carrying amount</b>			
			Buildings	16	18	19
11	8		Machines	8	11	
			Vehicles, fixtures and fitting	48	49	60
<b>11</b>	<b>8</b>		<b>Net carrying amount</b>	<b>72</b>	<b>77</b>	<b>79</b>
			Commitments, buildings	21	22	23
12	9		Commitments, machines	9	12	
			Commitments, vehicles, fixtures and fitting	44	28	38
<b>12</b>	<b>9</b>		<b>Total commitments</b>	<b>74</b>	<b>62</b>	<b>61</b>
1	3		Annual lease costs	20	22	28
			<b>Future minimum leases:</b>			
	4		Next 12 months	20		
	6		1-5 years	37		
			After 5 years	14		
	<b>10</b>		<b>Total future minimum lease</b>	<b>72</b>		
	7,8%		Interest rate	4,4 %		
	<b>9</b>		<b>Present value of future lease</b>	<b>67</b>		
			Of which:			
	5		- long-term debts	49		
	4		- short-term debts	18		

Leased assets are classified as tangible fixed assets, and associated liabilities as interest-bearing non-current liabilities. The first year's installments are reclassified as interest-bearing current liabilities (cf. note 16)

## Group

Posten Eiendom Robsrud AS has a finance lease for a thermal energy facility that runs until 30 June 2024. The Group's other finance leases mainly relate to vehicles of which Svebol AB had the largest fleet of finance leased vehicles (MNOK 29). At the end of the year, Bring Gudbrandsdalen AS has leased vehicles amounting to a net book value of MNOK 11. The longest lease agreement for vehicles expires in December 2020.

## Posten Norge AS

In connection with the transfer of parts of Bring Cargo AS' operations in 2015, Posten Norge AS acquired agreements for leasing containers, originally from 2011, and classified as finance leases.

## 1.2 Operating leases

Posten Norge AS				Group		
2013	2014	2015		2015	2014	2013
799	766	764	Ordinary lease payments for buildings	921	889	977
258	225	225	Ordinary lease payments for cars	353	331	394
		2	Ordinary lease payments for computer equipment	2	1	2
31	36	53	Ordinary lease payments - other	97	113	111
(7)	(11)	(10)	Subletting revenues	(71)	(69)	(63)
<b>1 081</b>	<b>1 016</b>	<b>1 034</b>	<b>Total lease costs</b>	<b>1 302</b>	<b>1 265</b>	<b>1 421</b>

### Future minimum lease payments related to lease agreements that cannot be cancelled, are due as follows:

572	Next 12 months	781
1 163	1-5 years	1 663
1 195	After 5 years	1 056
<b>2 930</b>	<b>Future minimum lease payments due</b>	<b>3 500</b>

## Group

With approximately 1 300 lease agreements for various types of property, Posten Norge AS is by far the largest lessee in the Group. The agreements include offices and sorting premises, terminals, post offices, parking facilities etc. The leases expire in the period 2015 -2036. For most leases, Posten Norge AS is entitled to extend the lease period when the lease expires.

The most significant other operating leases in the Group concern premises leased for Bring Frigo AB, Bring Warehousing AS and Bring CityMail Sweden AB. The longest lease expires on 22 December 2029.

A provision of MNOK 13 in the Group has been made for restructuring costs in connection with vacating premises 2015 ([cf. note 11](#))

## Posten Norge AS

The most significant lease agreements in Posten Norge AS concern Østlandsterminalen at Robsrud, the "Posthuset" building at Biskop Gunnerusgate 14 A, the freight center at Alnabru and the terminals in Bergen and Trondheim.

The lease agreement for Østlandsterminalen expires on 30 November 2016, but has an option for an extension of 5 plus 5 years.

The lease period for the "Posthuset" building at Biskop Gunnerusgate 14 A expires on 31 December 2025 without the right to earlier notice, but with the option for a 10 years extension. The costs relating to jointly used areas and energy costs are variable and allocated according to a formula based on the floor space rented. The rent is index-linked on an annual basis.

