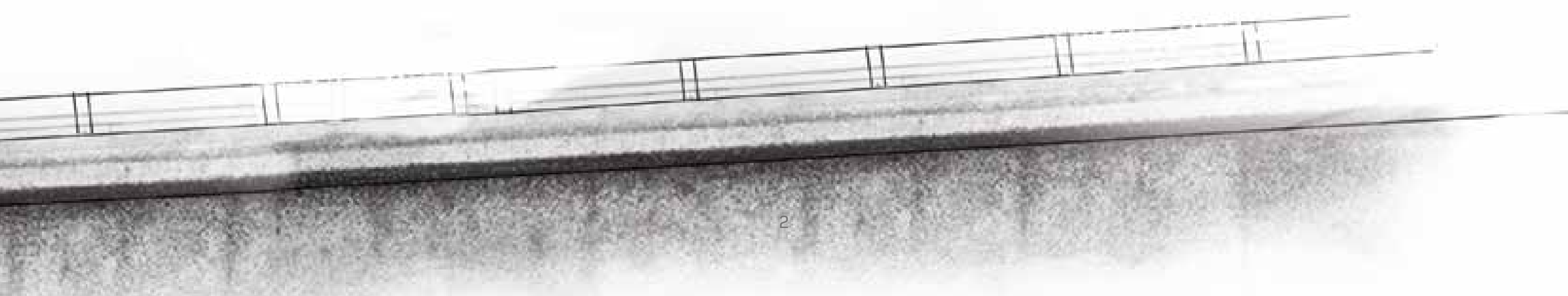
Posten Norge

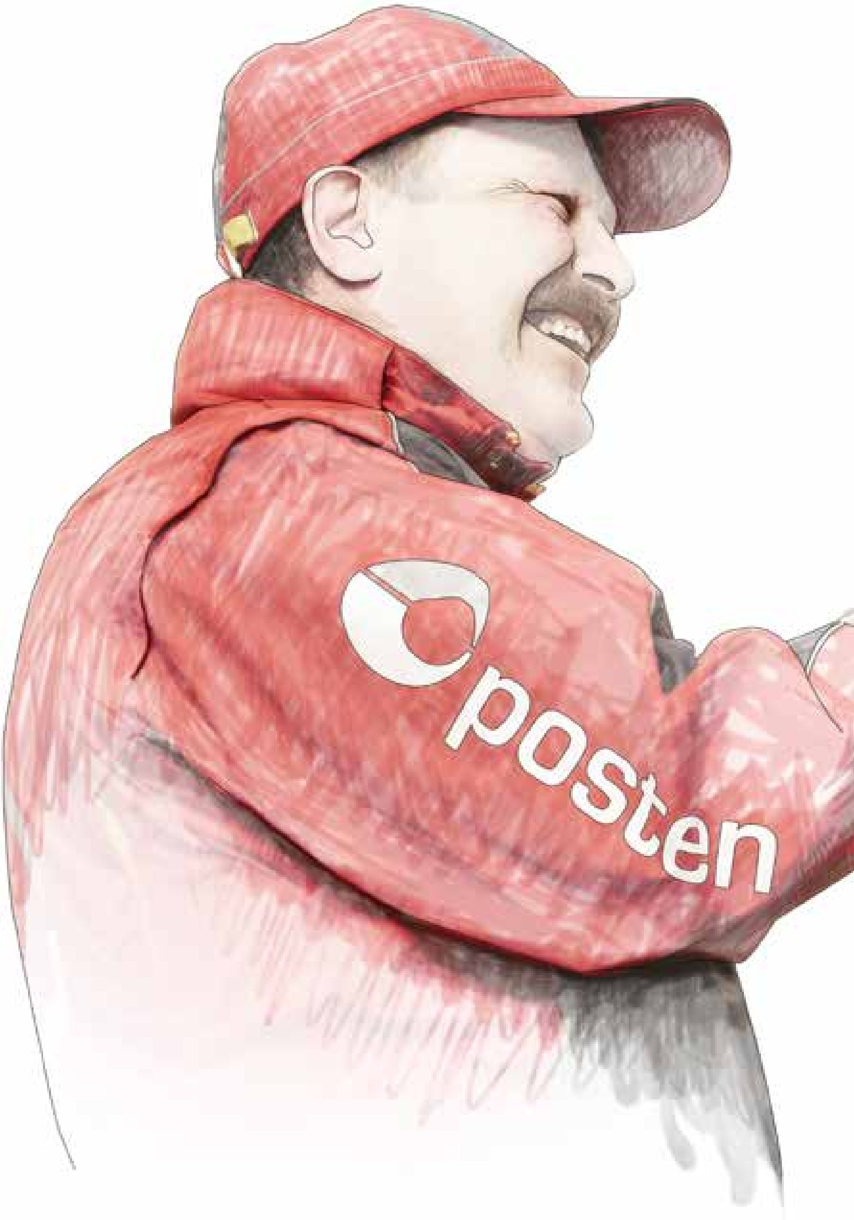
Finding *new* ways

POSTEN NORGE 2014

Posten Norge has always been finding new ways. We have thus managed to adjust, in order to offer attractive mail and logistics services for almost 370 years.



01 ORGANISATION



19,000 employees are working to make us the world's **most** future-oriented mail and logistics group.


bring
bring

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.

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

- Integrity
- Respect
- Cooperation
- Openness
- Courage

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

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

Posten Norge has defined 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

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

Leadership principles

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

Development goals for 2016

Posten Norge's Group strategy is to develop an integrated and industrialised Nordic mail and logistics business. This entails that:

- The Group will develop leading positions in all the Nordic countries within selected service areas. It will offer Nordic solutions to Nordic and international customers in the Nordic market.
- The Group's value chains shall be reduced in number and integrated into a single distribution and terminal network with a coordinated customer interface. All information about products and capacity will be available in the entire value chain across geographical and organisational units.
- The Group will create increased customer value and competitiveness through standardisation, the development of module-based solutions, industrial customisation and continuous improvement.

Our leaders are characterised in that they:

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

Posten Norge meets the market with two brands:

Posten for the private market

Bring for the business market.

posten

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. Emphasises secure delivery and freedom of choice for mail and parcel recipients via a good selection of delivery options.

Background: Posten was established in 1647 and has 368 years' experience from the distribution of letters and parcels in Norway.

Reputation: In 2014, for the second consecutive year, Posten improved its ranking in Ipsos MMI's annual reputation survey. Posten achieved 11th place – moving up eight places from 2013 and no less than 28 places from 2012. Of the respondents, 68 per cent stated that they had a positive impression of Posten, compared with 64 per cent in the preceding year.

posten Vi lever for å levere

bring

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

Bring will win the customers' hearts via proud, well-motivated employees who deliver high quality and good service. On a daily basis, we handle the transport of large and small consignments in the Nordic region and the rest of the world – and all of them are equally important. For each consignment we deliver, we are carrying our customers' brands. Via competence and use of new technology Bring develops smart, future-proof solutions that increase 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 biggest suppliers of mail and logistics services.

bring Finding New Ways

Bring offers the market a range of services

- Parcel services with a Nordic-wide distribution network
- Express and courier services for both regular and occasional deliveries
- Goods transport by road, sea, air or rail 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– tailored solutions or basic distribution services
- Customer dialogue and CRM based on customer insight, CRM tools and the customers' own databases

Employees, locations and services

Posten Norge

Posten Norge: Head office in Oslo, Posthuset

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

Employees: The Group has 19,114 employees (of which 455 are outside of the Nordic region).

Norway

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

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

Present: All of Norway

Employees: 15,523

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.

Present: Stockholm, Helsingborg, Gothenburg, Malmö, Jönköping and Örebro, among others. In total over 40 offices in Sweden.

Employees: 2,671

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.

Present: Copenhagen, Aalborg, Fredrikshavn, Randers, Risskov, Avedøre, Kastrup, Kolding and Odense. In total 9 offices in Denmark.

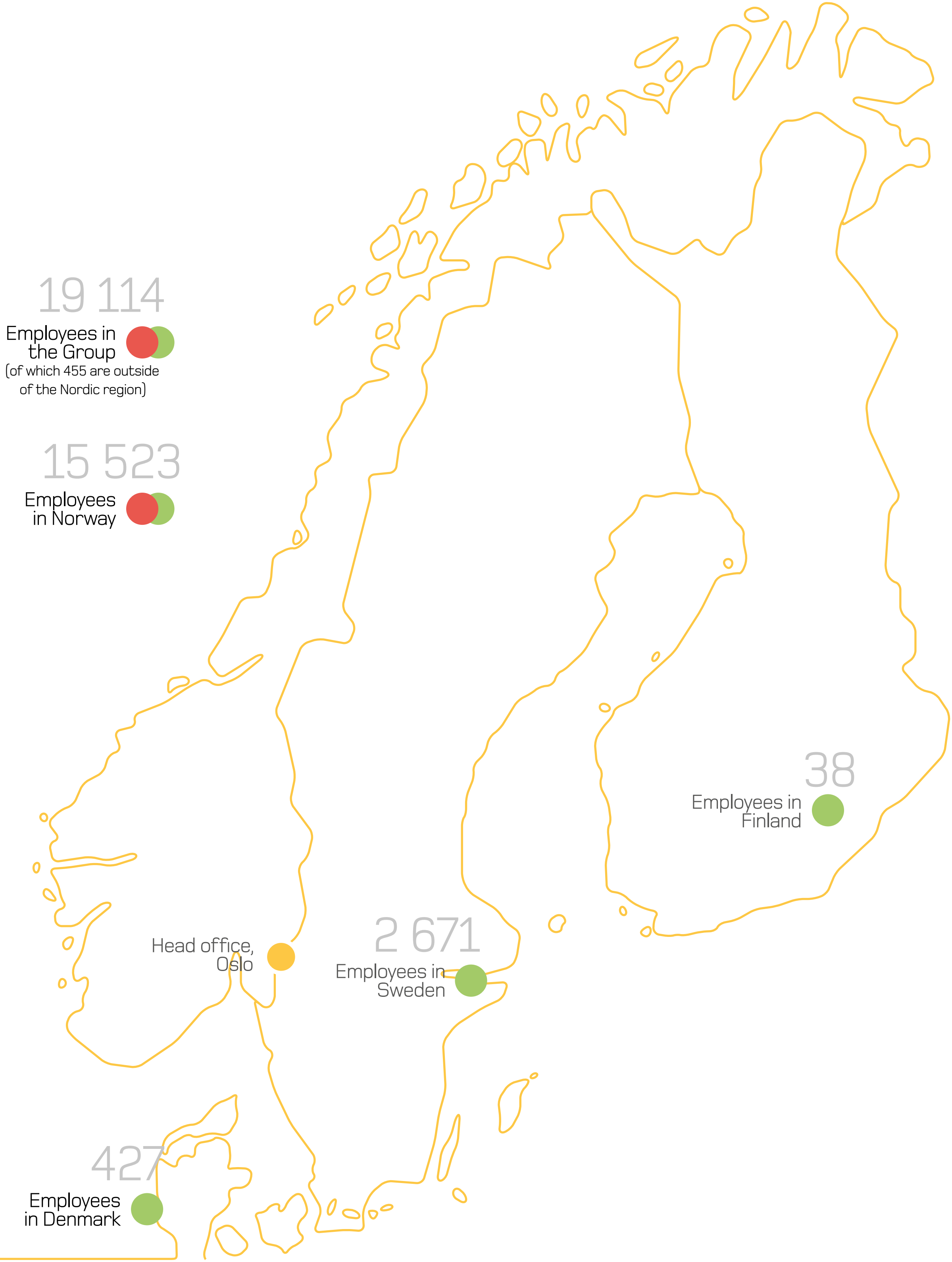
Employees: 427

Finland

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

Present: Helsinki

Employees: 38


19 114
Employees in the Group
(of which 455 are outside of the Nordic region)
15 523
Employees in Norway
38
Employees in Finland
Head office, Oslo
2 671
Employees in Sweden
427
Employees in Denmark

Group Structure

Group Structure

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

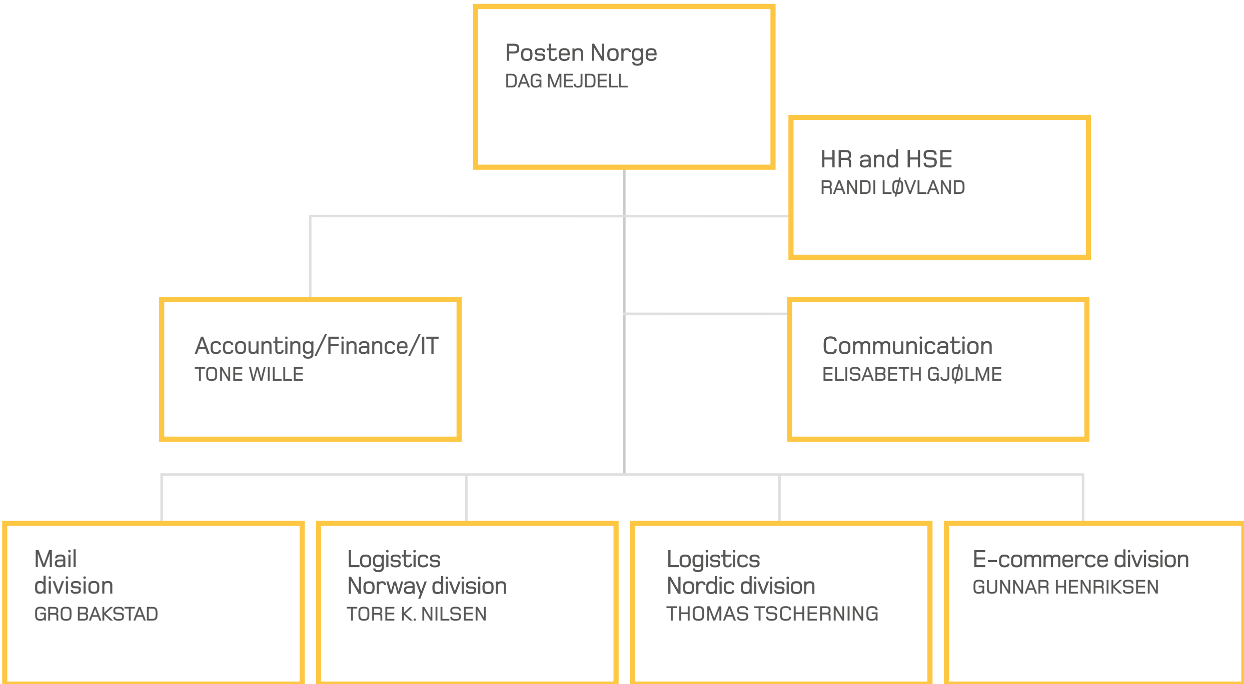
Group management deals with issues and decisions relating to the Group's strategy, budgets, follow-up of results, significant investments, pricing strategies, and issues of significance to Posten Norge's reputation, market and customers, as well as issues of a fundamental and strategic nature. Group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

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

Professional responsibility
The Group has established corporate staffs with responsibility for common functions and Group development within the areas of HR/HSE, Communications and Accounting/Finance/IT. Corporate staff members are professional driving forces who help support business strategies, and help to develop a professional environment within the Group.

The corporate staffs have the special task of contributing to interaction and 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 division

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

The Logistics Norway division

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

The Logistics Nordic division

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

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

The E-commerce division

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

Group management

TORE
K. NILSEN

Born: 1956

Executive Vice President
Logistics Norway Division
since October 2012

Previous positions:
Executive Vice President Division Mail 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 at Division Mail at Norway Post, Investment Director at Norfund, Senior VP and CFO at GE Energy (Norway) AS and former Kværner Energy AS

Education:
Master of Economics and Business Administration

THOMAS
TSCHERNING

Born: 1961

Executive Vice President
Division Logistics Nordic
since November 2014

Previous positions:
Manager for parcel and express operations at Division Logistics Nordic, 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, Division Director and Strategy Manager at Bravida Oslo and Akershus AS, Union Manager in The Norwegian Post Organization

Education: Posten

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, different 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 Communication 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

Corporate Governance

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

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

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

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

1 Statement on corporate governance

The Board of Directors emphasises the importance of establishing and further developing a high standard for corporate govern-


entra
posten
bring
steria
sapa:

SOCIAL RESPONSIBILITY

- Posten's social responsibility is to ensure the provision of nationwide, high quality and cost-effective postal services in Norway.
- The social responsibility is described in Posten's licence given by the Ministry for Transport and Communications.

ance, equivalent to Norwegian standards for best practice, including the NUES recommendation, see www.nues.no/en/.

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

Good corporate governance is a prerequisite for a profitable and powerful company. The Board of Directors of Posten Norge believes that there is a clear connection between good corporate governance and creating value for the company's owners.

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

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

Posten recognises the importance of corporate social responsibility in how its operations affect people, the environment and society. This is achieved by reducing the impact of its activities on the external environment as well as developing the Group as an attractive workplace with a diverse and inclusive work environment. It is the opinion of the Board that by taking social responsibility Posten Norge contributes to a good reputation 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 statement of sustainability, in accordance with Section 3-3b of the Norwegian Accounting Act. These documents are available on the Group's website under "Report of the Board of Directors" and "Sustainability".

Posten's operations are labour intensive. In total the Group's workforce consists of approximately 18,000 full-time equivalents. Health, Safety and the Environment (HSE) is therefore a high priority and the Group's aim is for nobody to be injured or become sick as a result of their work. The Group works continuously in a goal-oriented manner to reduce absence due to sickness and the number of employees who are newly incapacitated for work and to avoid lost-time injuries.

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 work with integrity is further described in the sustainability report.

2 Business

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

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 found at www.postennorge.com.

As well as meeting the service requirements in the social responsibility, 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 decade into an industrial group that operates in the mail and logistics business areas with the Nordic region as its local market. The markets in which the Group operates are characterised by fierce competition and major technological and structural changes. These changes present Posten Norge with significant challenges with regard to adapting to new customer requirements, competiveness, market position and profitability.

The Board of Directors establishes goals and strategies, both on a Group-wide level and for each business area, which support the Group's aims related to mail and logistics operations. These decisions are based on regular assessments and decision processes which shall 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 undertake its social duties 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 be a trusted third party to its customers
- Posten shall ensure a unified culture and common values, which also provides room for diversity
- Posten shall develop strong, profitable and sustainable market positions within the areas in which the Group operates.
- Posten shall work to extract cost benefits through efficiency measures, coordination of the value chain, industrialization and continuous improvement of 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 Norge shall develop good and attractive workplaces.
- Posten shall develop good and attractive workplaces.

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

3 Company's capital and profits

Equity

As at 31 December 2014 the Group's equity was MNOK 6,251, which gave an equity ratio of 38.0 percent of the Group's total assets. This level is deemed adequate with regard to the Group's required solidity in order to implement the company's goals and strategies within an acceptable risk profile.

Dividend

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

4 Equal treatment of shareholders and transactions with related parties

Posten 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 Norge is obliged to present all cases deemed to be of major social or fundamental significance to the owner.

Posten deviates from the NUES recommendation on this point. Due to government ownership the NUES recommendation on different share classes and issues is not deemed to be relevant for Posten Norge.

Information regarding transactions with related parties is provided for in the annual report, see note 24.

5 Free sale

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

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

6 General meeting

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

In accordance with the company's articles

VALUES

The Group's common values are

Integrity
Respect
Cooperation
Openness
Courage

DUTIES

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

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

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

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

7 Election committee

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

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

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

8 Corporate assembly and Board of Directors, composition and independence

Corporate assembly

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

Composition of the Board of Directors

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

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

The Board of Directors has since September 2014 consisted of 5 men and 5 women. There has been made changes in the composition of the Board in 2014 – both for the shareholder-appointed Board members and the employee representatives. For both groups women amounted to 50 per cent.

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

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

Independence of the Board of Directors

The Board of Directors assesses the independence of its members on a continuous basis. As at 31 December 2014 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.

9 The Board's work

Duties of the Board of Directors

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

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

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

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

The Board held 7 board meetings in 2014, of which all were extraordinary board meetings.

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

The Board of Directors' audit committee

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

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

The Board of Director's remuneration committee

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

10 Risk management and internal control

The Board 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 practiced 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' strategy, business plans and targets. The process is based on COSO's framework for risk management. The aim is to evaluate risks affecting strategy, finance, operations and reputation. The results of this process are consolidated to form an assessment of the main risks to which the Group is exposed. This is followed up with actions and recommendations in order to manage and control the individual risk factors and avoid events that can adversely affect the Group's operations and reputation.

A central administrative process for internal control has also been established to help ensure that there is adequate and effective internal control for specified risk areas. One element in this central process is to propose specific measures to improve internal control. The implementation of proposed measures is the responsibility of line management. As part of the central monitoring process for internal control, the compliance of the Group's governing documentation is also assessed, in addition to relevant issues within corporate responsibility.

There have also been implemented processes to ensure that the Group carries out systematic reporting of corporate social responsibility.

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 principles are described in more detail in the Group's accounting manual. The reporting and consolidation of financial accounting information is carried out in a common reporting system. The Group utilises a common Group account plan and the Group accounts department makes use of both built-in system controls and manual controls to ensure complete and consistent accounting information. The consolidation of accounting information takes place at multiple levels within the Group. Subsidiaries are responsible for their Group/Company accounts being reported in accordance with the Group's principles and routines.

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

A common ethical standard applies to all Group employees and continuous efforts are made to increase awareness of this standard. 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 of Directors' audit committee reviews the report from the Group's corporate unit for misconduct every six months.

11 Remuneration to the Board of Directors

The Board members' fees are set at the general meeting each year. Remuneration is not dependent on results and none of the shareholder-appointed Board members has a pension scheme or agreement on salary after leaving his/her position from the company. Details of the remuneration for the Board members in 2014 are presented in note 2.

12 Remuneration to senior executives

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

The statement 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.

13 Information and communication

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 at 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. Refer to point 4 for a more detailed description of this communication.

14 Company takeovers

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

15 Audit

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

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

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

16 Requirements of Section 3-3b of the Norwegian Accounting Act

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

1. "details of the recommendations and rules on corporate governance which cover the enterprise or which the enterprise otherwise decides to follow": see point 1 Statement on corporate governance.
2. "information about where the recommendations and rules mentioned in no. 1 are publicly available": see point 1 Statement on corporate governance.

3. "reasons for any non-compliance with the recommendations and rules mentioned in no. 1": There are five cases of non-compliance described in detail in point 4 Equal treatment of shareholders, point 5 Free sale of shares, point 6 General Meeting, point 7 on election committees and point 14 Company takeovers.

4. "a description of the main elements in the company's, as well as the Group's if Group accounts are also prepared, systems for internal control and risk management related to the accounts reporting process": see point 10 Risk management and internal control

5. "provisions of the Articles of Association which fully or partly expand or exclude provisions of chapter 5 of the Public Limited Companies Act": see point 6 General Meeting.

6. "the composition of the Board of Directors, corporate assembly, representative and control committee; if applicable any working committee for these bodies, as well as a description of the main elements in the applicable instructions and guidelines for the bodies' and, if applicable, the committees' work": see point 8 Corporate assembly and Board of Directors, composition and independence and point 9 The Board's work.

7. "provisions of the Articles of Association which regulate the appointment and replacement of Board members": see point 8 Corporate assembly and Board of Directors, composition and independence.

8. "provisions of the Articles of Association and powers of attorney which give the Board the power to decide that the company shall buy back or issue shares or equity certificates": see point 3 Equity and dividends.

COMMUNICATIONS STRATEGY

- 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.

Some of the milestones in Posten Norge's 368-year history

1600

1647 The Norwegian postal service is established by the Danish governor in Norway, Hannibal Sehested.

1700

1719 The State assumes responsibility.

1800

1827 The need to improve postal delivery along the coast and abroad makes the postal service into the country's first steamship company.

1854 Posten is also on board when the first railway is established from Christiania to Eidsvoll. The Railways Act of 1848 stated that mail should be carried by train and that postal stations should be located in train stations.

1855 The first Norwegian stamp is issued.

1871 A new Postal Services Act introduces a simplified price system with a domestic postage rate, post boxes at post offices and mail-boxes at the addressees' doors.

1872 The postcard is introduced.

1920 Norway's first official air route opens with Posten on board.

1943 The postgiro is introduced in Norway.

1950 Norway's Postal Savings Bank is estab-lished.

1968 Postcodes are introduced to manage better the increasing volume of mail.

1976 Oslo postal ter-minal and the Postgiro build-ing is built.

1984 Changeover from contents-based classifi-cation of letter post to pricing according to time of forwarding (A, B and C post).

1995 Postbanken is established as an independent bank following the merger of Postbanken and Post-giro. In the same year Posten buys Statens Datasen-tral, merges it with Posten's Datasentral and renames it Posten SDS (latterly EDB ErgoGroup, now Evry).

1996 Posten Norge changes from an administrative agency of the government to a state owned company with "limited liability": Posten Norge BA.

2000 Posten's plans for transforming traditional post offices to Post in Shops are approved by Parliament.

2002 Parliament makes Posten Norge a limited company: The Posten Norge Group.

2003–today. Posten Norge car-ries out a number of acquisitions in heavy goods and express transport. This includes the pur-chase of Citymail in Sweden.

2008 The new brand Bring is launched, while the Posten logo is modernised.

2010 Posten Norge's South Eastern Norway terminal at Lørenskog is officially opened by King Harald.

2011 Norway's new digital mail system, Digipost, opens 4 April.

2014 Posten's digital mailbox, Digipost, is chosen as the public sector's digital mail supplier.

1900 2000 2005 2010

02

RESULTS

While the number of letters may be decreasing, the number of parcels is increasing. As a result, Posten Norge's turnover increased in 2014.


bring
bring

Financial Key Figures

OPERATING REVENUES MNOK

2014	2013	2012	2011	2010	2009	2008
24 404	23 557	22 925	22 981	22 451	22 613	23 940

EARNINGS BEFORE NON-RECURRING ITEMS MNOK

2014	2013	2012	2011	2010	2009	2008
933	1 125	1 116	1 051	952	820	275

OPERATING MARGIN (before non-recurring items) in percentage

2014	2013	2012	2011	2010	2009	2008
3,8	4,8	4,9	4,6	4,2	3,6	1,1

EARNINGS BEFORE INTEREST AND TAXES (EBIT, MNOK)

2014	2013	2012	2011	2010	2009	2008
844	641	632	956	1 638	296	-14

INCOME BEFORE TAXES MNOK

2014	2013	2012	2011	2010	2009	2008
720	619	547	800	1 499	70	-139

RETURN ON INVESTED CAPITAL* in percentage

2014	2013	2012	2011	2010	2009	2008
13,9	17,5	18,3	18,3	15,8	12,4	4,8

RETURN ON EQUITY (AFTER TAX) in percentage

2014	2013	2012	2011	2010	2009	2008
7,3	8,7	7,1	4,5	12,1	0,3	-4,0

EQUITY RATIO in percentage

2014	2013	2012	2011	2010	2009	2008
37,9	38,8	37,5	35,9	34,3	25,8	26,4

DEBT RATIO in percentage

2014	2013	2012	2011	2010	2009	2008
0,2	0,2	0,2	0,2	0,3	0,6	0,8

SHARE OF REVENUE FROM MONOPOLY AREA in percentage

2014	2013	2012	2011	2010	2009	2008
13,6	14,3	14,6	14,5	14,7	15,3	14,8

REVENUE FROM FOREIGN SUBSIDIARIES MNOK

2014	2013	2012	2011	2010	2009	2008
8 122	7 189	6 434	6 646	5 959	5 855	5 872

*) Calculated on earnings before non-recurring items

Important events

January

- Posten's 20,000 mail delivery boxes are used less than before, and their number is therefore reduced to 15,000 – and placed in locations that are most heavily trafficked. An online solution simply shows where the closest red delivery box is located.

February

- Posten is extending its agreement with the Norwegian Handball Association and will continue to be a general sponsor for Norwegian handball until the summer of 2018.
- Four of Norway's strongest gold candidates are depicted on the stamps Posten is issuing in conjunction with the Olympics in Sochi: Marit Bjørgen, Tora Berger, Petter Northug and Aksel Lund Svindal.
- Posten is taking the initiative to send a proposal to the Government to raise the limit on simplified customs clearance from NOK 1,000 to 5,000.
- Posten will consolidate its terminal operations in Trondheim south of the city centre. A new joint terminal will be built south of Trondheim and it will be completed in 2016.

March

- Posten's digital mail box, Digipost, is chosen as the supplier of digital mail to the public sector. The selection is made by Difi (Agency for Public Management and eGovernment) after a public procurement process.
- Posten is one of the finalists for "Marketer of the Year" for its campaign, "Norway's finest parcel".

April

- Posten Norge launches parcel machines to give Norwegians more options when picking up the goods they have purchased online.
- Posten is celebrating Thor Heyerdahl by issuing four stamps in conjunction with the 100th anniversary of his birth.

May

- Norwegians name Stormberg their favourite online store. More than 55,000 people voted in Bring's survey.
- Posten celebrates the Norwegian Constitution with four stamps depicting motifs from those historic days 200 years ago.

June

- Posten Norge buys Swedish Smartpak, part of Bussgods. Bring's customers thus gain access to 600 new delivery sites for parcels to private individuals in Sweden.
- Posten Norge acquires Kirkestuen Transport AS in Lom. The acquisition enhances Bring's market position in Gudbrandsdalen and the town around Lake Mjøsa.
- Success campaign "Norway's finest parcel" is launched after a makeover. The campaign buzz phrase is "joy of receiving".
- Alf Prøysen's 100th birthday is celebrated with two stamp issues.

Important events

July

- CEO Dag Mejdell symbolically breaks the ground at the site of Posten and Bring's logistics centre in Oslo. The new logistics centre, which will be completed in 2017, will be the largest of its kind in Norway. More than NOK 1.5 billion will be invested in the project and the centre will provide customers with improved, more efficient logistics services.

August

- Magnus Carlsen is depicted on the stamp Posten issues to celebrate the 100th anniversary of the Norwegian Chess Federation. Carlsen unveils the stamp himself during the Chess Olympiad in Tromsø.
- Posten Norge selects Dutch Vanderlande to be the supplier for the parcel sorting facility for Posten and Bring's new logistics centre in Oslo. The parcel sorting facility will be the most advanced facility of its kind.
- Postal delivery employees are equipped with iPhones that contain a digital route book. This solution is unique in the postal industry and offers delivery staff a simpler working day.

September

- For the second consecutive year, Posten advances in Ipsos MMI's annual reputation survey – this year to 11th place. This is an impressive 28 places higher than in 2012.
- "Enklere liv" is named Online Store of the Year in Norway during the logistics and e-commerce day, LOAD.14
- Posten and Bring's annual e-commerce report shows that e-commerce customers are loyal – seven out of ten online shoppers have made repeat purchases from the same online store.

November

- Every fourth Norwegian does all or part of their Christmas shopping online, and e-Christmas gifts are becoming more common and more attractive. This is one of the conclusions of the year's survey about e-Christmas shopping conducted by IPSOS MMI and Posten Norge.
- Thomas Tscherning is named CEO and head of Bring's logistics operations in Sweden, Denmark and Finland. He is the first Swede to be named to Posten Norge's Group management team.
- The Boys of Silver choir and Putti Plutti Pott are the motifs on this year's Christmas stamps.

Desember

- Posten Norge AS accepts Lyngen Bidco AS's offer for Evry ASA, of which Posten Norge owns 40 per cent of the shares.

October

- The Government proposes a new postal act and new postal regulations for consultation. The Government proposes an open postal market in Norway by implementing the EU's Third Postal Directive at the same time as it opens up to the possibility that Posten may stop regular mail delivery on Saturdays.
- Posten and Bring's Molde terminal opens. The terminal will have 230 employees to handle large volumes of mail, parcels, goods and thermo.
- Posten is awarded the 2014 Work Environment Award for its efforts to reduce illness, absence and injuries. Absence due to illness has been reduced by 30 per cent since 2006.
- Posten and Bring are also awarded the Norwegian Logistics and Freight Association's 2014 Environmental Award for good environmental and climate work, in part for its investment in alternative vehicles.
- Bring Dialogue wins Silver in the prestigious DMA International Echo Awards competition for its work with the Church City Mission in Norway's campaign, "Bring joy to someone who dreads Christmas".
- Posten Norge wins the Farmand Award for the best online annual and sustainability report.

The CEO

Impatient by nature

2014 was a good year for the Posten Norge Group, but the CEO, Mr. Dag Mejdell, is looking for ways to achieve even better results – and preferably even faster.

In 2014 Posten Norge achieved one of its best financial results since the economic crisis, made good progress in its HSE work, had more satisfied customers and employees and improved its reputation. All in all, a good year, but Mejdell is impatient by nature.

"New Group IT solutions and a new terminal structure are examples of large projects that will take many years to implement and which I would like to complete more quickly. What I really want is to do even more of what we already do – but faster."

From idea to action

His impatience doesn't imply any criticism of Posten Norge's organisation. However, he is CEO of a Group in which one of the divisions is losing 6-7 per cent of its volume each year. Ninety per cent of revenues come from competitive services. The need for a political framework that enables changes due to changes in demands from the general public, is therefore extremely important.

"My focus is on reducing the time between idea and action. We must be able to analyse, decide and implement faster. Postal operations are continually being restructured. Our job is to predict the need for change in line with new customer requirements, and it's therefore unfortunate that major restructuring takes many years to implement."

Looking forward to a new Postal Services Act

There has been a great deal of focus on the fact that the draft of the new Postal Services Act presented in October 2014 proposes the discontinuation of mail deliveries on Saturdays. This is an adaptation to a postal market in which letter volumes and revenues are declining. It is by no means certain that governments will be willing to continue granting billions of Kroner to maintain the current service levels. The proposals in the draft Postal Services Act address these changed customer requirements, where business and people send fewer physical letters. Given this scenario, Mejdell is not worried about the proposal to introduce the EU's Third Postal Directive, which would mean that the remaining exclusive right to deliver letters under 50g will be terminated. He is far more concerned about getting greater freedom to act, fewer detailed service requirements, and reduce

the time taken to make major decisions. However, it is important that national politicians understand Posten Norge's situation and make choices based on this knowledge.

"I think the general view is that Posten Norge is doing well and that we manage to adapt in line with new customer requirements. which of course make me pleased but we cannot avoid the fact that 6-7 per cent of our volume disappears each year."

Better adaptation

For Mejdell, it's all about being able to adapt Posten Norge's services to new customer requirements fast enough.

Reducing the number of delivery days is an example of this. The volume of mail delivered on a Saturday is only 25 % of the volume on a weekday.