The lease agreements for the terminals in Bergen and Trondheim are current with 6 and 4 months term of notice, respectively, and for Posten Norge's freight center the agreement is running for 12 months. The rent is index-linked on an annual basis.

Other lease agreements mainly relate to mail and freight terminals in Norway.

In December 2014, an agreement was made with LeasePlan Norge AS for the lease and operation of all types of vehicles. The normal contract period for each vehicle is two to five years. Posten Norge is neither entitled, nor obligated to extend the lease period, or to buy the vehicle when the lease expires. A total of 3 989 vehicles and 118 trailers was leased at the end of 2015.

## 2. Lessor

### Operating leases

Posten Norge AS			Group		
2013	2014	2015	2015	2014	2013
<b>Future rental income due</b>					
		3	Next 12 months	8	
		5	1-5 years	15	
		3	After 5 years	1	
		<b>11</b>	<b>Operating lease agreements</b>	<b>24</b>	
15	12	9	Annual rental income	8	23

The Group has some operating leases related to rental of parts of buildings in 2015, mainly in Bring Cargo Inrikes AB.

# Note 23 Changes to the Group structure

The note provides information about significant changes in the Group structure through acquisition and disposal of companies, as well as other relevant changes (cf. also section 5 "Consolidation principles" in the Group's accounting principles).

The following changes in the Group's structure have taken place since 31 December 2014:

## Companies founded in 2015

In 2015, the Group founded the companies Posten Eiendom Bodø AS and Posten Eiendom Molde AS. The objective was to transfer properties from Posten Norge AS to separate ownership companies.

## Companies acquired in 2015

In April 2015, the Group purchased 100% of the logistics company Bring Linehaul AB (prev. JK Transport AB), thereby strengthening its position in the Swedish logistics market. The acquisition was primarily carried out to improve the logistics services in the Stockholm area. The company has 9 employees and a turnover of MSEK 17 in 2014.

In October 2015, the Group purchased 100% of Posten Eiendom Trondheim AS (prev. Kvenild Eiendom IV AS) in order to acquire a site where the Group shall build Posten Norge's and Bring's logistics center in Trondheim. The terminal shall be completed in 2017 and become the workplace for approximately 500 employees. The company was not operative at the time of the acquisition.

In the beginning of December 2015, the Group acquired 100% of the Swedish logistics company Svebol Logistics AB. With this purchase, Bring is strengthening its position and competence within temperature-controlled transport. The company has 76 employees and a turnover of MSEK 74 in 2014.

## Overview of preliminary allocation of cost of acquisitions 2015

	Bring Linehaul AB	Posten Eiendom Trondheim AS	Svebol Logistics AB	Total
Intangible assets			1	1
Fixed assets	3	135	54	192
Financial assets		3		3
Receivables	7		15	22
<b>Totalt assets</b>	<b>10</b>	<b>138</b>	<b>70</b>	<b>218</b>
Deferred tax		1	2	3
Long term debt			39	39
Short term debt	6	36	22	63

<b>Total debt</b>	<b>6</b>	<b>37</b>	<b>63</b>	<b>106</b>
<b>Net identified assets</b>	<b>4</b>	<b>101</b>	<b>7</b>	<b>112</b>
Goodwill	1		12	13
Final settlement			(3)	(3)
<b>Total acquisition price</b>	<b>6</b>	<b>101</b>	<b>16</b>	<b>123</b>
Cash paid	(6)	(101)	(16)	(123)
Cash received as part of settlement				
<b>Net cash effect acquisitions</b>	<b>(6)</b>	<b>(101)</b>	<b>(16)</b>	<b>(123)</b>

The considerations were determined based on recognised valuation techniques. All acquisitions have been negotiated with vendor when entering into the contract. The considerations were adjusted for results in the period from the date the agreement was made to the date the control was transferred.

The fair value of trade receivables and other receivables was MNOK 25, of which trade receivables amounted to MNOK 18. The gross amount of trade receivables was MNOK 18, and no provision was made for losses.