Another way to improve efficiency is to combine the terminals for mail, parcels and cargo at the same site – work that is already well under way. The Group is striving to maximise utilisation of its transport and terminal capacity and to ensure that its vehicles are fully utilised and drive as few kilometres as possible.

"Good management requires us to integrate where sensible and to understand our opportunities and challenges. Our opportunities lie in collaborating in our day-to-day work, utilising economies of scale and getting rid of sub-optimisation. We've now set concrete goals for collaboration – i.e. the economic effects we aim to achieve by improving the way we work together. Measuring these and following them up gives us a hither to unseen power."

Good results

Top-line growth in 2014 was 5 per cent for Logistics Norway and 3 per cent for Logistics Nordic. Mejdell says this is the first year since the financial crisis that he has seen good organic top-line growth in the logistics segment.

"We've focused on rejuvenating organic growth and now it looks like it's coming. We will continue to make acquisitions, but we must create good, profitable organic growth from our existing operations."

He believes the positive results are helped by the fact that customers now experience Posten Norge much more as an integrated supplier. This is especially true for e-commerce customers who are now serviced by a uniform sales and service organisation and a well-integrated network.

Slowing and growing

While the logistics divisions are growing, the Mail Division's revenues continue to fall. That poses clear challenges.

"When you are growing, you press different buttons compared to when you are adapting to declining volumes. As a Group, we manage this well since our growth initiatives are in some parts of our operations, while restructuring is in others. I feel there is a good understanding throughout the Group of what our challenges and opportunities are."

Although the barriers to enter the market are not very high in the logistics industry, they are high when it comes to creating an integrated system. Mejdell believes there will continue to be consolidation in this sector. Those that are expanding rapidly will grow and acquire the smaller players. And he is clear about Posten Norge's position.

"There will be one or two regional competitors in the Nordic region and we will be one of them."

New solutions for a new era

The Group aims to make innovation even more visible in 2015. Posten Norge's vision, 'We will be the world's most future-oriented mail and logistics Group' is a commitment. The Group's employees, partners and customers can all help to create even better future services.

"I think it's important to be conscious on how we can innovate and develop mail and logistics services. Digipost is perhaps the most obvious example of this: we are digitising our core service. But if we hadn't done it, someone else would have."

He is optimistic about the future of e-commerce, where Posten Norge can be at the forefront with innovative services that match customers' needs. It's about freedom of choice, new delivery concepts and pioneering IT collaboration.

"IT is both our threat and our enabler," he says.

Our strongest competitive advantage

Mejdell is clearly proud of the Group's 18,000 employees. Substantial effort is used promoting the value of Posten Norge's foremost ambassadors – the operational employees working in a finely tuned value chain. He believes these employees are the Group's most important competitive advantage. In a sector where quality is generally high, Posten and Bring stand out due to their dedicated employees, many of whom have worked for the same company for several decades. They are the Group's representatives in all contact with both the general public and companies. None of Posten Norge's competitors has such a close relationship with its customers.

"The fact that our employees live and breathe top-class delivery service every day is extremely important. They are our most important ambassadors in the outside world – the postal delivery staff, the drivers and everyone else in our value chains."

Healthy developments

2014 was also a good year for health, safety and environmental (HSE) work: the sickness rate fell, the number of injuries at work fell and all other measures developed in the right direction. Mejdell believes the major difference is that the entire organisation genuinely believes that HSE work leads to better quality, more satisfied customers and greater profitability.

"There's a major difference between working to improve HSE because your brain tells you that you must compared to working to improve HSE because your heart and brain tell you that you must. It is the latter that I think is part of Posten Norge's DNA now."

In 2014, Posten Norge's long-term efforts to improve the working environment were rewarded with both an HSE prize and the Working Environment Prize. That makes Mejdell proud on behalf of the entire Group.

"I am pleased that all the good work we've done has been noticed."

"Postal operations are continually being restructured. Our job is to predict the need for change in line with new customer requirements."

The Board of Directors

SIV ASTRID RYAN ANDERSEN

Born: 1962

Employee representative (since 2014)

2nd deputy for Mail Division Employee Representative, District Employee Representative in the Norwegian Postal and Communications Workers' Union (Postkom).

Employee of Posten Norge since 1987.

PAUL MAGNUS GAMLEMSHAUG

Born: 1953

Employee representative (since 2004)

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

Employee of Posten Norge since 1974

ANN ELISABETH WIRGENESS

Born: 1961

Employee representative (since 2012)

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

Employee of Posten Norge since 1985

ANNE BRITT BERENTSEN

Born: 1960

Board member (since 2014)

Self-employed within Board work and advising.

Education: BSc: Business, adm. & econ. Markedsføring

Positions of trust: Styremedlem Granngården AB (GG), medlem i Advisory Board David Eccles School of Business (DESB)

RANDI B. SÆTERSHAGEN

Born: 1958

Vice-chairman (since 2010)

CEO, M3 Helse AS

Education: Master of Economics and Business Administration

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

JØRGEN RANDERS

Born: 1945

Board member (since 2011)

Professor of Climate Strategy, Norwegian Business School (BI)

Education: PhD i Management

Positions of trust: Chairman of the Board of 21st Venture AS, member of the "sustainability boards" of The Dow Chemical Company (USA) and Astra Zeneca (UK).

IDAR KREUTZER

Born: 1962

Chairman of the Board (since 2012)

CEO, Finance Norway

Education: Master of Economics and Business Administration

Positions of trust: Vice-chairman of the corporate assembly of Statoil, member of the corporate assembly of Hydro, chairman of the Norwegian Refugee Council, board member of the University of Oslo, member of Advisory Board NHH, member of the climate council of the Minister of Climate and Environment.

ODD CHRISTIAN ØVERLAND

Born: 1957

Employee representative (since 2000)

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

Employee of Posten Norge since 1979

GØRIL HANNÅS

Born: 1968

Board member (since 2010)

Director Risk Management National Oilwell Varco Norway AS

Education: Master of Economics and Business Administration and PhD Logistics

Positions of trust: Board member Sigtor AS, Seamless AS and Smart Engineering AS

TERJE WOLD

Born: 1963

Board member (since 2010)

CEO of Invenia AS

Education: Master of Science and Master of Management

Positions of trust: Member of the Supervisory Board of Gjensidige

Report of the Board of Directors

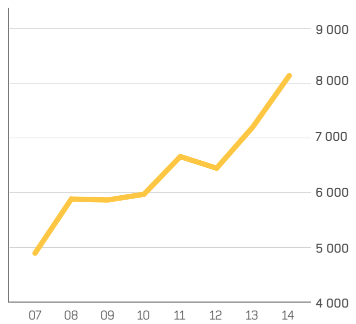
Report of the Board of Directors

Posten Norge delivered a good profit for the year in 2014, but noticed the effect of the reduction in the volume of letters. A number of structural changes and measures resulted in significant cost reductions.

REVENUE FROM FOREIGN SUBSIDIARIES

in MNOK

8 122



In 2014 operating profit before non-recurring items and depreciation and amortization was MNOK 933, which is MNOK 192 or 17.1 per cent lower than the previous year. Posten Norge consists of two segments: Mail and Logistics. The Logistics segment showed positive profit development as a result of growth in parcels and freight, and had good cost control. In the Mail segment, the decline in volume of addressed mail had a negative impact on profit. Several cost-reducing measures were implemented so that the Mail segment still make a significant contribution to profit in the Group. The changes were implemented with great force and in cooperation with the employee organisations.

Posten Norge has gone from being a traditional mail distributor in Norway to developing logistics as its largest business area in the Nordic market. In 2014, 62 per cent of the Group's income came from its logistics operations.

Posten Norge's vision is to become the world's most future-oriented mail and logistics group. We have progressed well towards the goal of creating a powerful logistics company that reports strong growth. Within the Mail operations, the goal is to meet the decline by restructuring on time, adapting the service offer to new developments and investing in new solutions for the future. Secure digital mail is an area that is expected to gain momentum in the coming year. It is the belief of the Board of Director's that the Group is far ahead in its development and well-prepared for a more digitalised future.

Increasing rate of change

Developments are unfolding quickly and Posten Norge can no longer adequately compensate for the decline in the volume of letters with price increases and streamlining measures, without changing the mandatory postal services. The Government sent a proposal for new postal regulations for consultation in the autumn of 2014. The Board of Directors expects the new postal regulations to be presented to Norwegian Parliament in 2015.

Digitalisation is driving development and affecting customers' needs and demands. The Norwegian public sector began sending digital post to Norwegian residents in 2014. Before the beginning of 2016, the central government and municipalities as a rule must send their mail digitally.

At the same time, e-commerce is continuing to increase and more and more parcels and freight are being transported and distributed to Nordic consumers.

The Board of Directors is placing an emphasis on the Group being customer-oriented at all levels of the organisation and developing service offers that are in line with the needs of its customers. The Group's work with corporate social responsibility focuses on the sustainability challenges that are most significant for the Group's long-term viability and ability to generate value. Posten Norge has decided to prioritise areas that are important for society and where Posten Norge can make a difference. This applies, for example, to efforts to reduce the company's environmental impact but also to create a diverse and inclusive working environment.

Improved perception

A steadily growing number of people have a good impression of Posten Norge. In the annual reputation survey by Ipsos MMI, Posten

Norge placed 11th among Norway's 116 largest businesses. 65 per cent of the respondents state that they have a positive impression of Posten Norge, compared with 64 per cent the previous year.

Customer satisfaction is increasing. According to Posten Norge's own surveys that are conducted every year, customer satisfaction in 2014 was 72 (on a scale of 1 to 100, with 100 being the best), which is an increase compared to the score of 69 in 2013.

REVENUE AND PORTFOLIO DEVELOPMENT

Good growth in Logistics

Operating revenue in 2014 was MNOK 24,404, which is MNOK 847 or 3.6 per cent higher than in 2013. This increase is due to good growth in parcels and freight volume as well as acquisitions and currency effects.

Turnover growth was largest outside of Norway. Operating revenue from operations outside of Norway increased by 13 per cent compared to 2013, and now represents 33.3 per cent of the Group's turnover compared to 30.5 per cent in 2013.

A high percentage of the Group's customers are requesting a Nordic offering and purchasing several types of mail and logistics services. Southern Sweden is an important starting point for distribution to the entire Nordic region, and several Norwegian businesses have moved their warehousing functions to Sweden.

Largest in Logistics

Logistics is the Group's biggest segment and accounts for 62 per cent of revenues in 2014, with a turnover of MNOK 15,943, an increase of 6.7 per cent compared to 2013. Good parcel and freight volumes as well as acquisitions and currency effects contributed to growth. Adjusted for acquisitions, underlying organic growth was 3.3 per cent compared to 2013.

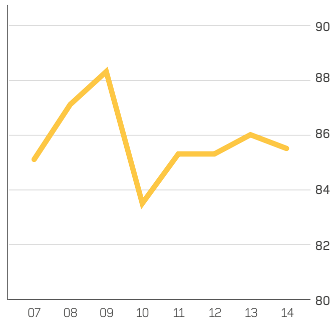
The Group's collective e-commerce volume in 2014 was 8 per cent higher than the previous year. The drivers behind the growth were volumes to and within Norway.

The Group expanded its offer to the customer and strengthened its market posi-

DELIVERY QUALITY A-MAIL

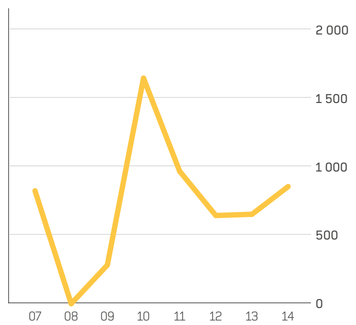
in percentage

85,5 %



"A steadily growing number of people have a good impression of Posten Norge."

EARNINGS BEFORE INTERESTS AND TAXES
in MNOK
844



tions through acquisitions of logistics operations. During 2014, the Group acquired 100 % of West Cargo Vårgårda AB, Smartpak Sweden AB and Kirkestuen Transport AS, which are all part of the Logistics segment.

More digital mail

Revenue in the Mail segment declined by MNOK 341 to MNOK 10,144 in 2014. The Mail segment represented 38 per cent of external Group revenue. The transition to digital communication is progressing quickly and affecting volumes for addressed mail.

The Norwegian mail activities declined by MNOK 270, which corresponds to 2.6 per cent. In 2014, 13.6 per cent of Posten Norge's revenue came from business areas in which Posten Norge has a monopoly.

In 2014 the volume of addressed mail in Norway declined by 6.5 per cent, while unaddressed mail increased by 1.4 per cent. Posten Norge successfully maintained a high market share of unaddressed advertising by offering targeted market segmentation and relevant insight into the effect of customer newsletters.

Bring Citymail Sweden's volumes grew by 4 per cent.

Bring Citymail Sweden has established a joint venture with the Swedish newspapers in the Schibsted and Bonnier Groups to distribute mail, parcels and newspapers in the Stockholm area.

In 2014 Posten Norge's digital mailbox, Digipost, was selected to be the supplier for sending public digital mail. The solution was completed in 2014 and public entities started to send mail in digital format to their users. First to use it was The Norwegian National Collection Agency and NAV. Around 500,000 people have registered to use Digipost. Around 1,600 companies have entered into agreements to use the solution to send mail.

Strong networks

Posten Norge is a prominent member of society in Norway and undertakes an important social responsibility by ensuring nationwide, high quality and cost-effective postal services.

In the consultation response to the new postal regulations, Posten Norge emphasised that the development is progressing quickly and requested greater freedom of action in order to make it possible to rapidly adapt to customers' needs.

Delivery quality for A-mail delivered overnight was 85.5 per cent for 2014. This was 0.5 percentage points lower than in 2013 and 0.5 percentage points above the licence requirement. Posten Norge also fulfilled the other licence requirements for delivery quality by a good margin.

In 2014, the management of 60 post offices was transferred to 71 Post in Shops. Posten Norge has Norway's most tightly-meshed distribution network. At the end of the year this network consisted of 41 post offices, 1,379 Post in Shops and around 1,600 rural post routes. The ongoing placement of parcel machines will further increase availability for customers and supplement the distribution network. There are currently 25 parcel machines in use in Norway.

In Denmark, the Group established a distribution network in 2014 that consists of parcel locations and machines. The same is planned for Sweden in 2015. The Group will then be able to offer parcel distribution to consumers and businesses throughout all of Scandinavia.

PROFITABILITY

The Group's operating profit (EBIT) before non-recurring items and impairment losses was MNOK 933 in 2014, which was MNOK 192, or 17.1 per cent, lower than in 2013. The Group's EBIT margin for non-recurring items and impairment losses for 2014 was MNOK 3.8 compared to 4.8 per cent the previous year.

The return on invested capital before non-recurring items and impairment losses (ROIC) for 2014 was 13.9 per cent, which was down from 17.5 per cent in 2013.

The Group's operating profit (EBIT) corresponded to MNOK 844 in 2014, which was MNOK 203 higher than the previous year. The share of profits from associated companies was MNOK 126, of which the profit from Evry ASA was MNOK 118 compared to MNOK -31 in 2013. The largest non-recurring items in 2014 were associated with an impairment of goodwill in the Logistics segment of MNOK 253 and gains from the sale of property for MNOK 67 million.

Profit before tax was MNOK 720 in 2014 compared with MNOK 619 in 2013. Profit after tax in 2014 was MNOK 449 compared to MNOK 512 in 2013.

Return on equity after tax was 7.3 per cent in 2014, compared to 8.7 per cent in 2013. The owner's return requirement is nine per cent.

Logistics segment

The logistics segment's operating profit before non-recurring effects and depreciation and amortisation (EBITDA) was MNOK 407 in 2014, which was MNOK 171 or 72.5 per cent better than the previous year. The improvement was due to sales growth and cost reductions.

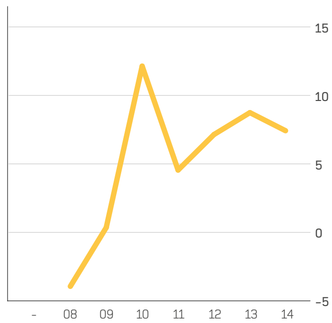
Logistics has implemented extensive streamlining measures, for example through the utilisation of economies of scale by integrating mail, parcels and freight.

The Group is making considerable investments, totalling around BNOK 4, in new joint terminals based on the needs of the logistics operations. In Norway, there will be 18 such terminals by 2018. This will help strengthen the logistics offer, increase productivity and reduce our environmental impact. A similar arrangement of networks and terminals will be implemented in the operations outside Norway. New joint terminals were opened in

RETURN ON EQUITY AFTER TAX

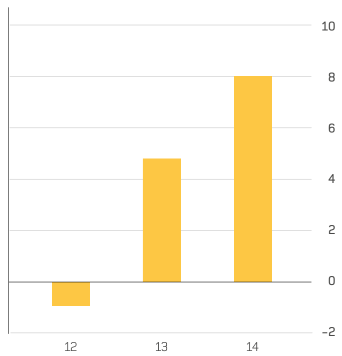
in percentage

7,3 %



"In the consultation response to the new postal regulations, Posten Norge emphasised that the development is progressing quickly and requested greater freedom of action."

E-COMMERCE VOLUME
growth, in percentage
8,0 %



Molde and Helsinki in 2014 and in Drammen in March 2015. The construction of Posten and Bring's new logistics centre at Alnabru in Oslo began in 2014.

Mail segment

The Mail segment's operating profit before depreciation and amortisation (EBITDA) and non-recurring items was MNOK 847, which is a decline of MNOK 295 or 25.8 per cent compared to 2013. This decline is due to reduced letter volumes and reduced government procurement. The effect was offset in part by cost-mitigation measures, but also from the effect of transitioning from self-run post offices to Post in Shops.

Additional costs that Posten incurs by providing commercially unprofitable statutory postal services are covered by government procurement. In 2014 Parliament granted MNOK 270 for this purpose. In 2013 it granted MNOK 353 in addition to MNOK 123 to cover the deficit from previous years. Under this scheme, Posten Norge recalculates the following year the requirements in connection with the annual product accounts that are submitted to the Norwegian Post and Telecommunications Authority every year. This recalculation for 2014 will take place in Q3 2015. In its budget for 2015 the Government has granted MNOK 418 for the purchase of unprofitable mail and banking services.

Bring Citymail Sweden reduced its deficit compared to 2013.

Associated companies

The share of profits from associated companies was MNOK 126 in 2014, which is an increase from the previous year's negative amount, MNOK -22.

At the end of the year Posten Norge owned 40 per cent of Evry ASA. In March 2015 the shareholding was sold to Apax/Lyngen Bidco AS. The Group also owned 34 per cent of Danske Fragtmænd AS, of which the Group's share in profit was MNOK 8 in 2014. (See note 10).

Investments

Investments as a whole, excluding acquisitions, totalled MNOK 1,081 in 2014 compared to MNOK 1,092 in 2013. This item includes investments in terminals, means of transport, land and production equipment as well as investments in IT systems. Subsidiaries were also acquired for MNOK 86, of which MNOK 7 were related to the buy-out of minority shareholdings.

Cash flows from operating and investing activities in 2014 were MNOK 278, which is MNOK 341 higher than in 2013.

Goodwill

The Group has a total of MNOK 2,153 related to goodwill from previous acquisitions recorded in the balance sheet as at 31/12/2014. An evaluation of the present value of cash flows related to the acquired units in relation to the amounts recognised in the balance sheet in 2014 resulted in a total impairment loss of MNOK 253, which refers in its entirety to the Logistics segment.

Financial flexibility

In 2014 the Group had net financial expenses of MNOK 123 compared with net MNOK 22 the previous year. The Group had long-term liquidity reserves of MNOK 4,477 on 31/12/2014, compared with MNOK 4,511 the previous year. These reserves consisted of invested funds and available credit facilities. The Group emphasises financial flexibility and the ability to take advantage of opportunities in the market.

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.

As part of its corporate governance, the Board of Directors emphasises good risk management and internal control. The Board of Directors reviews risk analyses every six months that evaluate the Group's total risk. The risk analysis is carried out as a comprehensive process in which all divisions and major businesses actively participate and are part of the Group's analyses. Emphasis is placed on a quantitatively expressed risk approach. Risk-mitigating measures are implemented to ensure that the business achieves its goals and an evaluation is conducted on a regular basis to ensure that the measures are having the desired effect or to determine if new risk factors have arisen. Posten Norge actively follows up on the company's risk exposure within the areas of strategic, operating, project, financial and corporate reputation risk. The follow-up of information security and integrity will be enhanced.

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

Reduced financial risk

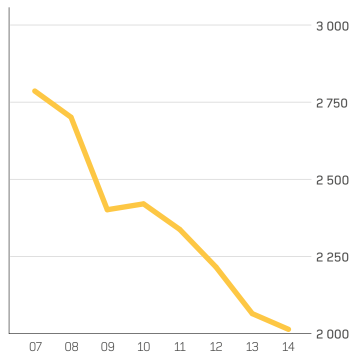
Posten Norge continued to implement measures in 2014 to reduce financial risk and increase its financial freedom. Discipline in the use of capital, goal-oriented acquisitions and a focus on cost-reducing and revenue-increasing measures gave satisfactory results despite the decline in the volume of postal services. The Logistics segment reported higher sales and profit despite persistent pressure on margins.

Consolidated equity is stronger and the Group has the capacity to make strategically important investments.

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

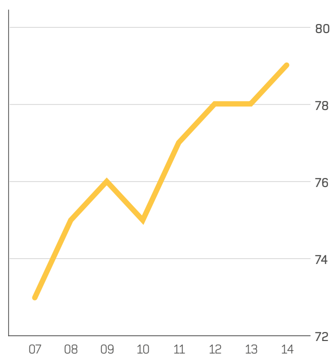
TOTAL VOLUME LETTERS
in millions of units

2 015



"The Group is making considerable investments, totalling around BNOK 4, in new joint terminals based on the needs of the logistics operations."

EMPLOYEE SATISFACTION
in scale from 1 to 100, where 100 is best
79



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 2014 net interest-bearing liabilities/EBITDA was 0.8 (the same as in 2013) and the equity ratio was 37.9 per cent (compared to 38.8 per cent in 2013). Posten Norge uses financial instruments to manage the risk associated with changes to the interest rate and foreign exchange (see note 18).

Claims for compensation
The logistics company Schenker made a claim for compensation against Posten Norge in connection with the ESA case regarding exclusivity clauses in the Post in Shops agreements for the period 2000-2006. Oslo District Court has adjourned the case pending other legal processes. Posten Norge maintains that the claim for compensation is groundless.

Allocation of profit
Posten Norge AS had a post-tax profit in 2014 of MNOK 333 and the Group had a post-tax profit of MNOK 449.

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

The Board of Directors proposes that dividends be paid for 2014 that correspond to 50 per cent of the Group's post-tax profit for the year, i.e. MNOK 225. The other half of the surplus for the year is transferred to equity to ensure that the Group's equity is reasonable given the risk and scope of the business. The state budget for 2015 includes a MNOK 300 dividend from Posten Norge for the 2014 fiscal year. The actual dividend will be determined at the 2015 General Assembly.

The annual reports have been prepared under the assumption of continued operations. The Board of Directors confirms that this assumption is valid.

CORPORATE SOCIAL RESPONSIBILITY
Posten Norge works systematically to ensure the Group's activities contribute to sustainable development in line with the expectations of customers and the Government's ownership policy. The Group has specifically chosen to direct its corporate social responsibility initiatives toward the environment, diversity and integration. Based on the Board of Director's evaluation, Posten Norge is among the leading businesses in these areas in terms of corporate social responsibility. This is supported by Ipsos MMI's reputation survey for 2014, where Posten Norge was ranked 5th among Norway's 116 largest companies in the environment and corporate social responsibility/moral.

Posten Norge participates in Global Compact, which is a UN initiative for cooperation with businesses on sustainable development. As a participant, the Group is obligated to integrate consideration for human rights, workers' rights and social conditions, the wider environment and anti-corruption measures into its business strategies and daily operations. The Group uses the Global Reporting Initiative (GRI) framework for its reports. The report that is included in this annual and sustainability report is in accordance with sections 3-3c of the Norwegian Accounting Act and the related regulation, "Transition rules for changes in the Norwegian Accounting Act and other acts".

Our employees

One of the Group's main principal goals is to have attractive workplaces and a good working environment. Employees are our most important resource. Health-promoting activities are therefore a high priority and the Group's vision is for nobody to be injured or become sick as a result of their work.

Posten Norge was awarded the Working Environment Prize in 2014 for its good HSE work and a 30 per cent decrease in sickness absence since 2006. The effects of this are that around 500 more employees are at their jobs every day compared to one year ago. As a result, Posten Norge has saved MNOK 200 on an annual basis, of which MNOK 130 is reduced pension and insurance expenses, and society has saved MNOK 290 on an annual basis. The Board is satisfied that it is able to show a correlation between good HSE results, quality and economics and takes the position that this is a sign of a well-run business.

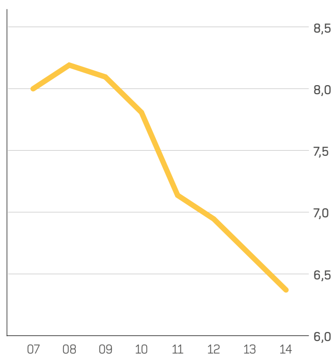
Posten Norge is constantly in a state of transformation. This has a major effect on its employees. The reconstruction processes are based on involving employees through a well-functioning, three-part cooperation between management, trade unions and safety services. When reducing the number of employees, it is important for the employees to be given time and to be well-informed about the situation so events are as predictable as possible. The Group provides redundant employees with support and assistance with the goal of gaining new employment within or outside the Group.

The Group's workforce decreased by 918 full-time employees in 2014. Most of the positions were related to the reorganisation of post offices and the transfer of staff to the newly established joint venture distribution company for Bring Citymail's Stockholm operations and Schibsted's and Bonnier's newspaper distribution. At the end of 2014,

SICK LEAVE

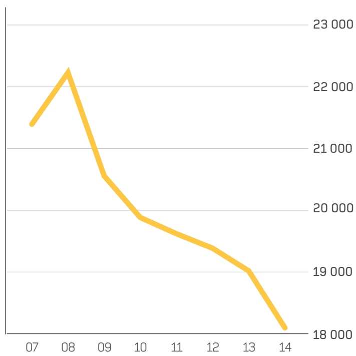
Group in percentage

6,3 %



"Posten Norge works systematically to ensure the Group's activities contribute to sustainable development."

FTEs
Fulltime equivalent employees
18 104



the Group had 18,104 full-time equivalents. Posten Norge reflects the diversity of today's society, and in the Norwegian part of the Group 14 per cent of its employees have immigrant backgrounds, which is an increase of one percentage point compared with last year. More than 70 nationalities are represented among the Group's employees.

Active efforts are taken to promote integration in the operations and increase the proportion of employees with immigrant backgrounds in the staff units and management positions. Language tuition is a vital part of this work. A development and internship program is offered to selected employees.

Posten Norge has been a racism-free zone for fifteen years. A new three-year contract has been signed with Norwegian People's Aid and Postkom. This means that everyone at Posten Norge is welcome regardless of skin colour, religion or cultural background.

Good working environment

The organisational survey conducted in 2014 showed that the working environment in the Group is good and our employees enjoy their jobs. Overall employee satisfaction increased to 79 (on a scale of 1 to 100, where 100 is best), which is up one point from the previous year.

Work with health, the environment and safety is at the top of the Group's agenda. A long-term focus and systematic follow-up of sickness absence has given positive results over time.

Sickness absence in 2014 was 6.3 per cent, which is a decrease of 0.3 percentage points compared to the previous year. An analysis comparing women's sickness leave to that of men at Posten Norge AS shows that women in all age groups have a higher sickness absence rate than men, which reflects the situation in society in general. Posten Norge's staff consists of 37 per cent women, but these women represent 48 per cent of the sickness absence. The analysis does not provide a clear explanation of why. For both women and men, muscle/bone pain and slight psychological problems are the most common reason for reported sickness absence.

The Group works with a long-term plan for the follow-up of sickness absence and uses the "Posten model" and the "It Helps" methodology, as well as cooperating closely with NAV and the employee health services.

Efforts in recent years have been more targeted toward preventive work and healthy employees. To date more than 4,000 employees have participated in the Group's health-promoting programme.

Nobody should be injured at work

Efforts to reduce personal injuries have targeted building a culture of safety. The Group's safety standard is followed up on with both announced and unannounced safety audits and the units also conduct self-evaluations. The increased reporting of near-accidents has raised awareness of risk areas and strengthened preventive work.

There were 383 personal injuries in 2014 that resulted in an H2 value (number of personal injuries per million hours worked) of 12.7, which is down from 15.4 from the previous year. Of these, 144 injuries required medical treatment. This gave an H1 value (number of personal injuries involving absence that required medical treatment per million hours worked) of 4.8, which is down from 5.1 in 2013. The Board is very satisfied with the injury trend. In the same manner as for sickness absence, the good results are from a focus from management and a long-term commitment as well as investments in injury-prevention measures and equipment.

Pay and equality

Posten Norge AS subscribes to the main principle that management pay should be competitive, but not leading the field for equivalent types of companies. Employment terms for managers at Posten Norge AS are well within the government's guidelines for salary policies in state-owned enterprises. The new guidelines that were published by the Ministry of Trade and Fisheries on 13 February 2015 will be reviewed during 2015.

Salaries, other remuneration and accrued pensions for executive management totalled MNOK 29.7 in 2014, compared with MNOK 28.7 the year before. There are no significant pay differences between men and women that can be attributed to gender.

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

Posten Norge's Group management is 50 per cent female. The proportion of women among employees in the Group is 36 percent, and 30 percent among managers.

Good managers

The Group works systematically with its manager development in order to strengthen the Group's implementation ability and goal achievement. Using employee reviews and management evaluations as a basis, managers are objectively evaluated on their performance and potential. Posten Norge also works in parallel with succession planning and talent development. In 2014 a total of 83 managers and talents participated in various development measures offered by the Group.

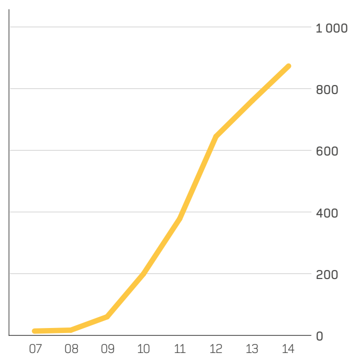
Employee development

Skills development is a major focus both via internal and external course offerings and workplace-based training. The Group has

ELECTRIC VEHICLES

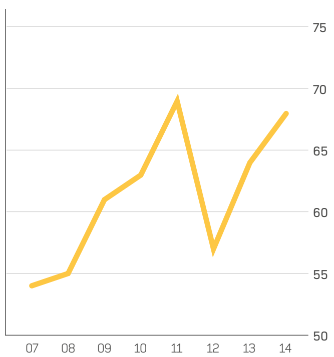
Number

875



"Work with health, the environment and safety is at the top of the Group's agenda."

REPUTATION
In percentage
68



made a major investment in e-learning combined with other types of teaching forms, for example as an introduction for HSE as well as the Group's principles and environmental work.

As a supplement to other internal training opportunities, courses are offered in Norwegian reading, writing and verbal skills and there are online apprenticeships to increase the number of employees with a certificate of apprenticeship. The Group's scholarship programme distributes around MNOK 1.5 every year to employees who would like to expand their formal competence.

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

External environment
As one of the Nordic region's biggest transport operators, the Group takes particular responsibility for reducing its environmental impact and increasing its energy efficiency internally. Some of the most important measures to reduce the impact on the climate include the use of environmentally friendly vehicles and fuel, transport optimisation, the transfer of freight from air to the ground and from road to sea and rail, efficient use of space and raising of competence among managers and employees.

Reduced CO2 emissions
In 2014 the Group reduced its CO2 emissions by 19,000 tonnes and thereby achieved a 30 per cent CO2 reduction since 2008 compared to the target of 40 per cent by 2020.

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

Prevention of criminal activity
Crime against Posten Norge is considered to be moderate. The number of reports of criminal activities in the Group declined in 2014 compared to the previous year. This is primarily due to fewer reported parcel thefts. The Group has a zero-tolerance policy for internal fraud. In 2014, 21 persons (employees or subcontractors and other parties related to the Group's services) were let go due to criminal offenses, compared to 24 the previous year.

Posten Norge focuses on all types of criminality and works actively to prevent and solve cases. The level of security and contingency plans are viewed in the context of, for example, the government's threat assessments and international work and prioritisations, for example by the Universal Postal Union (UPU) and the International Civil Aviation Organization (ICAO).

Information security
Within information security, cyber attacks and threats are an increasing risk for businesses. The Group has established strict control systems and risk assessments to achieve stable operations and meet the high security requirements that are needed when several and important services are exposed to the Internet. In addition, security reviews are held with external security experts.

CORPORATE GOVERNANCE
The Board of Directors emphasises the

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

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 and Denmark.

Each year the Board presents a statement on the company's corporate governance which forms part of the annual and sustainability report.

At the 2014 General Assembly Anne Britt Berentsen was elected to the Board and replaced Sigrun Hjørnegård as a shareholder -appointed Board member. In 2014 elections were also held among the employees. As a results of these elections, Siv Ryan Andersen from Postkom replaced Geir Løland from Postansattes Landsforbund.

The Board of Director's evaluation of its own work

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

In addition to being a decision-making and control body, the Board wishes 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, value chain and processes, combined with relevant external competence.

FUTURE PROSPECTS

The market forecasts for the Norwegian economy in 2015 predict lower growth as a result of reduced demand from petroleum companies and households. In Sweden and Denmark more moderate growth and activity are expected. The Board of Directors stipu-

"As one of the Nordic region's largest transport operators, the Group takes particular responsibility for reducing its environmental impact."

STATEMENT OF THE BOARD OF DIRECTORS

- We confirm that, to the best of our knowledge, the financial statements have been prepared in accordance with approved 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.
- The Board also confirms that the Report of the Board of Directors provides a true and fair view of the development and performance of the business and the position of the Group and the parent company together with a description of the key risks and uncertainties that the company is facing.

lates that the Group would like to have moderate organic growth and supplement this growth with acquisitions in the logistics segment, while sales in the Mail segment will continue to decline.

The Group's primary strategy is to develop a customer-oriented, Nordic, integrated and industrialised group. The Board is committed to making the customers' needs a priority in all areas of the business, and they should influence the development. It should be easier to be a customer of Posten Norge, and business customers should meet a Bring with a unified and harmonised offering of services. Operation will be integrated and common IT systems will simplify the process from orders to invoices.

The establishment of a common IT platform in 2014 provides the foundation for significant cost savings in coming years while at the same time opening the door for common IT solutions.

Growth in Logistics

The Logistics segment represents a steadily growing share of the Group's operations and we will continue with this goal-oriented investment. The Group's strategy is to obtain synergy effects between the letter, parcel and freight operations. The Group should take advantage of economies of scale by standardising operating models and linking value chains in each country with the goal of achieving a distribution and terminal network and a coordinated customer interface. The work to integrate value chains and networks will continue in 2015. By 2018 there will be 18 joint terminals in Norway based on the needs of the logistics operations. A similar network project is starting in Sweden.

Increase e-commerce

E-commerce is growing by around 15-20 per cent annually and it is the Group's most important area of growth. The goal is to be the preferred supplier for both online stores and recipients. Posten Norge wants to take a significant share of the market by developing customer solutions and establishing a strong Nordic distribution network for parcels that has good coverage in Denmark and Sweden – in addition to Posten Norge's finely meshed distribution network in Norway.

Restructuring in Mail

In the coming years, volumes of addressed mail are expected to fall 7-8 per cent per year, which means that in 2020 Posten Norge will have lost around 70 per cent of the volume of physical letters since 2000. The decline in volumes and high percentage of fixed costs will require continued significant changes and that the regulatory framework be modified as the use of Posten Norge's services change. The proposed discontinuation of postal delivery on Saturday in Norway is a major change that will require thorough preparation. Further in the future it may become relevant to combine the A and B classes to a single letter stream.

If Norway implements the EU's third Postal Directive, all postal services in Norway will be subject to full competition – including sealed addressed letters under 50 grams. This will also affect Posten Norge's change requirements depending on how tough the competition is.

Secure digital mail
The transition to secure digital mail is expected to gain momentum in 2015. Before Q1 2016, the central government and municipalities that today send mail on paper must start to use a new solution for secure digital mailboxes for communication with the general public. Posten Norge will contribute to the rapid expansion of users and further develop the service.

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

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

26 March 2015

Idar Kreutzer (leder)
Terje Wold
Jørgen Randers
Randi Sætershagen (nestleder)
Odd Christian Øverland
Siv Ryan Andersen
Anne Britt Berentsen
Paul Magnus Gamlemshaug
Dag Mejdell (konsernsjef)
Gøril Hannås
Ann-Elisabeth Wirgeness

For notes and accounts, visit www.postennorge.com/annual-report

Mail Division

Digital *milestones*

2014 was a year in which the digitisation of postal services picked up speed. The agreement to provide the mailbox solution for digital mail from the public sector was a milestone in Posten Norge's eventful history.

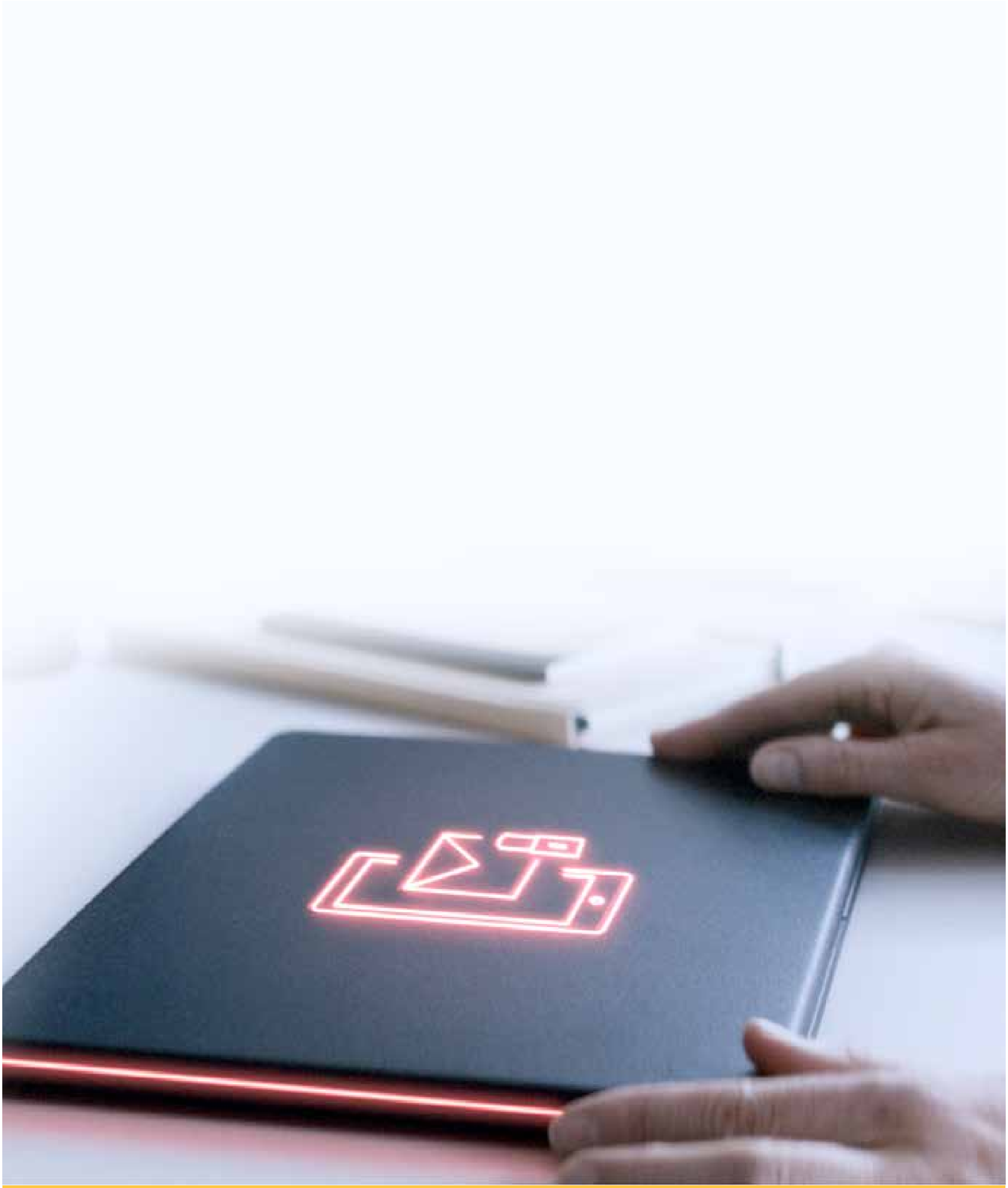
For Posten Norge, the agreement with the Norwegian Agency for Public Management and eGovernment (Difi) means that in a digitised future the Group will continue to deliver post to the people of Norway, as we have done since 1647. The agreement concerns both the digital mailbox and the message service.

Making customers' lives simpler

In February 2014, the Norwegian Government decided that in future the public sector must, as a general rule, communicate digitally with both private individuals and companies. As a consequence, private individuals must now have a digital mailbox. The first letters from the public sector were distributed just after New Year 2015, and a high digital distribution volume during the year is expected.

Posten launched Digipost in 2011, and at the start of 2015 the service had almost 400,000 users. Before Digipost was implemented by the public sector, more than 500 companies, such as banks, insurance companies and healthcare enterprises, had signed up to send their digital mail via this service.

Digipost continuously develops a number of supplementary services, to make users' everyday lives easier. At the same time, more and



DIVISION
Mail

- A significant player in the Norwegian and Swedish communications market.
- The private market is served through the Posten brand in Norway, and the business market through 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 tangible and digital services and infrastructure.

more of Posten Norge's other services are being digitised. Posten Norge's customers can now easily administer changes of address via the self-service solution "My Page Address", and also check their household's address details. This service was launched just before New Year 2014, and was fully commissioned in the course of the year.

Unique digital route book

For post distribution employees, 2014 was also a digital crossroads. Posten Norge has developed a new digital route book to manage 4,000 delivery routes across Norway more effectively. This solution is unique in the international postal industry and will offer delivery staff a more efficient working day. The digital route book has been developed by Posten Norge's IT department and will be available via Iphone, replacing 13 million sheets of paper. Many delivery staff members were involved in the project via development, testing and change proposals.

For Posten Norge's customers, the digital route book will improve post distribution, since updates will take place more quickly and effectively.

Joint terminals are the future

The number of letters sent continued to decline in 2014, increasing the need to further streamline postal services. This requires the combined location of small distribution units, expansion of automated sorting, and new route schemes.

The coordination of services with Bring also continued. Greater collaboration is key to the further development of the Posten Norge Group. While the volumes for traditional postal activities are declining, parcel and freight volumes are increasing. To succeed in this competition and win new customers, the Group needs to be effective by offering solutions that are in line with the customers' requirements.

A key element of this work is the new terminal structure that is now being established. On 1 October, Posten and Bring's new joint terminal in Molde was opened. This is the first of a total of 18 terminals throughout Norway where it is planned to co-locate mail, parcel and freight operations. 230 employees from Posten and Bring's different business areas are now gathered in Molde.

In the spring of 2014 it was decided to build a new terminal for Posten and Bring at Torgård in Trondheim. By 2016, all of the Group's post and logistics activities will be gathered here. The new post and logistics centre will be the workplace of around 500 employees, with an investment of NOK 500 million. As a consequence of this decision, the post and parcels terminal at Sluppen has been sold.

Towards the end of the year a decision was taken to build a new joint terminal for post, parcels and freight in Bjerkvik, in Narvik municipality. Posten Norge is investing around NOK 140 million in the new terminal, which is planned to be completed by 2017. More than 100 employees will be attached to the terminal, which will cover an area of more than 5,000 sq.m.

New Postal Services Act in 2015

During the year, a new structure was established for red postal collection boxes. Surveys showed that many of the 20,000 collection boxes were not used very much, and that the need for these collection points could be covered with around 15,000 collection boxes. In addition, a scheme was introduced whereby private customers can post their letters via the green delivery boxes out in the postal districts. These letters are collected by the rural collection and delivery staff.

In 2014, the shift from post offices to Post in Shops was largely completed. Posten's sales network now consists of over 3000 service points, with 40 post offices, around 1380 Post in Shops and 1550 rural postal routes, in addition to 24 business centers. We deliver letters, advertising and small parcels to over two million mailboxes across the country.

Posten Norge's environmental work continued in 2014. The Group now has more than one thousand vehicles that run on alternative fuels. All of the 30 post offices remaining after the major reorganisation as Post in Shops in 2013 have achieved environmental certification. Further developments will depend on the framework conditions for the postal segment. For the Mail Division, the key task is to ensure that a good range of postal services is offered, while adapting operations to requirements, in order to safeguard profitability. The new Postal Services Act, which is expected to be adopted by the Storting (Parliament) in 2015, will set out the future framework for the Mail Division.

Subsidiaries

Bring Citymail

Bring Citymail Sweden has established a joint venture with the Swedish newspapers in the Schibsted and Bonnier Groups for the distribution of mail, parcels and newspapers in the Stockholm area. In 2014 they achieved growth of 4 per cent in volume terms.

Bring Dialog

Bring Dialog continued the positive trend from the last few years, delivering a satisfactory operating result in 2014.

Quality

According to the licence requirement for A mail, 85 per cent of post must be delivered overnight. In 2014, we met the licence requirement for the year as a whole, and in three out of four quarters. The large volumes just before Christmas and the related capacity challenges at the terminals were the reason that the licence requirement for the fourth quarter was not fulfilled.

BUSINESS AREAS:

CUSTOMER SERVICE: Helps customers deal with problems and provides advice on using Posten and Bring services and online stores. Consists of six units located in Sarpsborg, Haugesund, Larvik, Kristiansand, Lørenskog and Oslo.

SALES: Responsible for all customer activities for the Mail Division in Norway and the Nordic region. Private customers are served via Posten. In the private market the nationwide distribution of mail is a central service, in addition to the sale of products and services via the post office network and Post in Shops. Corporate customers are served via Bring Mail. The main products and services of the business market are the distribution of addressed and unaddressed mail.

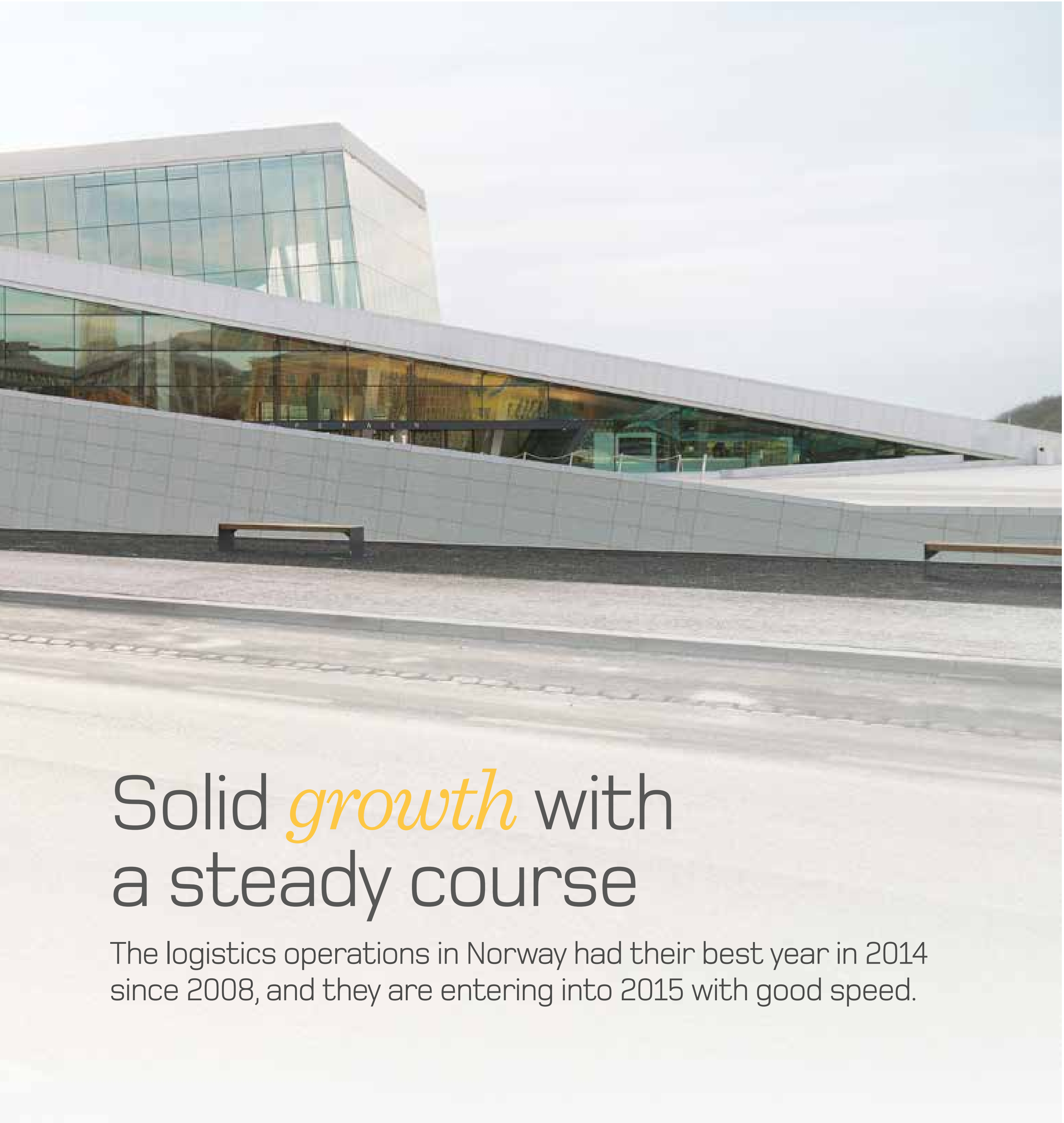
SIX REGIONS: Develop and operate Posten's physical network. The network comprises the production and distribution of letters and direct mail advertising and serves all postal addresses in Norway for both private individuals and companies. Operate a total of nine letter delivery terminals and are responsible for the nationwide network of post offices and Post in Shops.

DIGIPOST: Posten's digital postal service via which all Norwegian companies and private individuals can send and receive digital letters.

BRING CITYMAIL SWEDEN: Specialises in the distribution of mail and small parcels that fit the mailbox. Helps businesses to communicate and build relationships with their customers efficiently via the mailbox. The company's employees reach over 2.5 million mailboxes in Stockholm, Gothenburg, Malmö, Mälardalen and Gotland. This represents 54 per cent of all Swedish households and enterprises.

BRING DIALOG: Helps companies to develop and manage their customer relationships through customer dialogue.

Logistics Norway Division



Solid *growth* with a steady course

The logistics operations in Norway had their best year in 2014 since 2008, and they are entering into 2015 with good speed.

DIVISION
Logistics Norway

- 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.
- Logistics Norway operates all of the domestic parcel and freight terminals and transports mail, parcels and freight.
- Is responsible for air freight and the long-haul postal routes service.
- Bring has operations in the UK, the Netherlands, Central Europe and Hong Kong.

Logistics Norway reported sales growth of 5.9 per cent and profit was 40 per cent higher than the previous year. All of the business areas had higher sales than in 2013.

Parcel volume increased by 9 per cent, with cross-border parcels increasing by 32 per cent. Domestic business parcels declined. Part loads have had good customer access throughout all of 2014.

Less customs bureaucracy

In 2014 Norwegian online shoppers saved well over NOK 100 million on simplified customs clearance of goods. The threshold was increased from NOK 1,000 to NOK 3,000. Most parcels to Norwegian consumers that must go through customs, come in under this threshold.

The taxable amount on the import of private goods was raised from NOK 200 to NOK 350 from the first of the new year. As a result, there are fewer customs clearances, even though shipping and insurance is included in this amount. The Group is also in the process of purchasing a customs clearance system that will replace the roughly ten IT systems that are currently used for customs clearance. In addition, Bring will open a customs service office at Svinesund in 2015 that will be manned 24 hours a day.

Growth in all business areas

Bring International had a strong year with 17 per cent growth, and more than doubled the results from 2013. Bring Netherlands is in the process of building a new terminal in Zwijndrecht that will open in the summer. Bring's international operations are central for capturing goods flows to Norway.

Strong price competition and negative foreign currency effects contributed to a weaker result than expected for Bring Frigo Norway. Temperature-controlled goods are viewed in the context of parcels and freight, for example via joint terminal networks and line haul traffic.

Bring Warehousing delivers a profit in 2014, with rising load ratios at Berger logistics centre and many new customers.

For Offshore & Energy the projects Nyhamna in Nordmøre and Edvard Grieg at Kværner Stord were central. Base-to-base operations declined, in part because more rigs have been shut down. The market weakened over the year, but the offshore business significantly improved its earnings for the year in 2014.

New terminal network

The Posten Norge Group is investing more than NOK 3 billion in a new network of 18 terminals for parcels, freight and temperature-controlled transport in Norway. The new terminal network will make it possible to produce parcels and freight in the same stream. The goal is to fill vehicles so that as much cargo as possible is shipped as few kilometres as possible. This also reduces CO2 emissions.

The logistics centre in Oslo will become the hub in 2017 with 1,100 employees. The sorting equipment from Vanderlande will be able to sort up to 23,500 parcels per hour.

Posten and Bring's Molde Terminal opened on the 1st of October, and its 230 employees will handle mail, parcels, freight and temperature-controlled goods.

The parcel facilities at the terminal in Haugesund were in place before Christmas. With a 30 per cent increase in sales, 25 new full-time equivalents and more need for space, the newly built terminal must already be expanded by 3,500 square metres.

The ninth joint terminal opened in Drammen on the 15th of March with a facility that can sort 5,000 parcels an hour. The establishment of the new terminal structure was at that point halfway.

Terminals in the planning stage

Trondheim will receive a new mail and logistics centre at Torgård at a cost of NOK 500 million. It will be completed in 2016 and house close to 500 employees. The National Rail Administration is planning to build its new freight terminal in the area.

In Bjerkvik, directly north of Narvik, a new terminal for pacels, freight and temperature-controlled goods and mail distribution will be completed in 2017 at a cost of NOK 140 million. It will house more than 100 employees and cover an area of 5,000 square metres.

In Mo i Rana, NOK 80 million is being invested in the Helgeland Terminal for parcels, freight and temperature-controlled goods. It will be completed in 2016, cover an area in excess of 3,000 square metres and house almost 80 employees. This opens for more freight on Nordlandsbanen the Helgeland.

In Sandnes a new logistics centre will be completed in 2017. It will house operations within parcels, freight, temperature-controlled goods and Offshore & Energy. Posten Norge will invest roughly NOK 650 million in this terminal, which will cover 16,000 square metres. It will have almost 320 employees.

Improved overview for customers

In 2014 Bring received a joint transport guide that provides an overview of the services, prices and terms and conditions for parcels and freight. A joint 20-zone pricing model for business parcels and part-loads was also established.

Completed transfer of operations

As of the 1st of July, all domestic freight operations were transferred to Posten Norge. Customer service, sales staff, support staff and 177 drivers were transferred from Bring Cargo AS to Posten Norge AS. In 2012, 600 employees and all terminal operations had been transferred. As of 2015, customer and supplier agreements were also transferred to the Parent Company.

Bring Cargo AS now consists of Offshore & Energy, Bring Cargo International, Air & Sea and Fish. Bring Cargo AS has been ISO 9001-certified for a long time. This certification now includes both parcels and freight following a total of 19 audits conducted by Nemko in Norway last autumn.

Closings and acquisitions

Bring Logistics Sunnmøre was closed in September due to poor profitability. The company had 40 full-time equivalents. The Group acquired Kirkestuen Transport, which has 70 employees. Its main office is in Lom and it has terminals in Otta and Rudshøgda.

Higher traffic safety

The authorities have tightened the regulations and are placing stricter requirements on heavy transport on Norwegian roads. Inspections of loads and vehicles and controls of cabotage rules and rest time provisions have increased sharply. As of 1 January 2015 a new requirement enters into force for winter tyres with a minimum of a 5 mm tread depth on all tyres, both on trucks and trailers. Posten and Bring have already been doing this for years. The company replaces 8,000 truck tyres every year.

BUSINESS AREAS:

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.

Offshore & Energy: Industry concentration in offshore and project logistics.

Bring International: Responsible for international line haul traffic and corridors and the Air & Sea service area. Also responsible for Bring's international operations outside of the Nordic region

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

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

Logistics Nordic Division

Improved *offer* for Nordic customers

Posten Norge's logistics operations outside of Norway are an important growth area for the Group. In 2014 the Logistics Nordic division further strengthened its offer for Nordic customers.

DIVISION
Logistics Nordic

- The Logistics Nordic division consists of Posten Norge's logistics operations in Sweden, Denmark and Finland.
- The division will develop and operate a comprehensive logistics offer with Sweden as an important centre for customers throughout the entire Nordic region.

The Logistics Nordic division is responsible for the Group's logistics operations in Sweden, Denmark and Finland. Bring offers a wide spectrum of local, national, Nordic and international logistics services.

Enhanced e-commerce offer

E-commerce is one of the largest growing areas in the market and a focus area for Bring. During the course of 2014 Bring enhanced its e-commerce offer in all of the Nordic countries. In Sweden we acquired Smartpak, which gives Bring's customers access to 600 new collection points (in addition to the 1,350 existing points) for parcels sent to private individuals. In Denmark the e-commerce offer was significantly expanded and now has more flexible delivery alternatives close to the end customer.

Bring regularly launches new, innovative services for e-commerce customers. In Sweden, for example, it offers home delivery on holidays and, in collaboration with the Bring Citymail postal organisation, small parcels can be tracked.

More doorstep delivery

Bring is a leader in home delivery, which is a growth area much due to the considerable demand for consumer-adapted and practical services. Both everyday items and more infrequent purchases to an increasingly larger extent are being delivered directly to the home of private individuals at times they have chosen themselves. One example of this is the delivery of groceries, a service that has established itself in multiple Nordic countries in a short period of time.

Improved freight operations in Sweden

During the year multiple measures were implemented to strengthen and expand Bring's domestic freight network in Sweden. West Cargo Vårgårda in western Sweden, which was acquired in 2013, was integrated into Bring in 2014. Bring also finalised an extensive collaboration with Itella, the logistics services supplier, and has taken over the company's domestic distribution operations in Sweden.

Developments in temperature-controlled logistics

Bring's comprehensive offer in temperature-controlled transport and warehousing operations was further developed during 2014. Bring has worked aggressively to maintain and improve its position in a market that is in constant change. It has developed new, innovative services, for example a concept for fresh goods and new temperature-controlled services for the pharmaceutical sector.

Partner in international trade

During 2014, Bring purchased Itella's air and

sea operations in Sweden. This purchase strengthened Bring's offer in international transport regardless of the mode – road, rail, air, sea or multimodal transports.

New terminal in Finland

In Finland Bring invested in a new full-service terminal outside of Helsinki to strengthen its offer to its customers and improve its conditions for future growth.

New Head of Division

Thomas Tscherning assumed the post as the new head of Bring's logistics operations in the Nordic region in November. He was recruited internally and replaced Tim Jörnsen.

Taking social responsibility

Bring distinguishes itself with its proactive environmental work, and its goal is to be the industry leader when it comes to the environment. Some of the areas in which we worked to make improvements during 2014 include:

- investments in vehicles that run on alternative fuel, such as gas, LNG (liquid natural gas), biodiesel and electricity
- CO2-free distribution in city centres
- alternative transport solutions, such as rail, when possible
- reduction in own energy consumption, particularly in energy-intensive operations such as cold storage

Trust of existing and new customers

Some of the many agreements that were signed in 2014 were with new customers such as Picadeli, Hemglass, Brafab, Swedish Arbetsförmedlingen and Skövde slakteri. Partnerships with existing customers were also expanded, for example ALcontrol and Nelly.

Future prospects

During 2015 Bring will continue its offensive development in the Nordic region with a clear goal of profitable growth. Investments continue to create a broad, strong offer with the most attractive services in the Nordic market. Some of the focus areas for 2015:

- Development of the offer for e-commerce logistics. The Nordic offer is strengthened in particular through investment in Sweden, which is the largest market and a geographic centre for cross-border trade in the Nordic region.
- Additional investments to solidify Bring's strong position in foodstuff logistics and to further develop our offer with integrated concepts in several market segments.
- Development of synergies in Bring's terminal and line haul structure and expansion of capacity for larger volumes in the future.

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.

E-commerce Division

Strengthening e-commerce in the Nordic region

Over the course of 2014, Posten and Bring became a full-service supplier for the Nordic e-commerce market.

Posten and Bring will help Nordic e-commerce succeed – a position the Group solidified over the course of last year. By establishing and expanding its own B2C (Business to Consumer) network in Denmark and Sweden, the Group has strengthened its offer for online stores and their customers across all of the Nordic countries.

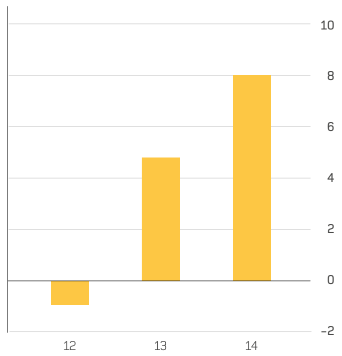
Online shopping made easy for most people

The E-commerce Division, which was established in 2012, has been tasked with the overall responsibility for the Group's e-commerce investment. The division has no production of its own, but rather is responsible for ensuring that the interface with the Group's other divisions works well. By looking at the entire value chain from manufacturer to consumer, the division must deliver services, solutions and concepts that contribute to efficient, attractive online shopping and satisfied customers.

The E-commerce Division is responsible for the customer across the Group's entire service portfolio. Key account managers identify customer needs, act as advisors and develop tailored solutions – with an emphasis on our customers' customers. E-commerce has become an increasingly important sales channel for businesses, and competition


NATURAL PRODUCTS
Worldwide co
3 Warple Way London W3 0RX
14.08.0
SMALL PACKET

E-COMMERCE VOLUME
growth, in percentage
8,0 %



for customers is strong from both local and global operators. Quality and flexibility are therefore crucial in order to develop good distribution agreements in the Nordic Region. Success is contingent on bringing the recipient's perspective to the forefront and improving the recipient's freedom of choice with regard to delivery options. Our services and concepts must make online shopping easy for most people.

Insight and competence

Posten and Bring should be the preferred supplier of logistics services. Just as importantly, we should be a preferred advisor. Online stores shouldn't just buy services from us - they should also receive good advice and tips on how to make their business a success.

It is therefore very important for the E-commerce Division to have solid insight into and competence in online shopping. As part of this, the Division is responsible for Posten and Bring's Nordic E-Commerce Report, which analyses the e-commerce markets in Norway, Sweden, Denmark and Finland. Another important channel for providing online stores with advice and tips are the Division's own external webpages under the Group's Bring portal. The stores can find good advice and tips here for how to develop their business and read customer stores, blogs from different experts and articles about various e-commerce themes.

Important meeting arenas for e-commerce

In 2014, the Division established and developed several meeting places and arenas for online stores in Norway, Sweden and Denmark, in addition to being present at important external e-commerce arenas in the Nordic region. This is a part of the strategy to make Posten and Bring the leading supplier of services, expertise and advice for the industry.

Breakfast meetings with an e-commerce theme have now been established as an important arena in Posten and Bring. In addition, the division is responsible for organising the annual E-Commerce and Logistics Day in Norway, which is called LOAD. The conference offer participants national and international customer cases and inspirational lectures.

During LOAD, awards are handed out to the year's best Norwegian online stores, decided by an independent jury of experts in e-commerce, the Internet, social media and analysis.

Making e-commerce a success

The division has developed a partner concept as part of its work to become the preferred supplier and expert advisor and partner for e-commerce. Posten and Bring should be able to deliver services throughout the entire online store value chain. In areas where the division itself cannot provide services for online stores, it has established relationships with relevant Nordic partners.

Innovation and concept development are a central theme, and the division works to systematically develop solutions and services that will make online shopping simpler for both online stores and their customers. In order to succeed with innovation and development, the division must work efficiently with the other divisions in the Group as well as external partners. In 2014 its primary focus was on improving API solutions and further developing customer solutions, such as the Shipping Guide and MyBring, as well as developing a new solution for parcel machines in Norway.

Posten and Bring's e-commerce service portfolio:

The E-commerce Division is responsible for Posten and Bring's e-commerce service portfolio. The services are delivered to online stores' entire value chain, from start-up, via customer dialogue and sales, to delivery and returns – either by itself or via external partners. The service portfolio allows recipients to choose between collecting goods from a collection point, for example a post office/Post in Shop, have them delivered to the door, or have them sent straight to the mailbox.

"Service parcel": The recipient collects the parcel from one of our 6,000 collection points throughout the Nordic Region. The recipient is notified in advance and can track the parcel's movements.

Evening home delivery: The recipient can request that the parcel be delivered to their door between 5 p.m. and 9 p.m. in most towns and conurbations. SMS/email notification when the 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.

In the mailbox: We offer two parcel options delivered in the mailbox.

- Mini parcels: Service with tracking in which the recipient is notified by SMS or email when the parcel is en route.
- Small parcels: Specifically targeted to online stores that send small, lightweight parcels with a relatively low value that fit in the mailbox. Sent without tracking.

Parcel machines: Posten and Bring offer the online stores' customers the possibility of picking up their parcels from parcel machines:

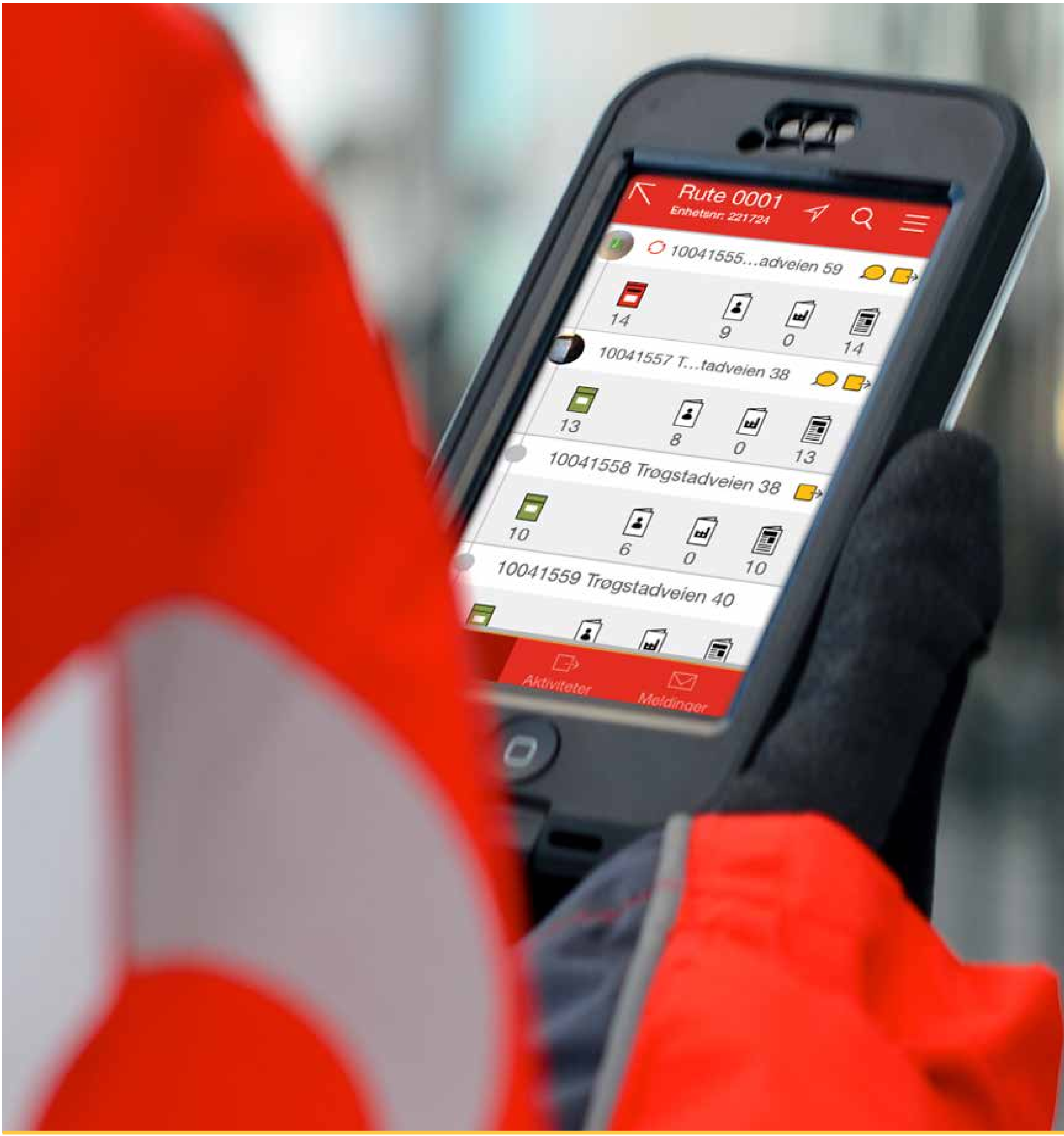
- Free-standing machines (Denmark and Norway): Placed in central locations. It should be possible for the user to select this option from among the online store's delivery alternatives.
- At existing collection points: Placed in or close to an already existing collection point in order to offer increased capacity and supplement the collection point.