### Contribution to the Groups results – companies acquired in 2015

	Bring Linehaul AB	Posten Eiendom Trondheim AS	Svebol Logistics AB	Total
Operating revenue after acquisition date	58		8	66
Profit before tax after acquisition date	4			4
Operating revenue accumulated 2015	67		8	375
Profit before tax accumulated 2015	4			4

### Companies sold in 2015

No significant subsidiaries were disposed of in 2015.

In 2015, the Group sold its ownership share of 40% in EVERY ASA. The transaction was carried out in March 2015, and the consideration was 1,7 billion kroner, resulting in a profit of MNOK 219 (for Posten Norge AS MNOK 249).

Company	Share of ownership	Time of sale	Sales amount	Recorded profit/loss group	Recorded profit/loss Posten Norge AS	Cash effect
Every ASA	40 %	March	1 711	219	249	1 711

**Other changes in the Group structure in 2015**

A business transfer of terminals and employees within groupage and part loads operations in Bring Cargo AS to Posten Norge AS has been carried out effective from 1 January 2015.

Effective from 1 July 2015, customer and supplier agreements in Bring Gudbrandsdalen AS (prev. Kirkestuen AS) were transferred to Posten Norge AS. Posten Norge AS has purchased the shares in Bring Express Norge AS from Bring Express AS as a part of simplifying the business structure. In 2016, the Home Delivery operations will be transferred from Bring Express Norge AS to Posten Norge AS.

The Group wishes to have a uniform organisation of its properties. As a part of this, Posten Norge AS has demerged properties to separate property companies (cf. information above). Separate entities will contribute to focus on the development of the properties, both regarding the buildings and the land. There are also plans to sell the shares in the property companies to Posten Eiendom AS.



# Note 24 Transactions with related parties

Posten Norge AS` related parties are primarily subsidiaries in the Group, and Posten Norge AS purchases from and sells services to these companies.

## Group

The change in purchases and sales from related parties is due to the fact that Posten Norge AS sold its shares in EVRY ASA in March 2015. The transactions with related parties were made as part of ordinary operations and at arms-length prices.

## Posten Norge AS

The increase in the purchase of goods and services from subsidiaries from 2014 to 2015 mainly relates to purchases from Bring Frigoscandia AS and Bring Linehaul AS. The reduction in sales to subsidiaries from 2014 to 2015 concerned reduced sales to Bring Cargo AS.

Posten Norge AS				Group		
2013	2014	2015		2015	2014	2013
<b>Purchases of goods and services from</b>						
291	297	427	Subsidiaries			
837	682	124	Associated companies	147	743	856
<b>Sales of goods and services to</b>						
1 561	1 796	1 388	Subsidiaries			
114	121	37	Associated companies	55	174	147
<b>Leases of property from</b>						
247	261	263	Subsidiaries			
			Associated companies	1	2	2
<b>Leases of property to</b>						
19	20	17	Subsidiaries			

The balance sheet includes the following amounts resulting from transactions with related parties:

Group				Posten Norge AS		
2013	2014	2015		2015	2014	2013
299	236	243	Accounts receivable	19	36	26
2 894	3 173	3 937	Other receivables			
93	89	48	Accounts payable	48	98	57

1 367	1 258	2 176	Other payables	14	3	1
<b>1 733</b>	<b>2 062</b>	<b>1 955</b>	<b>Net</b>	<b>(43)</b>	<b>(65)</b>	<b>(32)</b>

### **Other receivables and other liabilities**

Other receivables and other liabilities in the parent company basically concerned the corporate account system (cf. also [note 15](#))

### **Remuneration to the board and management**

[Note 2](#) has details about the remuneration to the board and management.

### **Loans to employees**

Information about loans to employees is provided in [note 13](#).

# Note 25 Other matters

Other matters include significant event and relevant issues related to the Group's operations and general terms not discussed in other notes (cf. also section 22 "Events occurring after the balance sheet date" in the Group's accounting principles).