DIVISION
E-commerce

- Specialises in e-commerce
- Shall be the Group's spearhead in the e-commerce market
- Shall ensure that Posten and Bring's customers succeed in their e-commerce
- Shall help Posten achieve its goal of being the leading Nordic supplier of services and solutions for companies offering goods over the Internet.

"The division works systematically to develop solutions and services that make online shopping simpler for both online stores and their customers."

Innovation report



Focus on *innovation*

Posten and Bring have always been innovative. In future we must make even higher requirements of ourselves.

Innovation, continuous improvement, or working smarter. The various concepts have many different definitions. For us at Posten and Bring, innovation means creating something new and different, having a new perspective, and contributing to added value. We are also proud to have a vision that reflects this: We will be the world's most future-oriented mail and logistics group!

Posten Norge has always been driven by innovation. This has ensured that we can deliver good results and also be relevant for our customers – notwithstanding the major changes in our markets, and society as such. Many postal services companies are driven by the need to cut costs. Posten Norge, on the other hand, has both streamlined its operations and focused on new revenue flows. The Group has achieved international recognition for this in the well-reputed magazine, Bloomberg Businessweek. The magazine's commentator praises the speed of change and the courage shown by Posten Norge in the face of declining mail volumes and the digitisation of traditional letter communication.

Extra emphasis

Society's development indicates that we should give even more emphasis to innovation and renewal in Norway. 2014 was a year of uncertainty in several markets, and it seems that this will continue for some time into the future. Norwegian productivity – and thereby competitiveness – is a current topic in several sectors and industries. Innovation, renewal and how to work smarter are at the heart of these discussions.

Customer requirements are changing, new and smarter ways of working are being defined, and the speed of change is increasing. This accelerated rate of change in recent years has caused the Group to sharpen its focus on innovation. In order to deliver on the customers' needs and expectations, we must work in a different way to "yesterday". Yet the philosophy is the same – we work continuously to achieve our vision to be the world's leading mail and logistics Group. Continuous improvement has been the organisation's mantra for several years, and still is.

Many good examples

We have achieved many sound and exciting innovations in recent years. A good example is Digipost, Posten's digital mailbox, which enables customers to receive and store their mail and important documents easily and securely at one place. An important milestone was reached in March 2014, when Digipost was selected to distribute digital mail from the public sector.

Another example is the digital route book, which saves 13 million sheets of paper annually for Posten. Physical piles of paper with daily updates have been replaced by smartphones with the route book as a special app. The digital route book streamlines delivery staff's work and ensures that delivery routes are updated and maintained quickly, which in turn minimises errors and improves quality for our customers. Posten is the first, and only, postal services company with an internal company app of this nature.

Posten has also achieved several environmental innovations. For example, we started to test alternatively-powered vehicles at an early stage. In 2012, for example, we developed the electrical moped, Paxster, in cooperation with Loyd, the producer. Since 2013, Posten and Bring have also had their own environmental fund, with NOK 5 million earmarked for large and smaller initiatives to help the Group to resolve its climate challenges. The environmental fund helps to promote an innovative spirit among our employees, and is also self-financing via the savings achieved.

E-commerce is another area in which we are driving innovation. We work continuously to simplify and develop our services, based on customers' needs and requirements, so as to include such elements as freedom of choice, simplicity, security, price and returns, on a sound basis. This includes the continuous development of our delivery alternatives, of which a recent example is our self-service parcel machines, which give customers even greater flexibility in terms of where and how they collect their parcels.

Our terminals are also fully equipped with pioneering new technology. Posten's Østland terminal, which opened in January 2010, is still one of Europe's most modern high-tech post terminals. The terminal attracts visitors from postal services companies all over the world.

Further development

Despite the many good examples of successful innovation, we must continue to challenge our methods of working. There is a great difference between developing a single random innovation and creating a system in which large and smaller innovations are part of the everyday working lives of all of our employees. In future we will therefore make even higher demands of ourselves. Our efforts must be directed at important joint Group focus areas, such as customer orientation, profitability and collaboration, while also ensuring the capacity to create and develop key innovations.

A central aspect of successful innovation is to further develop the Group's innovation culture and achieve the organisation's untapped potential. This will create the consolidated force that is needed. We will achieve this by ensuring that all of our employees both take responsibility for contributing to innovation, and also have the opportunity to contribute.

In January 2015, we launched a special innovation site at Postennorge.no, and in February a special innovation magazine was published. This is how we communicate the good stories and build a culture of transparent innovation.

Valuable cooperation

As a Group, we are part of an ecosystem. Our customers receive services for which Posten and Bring are fully or partly responsible. Our customers will increasingly experience how their requirements can only be fulfilled by several of their suppliers working together. This requires coordination with regard to service deliveries, and not least service innovation. To be successful, Posten and Bring will also build on a collaboration culture in the development of our services. We recognise that not all good ideas are created internally and therefore wish to have an open dialogue with our customers, partners and suppliers, in order to create sound and comprehensive solutions.

Dialogue with customers and employees takes place in several arenas. In order to capture the good ideas and input across the Group, as well as from customers and partners, the Group is also working to establish an open dialogue platform for innovation, called "Labs".

We also have sound and close cooperation with the academic world via the Centre for Service Innovation (CSI) at the Norwegian School of Economics (NHH). This ensures that our methods of working are challenged continuously, and that we contribute our own competence and experience.

READ MORE

Would you like to read more about how we work with innovation?
See **postennorge.no/innovasjon.**

You can also contact us at **innovasjon@posten.no**

Market Report

Moderate *growth* in the economy

The Norwegian economy posted moderate growth in 2014. At the end of the year, the price of oil fell sharply and had a large impact after many years of strong growth.

In Sweden the economy demonstrated some growth, but the recovery after the financial crisis has taken longer than previously expected. As a whole, the financial growth among Norway's trade partners was weak in 2014 following positive signs throughout 2013.

While 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.

Mail services in continuous transition

The transition from traditional letters to electronic communication is progressing as expected. The expansion of digital solutions and a reduction in letter volumes by just under 10 per cent annually require constant, extensive change. The distribution of mail on Saturdays, the volume of which is less than one-fourth of a weekday delivery, is very costly. Posten Norge would therefore like to see the Saturday distribution obligation removed as quickly as possible.

The major customers who send out administrative mail, in both the public and private sectors, are all working on developing their electronic solutions. All public entities must start using digital mailboxes for communication with the general public before the first quarter of 2016. Public administration represents a significant portion of the total turnover of addressed mail (approx. 15–20 per cent). For Posten Norge this means that large, physical volumes will disappear in the course of the next few years.

For many, particularly those involved in marketing, written communication is still in a strong position. Customer newsletters, brochures and marketing letters continue

GROWING E-COMMERCE

- E-commerce is one of the fastest growing areas in the Nordic logistics market.
- 7 out of 10 consumers claim good delivery options to be essential for the choice of online store.

to work best on paper. The mailbox is also an attractive option for online shopping. The quantity of small parcels in the mailbox is increasing, compensating to some extent for declining letter volumes.

Strong increase in e-commerce

Online shopping is growing at a rapid pace, approximately five times more than in-store shopping. This is changing the method Norwegian and Nordic consumers use when shopping. 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.

Product delivery is a key aspect of online shopping, and delivery alternatives are playing a decisive role in the choice of online stores. 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 stores have both a physical and an online store, more stores will choose to connect both sales channels. For example some stores offer the ability to order goods online in the physical store, if the desired good is no longer in stock.

The 2014 E-commerce Report highlights four important trends in online shopping:

- More complex customer journeys. Consumers demand more from the customer experience.

- Interaction between online shopping and physical shops. Consumers expect to be able to shop where and when they want, and in the way that suits them best.

- Use of insight and analysis. The big winners will be those who manage to use insight in the right context with regard to consumers.

- Global e-commerce. A number of international companies have simplified the buying process so that the barriers related to customs duties, language and foreign currencies are disappearing.

A number of online stores in the Nordic countries plan to open online stores in additional countries in the coming years. First and foremost the Swedish online stores want to expand to their neighbouring Nordic countries, which will mean increased competition for the national online stores. The Norwegian online stores are demonstrating less interest in geographic expansion.

Nordic challenges

There is a clear relationship between economic growth in the Nordic region and the logistics market. Influential Nordic actors and large international networks are increasing competition in the Nordic region. As a result, prices will be under increasing presure, which in turn contributes to the development of more cost-efficient logistics networks. Companies in the Nordic region continue to consolidate and centralise their logistics operations. An increasing number of companies that succeed in one country are expanding into the other Nordic countries. This centralisation has reduced logistics and production costs, but for some suppliers resulted in a larger number of transports. Some companies emphasize that the total environmental accounts have not been affected negatively since reduced energy consumption in production or fewer and more efficient warehousing units offset the environmental burden of increased transports.

Increased international transport to the Nordic region has also led to stronger competition from foreign low-cost carriers. Retail companies from Central Europe see opportunities for growth in the Nordic region. Structural changes are occurring in both the logistics industry and commerce, and traditional limits on the individual operator's responsibilities are evolving.

Logistics companies in the Nordic region will either become dependent on international alliances or have a presence in markets they are exporting to or importing from, like Asia. Logistics hubs in Europe will become increasingly important due to the centralisation of production and warehousing. Having a presence and good customer service in these hubs will be important for companies competing in the Nordic logistics market.

Purchasing trends

Acquisitions have played an important role for the Nordic mail and logistics companies in strengthening their positions. Interest in acquisitions was more subdued in 2014. Most companies that are still independent are either small or specialists in certain niches in the market. Some are also linked to major operators as subcontractors. More and more global and European logistics operators are establishing subsidiaries or separate businesses in the Nordic region.

However, if we take a wider view of the logistics industry, i.e. parcels, freight, temperature-controlled transport, storage services and third-party logistics, there is intense competition between operators. There will still be movement in the operator market, and further structural changes are expected in the years to come.

Focus on infrastructure and the environment

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 increasing proportion of the population is concentrated around the major cities and regional hubs.

Despite huge public investment in cities, the infrastructure is not keeping pace with the increase in vehicle traffic. Traffic is also creating increasing environmental and noise-related problems, resulting in a strong focus on railway expansion. Personal transport is prioritised, meaning that transfer of goods from road to rail is moving less quickly than we could wish for. Norway is working on renewing marine transport solutions in order to exploit this environmentally friendly mode of transport.

In Norway, Sweden and Finland longer, heavier articulated vehicles (25 metres/60 tonnes) 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 the expert environments to identify good, futureoriented solutions.

Uncertainty in the Western economy

Economic growth in the Euro zone is standing still. Between the beginning of 2008 and the summer of 2009, GDP in the Euro zone fell by almost six per cent. Since then production has increased by just under four per cent, which means that the region still has not recovered what it lost after the financial crisis.

Among the large industrial countries, USA recovered quickest after the crisis. GDP is now almost nine per cent higher than at the beginning of 2008, following strong growth during the spring and summer of 2014. In particular, investments in businesses and homes are increasing from relatively low levels. The main driving force behind the American economy, namely private consumption, has picked up, but this upswing is offset by the relatively limited growth in salaries. The underlying growth in the British economy has been surprisingly strong for the past year and a half. The major Asian countries continue to have high growth, if slightly subdued.

For Norway, it has been six years since a fall as sharp as the one predicted now. The price of oil has fallen by 50 % since last summer, the Norwegian krone has decreased significantly in value and the outlook for the oil-dependent Norwegian economy has weakened considerably. The open Swedish economy is being held back by the weak growth of many of its most important trade partners. Exports have more or less stood still the past three years. Corporate investments are showing practically no growth. Households are pulling the economy, with a rather large increase in consumption and very high growth in house prices. The logistics operations are a reflection of the activity in the market and must constantly be adapted to market developments.

DIGITAL MAIL

- In March 2014 Digipost was chosen as the supplier of digital mail for the public sector.
- All public entities must start using digital mailboxes for communication with the general public before the first quarter of 2016.

The future 2015–2017

Posten Norge implements the changes in the new postal regulations.

Public entities start to use secure digital mail to communicate with the general public.

The Group adopts a long-term, systematic approach towards sustainability, with a particular focus on health, safety and the environment (HSE), and climate and diversity issues. Before 2020 Posten and Bring shall reduce their CO2 emissions by 40 %.

Bring opens a new logistics centre for parcels, freight and temperature-controlled transport at Alnabru in Oslo in 2017.

Bring opens new integrated terminals for parcels and freight in a number of cities throughout Norway.

Work on the joint terminals for mail, parcels and freight continues. The objective is to give customers better service and strengthen the Group's competitiveness.

Bring opens a new terminal in the Netherlands in 2015.

Posten introduces improved tracking of small parcels in mailboxes via radio-frequency identification (RFID).

Posten Norge releases its annual e-commerce report containing analyses of Nordic development and assessments from the world's foremost e-commerce experts.

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.

03

SUSTAINABILITY

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

Key figures for sustainability:

SICK LEAVE in percentage

2014	2013	2012	2011
6,3	6,6	6,9	7,1

H1 VALUE

2014	2013	2012	2011
4,8	4,9	5,3	11,1*

EMPLOYEES WITH IMMIGRANT BACKGROUND In Norway, in percentage

2014	2013	2012	2011
14	13,5	12,2	11,7

CO2 EMISSIONS tons

2014	2013	2012	2011
552 728	571 470	603 793	588 244

ELECTRIC VEHICLES number

2014	2013	2012	2011
875	761	643	372

POSTEN'S REPUTATION positive impression, in percentage

2014	2013	2012	2011
68	64	57	69

EMPLOYEE SATISFACTION in scale from 1 to 100

2014	2013	2012	2011
79	78	78	77

* H value, which includes both lost-time injuries requiring medical treatment and self-reported lost-time injuries.
H1 value from 1.1.2012 includes only lost-time injuries requiring medical treatment.

Posten Norge and sustainability

Working with *sustainability*

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 emphasize 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.

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

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

WE SUPPORT

Global Compact

Posten Norge became a participant in the UN's Global Compact in March 2011. Global Compact is the UN's initiative for sustainable development in business. As a participant in Global Compact, Posten Norge promises to integrate ten basic principles into its strategy and daily operations and to report on activities and improvements related to these principles. The principles are divided into four areas: human rights, labour standards, the environment and anti-corruption.

The Group is a 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 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.

GLOBAL COMPACT'S TEN PRINCIPLES

Human Rights

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

Labour

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

Environment

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

Anti-Corruption

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

Our *prioritised* sustainability areas

In 2013, the Group completed a materiality analysis that identified and prioritised the sustainability challenges that are most important for Posten Norge. These form the basis for the reporting in 2014.

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

Methodology

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

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

The fourteen sustainability areas

As a result of this analysis, the Group identified fourteen areas that are important for Posten Norge's sustainability work. Both the opportunities and risks for these areas have been mapped.

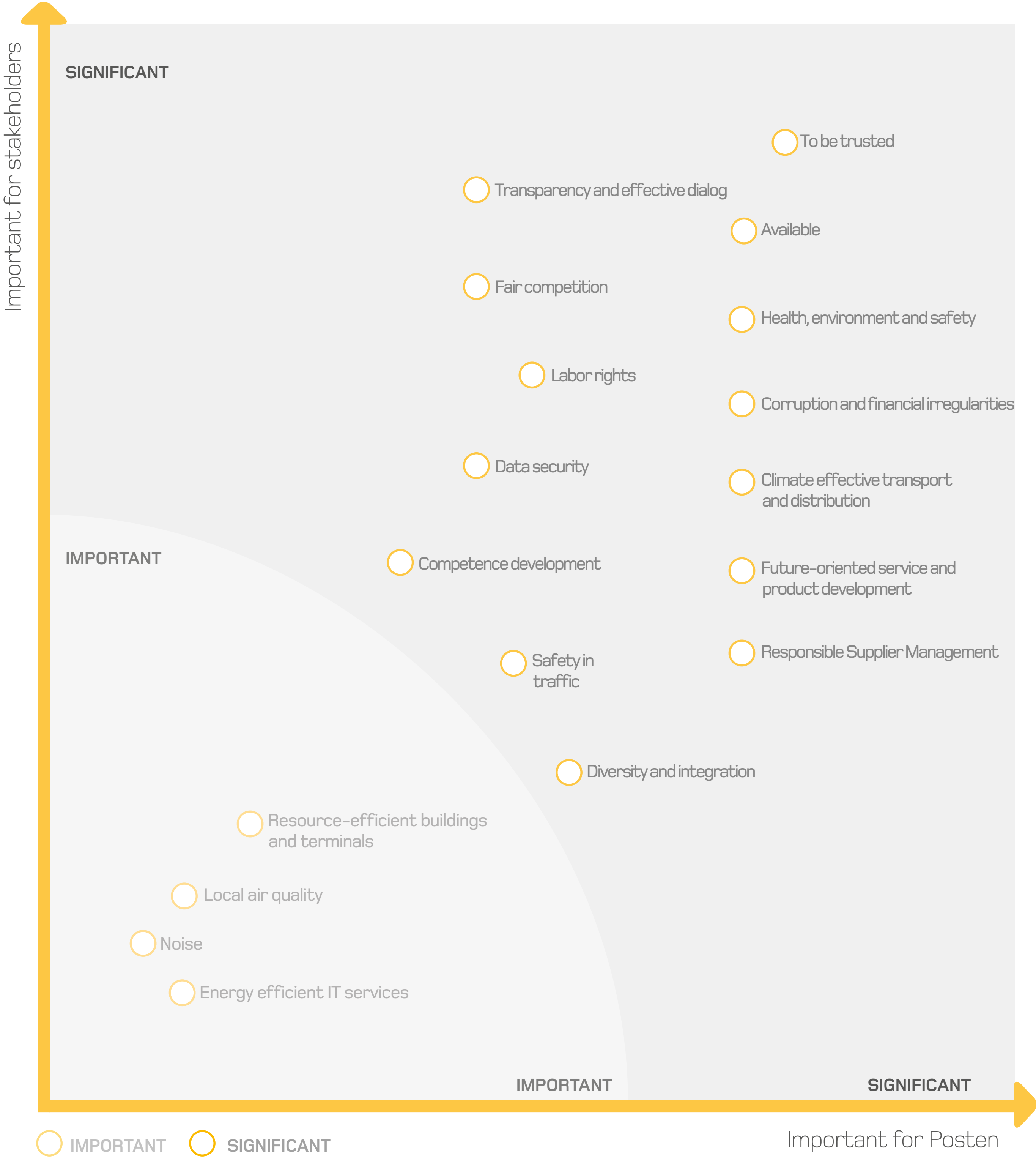
The fourteen areas are:

1. To be reliable

Posten Norge's existence is dependent on customers receiving a high level of customer service and high quality services. Weak customer satisfaction also indirectly affects the state as an owner. A perceived decrease in reliability, quality and service can quickly result in lower customer satisfaction/reputation and thereby weaken Posten Norge's basis of existence.

2. Open and effective dialogue

Good information and clarity for customers with regard to the service offer, channels and Posten Norge's social mission are essential for the operations, as are good dialogue with authorities and owners regarding licences and regulations. The Sustainability Report is a tool for open and effective dialogue with the Group's stakeholders. A lack of communication represents a reputation


Important for stakeholders
SIGNIFICANT
To be trusted
Transparency and effective dialog
Available
Fair competition
Health, environment and safety
Labor rights
Corruption and financial irregularities
Data security
Climate effective transport and distribution
IMPORTANT
Competence development
Future-oriented service and product development
Safety in traffic
Responsible Supplier Management
Diversity and integration
Resource-efficient buildings and terminals
Local air quality
Noise
Energy efficient IT services
IMPORTANT
SIGNIFICANT
IMPORTANT
SIGNIFICANT
Important for Posten

risk related to customer dissatisfaction and a risk of not realising the potential associated with new services.

3. Accessibility

Posten Norge should be a country-wide service provider with a Nordic presence and a high degree of coverage. This is important for the Group's stakeholders, in order to maintain Posten Norge's value-generating function in society. Availability is also an important differentiator in the market. This area includes all measures for meeting the needs of customers for access both in districts and cities, through, for example, Post in Shops, parcel machines, digital services and simple contact points for private individuals and business customers.

4. Health, safety and the environment

One of Posten Norge's strategic goals is to have a working environment that promotes health and in which nobody is injured or becomes sick as a result of their work. This area includes indicators such as sickness absence, lost-time injuries and near-accidents. A working environment that promotes good health is important for ensuring effectiveness and access to an attractive workforce. It is also important for the Group's reputation.

5. Workers' rights

Workers' rights, decent working conditions, and attractive and safe workplaces are important for the Group. This includes fair salaries, compensation or pension schemes in addition to issues related to social dumping. This is important because it affects employees' ability to perform. This aspect can result in corporate reputation risk, particularly related to salary levels, safe workplaces and possibilities for joining a union. This aspect is also important for ensuring effectiveness and access to an attractive workforce. Owners and authorities place clear demands on decent working conditions through regulations.

6. Fair competition

Posten Norge should have a uniform and consistent business practice that enhances the Group's profitability and competitiveness and is in line with applicable competition regulations. This area also includes abuse of market power and influencing the terms of competition in the industry via, for example, salary levels and compliance with regulations. This area is important during legal matters and the follow-up of applicable competition regulations.

7. Corruption and financial irregularities

Posten Norge's integrity programme establishes clear rules for how to handle issues related to bribes, gifts, hospitality and other sources of conflicts of interest and partiality. Owners place strict requirements on their companies through anti-corruption regulations. Business clients are also setting clear requirements in their tender documents on the follow-up of integrity.

8. Future-oriented service and product development

Steadily accelerating volume reductions in addressed letter post are placing pressure on the continuous development of Posten Norge's services and products. Innovation and mail processing in new channels are key to winning the fight for customers. The absence of innovation will affect Posten Norge's right to existence and competitiveness. Innovation also creates new income opportunities.

9. Environmentally friendly transport and distribution

The reduction of CO2 emissions and other greenhouse gases through the use of alternative and more environmentally friendly methods of transport is a focus area for the Group. Efficient distribution and analysis of distribution frequency and alternative distribution forms can also contribute to reducing the operation's greenhouse gas emissions. Posten Norge is obligated through its ownership report to make its operations more environmentally friendly. In addition, business customers are placing increasingly stricter requirements about the environment in their purchasing process. Private customers and local associations expect large operations to take their environmental responsibility, as do several stakeholder organisations. For Posten Norge, environmentally friendly transport and redistribution are also possibilities for cost-cutting through streamlining and the use of alternative transport.

10. Responsible supplier management
The Group shall follow up on suppliers, particularly with regard to environmental impact, working conditions and integrity. Different suppliers perform services on behalf of Posten Norge, where Posten Norge is primarily associated with the quality of the delivery. Posten Norge's suppliers influence Posten Norge's ability to reach a goal associated with the environment and social impact.

11. Information security
Posten Norge manages a large amount of sensitive information, not in the least in conjunction with its banking operations. In addition, more and more important services are being exposed to the Internet. It is therefore important for the operations to protect a secure and efficient movement of information and trust in the data quality. Posten Norge should also manage information for authorities and protect the security of society.

12. Diversity and integration
The Group will contribute to the integration of ethnic minorities into society, and it has a clear goal of reflecting the diversity in society at all levels of the organisation. This also includes equal opportunities and conditions for everyone as well as integration measures within recruitment, language, clothing and diversity and dialogue (MOD). Posten Norge's work with diversity and integration are important for its reputation. It also contributes to ensuring effectiveness and access to an attractive labour force.

13. Safety in traffic
Safety for others in traffic through measures such as speed barriers, limits on driving time, resting time and safety on the road are important for the Group. This also includes measures related to training drivers. The probability of a major accident is low, but the consequences are large if it does happen. It is therefore important to have a system and procedures that ensure the prevention, control and follow-up of for example drivers. This creates trust and security among employees, potential employees, customers, fellow travellers and owners.

14. Skills development
The Group is focusing on developing the skills of its own employees so they are equipped to meet the development and new technology and are prepared for any potential reorganization. For example, digital solutions for mail deliverers and drivers. Relevant and updated information is also important for ensuring deliveries of the highest quality.

Identified appropriate key performance indicators
Posten Norge applies the recommended reporting tool, Global Reporting Initiative (GRI). Using the materiality analysis (2013) as a basis, we are reporting for 2014 the GRI performance indicators that are most relevant and important for the Group to report under the new GRI G4 template.

A review with our sustainability reporting advisor, EY, identified a total of 13 GRI G4 performance indicators that are relevant for Posten Norge to report at the Core level and 39 for the Comprehensive level.

Three areas identified by the materiality analysis are not covered by the GRI performance indicators: accessibility, safety in traffic and future-oriented service and product development. Posten Norge has therefore developed its own reporting for these areas, to ensure that they are also mentioned in a satisfying manner. Both levels require that we report on these three identified sustainability areas.

To report at the Core level the requirement is to report at least one indicator in all of the 13 identified sustainability areas for the Group.

Future reporting

The Group works continuously on measures to improve measurement and reporting of sustainability. The Group updated its Materiality Analysis in 2015. The analysis will serve as a basis for the reporting in 2015.

The updated Materiality Analysis is based on a broader definition of sustainability (long-term viability) and is more closely linked to the strategy and governance system. From discussing environmental and social considerations, the analysis is shifting to Posten Norge's long-term viability and ability to generate value. This change is 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 the strategy and governance are comprehensive.

The updated materiality analysis will contribute to a complete understanding of Posten Norge's business model and the resources that Posten Norge and Bring are dependent on to generate value. This is concretised through the Group's five capital areas:

- Our employees
- Our relationships and partnerships
- Our network and expertise
- Our ability to change
- Our finance capital

The capital areas have been the basis for the areas (aspects) that are prioritised and should be included in the materiality analysis. As a result, new areas have been included in the analysis.

The Group has identified thirteen areas that are of importance for Posten Norge in the future. Both the opportunities and risks for these areas have been mapped. These thirteen sustainability areas can be placed in each of the capital areas and will serve as the basis for the 2015 reporting. We will then link our GRI reporting template to these sustainability areas to determine which indicators we should report on in the future. This enables us to take a large step toward a more integrated report.

THE GROUP'S FIVE CAPITAL AREAS

The capital areas show what resources Posten and Bring are dependent on, to generate value.
These form the basis of the areas which are essential for Posten Norge's future work.

Our employees
- Health, working environment and safety
- Attractive work place
- Good managers

Our relationships and partnerships
- Customer-oriented
- Open and effective communication
- Integrity

Our networks and expertise
- Environmentally friendly transports and logistics
- Integrated and industrialised networks
- Information security

Our ability to change
- Competitive framework conditions
- Innovation and service development

Our finance capital
- Return on equity
- Solidity and liquidity

Framework, level and scope of the report

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

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

Management approach

Management approach contains a brief summary of how the Group manages its work on sustainability within each of the prioritised and most significant sustainability issues.

Level

GRI G4 currently has two reporting levels, Core and Comprehensive. In order to report at the Core level, the Group must report at least one indicator in each of the sustainability areas the Group has defined as significant. Profile information and management approach are also reported.

For the Comprehensive level, the Group must report all indicators within the significant sustainability areas in addition to management approach and expanded profile information.

GRI G4 framework was launched in 2013. Posten Norge was one of the first companies in Norway to go over to the new framework for annual reporting.

In this year's report, we report 29 performance indicators in full. This corresponds to the Core level for 2014, but with more indicators than what is required. This will make it easier to switch to the Comprehensive level later, if we so desire.

Reporting scope

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

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

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

Audit

The audit applies to the figures and text in the sustainability report.

"Posten Norge was one of the first companies in Norway to go over to the new framework for annual reporting. "

These articles refer to GRI indicators (G4), which are a part of Global Reporting Initiative's guidelines for sustainability reporting.

Our *stakeholders*

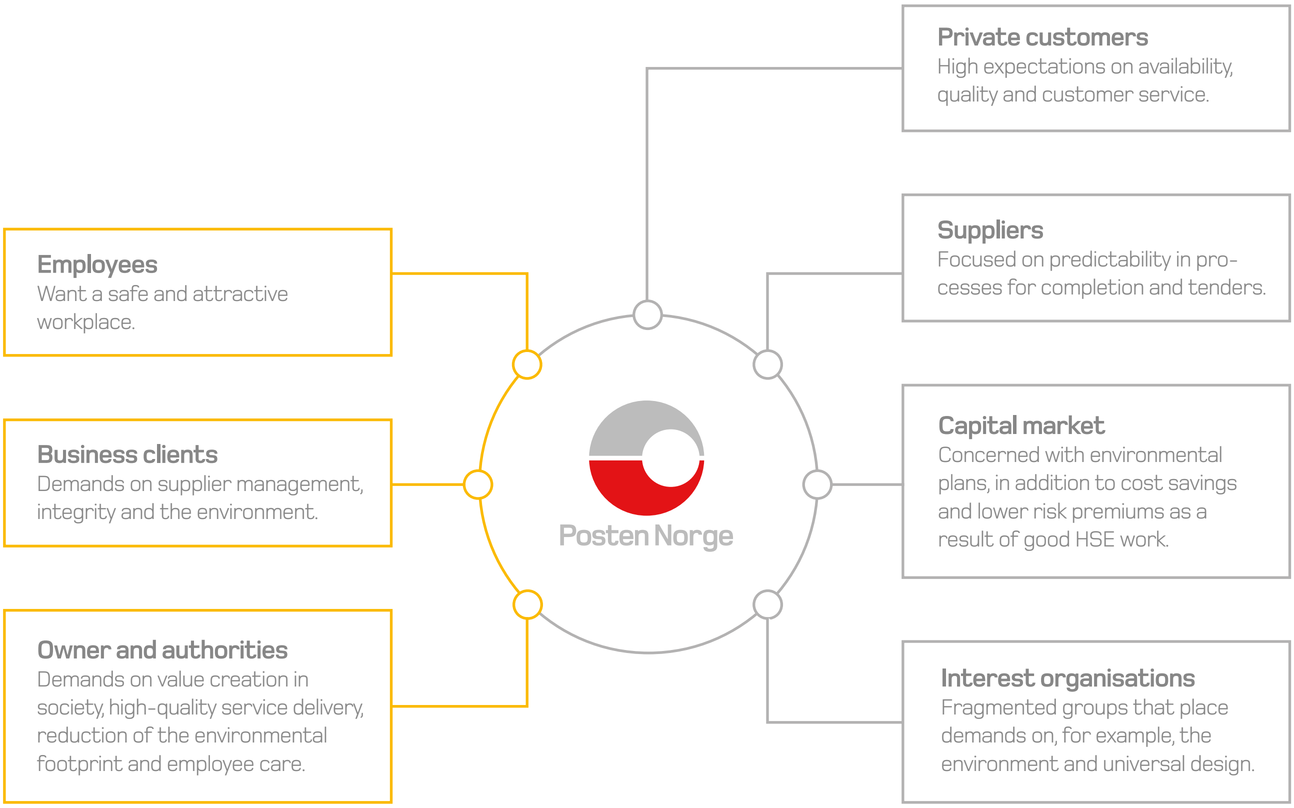
Owner, public authorities, business clients and employees are Posten Norge's key stakeholders.

The Group's stakeholders are increasingly demanding a systematic approach to sustainability, and expect Posten Norge, as a major Norwegian public-sector player, to be working methodically with this.

During January and February 2015 we updated Posten Norge's materiality analysis for sustainability. The analysis was performed for the first time in 2012 and identifies and prioritises the Group's key sustainability challenges. It considers which aspects of sustainability Posten Norge's key stakeholders are engaged in, and are of significance to Posten Norge's goal achievement. A new update has been made to ensure timely reflection on this, and to connect the materiality analysis more closely to the strategy. In order to achieve this, we apply a broad definition of the concept of sustainability. The updated analysis thereby also brings us a step closer to an integrated report. The analysis 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 contributes 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).

Defining our key stakeholders was a central element of the materiality analysis, since these stakeholders are involved in establishing the framework for our approach to corporate social responsibility. The stakeholders each have their own requirements and expectations of Posten Norge (G4-18).

Our most important key stakeholders were identified as the owner and public authorities, business 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 work (G4-24).

The Group also pursues a dialogue with other smaller stakeholders such as trade unions, business and employer organisations, 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).

Owner and public authorities

The Norwegian Ministry of Transport and Communications manages the Norwegian State's ownership of Posten Norge AS. The Group is therefore subject to the Ministry's corporate governance of the company.

The Group Management holds quarterly meetings with the Norwegian Ministry of Transport and Communications. As from 2014, corporate social responsibility is a key topic of the last quarterly meeting of the year.

Posten Norge's social responsibility is to ensure the provision of nationwide postal services of high quality, on a cost-effective basis. This is set out in the company's articles of association and defined in further detail in the Norwegian Postal Services Act, regulations and licence. The Norwegian Communications Authority inspects that Posten Norge fulfils its obligations. The Group also has relations with other relevant authorities that are of significance to our operations, including our corporate social responsibility activities.

Arenas for dialogue:

- Reporting meetings – quarterly
- Consultations and formal correspondence
- Ad-hoc meetings - as required

Suppliers

The dialogue with both existing and potential suppliers is central to Posten Norge's

STAKEHOLDERS
Definition

For Posten Norge, stakeholders are players who influence or who are influenced by our operations and/or have an interest in the Group's corporate social responsibility activities and how they take place.

DIALOGUE

- 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.

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).

Read more about the Group's supply chain management in the Integrity Report.

Arenas for dialogue:
- Meetings – for each procurement process and thereafter
- Workshops – for each procurement process
- Contract signing – for each procurement process

Business customers

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).

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. Net Promoter Score allows both business customers and private customers to give feedback to the Group on their overall perception of the company – including topics related to corporate social responsibility. Results and feedback from the customer are followed up in the line organisation, as the basis for customer-oriented continuous improvement within the organisation.

We endeavour 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 (G4-PR6).

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 & Energy segment. Posten Norge AS and Logistics Division Norway/ Bring Cargo AS are certified in accordance with ISO 9001:2008 within the segments of parcels, freight and warehousing, Aircraft and Marine and Offshore & Energy. The Offshore & Energy segment 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 state the requirements made of Offshore & Energy within the areas of health, the working environment, safety, the external environment and quality.