## **EVENTS AFTER THE BALANCE SHEET DATE**

In connection with the restructuring of parts of the logistics operations in Sweden, it has been decided in 2016 to sell three properties. The properties are localised in Malmö, Eskilstuna and Ljungby with carrying amounts of MSEK 75, 37 and 14, respectively. It is expected that the properties will be sold before the end of 2016.

## **REGULATORY ISSUES**

### **Posten Norge's licence until 31 December 2015**

In accordance with section 4 of the Postal Act, the Ministry of Transport and Communication granted Posten Norge AS a licence from 1 January 2013. The licence gave Posten Norge AS an exclusive right to handle sealed and addressed letter mail below 50 grams domestically and from abroad within a price up to 2,5 times the basic price for domestically prioritised mail. The licence also entails that Posten Norge AS must carry out certain social obligations.

These obligations comprised:

- Requirements for available products (obligation to deliver postal services and basic banking services in the rural postal service)
- Requirement for the availability of the statutory postal services
- Delivery time requirements
- Requirement for cost-based prices and geographically uniform postage charges within the exclusive right

## **Governmental procurements and product accounts**

In point 4.2 of the licence, it is assumed that Posten Norge AS ' extra costs related to the social obligations are covered by the monopoly profits from the services and government procurements granted through the state budget. The annual pre-allocation of funds for government procurements is adjusted in the following year based on a recalculation of requirements. This is done in connection with preparation of the product accounts Posten Norge is presenting to the Norwegian Post and Telecommunications Authority. This arrangement shall prevent any over- or undercompensation.

In the state budget for 2015, MNOK 418 was allocated in advance for government procurements. The increase from 2014 to 2015 is mainly due to an expected reduction in the monopoly profits as a consequence of declining mail volumes.

Adjusted for the recalculation, government procurements amounted to MNOK 231 in 2014 and MNOK 351 in 2013.

According to the licence, Posten Norge must document that there are no illegal cross subsidies between the monopoly services and the services that are subject to competition. This documentation shall be submitted to the Norwegian Post and Telecommunications Authority in

the annual product accounts. The auditor performs control procedures pursuant to the licence. The product accounts for 2015 shall be presented three months after the financial statements for 2015 have been approved, at the latest.

### **New postal regulations from 1 January 2016**

On 15 June 2015, the Norwegian Parliament (Stortinget) approved a new act on postal services (the Postal Act). The act and accompanying regulation became effective on 1 January 2016. The new act implements EU's Third Postal Directive and implies a full liberalisation of the Norwegian postal market. Accordingly, Posten Norge's exclusive right to distribute addressed mail below 50 grams was discontinued on 31 December 2015.

According to the new Postal Act, the requirement of daily ordinary postal deliveries is reduced from six to five days a week. The new regulations also secure the distribution of newspapers to subscribers in areas where no alternative newspaper distribution is available.

The arrangement of government procurements of financially unprofitable services has been carried forward with the new regulations. Pursuant to section 9 of the Postal Act, the authorities shall cover the net costs by public funding if the bidder is inflicted an unreasonable financial charge in offering postal services required to be delivered.

### **Governmental ownership**

The Ministry's requirement for return on equity from Norway Post is set to 9% after tax.

The dividend policy entails an expected dividend of 50% of the Group's consolidated net profit after tax, taking into account an acceptable equity level in the parent company. In the state budget for 2016, dividends to the State amounting to MNOK 320 have been presumed for the profit year 2015.

### **Banking and payment services**

The statutory banking service requirement for services through Posten Norge AS's distribution network was changed in 2012 to only include the rural postal service, cf. Prop. 100 L to the Norwegian Parliament (2011-2012).

Posten Norge's additional costs relating to these services are compensated through the government procurements' scheme. Posten Norge has chosen to continue to offer banking services in other parts of its service network not covered by the statutory banking service (post offices and Post-in-Shops).

The current agent agreement for the distribution of financial services through Posten Norge's permanent sales network runs until 31 December 2019. Following a competition for banking and services in the rural postal service, a new agreement with DNB was made with effect from 1 January 2014 and with the same expiration date as the rest of the agent agreement.

### **DISPUTES**

No disputes that involve any significant risk exposure to the Group have been identified.