Offshore & Energy is represented on the boards of directors of several business associations and plays an active role in the development of its immediate environment. Offshore & Energy is also represented on committees for conferences within the oil and gas industry and contributes presentations on contemporary issues.

Bring Cargo Offshore & Energy has members in the Norwegian Petroleum Society, and is a member of NCE Subsea and Subsea Valley.

Arenas for dialogue (G4-PR 5):
- Customer surveys – annually
- Reputation surveys – annually

- Focus groups – as required
- Operational meetings – as required
- Net Promoter Score – daily

Employees today and in the future

Posten Norge performs an annual organisational survey of its employees (G4-26). In 2014, 89 per cent of those working in the Group responded to this survey. Two of the statements in the survey are "My unit demonstrates corporate social responsibility by considering the external environment" and "In my unit there is no discrimination" (G4-27).

Requirements are made for all managers in the Group to follow up on the results of the 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).

Other key topics taken up with employees in 2014 included measures to promote a healthy workplace, the working environment and job security. All of these topics are covered and presented in the Group's company newspaper and on the Group's intranet. Views can be submitted to the company newspaper and articles on the intranet can be commented on and responded to. The same applies to the Group's Facebook page "Vi i Posten og Bring" and Instagram account @postennorge for employees in Norway.

Managers are responsible for dialogue with employees on central initiatives and topics which affect working processes and the working day out in the units.

Arenas for dialogue:

- Organisation survey – annually
- Internal company newspaper – 10 editions per year (4 in Sweden and 6 in Norway)
- Intranet – daily as required
- Facebook and Instagram – daily as required
- Web meetings with the Group CEO – as required
- Annual report and sustainability report – annually
- Training – as required
- Management meetings – as required
- Personal development interviews– two per year
- Lectures/presentations – as required
- Team meetings – as required

VESENTLIGHETSANALYSE

- During January and February 2015 we updated Posten Norge's materiality analysis for sustainability.
- Defining our key stakeholders was a central element of the materiality analysis, since these stakeholders are involved in establishing the framework for our approach to corporate social responsibility.

"Our stakeholders are involved in establishing the framework for our approach to corporate social responsibility."

ENVIRONMENTAL AWERENESS

- Ipsos MMI carries out an annual profile survey of large Norwegian companies (G4-26). In 2014, 112 companies in 11 different sectors were assessed in relation to issues such as environmental awareness
- In 2014, 53 per cent stated that they had a good impression of Posten within this area.

Private customers and the local community

Ipsos MMI carries out an annual profile survey of large Norwegian companies (G4-26). In 2014, 112 companies in 11 different sectors were assessed in relation to issues such as environmental awareness, corporate social responsibility and moral. A nationally representative sample of 4,016 people aged over 18 were asked to take part in the survey. 23.5 per cent of them responded (942 persons).

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 2014, 53 per cent stated that they had a good impression and 21 per cent that they had a bad impression of Posten within this area. Posten has thus moved from seventh place in 2013 to fifth place in 2014, which shows that Posten has strengthened its reputation for the second consecutive 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 2014, Posten maintained its fifth place in this ranking. Posten was only beaten by environmental profiles such as Flytoget, Tine, NSB, and IKEA within the area of environmental awareness (G4-27).

Private customers can also give feedback related to corporate social responsibility via the NPS tool – see under Business customers.

Arenas for dialogue (G4-PR 5):

- Reputation surveys – annually
- Net Promoter Score – daily

Interest organisations

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

Cooperation with organisations for the disabled has been established in the "Co-operation forum for the universal design of mail services". The forum has six members from organisations for the disabled and three from Posten. The forum is led by Posten and meets at least twice a year (G4-26). Key topics in 2014 were the re-organisation of post offices as Post in Shops, the availability of Post in Shops, the outplacement of self-service parcel machines, and the universal design of Posten's websites.

Posten Norge is a member of Svanen (the Swan Purchasers' Club), Eco-Lighthouse, RENAS (EE waste), the Norwegian Association Against Noise, Green Dot Norway, Cities of the Future, Næring for Klima (Business for the Climate) and IPC (participant in the EMMS environmental programme). The Group is also an active partner with Zero, which is on the jury of the Group's Environmental Fund. Posten Norge takes part in Zero's "Transportlab 0/2030" and the reference group for Zero's 0/2030 project. We also cooperate on projects with SINTEF in Green City Distribution in Oslo, and Hydrogen in Trondheim. Furthermore, we work actively to improve the framework conditions for heavy transport, together with other players in the sector, such as Tine and Asko.

Via its its articles of association, Posten is required to adhere to the principles of the Norwegian Act concerning the use of Norway's two languages, Bokmål and Nynorsk, in public services with regard to customer information about the services which it delivers. Concrete inquiries also come from the Language Council of Norway and the Norwegian Language Society (G4-26). The principles of the Act must be followed as far as possible, but may not represent any disadvantage to the company compared with its competitors. Posten Norge reports to the Norwegian Ministry of Transport and Communications upon request and when questions are raised by individuals or interest groups (G4-27).

Arenas for dialogue (G4-PR 5):
- Cooperation forum for the universal design of postal services – twice a year
- Cooperation with players in the heavy transport sector – meeting minutes
- Sharing of experience from the Group's environmental work with various companies
- Conference attendance and presentations
- Exchange of experience with key politicians
- Focus groups – as required
- Informal meetings – as required
- E-mail – as required
- Focus groups – as required

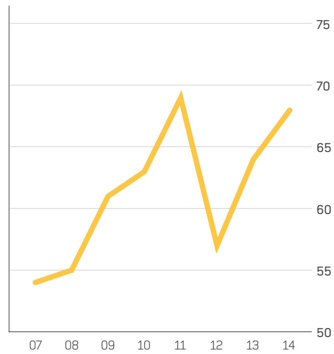
The capital market
Posten Norge AS has plans for a significant investment programme in the coming years, in order to achieve our strategies. In this respect investors and banks are a key stakeholder group since, in addition to our own cash flows, we will need long-term financing in order to achieve these investments. In addition to historical financial key figures, this stakeholder group is interested in our plans for, among other things, environmental initiatives, in view of the increasing focus on environmental requirements. Banks and investors are also interested in cost savings and lower risk premiums as a consequence of good HSE initiatives.

Our objective is to be clear about the direction we are moving in, and the measures we take or plan to take in order to achieve our objectives and strategies.

We hold a number of meetings in the course of the year with our lenders and other banks, in addition to an annual meeting with our key lenders in order to review our results and future prospects. In addition, lenders perform regular credit analyses that are distributed to investors for their review of our results and assessment of our future prospects.

Arenas for dialogue (G4-PR 5):
- Meetings with lenders and banks – as required
- Credit analyses – regularly

REPUTATION
In percentage
68



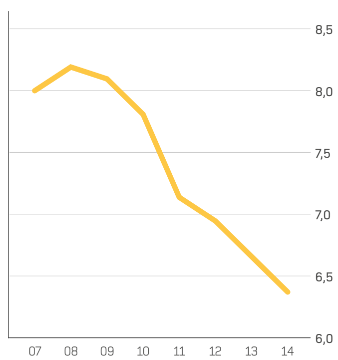
"The Group's stakeholders are increasingly demanding a systematic approach to sustainability, and expect Posten Norge, as a major Norwegian public-sector player, to be working methodically with this."

Working Environment Report

Award-winning *record year*

Long-term and systematic HSE work has resulted in the lowest levels of sickness absence reported at Posten Norge. This was recognized in 2014 with the Working Environment Prize.

SICK LEAVE
Group in percentage
6,3 %



Receiving the Norwegian Working Environment Prize (Arbeidsmiljøprisen) in 2014 is a confirmation that Posten Norge's long-term and systematic HSE work – with tailored measures and new developments – is producing results. The award is presented by Arbeidsmiljøsenteret and rewards systematic and targeted initiatives to develop and improve the working environment. Emphasis is placed on the winner's results and experiences being generally applicable and communicable to others.

A working environment that promotes good health and where no one gets injured or sick as a result of their work, is a strategic goal for Posten Norge. There are 500 more employees at work today than there were at the start of 2006, and the number of serious lost-time injuries has been reduced.

Record low sickness absence

The positive trend for sickness absence continued in 2014. The rolling 12-month trend was stable at 6.6 per cent at the beginning of the year and has steadily fallen to 6.3 per cent at the end of the year. This is 0.3 percentage points lower than the previous year, and 0.1 percentage points lower than the target.

Sickness absence at Posten Norge AS is falling in all age groups. The largest reduction between 2009 and 2014 is in the 20–29 age group (41 per cent) and the smallest reduction is in the 60–67 age group (15 per cent). Women are absent more frequently than men, which is in line with the workforce in general. The use of graded medical certificates rose until 2012 and then fell in 2013 and 2014.

There is still reason to believe that the systematic use of tools and measures reduces doctor-reported absences. Systematic follow-up with employees on sick leave makes the processes more predictable for all involved parties. The 'Posten model', corporate health services and graded medical certificates have been important tools. Posten Norge AS has higher rates of sick-

ORGANISATION
The 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.

ness absence than the rest of the workforce for Norway in general, but the gap has been reduced by 0.2 percentage points since Q3 2013.

Health-promoting programme
The health-promoting programme that was started in 2011, continued in 2014. The programme's aim is to influence factors promoting health, involvement and enjoyment – both in the individual's lifestyle and his/her psychosocial conditions at the workplace. 'Health motivators' and managers of units that have implemented health screenings are offered training in measures to promote good health. The 'Health Coach' e-learning module, which consists of an e-learning module for individuals, a mobile app and four group modules, should help raise awareness, improve competence and increase motivation to initiate individual measures related to health, food, physical activity and relaxation.

The units that conducted health screenings in 2013 experienced a 22 per cent reduction in sickness absence up to December 2014, while the corresponding number for Posten Norge AS during the same period was 8.7 per cent. For the units that also conducted the re-test of the health screening, the reduction for the same period was 31 per cent. This confirms yet again that long-term and systematic HSE work creates results.

Posten Norge AS works systematically and continuously with the prevention and follow-up of substance abuse and addiction problems (including gambling addiction). Material has been developed for use in measures to raise awareness and is available for download on the Intranet. In addition it is possible to use the tools developed by AKAN (the workplace advisory centre for issues relating to alcohol, drugs and addictive gambling and gaming). Work will continue to implement a substance policy and relevant material currently used within the organisation while also developing new measures.

Of the Group's permanent employees, 98.5 per cent are employed in areas of the operations that have formal health and safety committees. The committees help with advice in addition to monitoring measures which promote health and safety. The Parent Company created a formal three-party HSE forum at the unit, regional and division levels. Responsibilities and authorisations are defined for each level. Each forum is a formal arena for information, decisions and the design of measures as well as follow-up within the organisation. There is also an overarching Working Environment Committee for the entire Parent Company (G4-LA5). Extension of the IA agreement will ensure additional improvements to the working environment, improve job attendance, prevent and reduce sickness absence, and prevent exclusion from working life (G4-LA8).

"It helps"
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. This methodology, which is called It Helps, has been successful. The number of employees with this absence frequency was reduced by 45 per cent at the end of 2014 compared to 2010. Posten Norge is now seeing that the matters being prioritised require more extensive efforts to reach a solution. The Group therefore dedicated additional resources during 2014 to further develop the methodology. For example, new contracts were signed for the delivery of employee health services, which are based around a tailored solution for work capacity evaluations in collaboration with the company doctor. In addition, in conjunction with the extension of the IA agreement, Posten Norge sharpened its cooperation with NAV on these matters. All NAV centres will now help Posten Norge with this work. A cooperation model has been tested with the NAV centre, which is Posten Norge's Group contact, and the plan is to roll out the model in the rest of the country.

In addition to the fact that the matters being handled today are more demanding than before, more employees have been entered into the system. Companies acquired by Posten Norge in 2012 have now been included in the calculation of sickness absence for the past three years.

Long-term safety work is effective

The Group's long-term and systematic work on job safety has contributed to a robust platform of tools, systems and competence.

Posten Norge's HSE Safety Standard has been enhanced and now comprises 106 control points covering everything from securing buildings and goods to the areas that are most important for creating a safe working environment. Over the course of 2014, 30 audits were completed by Corporate Staff HR/HSE in relation to the new standard. Managers at Posten Norge and Bring also completed 543 local self-evaluations, checking their own standard against Posten Norge's safety standard. The results are handled in local HSE cooperation groups.

In 2014, 95 investigations of incidents where workers injured themselves were completed. The investigation reports are analysed on an ongoing basis to identify improvement points that could prevent new accidents. The reports are anonymous and made available on the Intranet.

An extensive project was implemented in 2014 to facilitate for information and knowledge about the handling of dangerous goods. Drivers for ADR (dangerous goods) attend a course and take a public exam offered by the Norwegian Public Roads Administration, which issues ADR Driver Certification that is valid for 5 years. Drivers transporting special danger classes or tank transports are certified for these transports separately.

Local managers are responsible for registering which drivers have ADR driver certification. This is checked through central HSE audits and self-evaluations.

In Posten Norge's Driver Handbook and Transporter Handbook, specific information that has been adapted to the needs of the workers is provided about dangerous goods. Posten Norge offers an e-learning module for general training about dangerous goods and content that may not be sent by mail to also ensure that employees in the company can identify and know how they should act if such a situation arises. Our certified dangerous goods safety advisors hold courses for target groups that normally would handle dangerous goods.

A separate page has been created on the Intranet with information about dangerous goods. All operating units are also required to have a sign about dangerous goods in a visible location on their premises. Posten Norge's and Bring's websites also have information for customers about dangerous goods and forbidden content.

Logistics Norway continued its work in 2014 to regularly have safety themes on its agenda, with practical and theoretical arrangements. A new theme for 2014 has been 'Safe work on tailgates' as well as themes related to traffic safety. In addition, the Mail and Logistics Nordic Divisions also focused on 'Be safe at work', 'Be safe on forklifts', 'Injury-free summer' and 'Silent discrepancies'.

Lost-time injuries

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 2014, a total of 383 personal injuries (H2) were registered in the Group compared to 489 last year, and there were 144 H1 injuries compared to 162 in 2013. This improvement of 11.1 per cent compared to 2013 contributed to the H1 value for the Group being 4.8. This means that the result was better than the target of 4.9 (G4 LA6).

Of these lost-time injuries, 224 were related to Posten Norge AS. Men were involved in 64 per cent of the cases and women in 36 per cent. The H2 value for the Group was 12.7, which is 0.8 percentage points better than the target for the year and 17.8 per cent better than last year.

Safety in traffic

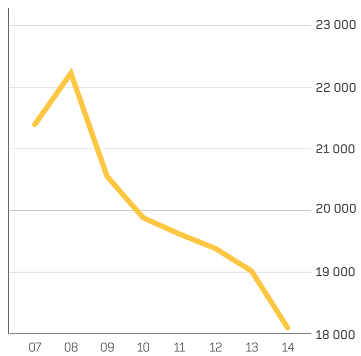
In 2013, the Group conducted a materiality analysis in order to identify and prioritise the sustainability challenges that are most important for the Group. One of these was traffic safety and a separate indicator was created to make the Group's work in this area visible.

The Group works in several areas to safeguard traffic safety. A course has been

MANAGEMENT
HSE

- HSE is the first point on the agenda at all management and Board meetings.
- HSE results are reported systematically in the Group.
- Every month key performance indicators (KPI) are reported to executive management. These include sickness absence/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.

FTEs
Fulltime equivalent employees
18 104



prepared for Posten Norge AS entitled "Environmentally efficient and safe driving". The aim is for drivers to further develop their own driving measurements and become aware of which factors influence optimal driving. The course has been offered for several years and is held locally as needed.

'Safety discussions' were implemented as of February/March 2014 and are an important contributor to traffic safety. The discussions shall be held once every rolling 12-month period. The safety discussions should touch on important safety challenges in everyday work activities and increase each individual worker's understanding of safety issues. Support material has been developed in Norwegian, Swedish, Danish and English. Through the annual self-evaluation it is possible to see how many discussions were held over the course of the past 12 months. The safety discussions are perceived to be so effective that they will be implemented for more groups. Starting in January 2015 three new templates for the discussions were completed for the post offices, technical personnel, charterers and office employees at terminals, warehouses and cold storage.

Posten Norge's strategy for traditional vehicles is to secure a modern and safe car park. This is ensured, for example, through an agreement with Leaseplan, which consists of leasing contracts with terms of 3–6 years. The average age of Posten Norge's vehicles is currently 3–5 years.

Drivers' behaviour in traffic is also monitored by controls of driving and rest times

The divisions' regular safety themes have also increased their focus on traffic safety.

Manager and team development

The Group is continuing its systematic work to develop its managers. In 2014, 83 managers and talented employees participated in the Group's various development measures – 19 in the middle management programme and 32 in the first line management programme, 'The Confident Manager'. In the autumn of 2014 the Group selected a new supplier to develop a new middle management programme.

For the past several years managers have also participated in an annual three-hour HSE training course.

In 2014, implementation continued of the Group development method, GDQ (Group Development Questionnaire). This is a tool for measuring and developing work and management groups. A questionnaire measures how workers and managers perceive the Group to be working at a given point in time. The results demonstrate, among other things, the Group's productivity, strengths and improvement areas, as well as what it should focus on to promote better health.

A new basic course in HSE is being developed for all Posten Norge AS safety deputies. The course will also be available to managers and others who want to focus on HSE. Implementation will begin in 2015.

The CEO's HSE award to a unit that has distinguished itself with a good, systematic approach to its HSE work during the year was also announced in 2014.

Regulated working life

A constructive and professional collaboration with employee representatives is a prerequisite for the positive development of salary and personnel policies. In the Group, 97.4 per cent of the employees work in a company where one or more wage agreements have been established (G4 LA4).

As part of efforts made to establish a well-functioning cooperation, necessary role clarifications have been made in the Norwegian companies and employer and employee groups have participated in training courses about the rules of cooperation in the relevant Main Agreements. Managers undergo training on this topic via online modules.

The Group has established a Group-wide cooperation with the national employee organisation via a European Works Council (EWC).

Internal pension advice

Employees of Posten Norge AS had pension and employee insurance schemes through DNB Livsforsikring in 2014. A few employees belong to the Norwegian Public Service Fund. The Company is also part of the Joint

AFP Arrangements. The Norwegian subsidiaries have similar pension and employee insurance schemes.

Posten Norge AS has an internal advisory body for pensions. Employees in Norway are offered individual pension advice before they reach 62 years of age. During 2014, 373 advisory sessions were held. Twenty-one pension seminars were also held for employees across the country to provide information about pension and insurance arrangements covering the employees. These measures shall ensure that the individual's decision on when to retire and begin drawing a pension is made on the basis of correct information. Following the pension reform in 2011, it is now possible to make flexible pension withdrawals. We are now seeing a tendency toward more employees above the age of 62 continuing to work.

Development of talent

The Group used an electronic tool for the second consecutive year to conduct 'PLUSS' employee reviews and 'Leader Reviews'. In 'Leader Reviews', all managers in the Group are assessed using a systematic evaluation that is based on achieved results and manager behaviour. In addition, ambition and willingness in organisational and geographical mobility are documented. In 2014, 809 managers were assessed in Leader Reviews, which represents 61.4 per cent of the Group's managers. Of those assessed, 27 per cent were women and 73 per cent were men (G4 – LA11).

I 2014 the 'Manager Talent' programme was completed for the first time with 12 participants. The goal of the programme is to develop first line managers who have the potential to take on greater management responsibility at a higher level or across regions/businesses in the Group (G4-LA10).

The Group's two-year trainee programme was conducted for the 15th year. Following a thorough evaluation process, where management potential is also assessed, six Group trainees were recruited in 2014. Continued strengthened profiling towards Swedish colleges and universities has resulted in a large number of solid Swedish applicants. In 2014, the programme also targeted Danish colleges. In addition, a 'Summer Internship' with four summer trainees as well as three Norwegian Business School internships was completed.

The Aspiring Managers programme, which was introduced in 2010, aims to recruit more first line managers internally. The programme is implemented as needed and in 2014 two programmes were run with a total of 20 participants (G4-LA10).

Important competence initiatives

The Group has its own training portal, Posten and Bring Academy, which is available to all Group employees. The Academy offers everything from adapted e-learning to standard training in collaboration with external suppliers. In 2014, around 3,577 individual e-learning modules were completed (G4-LA10).

It is the Group's ambition to have the greatest number of employees as possible in Norway with certificates of apprenticeship. In 2014, the last analysis showed that 962 permanent employees had certificates of apprenticeship, most of them within transport or logistics. The Group also had around 80 apprentices in training (G4-LA10).

In 2014, the Group also continued its focus on a course to enhance basic competence levels. Thirty-five employees participated in courses on Norwegian reading, writing and verbal skills. The measure, which receives public funding, is an important tool to promote life-long learning and the integration of employees with immigrant backgrounds (GRI LA 10).

For employees in replacement programmes, the Group can offer re-training based on an individual needs assessment (G4-LA10).

As a supplement to the other competence measures, the Group offers an educational scholarship. The scholarship should help motivate employees to strengthen their formal competence. In 2014, 38 educational scholarships were awarded (G4-LA10).

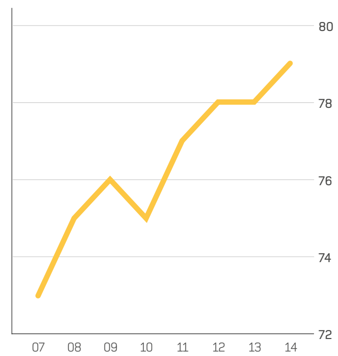
The following indicators were not mentioned in the text, but are found in the tables/documentation:

G4-LA2
G4-LA4

EMPLOYEE SATISFACTION

in scale from 1 to 100, where 100 is best

79



Diversity report

Goal-oriented focus on diversity

Through a number of measures Posten Norge is increasing the percentage of employees with an immigrant background.

The Group has a goal that, by the end of 2015, 15 per cent of its employees in Norway should have an immigrant background. Based on an internal survey in 2014 of all employees in the Norwegian part of the Group, we estimate that 14 per cent have an immigrant background. This is an increase of roughly 1 per cent compared to last year's survey.

In order to increase the amount of diversity in positions in corporate staff units and management in Norway, a special goal has been established for, by the end of 2015, 7.5 per cent of employees in these positions to have an immigrant background. In 2014 the percentage of managers with an immigrant background was 3.7 per cent, which is a decrease compared to last year (G4-LA12).

"You make the difference"

The internal development programme, "You make the difference", for employees with family backgrounds from outside the Nordic region, continued in 2014. The programme is specifically aimed at operational employees with competence they are unable to use in their current positions. Through the programme, twelve employees completed internships in different parts of the company for one year. The third group (which had three female participants) started in November and December 2013 and ended in 2014. Nine out of twelve participants received permanent or temporary relevant positions within their area of expertise at the end of the programme.

Participants were recruited for the fourth group in November 2014, and the apprenticeships will start in 2015.

Our own mentor programme

In 2014, Posten Norge's own mentor programme for promoting integration among unemployed immigrant women started up for the third time. It ran from February to August 2014. The aim of the programme is to assist women in looking for work and provide them with knowledge about Norwegian working life. NAV helps with the recruitment of suitable and interested candidates for the programme. In total, ten women in the Group were mentors for ten unemployed immigrant women. For the first time, three men from Group participated as mentors, which was a success. Posten Norge will continue the programme with both male and female mentors.

Racism-free zone

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 Warning Institute did not handle any incidents of discrimination in 2014. 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 fall at 6.2 in 2014, an improvement from 6.1 in 2013 (G4-HR 3).

Sharing experiences

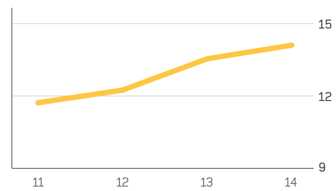
The Group is also focusing on profiling and increased awareness about the Group's work with diversity and integration in order to share experiences. Posten Norge regularly receives requests from other companies that would like to learn about Posten Norge's experiences in this area. In 2014, Posten Norge hosted a network meeting arranged by The Directorate of Integration and Diversity (IMDi). In addition, Posten Norge is a member of different networks to exchange experiences, for example The Directorate of Integration and Diversity (IMDi) and Oslo Municipality's Diversity Charter.

Posten Norge also entered into an agreement with the online portal Ambisjoner.no and the first multicultural newspaper, Utrop. Cooperation with these multicultural portals will contribute to increasing awareness about Posten Norge's diversity work in multicultural environments.

EMPLOYEES WITH AN IMMIGRANT BACKGROUND

in Norway, percentage

14 %

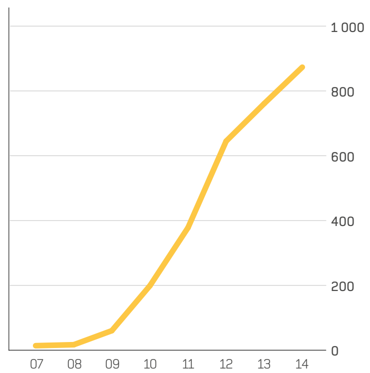


Environmental report

Green guide in the industry

Through a number of measures, Posten Norge will reduce its CO2 emissions by 40 per cent before 2020. This has attracted attention.

ELECTRIC VEHICLES
Number
875



The environment is one of the Group's most important focus areas within corporate social responsibility. As one of the Nordic region's biggest transport operators, the impact of CO2 emissions in particular is significant.

The Group is working actively to reduce the extent of its impact on the environment (G4-EN 26). Posten Norge's environmental vision is "to work in a goal-oriented manner to achieve environmentally efficient operations and sustainable development - leading to Posten Norge becoming the world's most future-oriented mail and logistics group". Posten Norge has ambitious environmental goals and will reduce its emissions by 40 per cent before 2020, starting from 2009 levels.

Our environmental work gains attention

In 2014, the Group worked on increasing the visibility of and involvement surrounding its environmental efforts through various measures and activities. These efforts include, among other things, an environment fund, the introduction of low emission vehicles and environmental certification of units.

As part of this work, the Minister of Climate and Environment, Tine Sundtoft, visited Posten Norge to learn more about how we are working to reduce our environmental impact.

The Group won the Norwegian Logistics and Freight Association's 2014 Environmental Award – a recognised industry award that will strengthen environmental awareness in the logistics industry. Posten Norge previously won the Norwegian Design Council's award in 2013 for the Loyds Paxster electric vehicle, as well as the Grønn Bil award in 2012 for our commitment to electric cars.

The Group defended its fifth place among 24 international mail and logistics companies as part of International Post Corporation's environmental programme. The programme evaluates all participants quantitatively and qualitatively in accordance with recognised international standards. The Group was ranked 5th in IPSOS MMI's reputation survey for environmental awareness for the second consecutive year.

Greener framework conditions

The Group would like to contribute to the development and use of green solutions within freight transports. Financial incentives are important for establishing competitive markets that are not based on fossil fuels. Posten Norge played an ac-


bring
bring
TREK

ORGANISATION
The work

- A central environmental team in the Corporate Staff HR HSE unit ensures an effective system, Group-wide re-use of good solutions and an overall approach.
- A Group-wide environmental network that consists of environmental resource persons from all business areas ensures that the Group makes use of experiences and best practices from throughout the organisation.
- The Group ensures access to the necessary expertise in specific areas through external partners and suppliers.

tive role in placing heavy transport on the agendas of several stakeholders, and provided input for green tax changes in the national budget in 2014. This paves the way, for example for the production and use of renewable fuels in Norway.

More than 1,100 low emission vehicles
The Group has Norway's largest electric vehicle fleet consisting of 351 electric mopeds, 218 electric jeeps, 146 electric cars and 167 electric trailers. The Group uses 139 biofuel vehicles, including the world's first Euro 6 biofuel truck. Vehicles that run on bioethanol are being tested in Bergen. Posten Norge also has 51 cars that run on B30 (diesel consisting of 30 per cent biodiesel) in Norway. Bring in Sweden has used more than 5.3 million litres of second-generation biofuel. Bring in Sweden is also well into its investment in RME, which is a fuel that reduces CO2 emissions by 93 %. It has 89 vehicles running on this fuel.

Updated car park
The Group updates its vehicle fleet regularly, which helps reduce local emissions. In the Parent Company, the average age of the vehicles is 3.5 years. Of these vehicles, 2.3% are Euro 4, 95.5% are Euro 5 and 2% are Euro 6. The Group has implemented a speed reduction on 550 trucks, which has advantages both in terms of the environment and safety.

The percentage of rail in Norway has been steady, with 67.9 per cent in 2013 and 67.8 per cent in 2014 on routes where it is possible to use rail transport. The Group also worked on pilot projects to increase the percentage of freight that is transferred from road to sea.

Involved and environmentally aware employees
In order to involve its employees, the Group established an environmental fund where all employees can apply for funding to implement environmental measures. Up to 2015 the Environmental Fund had handled 184 applications, of which 75 were granted. The measures that received funding from the Environmental Fund have an estimated CO2 savings of 3,844 tonnes of CO2. For example, the Environmental Fund has provided funding for several biking campaigns, electric bikes and the establishment of charging stations at our units to reduce emissions from commuting.

The Group emphasises eco-driving for drivers as well as those with Class B licences. Drivers of heavy vehicles attend follow-up training for professional drivers every five years, which has a major focus on eco-driving. For postal workers, an internal training programme has been developed in collaboration with ATL (Authorised Driving School Association).

Work started in 2014 to install driving computers into a total of 1,200 trucks. This will contribute to reduced fuel consumption and idling.

The Group has developed its own e-learning module for all employees about the environment. The module was adapted to Posten and Bring. The aim is to provide basic training in the Group's environmental work and inspire people to make good environmental choices.

The Group launched a campaign in 2014 to reduce idling. This campaign will continue in 2015 and consists of signage at terminals and information for drivers.

Standardisation and certification
Environmental certification provides clear documentation of the environmental work carried out by the individual unit, which helps employees become more involved. During 2014 the Group certified all of the post offices that are scheduled to stay open. The Group has 50 units that have received Eco-Lighthouse certification, including the head office. Twelve of the units have ISO 4001 certification. Posten Norge delivers environmental accounts in accordance with Greenhouse Gas Protocol.

Clear supplier requirements
The Group places clear environmental requirements on its transport suppliers with regard to Euro class, speed limits and training in eco-driving. Suppliers must approve the Group's environmental declaration and

answer an annual self-evaluation about their environmental performance. Read more about the Group's supplier management in the integrity report.

Green partnerships

To solve the major environmental challenges facing the Group, interaction between companies, organisations and authorities is key (G4-16).

The Group is a member of the International Post Corporation, which promotes international cooperation within the industry. The Group is also a member of the Swan Purchaser' Club and Green Dot Norway. Posten Norge also took part in the preparation of Oslo Municipality's energy strategy and is a participant in Cities of the Future, a collaboration between the authorities and the thirteen largest cities in Norway to reduce greenhouse gas emissions. The Group was also represented in the Green City Distribution project, which is owned by Oslo Municipality. The aim of the project is to reduce greenhouse gas emissions for goods delivery in downtown Oslo. In 2014 the Group continued its collaboration with ZERO in several areas and is an active participant in ZERO's Klimalab and the 0/2030 project. Other partners include NHO and Sintef.

Climate-neutral services

The Group offers climate-neutral service parcels and climate-neutral distribution of addressed and unaddressed mailings. The most important internal measures for reducing CO2 emissions from these services are to make use of transport without fossil fuels and offer a course in eco-driving for our drivers. It is not currently possible to deliver these services without any CO2 emissions at all. In order to compensate for residual emissions, climate quotas are purchased in accordance with the Consumer Ombudsman's guidelines.

Energy efficiency

Posten Norge purchased electricity with certificates of origin for Bring Frigo in Sweden in 2014. This is electricity that has been produced by renewable energy sources. The Group reduced its electricity consumption from buildings in 2014 by 18 %.

Looking ahead to 2015

In 2015 the following themes will be important:

- Launch CO2-free letter distribution in several cities in Norway
- Follow-up the effect of tax changes on fuel, with an emphasis on heavy transport and biofuel pilots and biofuel consumption
- Continue to replace diesel vehicles with electric vehicles
- Implement e-learning about the environment for all employees
- Continue to sponsor good environmental measures through the Environmental fund

MANAGEMENT Environment

- Environmental work is defined as an important part of the Group's corporate social responsibility
- Group management is regularly updated on the environmental work, during which the progress of central measures is presented.
- The environmental work is defined in a separate environmental policy and strategy. This work is included as part of the Group's risk management.
- The Group follows environmental action plans in each business area. These plans detail the environmental work to be carried out and the effects this work has on CO2 emissions.

"The Group would like to contribute to the development and use of green solutions within freight transports."

Integrity report

High demands on *integrity*

During 2014, Posten Norge continued its efforts to ensure that all of the Group's employees and suppliers are aware of the Group's high integrity standard.

In October 2011, the Group launched an over-arching integrity programme to help strengthen the Group's standard for ethics and topics related to integrity. To date, the integrity programme emphasises the following themes:

- anti-corruption and legal competitive practices
- social dumping
- 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.

Guidelines and handbook

The integrity programme rests in its entirety on the Group's ethical guidelines, which were adopted in 2006. In 2011 and 2012, these were once again distributed and announced to all employees in the Group in Norwegian, Swedish or English through the company newspapers Post & Bringavisen and Bringnews. The integrity handbook was also distributed to all employees through these channels in 2011/2012 (G4-S04). The handbook is based on the ethical guidelines, but goes into more detail about the topics the Group has chosen to highlight in the integrity programme. All new employees receive the ethical guidelines and an integrity handbook when they start to work at the Group.

The integrity programme was presented to and adopted by the Board of Directors of Posten Norge AS in October 2011 (G4-S04). In 2014 the Board of Directors of Posten Norge AS also received an overall report of the Group's work with social corporate responsibility and risk management.

E-learning module

An e-learning module has been created using the information in the ethical guidelines and the integrity handbook. It is based on various dilemmas about integrity that the Group's employees might encounter. The target group for the e-learning module consists of the employees in the Group deemed to be most vulnerable to typical risk situations discussed in the integrity programme (primary target group).

In 2014, around 263 employees completed the module. This corresponds to around 1.3 per cent of the total number of employees in the Group and around 5 per cent of the primary target group. Per Group division the breakdown is as follows:

Mail Division: 37
Logistics Norway Division: 35
E-commerce Division: 0
Logistics Nordic Division: 188
Other: 3
(G4 – S04)

Tailored training programme

Managers, support staff, sales and marketing resources and other persons who will

function as resource persons with regard to integrity-related issues must undergo more training than 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 2014, approximately 91 people participated in the training course (G4–S04). This corresponds to around 0.45 per cent of the total number of employees in the Group and around 1.8 per cent of the primary target group. Per Group division the breakdown is as follows:

Mail Division: 63
(completed in 2012)
Logistics Norway Division: 0
(completed in 2012)
E-commerce Division: 0
(completed in 2012)
Logistics Nordic Division: 28
(G4–S04)

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 opt to contact the Group's Warning Institute. The Warning Institute was established in 2006 in Posten Norge AS. Through the implementation of the integrity programme, it

ORGANISATION
The work

- Corporate Staff Legal has an overall responsibility for ensuring that the integrity standard has the proper content and is known within the Group. This entails establishing and maintaining Group-wide tools that will help with comprehension and compliance.
- Corporate Staff Legal is responsible for implementing integrity due diligence of selected partners in line with internal guidelines. The same staff is responsible for management and operation of the Group's Warning Institute.
- 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.
- Corporate Staff Purchasing ensures that there are systematic and Group-wide solutions and coordinates the supplier management work within the Group. The staff also follows up on suppliers with Group-wide agreements.
- Responsibility for the follow-up of transport suppliers lies with the business areas. Coordinators in the divisions and the business areas follow up on the transport suppliers and ensure that the right personnel are involved in an audit and improvement plans with suppliers.

was clarified in 2014 that this channel 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 contact details were distributed in 2011 and 2012 via the integrity handbook and again in 2013 and 2014 via different training measures. The information can also be found on the Group's intranet.

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 negative repercussions after the fact.

In 2014, the Group's Warning Institute received five 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 the Warning Institute received warnings about and investigated, a possible issue of corruption was also discovered in that an employee in a Norwegian subsidiary received financial benefits for awarding contracts to suppliers. The employment of the person in question was terminated in 2013. The person in question was acquitted by the Oslo District Court for the same circumstances.

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.

Competition regulations
One of the goals of the Group's integrity programme is to ensure that all employees and others who work for the Group have sufficient knowledge about and comply with competition regulations. In 2013 and 2014 work on this goal continued with the development of separate theme handbooks, a competence transfer programme for various competition-related aspects and dilemma training. Group attorneys shall quality-assure all agreements from which questions related to competition may arise.

In 2013, Posten Norge was issued a fine of MEUR 11.1 by the EFTA court for abusing its dominant position. The fine was related to exclusivity clauses related to Post in Shops for the period 2000–2006.

In the wake of the EFTA court's finding, the German logistics company, Schenker, submitted a claim to the Norwegian court demanding compensation from Posten Norge. Oslo District Court has adjourned the case until other legal proceedings have been completed. Posten Norge maintains that the claim for compensation is groundless (G4-SO7).

The Group's subsidiary, Bring Citymail, has sued Post Denmark for compensation for breach of competition regulations in Denmark. The case is related to an economic claim as the result of Post Denmark abusing its market position in the Danish market for direct mail and magazine post during the period in which Bring Citymail established and operated a competitive business in Denmark.

Risk analysis
Compliance with the integrity standard is part of the general risk analysis in the Group. In conjunction with this, all of the Group's divisions (including subsidiaries) have analysed and reported the risk associated with breaches of the corruption regulation (G4-SO3). No specific risk points were identified.

Personal information
Handling of information about individuals and companies is an important part of Posten Norge's operations. The Group therefore is very focused on compliance with privacy policies to ensure that the information we use is in accordance with current regulations. The Group did not receive any complaints from public authorities in 2014 about breaches of customer privacy or losses of customer data (G4-PR8). In 2014 the Group continued to develop its work related to this matter by ensuring good internal control related to all personal information handled by the Group.

Integrity targets in 2015
As in 2013, the main focus in 2014 was to implement the tools of the integrity programme. This process is now to a large extent completed. From 2015 onward, the focus will be to establish clear rules of action and activity plans to ensure and enhance awareness about the integrity programme throughout the Group as a whole. An 'activity wheel' has been established with clear actions related to all elements included in a best practice approach related to integrity:

written guidelines, management involvement, integrity review, training and communication, monitoring, control and risk management. The Group has come far in its compliance with best practice for each element, but as best practice changes, so must the Group. Identifying and implementing these measures will be a primary focus of Posten Norge's integrity work in 2015 and 2016.

Leading supplier management

In 2014 the Group adopted a clear strategy for its supplier management for the period 2014–2016. The Group has advanced its position among the leaders of risk management of suppliers within the mail, transport and logistics industries in the Nordic region.

As part of this strategy, the Group prepared clear criteria for when partners are to undergo integrity reviews before an agreement has been signed. In 2014 a process was developed for how the integrity reviews of suppliers should be carried out, and the suppliers that represent the largest integrity risk based on the established criteria will be prioritised. The development of the integrity reviews will continue to be a major focus in 2015.

Tools have also been developed for controls of transport suppliers. Pilot purchases have also been conducted in which suppliers are pre-qualified based on their ability to comply with the Group's minimum requirements as described in "Ethical standard for suppliers".

In all purchases made by Corporate Staff Purchasing in 2014, suppliers were evaluated based on the criteria for the environment (G4-EN32), consequences for society (G4-SO09), human rights (G4-HR10) and work practice (G4-LA14). In total Corporate Staff Purchasing signed 52 purchasing agreements in 2014.

In total, 451 suppliers submitted self-reporting information in 2014 and were evaluated based on their environmental consequences (G4-EN33a) and compliance with the Group's ethical standard for suppliers (G4-SO10a, G4-HR11a, G4-LA15a). Of these suppliers, 381 belong to the transport and logistics industries and 70 to other industries. The head offices of 330 are located in the Nordic region, 118 in the rest of Europe and three in other countries.

During the period 2012–2014 a total of 1,003 suppliers submitted self-reporting information. This represents 46 % of all of the suppliers with sales of more than NOK 500,000 per year to the Group's operations.

Through submission of self-reporting, the Group's suppliers become aware of the requirements and expectations that the Group places on its suppliers within the area of anti-corruption. These requirements and expectations are expressed through the Group's ethical standard, which the suppliers sign as part of their self-reporting (G4-SO4).

There were 290 road transport suppliers that were identified as potentially having negative environmental consequences, primarily deriving from road transport. This refers to emissions of greenhouse gasses that contribute to global warming, emissions of polluting gasses that contribute to a poorer daily environment and traffic noise. There were no agreed improvements or terminated agreements with any suppliers due to environmental consequences (G4-EN33).

High ethical requirements

Nineteen transport suppliers were reviewed in 2014 for compliance with the Group's ethical standard for suppliers (G4-EN32, G4-SO09, G4-LA14, G4-HR10).

Two unannounced controls were conducted related to this ethical standard (G4-SO09, G4-LA14, G4-HR10, G4-SO09, G4-LA14, G4-HR10).

No suppliers have been identified as having significant actual and potential negative consequences for human rights (G4-HR11). Eight of the reviewed transport suppliers (42 per cent) were identified as having significant actual or potential negative consequences for society and/or work procedures (G4-EN32, G4-SO09, G4-LA14, G4-HR10). These consequences refer to the suppliers' handling of employee rights and other business practices (G4-SO10c and G4-LA15c).

For 12 of the audited suppliers (63 per cent) improvement plans related to employee rights and/or business practices were adopted. For three of the audited suppliers (16 per cent) the supplier relationship was terminated due to the lack of consideration for employee rights and/or business practices (G4-EN32, G4-SO09, G4-LA14, G4-LA15, G4-HR10).

The way forward

In 2015 the Group will further develop its supplier management. Group management will also adopt an updated target and strategy for supplier management.

MANAGEMENT
Integrity

- Integrity and supplier management are high on the Group's agenda.
- Group management is regularly updated on the status, risk profile and ongoing initiatives in the work related to compliance with the integrity standard and supplier management within the Group.
- The overall principles for the work with integrity are outlined in the Group's ethical guidelines and in the Group policy for corporate social respons-ibility. These principles are then taken 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.
- 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.

Join us on the road *ahead*

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Accounts

Income statement

AMOUNTS IN MNOK

Posten Norge AS				Group			
2012	2013	2014		Note	2014	2013	2012
12 498	**12 826**	**12 580**	**Operating revenues**	1	**24 404**	**23 557**	**22 925**
1 642	1 713	1 782	Cost of goods and services		9 174	8 212	8 142
6 894	7 023	7 020	Payroll expenses	2	9 600	9 631	9 237
443	437	451	Depreciation and amortisation	8 , 9	790	750	719
80	105	3	Write-downs	8 , 9	282	245	199
2 717	2 689	2 645	Other operating expenses	4	3 907	3 840	3 712
11 776	**11 967**	**11 902**	**Operating expenses**		**23 753**	**22 678**	**22 009**
(465)	(283)	(125)	Other income and (expenses)	5	66	(218)	(364)
			Share of profit or loss of investments accounted for using the equity method	10	126	(22)	81
258	**575**	**553**	**Earnings before interest and taxes**		**844**	**641**	**634**
460	462	546	Financial income	6	354	450	410
455	568	603	Financial expenses	6	477	472	496
5	**(106)**	**(57)**	**Net financial (expenses)**		**(123)**	**(22)**	**(86)**
263	**469**	**496**	**Income before taxes**		**720**	**619**	**547**
105	32	163	Tax expense	7	271	108	150
157	**438**	**333**	**Net income for the year**		**449**	**512**	**398**
			Net income attributable to controlling interests		447	510	397
			Net income attributable to non-controlling interests		2	2	1
			Proposed transfers and allocations				
(199)	(256)	(225)	Dividends				
(20)			Group contributions				

Comprehensive income

AMOUNTS IN MNOK

Posten Norge AS 2012	2013	2014		Group 2014	2013	2012
157	**438**	**333**	**Net income for the year**	**449**	**512**	**398**
			Items which will not be reclassified through profit and loss			
			Pension			
151	(22)	3	Change in actuarial gains and losses	(56)	(2)	174
(42)	6	(1)	Tax	13	2	(49)
	(20)		Changes in tax rate		(20)	
109	**(36)**	**2**	**Total items which will not be reclassified through profit and loss**	**(43)**	**(20)**	**125**
			Items which will be reclassified through profit and loss			
			Translation differences:			
			Result from hedging of investments in foreign entities	(9)	(142)	19
			Tax	3	38	(5)
			Translation differences from the hedging of investments in foreign entities	43	190	(42)
			Cash-flow hedging:			
(17)	(28)	(17)	Changes in value	(17)	(28)	(17)
12	34	20	Transferred to income	20	34	12
1	(2)	(1)	Tax	(1)	(2)	1
(4)	**4**	**2**	**Total items which will not be reclassified through profit and loss**	**38**	**91**	**(32)**
			Share of other comprehensive income/(expenses) of investments accounted for using the equity method	(57)	43	(17)
105	**(32)**	**4**	**Other comprehensive income/(expenses)**	**(62)**	**114**	**76**
262	**407**	**336**	**Comprehensive income**	**387**	**625**	**474**
			Comprehensive income is distributed as follows:			
			Controlling interests	386	623	473
			Non-controlling interests	1	2	1
				387	**625**	**474**

Balance sheet

AMOUNTS IN MNOK

Posten Norge AS					Group		
31.12.12	31.12.13	31.12.14		Note	31.12.14	31.12.13	31.12.12
			ASSETS				
731	586	528	Intangible assets	8	2 720	2 973	3 136
385	395	323	Deferred tax asset	7	420	477	446
942	985	1 172	Tangible fixed assets	9	4 914	4 615	4 178
3 744	3 749	3 633	Investments in subsidiaries	10 ,18			
1 462	1 780	317	Investments in associated companies and joint ventures	10	369	1 851	1 551
2 239	1 835	1 523	Interest-bearing non-current receivables	11	7	7	2
18	18	101	Other financial assets	18	105	45	25
9 523	**9 348**	**7 598**	**Non-current assets**		**8 536**	**9 969**	**9 338**
23	16	10	Inventories		24	28	34
1 389	1 541	1 552	Interest-free current receivables	12	4 058	3 657	3 459
816	1 179	1 710	Interest-bearing current receivables	11	175	224	292
1923	1 690	1 948	Liquid assets	13	2 073	1 791	2 089
4 151	**4 426**	**5 221**	**Current assets**		**6 330**	**5 699**	**5 874**
8		**1 462**	**Assets held for sale**	10	**1 512**	**6**	**15**
13 682	**13 773**	**14 281**	**Assets**		**16 377**	**15 674**	**15 227**
			EQUITY AND LIABILITIES				
3 120	3 120	3 120	Share capital		3 120	3 120	3 120
992	992	992	Share premium		992	992	922
1 211	1 359	1 438	Other equity		2 124	2 004	1 631
(37)	(33)	(31)	Other reserves		(31)	(33)	(37)
			Non-controlling interests		(1)	(1)	(3)
5 286	**5 438**	**5 519**	**Equity**	14	**6 205**	**6 081**	**5 703**
1 152	**1 031**	**941**	**Provisions for liabilities**	15	**1 439**	**1 450**	**1 426**
1 805	1 926	1 864	Interest-bearing non-current liabilities	16	1 904	1 973	1 870
1	61	63	Interest-free non-current liabilities	17	63	61	1
1 806	**1 987**	**1 927**	**Non-current liabilities**		**1 967**	**2 034**	**1 871**
2 320	2 202	2 664	Interest-bearing current liabilities	16	1 626	1 232	1 339
2 814	2 920	3 137	Interest-free current liabilities	17 ,15	4 951	4 627	4 524
304	194	93	Tax payable	7	189	249	358
5 438	**5 316**	**5 895**	**Current liabilities**		**6 766**	**6 108**	**6 221**
			Liabilities held for sale				7
13 682	**13 773**	**14 281**	**Equity and liabilities**		**16 377**	**15 674**	**15 227**

Cash-flow statement

AMOUNTS IN MNOK

Posten Norge AS 2012	Posten Norge AS 2013	Posten Norge AS 2014		Notes	Group 2014	Group 2013	Group 2012
			Cash flow from operating activities				
668	1 201	900	Provided by current year's operations *)		1 457	1 455	1 083
21	(861)	(436)	Changes in working capital		(297)	(115)	(390)
245	(34)	12	Changes in other receivables and provisions		14	(16)	214
934	**307**	**475**	**Net cash flow from operating activities**		**1 175**	**1 324**	**906**
			Cash flow from investing activities				
(172)	(21)	(252)	Investments in subsidiaries, excl. cash holdings on acquisition date	23	(86)	(3)	(126)
(322)	(428)	(552)	Investments in tangible fixed assets/IT development, etc	8,9	(1 081)	(1 092)	(593)
	(317)		Investments in associated companies		(6)	(317)	
	8	162	Sales of subsidiaries, excl. cash holdings on sale date	23	162		
	9	1	Sales of tangible fixed assets		44	10	24
	38	43	Dividends received		46		
(220)	367	273	Changes in other fixed assets		25	15	51
(713)	**(345)**	**(325)**	**Net cash flow from investing activities**		**(897)**	**(1 387)**	**(644)**
			Cash flow from financing activities				
	535	550	Non-current and current debt raised	16	550	589	
(1)	(451)	(186)	Repayment of non-current and current debt		(289)	(570)	(137)
			Group contributions/dividends received				2
(389)	(279)	(256)	Group contributions/dividends paid	14	(256)	(254)	(277)
(390)	**(195)**	**108**	**Net cash flow from financing activities**		**4**	**(235)**	**(412)**
(170)	**(233)**	**258**	**Total change in cash and cash equivalents**		**282**	**(298)**	**(149)**
2 093	1 923	1 690	Cash and cash equivalents at beginning of year		1 791	2 089	2 238
1 923	**1 690**	**1 948**	**Cash and cash equivalents at end of year**	13	**2 073**	**1 791**	**2 089**
			*) Comprises the following:				
263	511	496	Income before taxes		720	619	547
523	543	454	+ Depreciation and write-downs intangible and tangible assets	8,9	1 072	995	918
125	262	217	+ Write-down shares	10			
			+/- Share of net income of associated companies	10	(126)	22	(81)
7	10	(20)	+/- Unrealised financial items		71	(105)	42
40	16	16	+/- Net interest expenses/(income)	6	68	5	38
(316)	(166)	(194)	- Tax paid		(260)	(216)	(344)
161	140	121	+ Interest received		56	74	77
(133)	(111)	(122)	- Interest paid		(102)	(116)	(120)
(2)	(9)	(68)	-/+ Other unrealised operating expenses/(income)		31	175	15

	5		- Loss/(gain) from sale of fixed assets	(73)	1	(9)
668	**1 201**	**900**	**= Provided by current year's operations**	**1 457**	**1 455**	**1 083**

Changes in equity

Posten Norge AS

Amounts in MNOK

	Share capital	Share premium	Other reserves	Other equity	Total equity
Equity 01.01.2012	**3 120**	**992**	**(30)**	**1 221**	**5 303**
Net income for the year for Posten Norge AS				157	157
Other comprehensive income			(4)	109	105
Total comprehensive income			**(4)**	**266**	**262**
Dividend paid				(276)	(276)
Other changes in equity			(3)		(3)
Equity 31.12.2012	**3 120**	**992**	**(37)**	**1 211**	**5 286**
Equity 01.01.2013	**3 120**	**992**	**(37)**	**1 211**	**5 286**
Net income for the year for Posten Norge AS				438	438
Other comprehensive income			4	(36)	(32)
Total comprehensive income			**4**	**402**	**406**
Dividend paid				(254)	(254)
Equity 31.12.2013	**3 120**	**992**	**(33)**	**1 358**	**5 438**
Equity 01.01.2014	**3 120**	**992**	**(33)**	**1 358**	**5 438**
Net income for the year for Posten Norge AS				332	332
Other comprehensive income			2	2	4
Total comprehensive income			**2**	**334**	**336**
Dividend paid				(256)	(256)
Equity 31.12.2014	**3 120**	**992**	**(31)**	**1 437**	**5 519**

Group

Amounts in MNOK

	Controlling interests						
	Share capital	Share premium	Other reserves	Other equity	Total	Non-controlling interests	Total equity
Equity 01.01.2012	**3 120**	**992**	**(30)**	**1 438**	**5 520**	**(2)**	**5 517**
Net income for the year for the Group				397	397	1	398
Other comprehensive income			(4)	80	76		76
Total comprehensive income			**(4)**	**477**	**473**	**1**	**474**
Dividend paid				(276)	(276)	(1)	(277)
Other changes in equity			(3)	(7)	(10)		(10)
Equity 31.12.2012	**3 120**	**992**	**(37)**	**1 631**	**5 706**	**(3)**	**5 703**
Equity 01.01.2013	**3 120**	**992**	**(37)**	**1 631**	**5 706**	**(3)**	**5 703**
Net income for the year for the Group				510	510	2	512
Other comprehensive income			4	110	114		114
Total comprehensive income			**4**	**620**	**624**	**2**	**625**
Dividend paid				(254)	(254)		(254)
Other changes in equity				7	7		7
Equity 31.12.2013	**3 120**	**992**	**(33)**	**2 005**	**6 082**	**(1)**	**6 081**
Equity 01.01.2014	**3 120**	**992**	**(33)**	**2 005**	**6 082**	**(1)**	**6 081**
Net income for the year for the Group				448	448	1	449
Other comprehensive income			2	(64)	(62)		(62)

Total comprehensive income			**2**	**384**	**386**	**1**	**387**
Dividend paid				(257)	(257)	(1)	(257)
Other changes in equity				(7)	(7)		(7)
Equity 31.12.2014	**3 120**	**992**	**(31)**	**2 124**	**6 206**	**(1)**	**6 205**

See note 14 for further details.

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 01.12.1996 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 IFRS Interpretations Committee (IFRIC), which have been determined 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 derivative instruments) 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. It also requires management to exercise its judgment in the process of applying the Groups accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in chapter 3.

The financial statements are presented in NOK, rounded to the nearest million, except when 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.

1. Changes in accounting principles and disclosures and adjustment of prior period misstatement

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 EU, with effective date 1 January 2014.

1.1 IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 *Consolidated Financial Statements* replaced the parts regarding consolidated financial statements in IAS 27 *Separate Financial Statements* and SIC-12 *Special Purpose Entities*. IFRS 10 identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group has assessed which entities are to be consolidated under IFRS 10. The amendment has no significant impact on the Group financial statements.

1.2 IFRS 11 Joint Arrangements

IFRS 11 *Joint Arrangements* replaced IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. There are two types of joint arrangements: joint operations and joint ventures. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures are accounted for using the equity method. Proportional consolidation of joint arrangements is no longer permitted. The amendment has no significant impact on the Group financial statements, see note 10.

1.3 IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 *Disclosure of interests in Other Entities* includes the disclosure requirements for all forms of interests in other entities and replaced the disclosure requirements previously set by IAS 27 *Separate Financial Statements*, IAS 28 *Investments in Accociates and Joint Ventures* and IAS 31 *Interests in Joint Ventures*. The standard also introduced a number of new disclosure requirements. The amendments do not affect the financial position or profit or loss of the Group, but requires more extensive disclosures.

1.4 IAS 32 Financial Instruments – Presentation

Amendments to IAS 32 *Financial instruments - Presentation* clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment has no significant impact on the Group financial statements.

1.5 IAS 36 Impairment of assets

Amendments to IAS 36 *Impairment of assets* removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendment has no significant impact on the Group financial statements.

1.6 IAS 39 Financial Instruments – Recognition and measurement

Amendments to IAS 39 *Financial instruments – Recognition and measurement* on the novation of derivatives and the continuation of hedge accounting considers legislative changes to ‘over-the-counter’ derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The amendment has no significant impact on the Group financial statements.

1.7 Adjustment of prior period missatements

A prior period misstatement is corrected by retrospective restatement. The annual review of the Group’s pension plans and related pension liabilities resulted in a change to the 2013 calculations. This affects the 2013 balance sheet of both the parent company and the Group by MNOK 43 (reduced liability). In addition, a misstatement in the parent company’s salaries and personnel expenses has necessitated an adjustment to the line “Payroll expenses” in 2013 of MNOK 42 (increased expenses).

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

The following standards and statements that are relevant to Norway Post have been issued but have yet to take effect or lack approval by the EU for the financial year 2014.

2.1 IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

IFRS 9 retains, but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income (OCI) not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required, but is different to that currently prepared under IAS 39.

The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

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 related 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 thus has the ability to direct the use and obtain the benefits from the good or service.

The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is yet to assess IFRS 15's full impact.

2.3 IFRIC 21 Levies

IFRIC 21 *Levies* sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 *Provisions*. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The interpretation does not significantly change time of recognition of levies for the Group.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be 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 that affect reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Sources of estimation uncertainty and assumptions concerning the future that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

3.1 Impairment of assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount. Calculations of recoverable amount 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 when calculating the present value of the cash flows. These estimates are most relevant when assessing goodwill and other intangible assets. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 8.

3.2 Defined benefit plans (pension benefits)

There is also uncertainty related to the estimation of pension obligations, and uncertainty especially related to defined benefit plans for Posten Norge AS and Norwegian subsidiaries. The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net expenses (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

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.

Additional information is disclosed 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 15.

3.4 Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Additional information is disclosed in note 7.

4. Foreign currency translation

4.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities 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 assets and liabilities 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 assets and liabilities are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency 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 exchange rate for each month. Resulting exchange differences are recognised in other comprehensive income and specified separately in equity (see note 14). 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 comprise the financial statements of the parent company, Posten Norge AS, and the companies over which Posten Norge AS has a 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 the circumstances are otherwise the same. Items in the income statement and balance sheet have been classified according to uniform definitions. All significant intercompany transactions and balances, including internal profits and unrealised gains and losses, have been eliminated.

5.1. Consolidation principles: Subsidiaries

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

The Group applies the acquisition method to account for business combinations. The consideration transferred is measured to fair values of assets transferred, liabilities incurred and equity interests issued. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. 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 is classified as goodwill in the balance sheet. Should negative goodwill arise from the transfer of operations, 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 for additional consideration (contingent consideration) are entered into when companies are acquired, the amount of 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 month window" and is a result of new or changed facts and circumstances that existed at the time of acquisition. Other changes in value of the additional consideration are recognised in the income statement. Adjustments are assessed at the exchange rate on the balance sheet date or alternatively at the rate when determined if this differ from the balance sheet date.

The Group recognises any non-controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. The proportion of equity related to non-controlling interests is shown in 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 loss of control are accounted for as equity transactions. In the event of loss of control and thus the 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: Associates and joint-ventures

Associated company is defined as a company in which the Group has a significant influence. A 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. Under the equity method, the investment is initially recognised at cost, and the carrying amount is adjusted to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's share of the result is classified as an operating item.

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 which meet 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 which meet 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 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 Norway Post's board so that the board can make decisions about resources to be allocated to the segment and assess its performance. The Group defines the Norway Post 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. Revenues

Revenue is recognised when the amount of revenue can be reliably measured; when 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 revenues are 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 on the date when the products or services are delivered to the customer, and when significant risks have been transferred to the customer.

7.1. Revenues: Mail Segment

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

- The sale of stamps is considered advance payment for the sale of postal services, and recognised when the service delivery occurs
- 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 based on the calculation of volumes and current 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 the service is delivered 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 Norway Post's license, additional expenses incurred as a result of the licensing requirements are covered by exclusive rights and/or profits and/or government purchases of commercially unprofitable services. Government payments for unprofitable operations are recognised when the allocated funds are received, limited to an amount equal to this year's estimated additional expenses regarding licensing requirements net of income from exclusive rights/profits.

7.2. Revenues: Logistics Segment

The segment's revenues are generated by transportation and warehouse services:

- Transport services cover courier and express services and the transportation of letters, packages, goods and temperature-controlled deliveries and are recognised at the time the service is delivered and significant risks are transferred to the customer
- Warehouse services cover 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 the service is delivered and 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 during 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. The premium for the defined contribution pension plans is recognised as expenses when incurred.

The liability recognised in the balance sheet in respect of 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 defined benefit obligation is calculated annually by independent actuaries using 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.

The net pension expenses are classified as payroll expenses in the income statement except for the interest element, which is classified as financial income/financial expenses. Past-service costs resulting from a plan amendment or curtailment are recognised immediately in the income statement. Actuarial gains and losses are recognized in other comprehensive income (OCI) in the period they occur, and will not be recycled through profit and loss in future periods.

Effects of settlement of a former pension plan when changing to a new pension plan is presented on a separate line in the income statement. If the transitions are due to an amendment to the law the effect is measured at the time of the adoption of the amended law.

9. Tax expense

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.

Taxes payable are calculated on the basis of taxable income. The net deferred tax liability/asset is computed on the basis of temporary differences between carrying amount and tax values og 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 tax non-depreciable goodwill
- temporary differences relating to investments in subsidiaries, associates and joint ventures when 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.

Taxable and deductible temporary differences that are reversed or can be reversed are offset against each other. Taxes are not offset 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 capitalised are recognised at their nominal value and netted in the balance sheet.

If previous year's tax return is announced changed by the authorities, the expenses will be recognised in this year's taxes.

10. 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 items. For larger investments involving a long manufacturing period, interest is capitalised as a part of the acquisition cost. The acquisition cost of fixed assets is separated 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.

Land is not depreciated. Tangible fixed assets are depreciated linearly to allocate their costs to their residual values over their estimated useful economic life. Depreciation starts from the date when the tangible fixed asset is available for its intended use. The assets residual values, if any, depreciation method and useful lives are reviewed at least annually.

11. 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 depreciation and impairment losses. Acquisition costs also include salary expenses if the recognition criteria are met.

Goodwill and other intangible assets with indefinite useful lives are not amortised but assessed for impairment annually. Refer to the more detailed description under “Impairments”. Intangible assets with finite lives are amortised ilinearly over their estimated useful economic life. Amortisation starts 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.

11.1. 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 for completing the project

Once 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.

11.2. 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.

12. Shares in subsidiaries and associates

Posten Norge AS's annual financial statements apply the cost method to shares in subsidiaries and associates.

13. Financial instruments

Financial instruments are initially measured at fair value on the settlement date, normally to 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.

- Financial assets and liabilities that are held with the intention of profiting on short-term fluctuations in price (held for trading purposes) or which are recognised according to the fair value option are classified as fair value through profit or loss
- All other financial assets, except from loans and receivables originally issued by the company subsequently measured at amortised cost, are classified as available for sale
- All other financial liabilities are classified as other liabilities and subsequently measured at amortised cost.

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 will be 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 financial 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 assets or liabilities 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.

13.1. Financial instruments: Hedging

Before a hedging transaction is carried out, an assessment is made as to whether the derivative is to 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 when the hedge is entered into showing 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.

The hedge is no longer recognised 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

13.1.1. 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. Changes in fair value of the hedged item are similarly recognised in the income statement.

13.1.2. 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 deferred in equity are transferred from equity and recognised with the asset or liability. Gains and losses previously recognised in other comprehensive income and accumulated in equity are, for other cash flow hedges, reclassified to the income statement in the same period as the cash flow that comprises 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 the hedged transaction is no longer expected to occur, previously accumulated gains or losses on the hedging instrument in equity will be reversed and recognised in the income statement.

13.1.3. 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, following which the accumulated translation differences are recognised in the income statement. The ineffective portion of the hedge instrument is recognised directly in the income statement.

13.2. Financial instruments: Derivatives that are not hedging instruments

Derivatives that are 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.

A derivative that is embedded into other contracts will be separated from the original contract and recognised as a derivative if the following conditions are met:

- The underlying economic reality and risk of the embedded derivative are not closely related to the economic reality and risk of the original contract
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative
- The combined instrument (main contract and embedded derivative) is not measured at fair value with changes in value recognised in the income statement.

13.3. Impairments: Financial instruments

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses of a financial asset or a group of financial assets are incurred 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 estimated.

Impairment losses of financial assets carried at amortised cost are recognised in the income statement. A reversal of a prior impairment loss is recognised if the decrease can be related objectively to an event occurring after the impairment was recognised. However, the reversal is only recognised to the extent that it does not exceed 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 when there is objective information of 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 investments classified as available for sale, and is recognised in the income statement for other financial assets.

14. Impairments

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 comprises a valuation unit. If not, a valuation unit is identified at a higher level and called a cash-generating unit. A cash-generating unit shall be consistently applied 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 weighted average cost of capital and is a pre-tax rate.

With the exception of goodwill, impairment losses recognised in prior periods are reversed if there is information that an impairment loss no longer exist or has decreased. However, an impairment loss is not reversed to the extent the reversal exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised.

14.1. Impairments: Goodwill and other assets with indefinite useful life

Goodwill, intangible assets with indefinite useful life and intangible assets in development are subject to an impairment test annually, irrespective of whether or not there are any indications of impairment.

14.2. Impairments: Other assets with finite useful lives

Assessment of impairment losses of other assets with finite useful lives is considered when there are indications that an impairment loss may have occurred.

15. Inventories

Inventories are recognised at the lower of cost and net sales price. The net sales price is determined as the market price in the case of normal operations less the costs of sale, marketing and distribution. Cost price is determined using the FIFO method. Obsolescent inventories are written down to their estimated sales values.

16. Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost, less provisions for impairment. 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.

17. 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 which are subject to insignificant risk.

18. Equity

In accordance with IAS 1 Norway Post has chosen to present other comprehensive income and changes in equity as separate statements, and in note 14.

18.1. Equity: Translation differences

Translation differences arise in connection with currency differences when foreign entities' accounts are being consolidated. Currency differences relating to monetary items (debts or receivables where settlements are neither planned nor likely to occur within a short period of time) which in reality are part of a company's net investment in a foreign subsidiary are treated as translation differences. Should a foreign subsidiary be sold, the accumulated translation difference related to the subsidiary is reversed and recognised in the income statement in the same period as the gain or loss of the sale is recognised.

18.2. Equity: Hedging reserves

Hedging reserves includes the total net change in fair value of the hedging instrument in cash-flow hedges until the hedged cash flow occur or is no longer expected to occur.

18.3. Equity: Costs relating to equity transactions

Transaction costs related to an equity transaction are recognised directly in equity net of taxes. Other transaction costs are recognised in the income statement.

19. Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable (more probable than not) that there will be a financial settlement as a result of the liability 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. Where the effect of the time value of money is material, the liability is recognised at present value of future cash flows.

19.1. 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 in terms of the scope of the activities, or in how the company is operated. Provisions set aside for restructuring are expensed when the programme is decided on 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.

19.2. 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.

20. Leasing

Leases are classified as either operational leases or financial leases, based on a review of the substance of each individual lease. A financial lease is an agreement which transfers substantially all the risks and rewards incident to ownership of the underlying asset to the Group.

The Group presents financial leases in the financial statements as assets and liabilities, equal to the cost price of the asset or, if lower, the present value of cash flows due 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 incremental 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.

In the case of operational leases, lease payments are classified as an operating expense and recognised in the income statement over the term of the lease.

21. Loans

Loans are recognised initially at fair value, net of transaction costs incurred. The loans are then recognised at amortised cost using the effective interest method. Amortised cost is the amount the financial obligation is measured to at initial recognition, less repayments (for example principal payment, interest and service charges), including effective interest.

22. Contingent liabilities and assets

Contingent liabilities include:

- possible liabilities resulting from past events whose existence depends on future events
- liabilities that have not been recognised because it is not probable that they will result in payments
- liabilities that cannot be measured with sufficient reliability

Contingent liabilities are not recognised in the annual financial statements unless they have been acquired in a business acquisition. Significant contingent liabilities are disclosed, unless the possibility of the liability resulting in payments is remote.

Contingent assets are not recognised in the annual financial statements, but disclosed if an inflow of economic benefits is probable.

23. Events occurring after the balance sheet date

New information of the company’s positions on the balance sheet date is taken into account in the annual financial statements. Events taking place after the balance sheet date that do not affect the company’s position on the balance sheet date but which will affect the company’s position in the future, are disclosed if significant.

24. Cash flow statement

Cash flow statement has been prepared on the basis of the indirect method. Cash and cash equivalents consist of liquid assets, including liquid assets linked to the sales network.

Note 1 Segments

The division of reporting segments has been prepared in accordance with areas whose operating results are reviewed regularly by the Posten Norge AS board so that the board can decide which resources will be allocated to the 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.

Internal revenues are turnover between segments in the Group. Transactions with other segments are based on normal commercial terms and conditions as if the segments were independent parties. Deferred tax asset is not included in allocated assets, and deferred tax and interest-bearing liabilities are not included in allocated liabilities.

The reporting segments contain the following:

Mail: letter products, banking services and dialogue services. The segment consists of 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 parent company's Logistics Norway and Logistics Norden divisions and the subsidiaries operating in these areas: Bring Cargo, Bring Linehaul, Bring Warehousing, Bring Frigo, Bring Express, Bring Parcels, Bring Cargo International and Bring Supply Services.

Other: Group administration and overheads that are defined as owner-related expenses and eliminations are allocated to segment Other.

It was in 2014 conducted a new review of the Group's common expenses and allocation to the segments. This has led to changes in the presentation of segment results. The figures for 2012 and 2013 have been restated accordingly. Restating meant reduced operating expenses in the segment Mail (MNOK 50 in 2013, MNOK 159 in 2012) and segment Logistics (MNOK 28 in 2013, MNOK 105 in 2012) and a corresponding increase in operating expenses in the segment Other (MNOK 78 in 2013, MNOK 264 in 2012).

Result per segment

2014	Mail	Logistics	Other/eliminations	Group
External revenues	9 371	15 028	5	24 404
Internal revenues	773	912	(1 686)	
Total operating revenues	**10 144**	**15 941**	**(1 681)**	**24 404**
External expenses including depreciation	7 661	13 946	1 864	23 471
Internal expenses	1 636	1 588	(3 224)	
Operating expenses	**9 297**	**15 534**	**(1 360)**	**23 471**
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
Earnings before interest and taxes	**921**	**128**	**(205)**	**844**
Net financial items	(52)	157	(229)	(123)
Taxes				271
Net income for the year				**449**

2013	Mail	Logistics	Other/eliminations	Group
External revenues	9 613	13 944		23 557
Internal revenues	872	997	(1 869)	
Total operating revenues	**10 485**	**14 941**	**(1 869)**	**23 557**
External expenses including depreciation	7 651	13 169	1 612	22 432
Internal expenses	1 692	1 536	(3 228)	
Operating expenses	**9 343**	**14 705**	**(1 616)**	**22 432**
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)	(22)
Earnings before interest and taxes	**1 125**	**(208)**	**(276)**	**641**
Net financial items	(50)	28		(22)
Taxes				108
Net income for the year				**512**

2012	Mail	Logistics	Other/eliminations	Group
External revenues	9 546	13 378		22 925
Internal revenues	863	939	(1 802)	
Total operating revenues	**10 409**	**14 317**	**(1 802)**	**22 925**
External expenses including depreciation	7 816	12 476	1 517	21 809

Internal expenses	1 528	1 406	(2 934)	
Operating expenses	**9 344**	**13 882**	**(1 417)**	**21 809**
Write-downs	2	197		199
Restructuring expenses	345	16		361
(Gains)/losses on the sale of fixed assets and subsidiaries		(9)		(9)
Other non-recurring items		15		14
Share of profit or loss of investments accounted for using the equity method	2	1	79	81
Earnings before interest and taxes	**721**	**217**	**(307)**	**632**
Net financial items	(66)	(26)	8	(84)
Taxes				150
Net income for the year				**398**

Balance per segment

2014	Mail	Logistics	Other/eliminations	Group
Segment assets	4 188	9 757	(61)	13 884
Non-allocated assets				2 493
Total assets				**16 377**
Segment liabilities	3 033	3 640	(31)	6 642
Non-allocated liabilities				3 531
Total liabilities				**10 172**

2013	Mail	Logistics	Other/eliminations	Group
Segment assets	4 572	9 131	(298)	13 405
Non-allocated assets				2 268
Total assets				**15 674**
Segment liabilities	3 032	3 509	(111)	6 430
Non-allocated liabilities				3 162

Total liabilities				**9 593**

2012	Mail	Logistics	Other/eliminations	Group
Segment assets	5 028	7 588	77	12 693
Non-allocated assets				2 534
Total assets				**15 227**
Segment liabilities	3 185	2 871	268	6 324
Non-allocated liabilities				3 200
Total liabilities				**9 524**

Investments per segment

2014	Mail	Logistics	Other	Group
Investments in fixed assets 1)	161	741	179	1 081
Depreciation	405	388	(3)	790
Write-downs	3	278		282

2013	Mail	Logistics	Other	Group
Investments in fixed assets 1)	106	827	159	1 092
Depreciation	435	318	(3)	750
Write-downs	2	242		245

2012	Mail	Logistics	Other	Group
Investments in fixed assets 1)	120	351	123	593
Depreciation				

	435	295	(11)	719
Write-downs	2	197		199

1) Investments in fixed assets include neither the purchase of enterprises nor goodwill.

Geographic information	2014	2013	2012
External revenues			
Norway	16 209	15 840	16 015
Abroad [1)]	8 195	7 717	6 910
Total revenues	**24 404**	**23 557**	**22 925**
Assets			
Norway	13 846	13 149	13 213
Abroad [1)]	2 531	2 525	2 014
Total assets	**16 377**	**15 674**	**15 227**
Investments during the period			
Norway	918	823	493
Abroad [1)]	163	269	100
Total investments	**1 081**	**1 092**	**593**

1) Abroad mainly comprises other Nordic countries.

Note 2 Payroll Expenses and other remunerations

Posten Norge AS				Group		
2012	2013	2014		2014	2013	2012
			(All amounts in MNOK)			
5 625	5 710	5 670	Salaries	7 673	7 738	7 424
742	752	749	National insurance contributions	1 165	1 173	1 097
350	346	379	Pension expenses	513	476	464
177	215	222	Other contributions	248	244	252
6 894	**7 023**	**7 020**	**Payroll expenses**	**9 600**	**9 631**	**9 237**
			(All amounts in TNOK)			
2 185	2 242	2 374	Board remuneration	2 399	2 423	2 312
1 309	1 309	1 309	Fee for financial audit	7 718	7 409	7 114
110	262	215	Fee for extended financial audit	913	861	362
969	720	768	Fee for other assurance services	946	728	1 253
467	616	260	Fee for tax advisory services	836	1 892	1 247
1 671	611	1 431	Fee for other non-audit services	2 242	1 669	2 130
6 711	**5 760**	**6 357**	**Remuneration**	**15 054**	**14 982**	**14 418**
13 297	12 918	12 572	Number of full-time equivalent positions	18 104	19 022	19 388
14 872	14 348	14 042	Number of employees 31.12	19 804	20 676	20 060

Employers' national insurance contributions on pensions are classified as pension expenses, for more details see note 3.

Remuneration and fees

Fees to auditors in 2014 related mainly Ernst & Young.

Board of Directors

External board members do not have pension schemes or other benefits other than board remuneration. Employee representatives only have pensions schemes related to their employment by Posten Norge AS. The Annual General Meeting determines the remuneration to the Board of Directors of Posten Norge AS. Fees paid to the Board of Directors for 2014 were approved by the Annual General Meeting on 12.05.2014 and the members of the Board received the following remuneration in 2014.

(All amounts in NOK, excluding payroll tax)

Board of Directors	Remuneration	Remuneration

Idar Kreutzer, chairman of the board	407 543	Odd Christian Øverland, employee representative 1)	202 879
Randi B. Sætershagen, vice chairman of the board	300 712	Paul Gamlemshaug, employee representative 1)	197 875
Terje Wold	197 875	Geir Løland, employee representative (to 30.09.2014) 1)	147 625
Gøril Hannås	234 252	Ann Elisabeth Wirgeness, employee representative 1)	197 875
Jørgen Randers	202 879	Siv Ryan Andersen, employee representative (from 01.06.2014 to 30.06.2014 and from 01.10.2014) 1)	67 000
Sigrid Hjørnegård (to 11.05.2014)	80 625	Judit Olafsen, employee representative (deputy) 1)	9 500
Anne Britt Berentsen (from 12.05.2014)	127 463		
		Sum	**2 374 102**

1) For employee representatives only compensation for the board position is given.

An audit committee was established in December 2008 for Posten Norge AS. Vice chairman of the board Randi Sætershagen and board member Gøril Hannås have taken part in the audit committee in 2014 and received NOK 60 460 and NOK 36 377 respectively in fees for their participation. A compensation committee was established in June 2003 for Posten Norge AS. Chairman of the board Idar Kreutzer and board members Jørgen Randers and Odd Christian Øverland, took part in the compensation committee in 2014 and received NOK 10 293, NOK 5 004 and NOK 5 004 respectively in fees for their participation. Fees for 2014 are included in the remuneration specified above.

Group management - compensation

Group management is defined as those persons authorized and responsible for planning, executing and monitoring the enterprise's operations (Group management). Unless otherwise stated the amounts below cover the entire year.

(All amounts in NOK, and excluding employers' national insurance contributions.)

Group management	Basic pay 1)	Expensed bonus	Other benefits 2)	Pension cost	Period of notice	Severance
Dag Mejdell 3)	3 856 891	834 250	6 136	2 563 505	6 months	9 months
Gro Bakstad	2 677 171	512 400	6 136	1 282 021	6 months	No
Elisabeth H. Gjølme	1 978 379	353 850	6 136	573 183	6 months	9 months
Randi Løvland	1 875 419	355 950	179 500	248 719	6 months	9 months
Tore K. Nilsen	3 282 969	877 500	6 136	541 045	6 months	9 months
Tone Wille	2 204 504	435 750	15 295	300 657	6 months	No
	1 435 898		57 021	382 674	6 months	No

Tim Jørnsen 4) 5) (to 31.07.2014)						
Gunnar Henriksen	1 960 103	405 300	116 631	273 704	6 months	No
Thomaas Tscherning 4) (from 20.11.2014)	305 749	64 207	7 781	88 873	6 months	9 months
Sum	**19 271 332**	**3 839 207**	**392 989**	**6 165 508**		

1) Basic pay includes wages, car expenses, holiday pay and pension compensation

2) Includes company cars and electronic communication.

3) Chief Executive Officer Dag Mejdell has a loan with Posten Norge AS which as of 31.12.2014 had an outstanding balance of NOK 771 429. The interest rate as of 31.12.2014 was 2,5% and the loan runs until 27.06.2020.

4) Executive Vice President Tim Jørnsen receives wages in Swedish kroner (SEK). Converted into Norwegian kroner (NOK) using the avarage exchange rate for the year 0,9184.

5) Executive Vice President Tim Jørnsen received severance pay during the notice periode.

Bonus programmes

Posten Norge AS has a bonus programme 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 salary can be achieved. The final decision regarding a bonus is determined by the board (the CEO for Group management). Bonuses are only paid to persons who are in their positions as at 31 December.

In addition, Posten Norge AS has bonus programmes for divisional 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 programmes for executives connected to achieving results and/or individual criteria. In certain companies, sales personnel, and other key personnel also have bonus-based pay, while others pay a productivity bonus to all employees.

Pension schemes

Senior management has the same pension schemes as other employees of the company with the following exceptions. Senior managers who entered the Group management before 31.12.2006 have a defined benefit pension scheme of 66%, where retirement age is 65 for the CEO and 64 years for other executives. This scheme was closed at 31.12.2006.

New members of the Group management after 31.12.2006 have a defined contribution scheme with annual contributions limited to 25 % of the salary that exceeds the pensionable income exceeding 12G in Norway and 20 IBB in Sweden (IBB="income basis amount").

Severance
For the CEO there is an agreement to reduce severance pay against other income after 3 months. For members of the Group management who have a severance agreement there is an agreement of reduction against other income.

Statement on salaries and other remuneration to senior executives in Posten Norge AS

(Adopted by the Board 26.02.2015)

This statement is based on Guidelines for the employment conditions of managers in state enterprises and companies (established by the Stoltenberg Government 31.03.2011) and is prepared by the Board in accordance with the Articles of Association § 8, last paragraph. ref. The Act § 6-16a.

Refer to Guidelines for remuneration to senior executives in corporations and SOEs (established by Industry and Fisheries Ministry with effect from 02/13/2015). Based on these, the records during 2015 to assess the company arrangements for remuneration to senior executives. Any changes will be seen next year remuneration declaration.

The declaration will be reviewed in Norway Post's annual general meeting. The declaration applies until either the board repeals it or adopts a new declaration.

The declaration applies to the CEO and executive vice presidents reporting to the CEO (Group management). This group is known as "senior management".

Declaration has two main parts. Part I deals with executive remuneration policy that has been followed in the preceding financial year ref. Public Limited Companies Act § 6-16 a, first, third and fourth paragraphs. Part II contains guidelines for determining management salaries for the upcoming fiscal year ref. Public Limited Companies Act § 6-16 a, second paragraph. Guidelines in Part II applies fully when new contracts in the coming financial year, and shall otherwise be applied followed as far as possible within the framework of the agreements concluded earlier.

Part I

The fees in 2014 have been in accordance with Statement of salaries and other remuneration to senior executives in Posten Norge AS, adopted on 13 February 2014 (last year's statement).

Some agreements concluded before 31.3.2011 differs from last year's statement about severance pay, and agreements with senior employees who were employed in the Group before 31.3.2011 differs from last year's statement about retirement.

For a complete overview of the premiums in 2014, see note 2 and 3 of the financial statements for 2014.

The Board has in 2014 not set any long-term incentive scheme for senior management, as last year's declaration allows.

It is concluded one agreement on severance pay, and one of employment with a new Executive

Director in 2014. These agreements are consistent with last year's statement. The agreements will have no significance for the company or the shareholder.

Part II

1. The main principles for executive remuneration policy
The total remuneration, which in the following is referred to as executive pay in Norway Post, is to be competitive but not leading compared with similar companies. The Board shall have an overview of the total value of the compensation for each executive.

2. Elements of executive pay
2.1 Base salary
The main element of executive pay will be the fixed salary. The objective of Norway Post is to have competitive salaries without being a salary leader for the same type of positions.

To support the ongoing reviews of wages, market information about executive compensation shall be collected annually from a recognized international company with satisfactory statistics from Norway.

2.2 Variable pay
Individual agreements on variable pay can be entered into with senior management based on performance, with an economic framework of up to six months wages. A system of variable pay (bonus) must be transparent and clearly understandable.

The individual goals are set for one year and should always be described and based on objective, definable and measurable criteria that the manager can actually affect.

The basis for calculating the bonus should consist of both common Group goals and individual goals for each manager. The objectives should be linked to the results achieved within the following main categories: finance / financial goals, HSE (Health, Safety and Environment), the environment, customers, strategy, and the individual's professional responsibility.

Category accounting / financial targets are calculated after achievement of established budget, and can be both a common Group goals and individual goals for each manager. Bonus target should always include at least one HSE targets.

The corporate goals of between 60 and 100% of the bonus potential, while the individual targets of between 0 and 40% of the bonus potential.

Within the economic framework of six months the board may establish a long-term incentive plan that measures the value over time.

2.3 Other benefits
Senior managers may have benefits in kind which are usual for comparable positions.

2.4 Insurance
Senior managers shall have insurance coverage at the same level as other employees.

2.5 Severance
Total severance compensation should not exceed 12 months' salary. Severance pay should be reduced proportionately with the new annual income (calculated from the period of notice).

Severance pay is not applicable for voluntary departure. Severance is not used if the conditions for dismissal, or if the period in which the provision of severance pay, irregularities or omissions that may lead to liability or the person being prosecuted for offenses.

3. Options and share programmes

Senior managers shall not have compensation in the form of options or shares in the parent company or subsidiaries, or a cash bonus linked to an assessed value growth of the share.

4. Directorships

Senior managers should not receive special compensation for board positions in other companies within the Group.

5. Pension Benefits

Senior managers are members of the same pension scheme and have the same pension terms as other employees of the company.

Norway Post has defined contribution occupational with contribution rates of 5% for pension basis in the range 0 to 7, 1 G and 13% of pension basis in the interval 7, 1 G to 12 G. In addition, Norway Posten retirement pension basis over 12G, which is also organized as defined contribution with deposits limited to a maximum of 30% of base exceeding 12 G.

Payments of defined contribution shall be made to a separate legal entity, separate from the company on a legally binding basis.

The employer's payments to the contribution scheme shall be made only in the period of employment, so that no costs are incurred after a senior employee has resigned his/her position in the company.

Note 3 Pensions

Posten Norge AS				Group		
2012	2013	2014		2014	2013	2012
			Defined contribution pension plans			
18 712	18 125	17 671	No. of members	22 487	23 818	24 404
5-8%	5-8%	5-13%	Percentage of salary	1-30%	1-30%	1-30%
			Defined benefit pension plans			
			Financial assumptions:			
3,9%	4,0%	2,3%	Discount rate	2,3%	4,0%	3,9%
3,5%	3,75%	2,75%	Expected wage regulation	2-3,2%	3,75%	3,5%
3,25%	3,5%	2,5%	Expected G regulation	2,5−2,75%	3,5%	3,25%
2,5−3,25%	2,5−3,25%	1,75−2,5%	Expected pension regulation	1,5-5,0%	0,6-4,0%	0,2-4,0%
4,0%	4,4%	2,3%	Expected yield	2,3%	4,0-5,0%	4,0-5,9%
8%	8%	4,7%	Expected voluntary retirement (under 50 years of age)	2-12,6%	2-12,6%	2-12,6%
2,5%	2,5%	1,8%	Expected voluntary retirement (over 50 years of age)	1,5−2,58%	1,5−2,58%	1,5−2,58%
50%	50%	35-50%	Expected use of AFP	35-50%	50%	50%
K2005	K2013	K2013	Demographic assumptions on mortality rate	K2013	K2013	K2005
			Net pension expenses:			
119	119	131	Present value of the pensions earned for the year	171	145	140
			Administration costs			1
23	29	34	Net interest expense on the net liabilities	40	36	29
			Recognised pension plan changes	(5)	(5)	
142	**149**	**164**	**Gross pension expenses incl soc sec fee**	**206**	**176**	**169**
(2)	(2)	(2)	Employees' 2% contribution	(2)	(2)	(2)
(21)	(26)	(29)	Interest element reclassified as a financial item	(37)	(33)	(26)
119	**121**	**132**	**Net pension costs incl soc sec fee**	**167**	**142**	**138**
333	330	352	Defined contribution pension plans	456	445	432

(103)	(105)	(105)	Employee contributions to defined contribution pension plans	(110)	(110)	(109)
350	**346**	**379**	**Total pension expenses included in earnings for the year**	**513**	**476**	**464**
			Net pension liabilities:			
(23)	(26)	(27)	Estimated accrued secured liabilities	(502)	(420)	(412)
21	21	22	Estimated value of the pension assets	246	227	221
(2)	**(5)**	**(5)**	**Net estimated secured pension assets / (liabilities)**	**(256)**	**(192)**	**(192)**
(825)	(861)	(874)	Estimated accrued unsecured pension liabilities	(895)	(881)	(847)
(828)	**(866)**	**(880)**	**Net estimated pension assets/(liabilities)**	**(1 150)**	**(1 073)**	**(1 038)**
			Changes in liabilities:			
(970)	(828)	(866)	Net assets (liabilities) 01.01.	(1 073)	(1 038)	(1 211)
(142)	(149)	(164)	Gross pension expenses	(206)	(167)	(164)
131	132	144	Premium payments and benefits paid	189	150	153
2	2	3	Contributions from members of the pension plan	3	2	2
			Adjustment of previous period’s pension liabilities	(2)	1	4
151	(22)	3	Changes in unrecognised actuarial gains (losses)	(56)	(1)	174
			Exchange rate changes	(5)	(19)	3
(828)	**(866)**	**(880)**	**Net pension assets/(liabilities) 31.12.**	**(1 150)**	**(1 073)**	**(1 038)**
			The main categories of pension assets at fair value:			
4	2	2	Equity instruments	109	90	88
13	16	16	Debt instruments	104	108	104
3	2	2	Property	19	20	20
1	1	1	Other assets	14	10	9
21	**21**	**22**	**Total pension assets**	**246**	**227**	**221**

The Group has both defined contribution and defined benefit plans. Net pension expenses for defined benefit plans include the net pension benefits for the period, including future wage growth and interest expenses on the calculated obligation, less contributions from employees and the expected return on pension assets. For defined contribution plans, premium expensed are recognised as incurred.

On 01.01.2011 the parent company and most of its subsidiaries transferred to a new AFP plan (Joint plan for AFP in the private sector). The new AFP plan is a multiple company plan which is considered a defined benefit plan. However, there is currently insufficient information to measure the pension obligation in a reliable manner so the plan is treated as a defined contribution plan for accounting purposes. Employees who remain members of the Norwegian Public Service Fund have kept their rights in accordance with the AFP plan in the public sector.

Posten Norge AS's defined benefit obligations are in accordance with the law on defined pension plans, and the pension funds in the plans are managed by life insurance companies. Posten Norge AS’s defined benefit pension plan was closed 31.12.2005, with the exception of plans for senior executives which were closed 31.12.2006. In 2014, changes were made to the financial assumptions in accordance with recommendations from the Norwegian Accounting Standards Board (NRS). In their "Guidance for determining assumptions for pension calculations for defined benefit plans" (January 2015), whereby the discount rate has been set at 2.3% compared with 4.0% in 2013. Posten Norge AS uses covered bonds (OMF) as its basis for the discount rate.

A reduction in the discount rate of 1 percentage point is estimated to give an average increase in the pension liability of approximately 15%. In Posten Norge AS, the effect of this year's reduction in the discount rate was largely offset by the changes in assumptions for retirement age and probability of taking early retirement.

A new mortality rate table (K2013) has been used when estimating the liability as of 31.12.2013. For Posten Norge AS the change in the table increased the actuarial loss that was recognised in other comprehensive income in by MNOK 50, which constituted 76% of net actuarial loss in 2013. For the Group there was an estimated decrease in equity of MNOK 54 as a result of using the changed mortality rate table.

The parent company and some subsidiaries have defined pension plans, agreed upon with the employee organisations in connection with the transition to a new pension plan to replace the Norwegian Public Service Fund plan. Except for adjustments for country-specific macroeconomic conditions, the subsidiaries have mainly used the same long-term financial assumptions as the parent company. The Group's pension assets mainly relate to Bring Cargo's defined benefit pension plans.

The retirement age for Norwegian employees in general is 67 years.

The Group has a defined contribution pension plan for the majority of employees in Norway, Sweden and Denmark where the premiums are expensed as they occur. In the parent company contribution rates for 2012, 2013 and first half-year 2014 were 5.0% for salaries between 1 - 6 G (National Insurance basic amount) and 8% for salaries between 6 - 12 G. From 01.07.2014 the contribution rates changed to 5% for salaries between 0 to 7,1 G and 13% for salaries in the range 7 - 12 G. Employees contribute to the pension scheme though salary deductions. A private disability pension has been introduced which provides benefits equal to 66% of the employee's pay without paid-up policy accrual. Posten Norge AS also has obligations connected to employees with salaries above 12 G. Pension obligations connected to salaries above 12 G and early retirement pensions are financed by the company's operations.

The defined contribution pension plans in Sweden and Denmark have variable contribution rates based on different calculation bases and rate ranges. For example in Sweden the calculation basis for some employees is a so-called "income basis amount" (IBB) which was SEK 56 900 in 2014. Contributions were calculated with a low and high rate of 4.5% and 30% respectively for earnings lower or higher than 7.5 times IBB.

Some companies in the Group's Swedish operations have pension plans which, according to IAS 19, do not qualify for recognition in the balance sheet. In accordance with Swedish rules the pension liabilities are covered through a capital insurance policy. In the company accounts the amount was registered as a liability with an equivalent receivable against the capital insurance company. In the consolidated financial statements, these amounts are netted, so that the criteria stipulated in IAS 19 are met. A secured occupational pension programme in a Norwegian company was set off against pension assets in accordance with IAS 19.

This year’s review of the pension plans and related estimated obligations has resulted in a change in the calculated pension obligations for 2013. This affected the 2013 balance sheets of both the Group and the parent company by MNOK 43 (reduced obligation).

Note 4 Other operating expenses

Posten Norge AS 2012	2013	2014		Group 2014	2013	2012
938	936	880	Cost of premises	1 165	1 247	1 222
293	295	264	Other rental expenses	372	399	410
93	95	92	Tools, fixtures, operating materials	124	130	126
68	70	72	Repair and maintenance of equipment	112	102	96
41	41	37	Accounting and payroll services	46	48	46
659	717	753	IT services	828	843	760
230	196	193	Other external services	382	361	395
40	36	36	Telephone- and postage expenses	176	92	89
77	81	79	Travel expenses	177	169	158
135	111	103	Marketing	123	134	157
22	37	34	Insurance, guarantee and compensation expenses	85	86	58
121	74	102	Other expenses	317	229	195
2 717	**2 689**	**2 645**	**Totalt operating expenses**	**3 907**	**3 840**	**3 712**

The reduction in costs of premises in the parent company from 2013 to 2014, are mainly due to lower costs as a result of the closure of post offices. The decrease in rental expenses over the same period mainly due to reduced rental costs for cars. Acquisitions of companies in 2014, and a restructuring of operations in Bring Citymail Sweden AB in 2014, has contributed to changes in the cost structure of the Group. This applies to the decline in cost of premises and increase in telephone- and postage expenses and other expenses from 2013 to 2014. From 2012 to 2013 the costs of premises increased due the acquisition of Bring Cargo Inrikes AB. The increase in IT services over the same period was mainly related to costs for IT development and for establishing a new model of governance for IT in the Group.

Note 5 Other income and expenses

Other income and expenses include restructuring expenses, gains and losses on disposal of fixed assets and other material income and expenses that are non-recurring.

Posten Norge AS				Group		
2012	2013	2014		2014	2013	2012
342	16	(12)	Restructuring expenses	4	30	358
2		(80)	(Gain) on sale of fixed assets	(73)	(6)	(12)
	5		Loss on sale of fixed assets	2	7	1
125	262	217	Other (income)/expense	1	187	17
465	**283**	**125**	**Total other income and expenses**	**(66)**	**218**	**364**

Restructuring expenses

Restructuring expenses are specified below:

Posten Norge AS				Group		
2012	2013	2014		2014	2013	2012
339	14	(15)	Restructuring	1	28	355
3	2	3	Severance pay	3	2	3
342	**16**	**(12)**	**Total restructuring expenses**	**4**	**30**	**358**

In 2014, restructuring expenses of MNOK 22 were recognised in Posten Norge AS, and provisions from previous years of MNOK 37 were reversed. Corresponding provisions in 2013 was MNOK 39, and MNOK 339 in 2012. The provisions of MNOK 22 applied to personnel-related measures (MNOK 24 in 2013 and MNOK 234 in 2012). In the categories property and other measures, there were no provisions in 2014 (property MNOK 15 in 2013 and MNOK 85 in 2012, other measures MNOK 20 in 2012). For severance pay the accruals increased by MNOK 3 on the basis of a new assessment of the estimate per 31.12.2014.

In addition to Posten Norge AS the Group in 2014 recognised total restructuring expenses of MNOK 16, of which MNOK 9 were personnel-related measures (MNOK 10 in 2013, and MNOK 5 in 2012), MNOK 4 were related to property (MNOK 4 in 2013), and MNOK 3 were related to other measures (no provisions in 2013 and MNOK 1 in 2012). Additional provisions were mainly made in Bring Cargo AS, Bring Cargo Inrikes AB, Bring Cargo International AB, Bring Dialog Norge AS and Bring Norden AB. The total provision for restructuring is shown in note 15.

Gain/loss on sale of fixed assets
Posten Norge AS sold all shares in Posten Eiendom Storbyer AS in 2014, with a net gain of MNOK 79 in the parent company and MNOK 67 in the Group.

Other income and expenses
In Posten Norge AS, other expenses in 2014 comprised write-down of shares in subsidiaries,

MNOK 160 in Bring Cargo Inrikes AB and MNOK 57 in Bring Cargo International AB, totalling MNOK 217. (In 2013 write-down of shares comprised MNOK 203 in Bring Frigo AB, MNOK 5 in Bring Danmark A/S, MNOK 16 in Bring Norden AB and MNOK 38 in Bring Cargo Inrikes AB, totalling MNOK 262. In 2012 MNOK 111 related to write-down of shares in Bring Warehousing AS, and MNOK 14 in Bring Citymail Sweden AB, totaling MNOK 125.) See note 10.

Other expenses for the Group in 2013, was a result of onerous contracts related to the market regulation of lease contracts for premises in the Logistics segment.

Note 6 Financial income and financial expenses

Posten Norge AS 2012	2013	2014		Group 2014	2013	2012
88	69	74	Interest income from group companies			
81	110	60	Other interest income	67	128	92
48	161	117	Currency gains	175	199	107
34		232	Gains on derivatives	48		1
207	120	61	Gains on "fair value through profit or loss" objects	61	120	207
2	2	2	Other financial income	3	3	3
460	**462**	**546**	**Financial income**	**354**	**450**	**410**
22	21	25	Interest expenses to group companies			
			Interest expenses on financial leases	3	4	5
130	136	124	Other interest expenses	132	145	140
65	117	102	Currency losses	158	162	125
15	153	272	Loss on derivatives	78	12	1
207	120	61	Losses on "fair value through profit or loss" objects	61	120	207
16	21	20	Other financial expenses	45	29	18
455	**568**	**603**	**Financial expenses**	**477**	**472**	**496**

Other interest income in 2014 included MNOK 43 (MNOK 36 in 2013 and MNOK 45 in 2012) of gains from current market investments for both Posten Norge AS and the Group.

Other interest expenses in 2014 included interest expenses on net pension liabilities, which in 2014 totalled to MNOK 29 for Posten Norge AS (MNOK 26 in 2013 and MNOK 21 in 2012) and MNOK 37 for the Group (MNOK 33 in 2013 and MNOK 26 in 2012). The remaining other interest expenses were primarily interest expenses linked to long-term financing. In 2014 Posten Norge AS had currency gains of MNOK 117 and currency losses of MNOK 102, a net gain of MNOK 15.

See note 19 for a more detailed description of the Group's financial risk management.

Note 7 Taxes

Posten Norge AS				Group		
2012	2013	2014		2014	2013	2012
			INCOME TAXES			
173	45	105	Tax payable	203	107	217
(68)	(13)	59	Changes in deferred tax (deferred tax asset)	68	1	(67)
105	**32**	**163**	**Tax expense**	**271**	**108**	**150**
304	194	93	Tax payable for the year	189	249	358
9	2		Adjustments previous years	7	(2)	9
(140)	(151)	12	Other *	7	(140)	(150)
173	**45**	**105**	**Tax payable**	**203**	**107**	**217**
(68)	(8)	59	Deferred tax due to changes in temporary differences	58	13	(40)
			Tax losses carried forward not previously recognised	(9)	(26)	(36)
	(5)		Effect of change in tax rate	2	(4)	
			Write-down/ reversal of write-down due to tax losses carried forward	16	18	9
(68)	**(13)**	**59**	**Deferred tax expense**	**68**	**1**	**(67)**
40%	**7%**	**33%**	**Effective tax rate**	**38%**	**17%**	**27%**
			Reconciliation of the effective tax rate with the Norwegian tax rate:			
263	469	496	Earnings before tax	720	619	547
74	131	134	27% tax	194	173	153
			Write-downs of goodwill	66	32	6
41	78	63	Other non-deductible expenses 27%	10	44	12
(10)	(11)	(33)	Non-taxable income 27%	(46)	(6)	(23)
			Effect from tax rates in other contries	12	11	(7)
	(5)		Effect of changes in tax rate	2	(4)	
			Not- recognised deferred tax asset	42	(2)	
1	(162)		Other	(9)	(140)	8
105	**32**	**163**	**Tax expense**	**271**	**108**	**150**

* Provision of tax payable of 140 mill. kroner at 31.12.2011 was reversed 31.12.2013.

Posten Norge AS			Group		
2012	2013	2014	2014	2013	2012

			Changes in deferred tax recorded directly in other comprehensive income			
42	(6)	1	Actuarial gains and losses	(13)	(2)	49
			Translation differences from hedging of investments in foreign entities	(3)	(38)	5
(1)	2	1	Cash flow hedging	1	2	(1)
	20		Effect of change in tax rate		20	
41	**16**	**2**	**Total**	**(15)**	**(19)**	**53**

Effect of change in tax rate 2014 was related to reduced tax rate in Denmark. Effect of change in tax rate 2013 was related to reduced tax rate in Norway.

Changes in deferred tax/tax asset

Posten Norge AS

	01.01.2014	Recognised in equity	Recognised in income statement	Other	31.12.2014
Tangible fixed assets	(97)		63		(34)
Retained gains and losses	4		(1)		3
Receivables	(2)				(2)
Inventories	(1)				(1)
Currency			12		12
Pensions	(234)	1	(5)		(238)
Contribution fund	54		(16)		39
Provisions	(51)		20		(31)
Financial instruments	(36)	1	(15)		(51)
Other	(31)			11	(20)
Total deferred tax/tax asset	**(395)**	**2**	**59**	**11**	**(323)**

Group

	01.01.2014	Additions subsidiaries	Recognised in equity	Recognised in income statement	Other	Translation differences	Effect of change in tax rate	31.12.2014
Tangible fixed assets	(53)	7		74		(1)		27
Retained gains and losses	4			(3)				1
Receivables	(4)							(4)
Inventories	(1)							(1)
Currency				12				12
Pensions	(267)		(8)	(7)				(283)
Contribution fund	54			(15)				39
Provisions	(75)	1		16		(1)	1	(59)
Financial instruments	(36)		1	(15)				(50)
Other	(11)		(3)					(14)
Tax losses carried forward	(294)		5	(37)		(14)	1	(338)

Total	**(682)**	**7**	**(6)**	**25**	**(16)**	**2**	**(670)**
Total not-recognised in balance sheet	204		(9)	42	15	(2)	250
Total deferred tax/tax asset	**(477)**	**7**	**(15)**	**68**	**(1)**		**(420)**

Deferred tax assets that are not recognised in the balance sheet were related to losses carried forward in Sweden and Denmark. The Group had deferred tax assets of MNOK 338 related to losses carried forward as at 31.12.2014. There is no time limit on these losses. The losses carried forward that have been recognised are expected to be utilised on expected future profits and group contributions.

Note 8 Intangible assets

Posten Norge AS

	Purchased intangible assets				
	IT-development trademarks etc.	Projects in progress	2014 Total	2013 Total	2012 Total
Acquisition cost					
Acquisition cost 01.01	1 607	287	1 894	1 805	1 762
Additions	31	156	186	180	127
Adjustment of cost price/Scrapping	122	(176)	54	(157)	(86)
Intercompany transfers				66	2
Transfers from projects in progress	40	(40)			
Acquisition cost 31.12.	**1 799**	**227**	**2 026**	**1 894**	**1 805**
Accumulated amortisation and write-downs:					
Amortisation method	Straight-line				
Useful life	3 - 10 years				
Accumulated amortisations and write-downs 01.01	(1 121)	(187)	(1 308)	(1 074)	(842)
Amortisation for the year	(244)		(244)	(237)	(238)
Write-downs for the year				(103)	(78)
Adjustment of cost price/Scrapping	(132)	187	54	159	86
Intercompany transfers				(53)	(2)
Accumulated amortisations and write-downs 31.12.	**(1 498)**		**(1 498)**	**(1 308)**	**(1 074)**
Carrying amount 31.12.14	**302**	**227**	**528**		
Carrying amount 31.12.13	486	100		586	
Carrying amount 31.12.12	624	107			731

Group

	In-house developed intangible assets	Purchased intangible assets					
	IT-development	IT-development trademarks etc.	Projects in progress	Goodwill	2014 Total	2013 Total	2012 Total
Acquisition cost:							
Acquisition cost 01.01.	7	1 892	310	2 935	5 145	4 983	5 240
Additions		34	156		190	196	159

Disposals	(3)	(34)	(19)		(56)	(7)	(40)
Additions through company acquisitions (Note 23)				52	52		97
Disposals through sales of companies (Note 23)						(35)	
Adjustment of cost price/Scrapping		134	(176)		(42)	(162)	(443)
Translation differences		3		33	36	169	(30)
Transfers from projects in progress		43	(43)				
Acquisition cost 31.12.	**5**	**2 072**	**227**	**3 020**	**5 324**	**5 144**	**4 983**
Accumulated amortisation and write-downs:							
Amortisation method	Straight-line	Straight-line					
Useful life	3 - 10 years	3 - 10 years					
Accumulated amortisation and write-downs 01.01	(6)	(1 356)	(206)	(604)	(2 172)	(1 847)	(1 970)
Amortisation for the year	(1)	(263)			(264)	(265)	(258)
Write-downs for the year				(253)	(253)	(239)	(106)
Disposals	3	34	19		56	7	39
Additions through sales of companies (Note 23)				(1)	(1)		
Disposals through sales of companies (Note 23)						35	
Adjustment of cost price/Scrapping		(144)	187		42	165	441
Translation differences		(3)		(9)	(12)	(27)	7
Accumulated amortisation and write-downs 31.12.	**(4)**	**(1 733)**		**(867)**	**(2 604)**	**(2 171)**	**(1 847)**
Carrying amount 31.12.14	**1**	**339**	**227**	**2 153**	**2 720**		
Carrying amount 31.12.13	2	537	103	2 331		2 973	
Carrying amount 31.12.12	2	693	130	2 311			3 136

IT-development, trademarks, etc.

Total intangible assets of IT-development, trademarks etc. recognised in the balance sheet 31.12.2014 amounts to MNOK 340, of which MNOK 102 was related to Oracle E-business Suite, which comprises solutions for a common address register, response sending system, accounting and payroll system, as well as an HR and order system. The program also includes a new route register which, together with the common address register, will provide more automated and detailed route planning. The total solution gives the Group an improved basis for managing and planning staffing levels and the distribution of mail and advertising in an efficient manner. In addition MNOK 31 related to a data warehouse for management of master data, master structures and transactions. A production system to support the tracking and tracing of parcels was recognised in the balance sheet and amounted to MNOK 25. As part of Norway Post's adaptation of services to new user needs a digital postal system, Digipost, has been developed which has about 500.000 users. The system is capitalised at MNOK 30 as of year-end.

For intangible assets that have a finite useful economic life, the amortisation period for the Group was 3-10 years in 2014 (3-10 years in 2013 and 2012), depending on the useful economic life of each individual component based on an individual assessment. Intangible assets with indefinite useful economic lives are not amortised but are assessed for impairment annually. The amortisation for the year is presented in the income statement in the line for depreciation and amortisation.

Projects in progress
Projects in progress as of 31.12.2014 amounted to MNOK 228. Approximately MNOK 124 was related to a project for a IT platform for the Group. A development platform and new common client software for use in online terminals (PDA) was recognised in the balance sheet and amounted to MNOK 48. The Group has also recognised several projects for web related solutions for efficient handling and tracing of parcels and goods for home-delivery.

Impairment of IT-development, trademarks etc. and projects in progress
Impairment is presented in the income statement in the line for write-downs.

There are ongoing assessments of whether there are indications of impairments of intangible assets with finite useful economic lives, and if such indications exist the asset's recoverable amount is estimated. For intangible assets under development the values are tested annually, and if there are indications of impairment during the year, they are tested when these indications occurs.

No impairment was recognised in 2014 for IT-development, trademarks etc. nor projects in progress (MNOK 123 in 2013 and MNOK 85 in 2012). Impairment recognised in 2013 and 2012 were mainly related to a system for the planning and managing of transport activities which will be replaced by other transportation systems in the future.

Goodwill

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 comprise the valuation unit, and if not, goodwill is allocated to a valuation unit at a higher level. Goodwill in the Group is summarised below.

	Carrying amount 01.01.14	Adjustments of OB due to mergers etc.	Additions	Write-downs	Translation differences	Carrying amount 31.12.14
Mail Segment						
Bring Mail Nordic	25					25
Bring Dialog Norge	45					45
Logistics Segment						
Bring Cargo	728				1	729
Bring Frigo Sverige	460				6	466
Bring Cargo West	280	(282)			2	
Bring Express	284			(12)	4	276
Bring Cargo East	289	(292)			3	
Bring Cargo Inrikes	88		39	(88)	1	39
Bring Frigo Norge	61					61
Bring Warehousing	64					64
Bring Linehaul	8					8
Bring Cargo International		574		(153)	7	428
Kirkestuen Transport			13			13
Total goodwill for the Group	**2 331**		**51**	**(253)**	**24**	**2 153**

Additions goodwill

The acquisition and sale of companies is described in more detail in note 23.

Impairment of goodwill

Impairment is presented on a separate line in the income statement as write-downs.

Goodwill is subject to annual impairment tests. If there are any indications of impairment during the year, goodwill is tested when these indications occurs.

An impairment loss is recognised if the carrying amount of a valuation unit including goodwill 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. The recoverable amount of goodwill has been determined based on value-in-use calculations.

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. Forecasts and long-term plans for group entities are based on the latest available general economic indicators and specific market expectations. Local management assess these expectations against strategic goals, historical- and other factors and deliver their forecasts to Group management. Group management then determines the final forecasts for group entities and the group as a whole.

The mail segment is characterised by a decline in volume of letters, some increased price pressure and efficiency in production and distribution. Significant cost elements are wages and external service and operating expenses that are affected by price negotiations and inflation. In the Logistics segment profit margins are characterised by price pressure and globalisation. Significant cost elements are external service costs that are affected by price negotiations and inflation. The Group is sensitive to fluctuations in economic cycles in Norway and Nordic countries, especially related to the Logistics segment. This is reflected in the growth rates of the group entities.

The extrapolation period contains a mechanical extrapolation 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 equal to or lower than inflation in the country in which operations take place. The present value of future cash flows is calculated using weighted average cost of capital and is a pre-tax rate. The Group's required rate of return per segment is assessed each year for significant changes in factors that affect the requirement. The Group operates mainly 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

		Discount rate before tax (WACC):			Long-term growth rate:		
Segment	Goodwill	2014	2013	2012	2014	2013	2012
Mail	71	8,2%	8,7%	9,5%	0 - 2,0%	0 - 2,0%	2,0%
Logistics	2 082	8,7%	9,2%	10%	2,0%	0 - 2,0%	2,0%
Total Group	**2 153**						

Based on these criteria, a total impairment loss of MNOK 253 was recognised against goodwill in the logistics segment in 2014 (a total of MNOK 117 in 2013 and MNOK 21 in 2012). An impairment loss of MSEK 160 was recognised against goodwill related to Bring Cargo International following decline in volumes and loss of profitable customers. Goodwill related to Bring Cargo Inrikes of MSEK 93 was written down, mainly as a consequence of loss of customers, a weak price development, less profitable product mix and increased operating expenses. An impairment loss of MEUR 1 was also recognised against goodwill related to Bring Express Finland due to challenges regarding profitability during the past years.

No additional impairment losses have been identified and recognised for other goodwill items as of 31.12.2014.

Sensitivity in assumptions

The sensitivity of key assumptions used in forecasts and management estimates has been analysed.

Additional sensitivity analyses have been performed for those cash generating units where the difference between the carrying amount and value in use is low. Hence, key assumptions such as growth rate, required rate of return and margins have been analysed for Bring Frigo Sverige and Bring Cargo International. A summary of the sensitivity analyses follows below.

Sensitivity in growth rates:

Changed assumtions		Additional write-downs	
Long term growth rate		Bring Frigo Sweden	Bring Cargo International
	0,0%	(39)	(58)
	1,0%	N/A	(11)

Sensitivity in discount rates:

Changed assumtions		Additional write-downs	
		Bring Frigo Sweden	Bring Cargo International
Discount rate Logistics segment			
	9,2%	N/A	N/A
	9,7%	(14)	(37)

Sensitivity in margins:

Changed assumtions	Additional write-downs	
Forcasted EBIT	Bring Frigo Sweden	Bring Cargo International
Decrease of 15%	(24)	(50)
Decrease of 10%	N/A	(17)
Decrease of 5%	N/A	N/A

Note 9 Tangible fixed assets

Posten Norge AS

Acquisition cost:	Machinery	Vehicles, fixtures and fittings	Buildings, property	Machinery and facilities under constr	Buildings under construction	2014 Total	2013 Total	2012 Total
Balance 01.01.	1 231	1 046	526	17	12	2 832	2 834	2 761
Additions	18	180		136	48	381	257	170
Disposals		(3)				(3)	(11)	(3)
Adjustment of cost price/scrapping	(92)	(169)	(44)			(305)	(247)	(171)
Intercompany transfers		40	1			41		77
Transfers from assets under construction	1	66	44	(67)	(44)			
Balance 31.12.	**1 158**	**1 159**	**527**	**87**	**16**	**2 946**	**2 833**	**2 834**
Accumulated depreciation and write-downs:								
Depreciation method	Straight-line	Straight-line	Straight-line					
Useful life	5 - 14 years	2 - 20 years	10 - 40 years					
Balance 01.01.	(837)	(715)	(295)			(1 847)	(1 892)	(1 807)
Depreciation for the year	(81)	(108)	(18)			(207)	(200)	(205)
Write-downs for the year		(2)	(1)			(3)	(2)	(2)
Disposals		2				2	3	3
Adjustment of cost price/scrapping	92	169	44			305	243	170
Intercompany transfers		(23)	(1)			(24)		(51)
Balance 31.12.	**(827)**	**(677)**	**(271)**			**(1 775)**	**(1 848)**	**(1 892)**
Carrying amount 31.12.2014	**331**	**482**	**256**	**87**	**16**	**1 772**		
Carrying amount 31.12.2013	393	331	230	18	13		985	
Carrying amount 31.12.2012	429	244	238	29	2			942

Group

Acquisition cost:	Machinery	Vehicles, fixtures and fittings	Buildings, property	Machinery and facilities under constr	Buildings under constr	2014 Total	2013 Total	2012 Total

Balance 01.01.	1 432	2 483	4 403	21	27	8 366	7 770	7 306
Additions	41	424	15	139	272	891	917	435
Disposals	(8)	(207)	(35)			(250)	(163)	(67)
Additions through company acquisitions (Note 23)	10	121				131		292
Disposals through company sales (Note 23)		(6)	(95)			(101)	(2)	
Adjustment of cost price/scrapping	(93)	(256)	(45)			(394)	(264)	(171)
Intercompany transfers, additions/(disposals)	(26)	26		(1)				
Translation differences	2	40	8			50	126	(25)
Transfers to/from held for sale							(18)	
Transfers from assets under construction	1	68	40	(69)	(40)			
Balance 31.12.	**1 359**	**2 693**	**4 291**	**90**	**259**	**8 692**	**8 366**	**7 770**
Accumulated depreciation and write-downs:								
Depreciation method	Straight-line	Straight-line	Straight-line					
Useful life	4 - 20 years	1 - 20 years	5 - 40 years					
Balance 01.01.	(963)	(1 462)	(1 327)	(1)		(3 753)	(3 592)	(3 281)
Depreciation for the year	(93)	(291)	(143)			(527)	(485)	(461)
Write-downs for the year		(11)	(16)			(27)	(6)	(93)
Disposals	8	172	35			215	119	55
Additions through company sales (Note 23)	(7)	(37)				(44)		
Disposals through company sales (Note 23)		4				4	2	
Adjustment of cost price/scrapping	93	241	46			380	254	172
Intercompany transfers, (additions)/disposals	10	(10)						
Translation differences	(1)	(25)	(1)	1		(26)	(54)	16
Transfers to/from held for sale							12	
Balance 31.12.	**(953)**	**(1 419)**	**(1 406)**			**(3 778)**	**(3 751)**	**(3 592)**
Carrying amount 31.12.2014	**406**	**1 274**	**2 885**	**90**	**259**	**4 914**		
Carrying amount 31.12.2013	469	1 022	3 076	21	27		4 615	

Carrying amount 31.12.2012	494	747	2 865	33	39	4 178

Construction loan interest
Tangible fixed assets include construction loan interest. The capitalised construction loan interest totalled to MNOK 64 as of 31.12.2014 (MNOK 64 as of 31.12.2013 and MNOK 66 as of 31.12.2012). The balance as of 31.12.2014 was mainly related to the sorting terminal at Robsrud.

Insurances
The Group has secured significant parts of the business and property through traditional insurance coverage. For cars, the Group has only statutory liability coverage. The Group is self-insured for hull section.

Other conditions
Adjustment of cost price/scrapping mainly consisted of scrapping of machinery and fixtures, and assets that were already fully depreciated.

The new logistics centre at Alnabru is a co-location of the services packages/goods and chilled- and frozen at Alnabru in Oslo. This involves the construction of new production building for packages, procurement of equipment for packages and goods, as well as a new building and production facilities for Bring Frigo AS with related equipment. In addition a rebuilding of Postens Godssenter will be done, that will lead to an interconnection with the new package- and goods terminal at Alnabru. Total investment including land is estimated to MNOK 1 740. A contract has been signed with Vedal AS for the construction of the terminals at Alnabru. In total, the contract amounts to MNOK 722. Residual liability at 31.12.2014 was MNOK 533.

The Group has signed an agreement to purchase Kvenild Eiendom AS consisting mainly of land. The acquisition is carried out 01.04.2015.

Information on financial leases and additions/sales through company acquitions is provided in note 22 and note 23 respectively.

Note 10 Investment in shares

Posten Norge AS

Subsidiaries	Acquired/ established	Address	Primary activity	Ownership share 31.12.2014	Voting share 31.12.2014	Book value 31.12.2014
Bring Cargo AS	10.06.2004	Oslo	Transport	100%	100%	1 008
Bring Frigo AB	20.01.2006	Sweden	Transport	100%	100%	561
Bring Express AS	01.01.1999	Oslo	Exspress	100%	100%	257
Bring Warehousing AS	12.04.2000	Oslo	3P logistics	100%	100%	121
Bring Cargo Inrikes AB	30.11.2012	Sweden	Transport	100%	100%	75
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%	3
Bring Cargo International AB	23.03.2011	Sweden	Transport	100%	100%	542
Kirkestuen Transport AS	11.06.2014	Lom	Transport	100%	100%	17
Bring Citymail AB	01.05.2002	Sweden	Holding	100%	100%	
Bring Citymail Sweden AB	01.05.2002	Sweden	Mail	100%	100%	
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%	
Bring AS	08.03.2005	Oslo	None	100%	100%	
Bring Norden AB	07.06.2011	Sweden	Logistics	100%	100%	12
Total investments in shares						**3 633**
Investments in associated companies						
Danske Fragtmænd AS	04.07.2013	Denmark	Transport	34%	34%	317
Total Posten Norge AS						**3 950**

Shares held for sale						
EVRY ASA	14.10.2010	Oslo	IT	40%	40%	**1 462**

In connection with Posten Norge AS taking over the terminal operations and employees of Bring Cargo AS’ groupage and part loads business, the cost of the shares in Bring Cargo AS increased by MNOK 1.

As part of the overall restructuring of the Group's property holdings, part of Posten Eiendom Storbyer AS was demerged to Posten Eiendom Svanholmen AS in April 2014. Posten Eiendom Storbyer AS was sold in December 2014 at a profit of MNOK 79 for Posten Norge AS and MNOK 67 for the Group. See note 23 Changes to the Group structure.

Posten Norge AS purchased Kirkestuen Transport AS in June 2014. The company, with headquarters in Lom, has 70 employees and terminals at Otta and Rudshøgda. Kirkestuen Transport is a significant participant in freight and thermo transport and will give Bring a stronger market position in Hedmark and Oppland.

To ensure satisfactory equity in Bring Express AS, Posten Norge AS contributed MNOK 15 share capital in July 2014, which resulted in a corresponding increase in the shares’ carrying amount.

At year end 2014 Bring Cargo Inrikes AB received an equity contribution of MNOK 110 with subsequent write-down of MNOK 159. At the same time, the shares in Bring Cargo International AB were written down by MNOK 57 as value of the net assets in use exceeded the carrying amount.

With effect from 01.01.2014, the assets and liabilities in Bring Cargo West AB and Bring Cargo East AB were merged with Bring Cargo International AB (formerly Bring Cargo AB).

With effect from 01.01.2014, Bring Linehaul AS and Bergen Container and Trailer Transport AS were merged with Bring Linehaul AS as the acquiring company.

As part of the simplification of the company structure in Bring Express group, Bring Express Ålesund AS and Bring Express Molde AS were merged with Bring Express Norge AS with effect from September 2014.

In 2014, Bring Logistics Sunnmøre AS, a subsidiary of Bring Cargo AS, was liquidated.

Group

Investments in associated companies

Group

Entity	Country/City	Ownership share	Book value 01.01.2014	Additions 2014	Dividend 2014	Share of earnings 2014	Other adjustments	Transferred to held for sale	Book value 31.12.2014
EVRY ASA	Oslo	40%	1 494		(43)	118	(57)	(1 512)	

Danske Fragtmænd AS	Denmark	34%	324			8			332
Svensk Adressändring AB	Sweden	15%	17		(2)	2	(8)		8
AdressPoint AB	Sweden	15%	3		(1)	1	8		12
Bring Citymail Stockholm KB	Sweden	50%		5		(3)	1		1
Materiallageret AS	Spitsbergen	34%	8				8		
Euroterminal - Blue Water/Frigoscandia ApS	Denmark	50%	5				5		1
Other				1					
Total			**1 851**	**6**	**(46)**	**126**	**(57)**	**(1 512)**	**369**

EVRY ASA

The Board and management of EVRY announced in August 2014 that it had initiated a structured process to pursue various strategic options, including a possible sale of the company. In December the company's Board recommended a bid of MNOK 16 per share, and Posten Norge AS decided to sell its stake of 40%. The buyer required that the voluntary bid was accepted after a public offering period by more than 90% of the shares in EVRY ASA. This requirement was met on 02.03.2015 and the transaction was completed 17.03.2015. Norway Post has on this basis reclassified the investment to Held for sale in the consolidated financial statements of both the parent company and the Group as at 31.12.2014.

Posten Norge AS's stake in EVRY ASA of 40% was recognised in the Group balance sheet with the following values:

Year	Book vasue 01.01	Dividend	Share of earnings 2014	Other adjustments	Book value 31.12
2014	1 494	(43)	118	(57)	1 512
2013	1 520	(37)	(3)	43	1 494
2012	1 506	(37)	78	(27)	1 520

Danske Fragtmænd AS

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 and had a carrying amount of MNOK 332 as at 31.12.2014 (MNOK 324 in 2013) including the share of profit after tax in 2014 of MNOK 8. (MNOK 7 in 2013).The remaining shares in Danske Fragtmænd are owned by nearly 50 "Fragtmænd companies", which operate as transport subcontractors for Danske Fragmænd AS.

Summary of financial information for the individual associated companies (100% basis):

Entity	Assets	Liabilities	Equity	Revenues	Net income/(loss)
Danske Fragtmænd AS	1 065	645	417	2 793	24
Svensk Adressändring AB	92	78	14	241	9
AdressPoint AB	8	3	6	9	4
Bring Citymail Stockholm KB	123	128	(4)	139	(6)
Materiallageret AS	29	14	14	7	2
Euroterminal - Blue Water/Frigoscandia ApS	15	3	13	3	1
Total	**1 562**	**1 024**	**556**	**3 528**	**39**

Summary of financial information for the individual associated companies held for sale (100% basis):

Enhet	Assets	Liabilities	Equity	Revenues	Net income/(loss)
EVRY ASA	11 867	6 426	5 441	12 773	294

Note 11 Interest-bearing non-current and current receivables

Posten Norge AS				Group		
2012	2013	2014		2014	2013	2012
	5	6	Other non-current receivables	7	7	2
2 239	1 830	1 517	Loans to group companies			
2 239	**1 835**	**1 523**	**Interest-bearing non-current receivables**	**7**	**7**	**2**
1 990	1 447	220	Repayments 2016	1	1	1
1	1	368	Repayments 2017			
114	236	220	Repayments 2018			
134	85	172	Repayments 2019			
	66	543	Thereafter	6	6	1
2 239	**1 835**	**1 523**	**Interest-bearing non-current receivables**	**7**	**7**	**2**
270	202	143	Other current receivables	175	224	292
546	977	1 567	Loans to group companies			
816	**1 179**	**1 710**	**Interest-bearing current receivables**	**175**	**224**	**292**

The first year's repayment of interest-bearing non-current receivables has been classified as interest-bearing current receivables. Advanced payments to contribution funds and premium funds in DNB Liv accounted for MNOK 143 of other current receivables (MNOK 202 in 2013 and MNOK 270 in 2012).

The increase in loans to group companies was mainly related to the financing of the new Logistics centre at Alnabru in Oslo.

Note 12 Interest-free current receivables

Posten Norge AS				Group		
2012	2013	2014		2014	2013	2012
811	851	849	Accounts receivables	2 842	2 626	2 468
2	2	2	Receivables from employees	12	4	4
216	365	306	Receivables from group companies			
85	92	87	Prepaid expenses	220	237	209
275	231	308	Other receivables	984	790	778
1 389	**1 541**	**1 552**	**Interest-free current receivables**	**4 058**	**3 657**	**3 459**
			Receivables by age:			
685	660	728	Current	2 276	1 994	1 930
110	181	100	0 - 30 days	450	531	446
10	6	16	30 - 60 days	92	57	71
3	4	2	60 - 90 days	11	29	18
13	9	11	Over 90 days	54	62	59
(10)	(9)	(7)	Provisions for bad debts	(40)	(47)	(56)
811	**851**	**849**	**Total receivables**	**2 842**	**2 626**	**2 468**
			Provisions for bad debts:			
12	10	9	As at 01 January	47	56	58
7	9	5	Provisions allocated during the year	(2)	5	21
(16)	(13)	(9)	Actual losses recognised against provisions	(7)	(18)	(27)
7	3	2	Over/underfunded accruals in previous years	2		4
			Translation differences		4	
10	**9**	**7**	**As at 31 December**	**40**	**47**	**56**
16	19	9	Total actual losses on bad debts	14	27	28
			Provisions for bad debts by:			
			Individual receivables	23	25	30
10	9	7	General provisions	17	22	26
10	**9**	**7**	**Total**	**40**	**47**	**56**

The carrying amount of interest-free short-term receivables was approximately equal to these receivables' fair value due to the short period left until maturity. The Group had no significant credit risk relating to one individual contracting party, or to several contracting parties that could be regarded as one group due to similarities in credit risk. The Group has guidelines to ensure that sales are only made to customers that have not had any significant payment issues and that outstanding amounts do not exceed stipulated credit limits. There are no indications that customer receivables not yet due, or already provided for on the balance sheet date, cannot be collected.

Note 13 Liquid assets

Posten Norge AS				Group		
2012	2013	2014		2014	2013	2012
723	154	369	Cash and cash equivalents	494	255	889
1 200	1 536	1 579	Short-term investments	1 579	1 536	1 200
1 923	**1 690**	**1 948**	**Liquid assets**	**2 073**	**1 791**	**2 089**

Liquid assets are defined as cash and cash equivalents.

A considerable portion of the cash and cash equivalents relates to liquidity needs in the sales network. Norway Post is through a Cash Holding Agreement with DNB (Den norske bank ASA) obligated to at any time hold sufficient cash to serve the bank's customers. Cash holdings per 31.12.2014 amounted to MNOK 103 and the level is based on a requirement to meet 95% of historical net withdrawals. The remuneration for this service is recorded within operating revenue while interest from cash holdings is recognized as part of financial income.

Posten Norge AS has a MNOK 550 tax withholding guarantee with Nordea. Additionally, a majority of the Group's subsidiaries have their own tax withholding guarantees.

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. A similar agreement with Handelsbanken was previously in use for a subset of subsidiaries in Sweden, this agreement was however terminated in fourth quarter 2014. As of 31.12.2014 Norway Post had undrawn credit facilities in Nordea of MNOK 500 and in DNB of MNOK 50.

Further information regarding market-based investments and interest funds are disclosed in note 19.

Note 14 Equity

Posten Norge AS

	Share capital	Share premium	Hedging reserve	Fair value reserve	Other equity	Total equity
Equity as at 01.01.2012	**3 120**	**992**	**(33)**	**3**	**1 221**	**5 303**
Net income					***157***	***157***
Change in actuarial gains/losses					109	109
Cash-flow hedging			(4)			(4)
Other comprehensive income/(expenses)			***(4)***		***109***	***105***
Total comprehensive income/(expenses)			**(4)**		**266**	**262**
Dividend paid					(276)	(276)
Other changes to equity				**(3)**		**(3)**
Equity as at 31.12.2012	**3 120**	**992**	**(37)**		**1 211**	**5 286**
Equity as at 01.01.2013	**3 120**	**992**	**(37)**		**1 211**	**5 286**
Net income					***438***	***438***
Change in actuarial gains/losses					(16)	(16)
Change in tax rate					(20)	(20)
Cash-flow hedging			4			4
Other comprehensive income/(expenses)			***4***		***(36)***	***(32)***
Total comprehensive income/(expenses)			**4**		**402**	**406**
Dividend paid					(254)	(254)
Equity as at 31.12.2013	**3 120**	**992**	**(33)**		**1 359**	**5 438**
Equity as at 01.01.2014	**3 120**	**992**	**(33)**		**1 359**	**5 438**
Net income					***333***	***333***
Change in actuarial gains/losses					2	2
Cash-flow hedging			2			2
Other comprehensive income/(expenses)			***2***		***2***	***4***
Total comprehensive income/(expenses)			**2**		**334**	**336**
Dividend paid					(256)	(256)
Equity as at 31.12.2014	**3 120**	**992**	**(31)**		**1 438**	**5 519**

Group

	Controlling interests							Non controlling interests	Total equity
	Share capital	Share premium	Hedging reserve	Fair value reserve	Translation difference	Other equity	Total		
Equity as at 01.01.2012	**3 120**	**992**	**(33)**	**3**	**62**	**1 376**	**5 520**	**(2)**	**5 417**
Net income						***397***	***397***	***1***	***398***
Change in actuarial gains/losses						125	125		125
Translation differences					(28)		(28)		(28)
Cash-flow hedging			(4)				(4)		(4)
Other comprehensive income associated companies						(17)	(17)		(17)
Other comprehensive income/(expenses)			***(4)***		***(28)***	***108***	***76***		***76***
Total comprehensive income			**(4)**		**(28)**	**505**	**473**	**1**	**474**
Dividend paid						(276)	(276)	(1)	(277)
Other changes in equity				(3)		(7)	(10)		(10)
Equity as at 31.12.2012	**3 120**	**992**	**(37)**		**34**	**1 598**	**5 706**	**(3)**	**5 703**
Equity as at 01.01.2013	**3 120**	**992**	**(33)**		**34**	**1 598**	**5 706**	**(3)**	**5 703**
Net income						***510***	***510***	***2***	***512***
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 associated companies						43	43		43
Other comprehensive income			***4***		***87***	***23***	***114***		***114***
Total comprehensive income			**4**		**87**	**533**	**623**	**2**	**625**
Dividend paid						(254)	(254)		(254)
Other changes to equity						7	7		7
Equity as at 31.12.2013	**3 120**	**992**	**(33)**		**121**	**1 884**	**6 082**	**(1)**	**6 081**
Equity as at 01.01.2014	**3 120**	**992**	**(33)**		**121**	**1 884**	**6 082**	**(1)**	**6 081**
Net income						***447***	***447***	***2***	***449***
Change in actuarial gains/losses						(43)	(43)		(43)
Translation differences					36		36		36
Cash-flow hedging			2				2		2

Other comprehensive income associated companies						(57)	(57)		(57)
Other comprehensive income			***2***		***36***	***(100)***	***(62)***		***(62)***
Total comprehensive income			**2**		**36**	**348**	**386**	**1**	**387**
Dividend paid						(256)	(256)	(1)	(257)
Other changes to equity						(7)	(7)		(7)
Equity as at 31.12.2013	**3 120**	**992**	**(31)**		**156**	**1 968**	**6 206**	**(1)**	**6 205**

As of 31.12.2014 the share capital consisted of 3 120 000 shares each with a nominal value of NOK 1 000. The company's shares are entirely owned by the Norwegian state, represented by the Ministry of Transport and Communications.

Proposed dividend from this year's net income is MNOK 225.

In accordance with the Annual General Assembly's decision a dividend of MNOK 256 from the 2013 results was paid out in July 2014. In July 2013 a dividend of MNOK 199 from the 2012 results was paid out, as well as an extraordinary dividend of MNOK 55, totalling to MNOK 254. In 2012 a dividend of MNOK 186 from the 2011 results was paid out, as well as an extraordinary dividend of MNOK 90, totalling to MNOK 276.

For more information about tax and tax effects, see note 7 .

Note 15 Provisions for liabilities

Posten Norge AS

	Restructuring	Severance pay	Pensions	Other	Total
Balance 01.01.2012	**60**	**39**	**970**	**88**	**1 157**
Provisions recorded during the year	339	3			342
Effect from discounting		2			2
Provisions utilised during the year	(47)	(12)			(58)
Change in pension liabilities during the year			(142)		(142)
Balance 31.12.2012	**352**	**32**	**828**	**88**	**1 301**
Provisions recorded during the year	39	2		21	63
Reversal of previous year's provisions	(25)			(75)	(100)
Effect from discounting	2	1			3
Provisions utilised during the year	(117)	(10)			(127)
Change in pension liabilities during the year			38		38
Balance 31.12.2013	**251**	**25**	**866**	**34**	**1 178**
Provisions recorded during the year	22	3			25
Reversal of previous year's provisions	(37)			(5)	(42)
Effect from discounting	5				5
Provisions utilised during the year	(124)	(9)		(29)	(163)
Change in pension liabilities during the year			14		14
Balance 31.12.2014	**117**	**19**	**880**		**1 016**
Current provisions	67	8			75
Non-current provisions	50	11	880		941

Group

	Restructuring	Severance pay	Pensions	Other	Total
Balanse 01.01.2012	**65**	**39**	**1 211**	**152**	**1 467**
Provisions recorded during the year	355	3		19	377
Reversal of previous year's provisions	(1)				(1)
Effect from discounting		2			2
Translation differences			(3)	(1)	(4)
Provisions utilised during the year	(64)	(12)		(10)	(86)
Change in pension liabilities during the year			(170)		(170)
Balance 31.12.2012	**355**	**32**	**1 038**	**160**	**1 585**
Provisions recorded during the year	53	2		210	265
Reversal of previous year's provisions	(25)			(101)	(126)
Effect from discounting	2	1			3
Translation differences			18	14	32

Provisions utilised during the year	(133)	(10)		(1)	(144)
Change in pension liabilities during the year			16		16
Balance 31.12.2013	**252**	**25**	**1 073**	**283**	**1 632**
Provisions recorded during the year	38	3		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	(130)	(9)		(41)	(180)
Change in pension liabilities during the year			74		74
Balance 31.12.2014	**128**	**19**	**1 152**	**250**	**1 549**
Current provisions	78	8		25	110
Non-current provisions	50	11	1 152	225	1 439

Restructuring

The parent company's provisions of MNOK 22 during the year, were personnel related measures (MNOK 24 in 2013 and MNOK 234 in 2012). In the categories property and other measures, there were no provisions in 2014 (property MNOK 15 in 2013, MNOK 85 in 2012, other measures MNOK 20 in 2012). Restructuring expenses in 2014 were primarily related to adjustments in the distribution services.

In addition to Posten Norge AS, the Group provisions in 2014 totalled to MNOK 16, of which MNOK 9 for personnel related measures (MNOK 10 in 2013 and MNOK 5 in 2012), MNOK 4 in property (MNOK 4 in 2013), and MNOK 3 other measures (no provisions in 2013, and MNOK 1 in 2012).

The accruals as of 31.12. were specified as follows:

Posten Norge AS				**Group**		
2012	**2013**	**2014**		**2014**	**2013**	**2012**
241	179	100	Personnel related	109	185	244
95	64	17	Property	19	66	95
16	8		Other measures		1	16
352	**251**	**117**	**Total restructuring**	**128**	**252**	**355**

It is expected that payments of MNOK 78 will be done in 2015 and MNOK 50 in later years. The provision is discounted.

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 of Posten Norge AS the scheme applies to redundancies made up to and including 31.12.2004. In 2014, the amount disbursed was MNOK 9 and provisions totalled MNOK 19 as of 31.12.2014.

The disbursements will take place up to the next 7 years and depends on to what extent those receiving severance pay obtain new permanent or temporary jobs. There is therefore some uncertainty regarding the size of the provision, which has been determined on the basis of experience of such payments from 2003-2014. The provision is discounted.

Pensions

Pensions are described in further detail in note 3.

Other

Other provisions in the Group as of 31.12.2014, related mainly to onerous contracts due to market regulation of rental prices of premises in Bring Frigo AB.

Note 16 Interest-bearing non-current and current liabilities

Interest-bearing non-current liabilities

Posten Norge AS				Group		
2012	2013	2014		2014	2013	2012
			Liabilities with fixed interest			
898	748	211	Liabilities to credit institutions	211	748	898
500	500	500	Bond Loans	500	500	500
1 398	**1 248**	**711**	**Non-current liabilities with fixed interest**	**711**	**1 248**	**1 398**
			Liabilities with floating interest			
330	629	1 141	Liabilities to credit institutions	1 141	629	330
		9	Financial lease obligations	49	47	65
76	49	4	Other non-current liabilities	4	49	76
406	**678**	**1 154**	**Non-current liabilities with floating interest**	**1 194**	**725**	**471**
1 805	**1 926**	**1 864**	**Interest-bearing non-current liabilities**	**1 904**	**1 973**	**1 870**

Interest-bearing current liabilities

Posten Norge AS				Group		
2012	2013	2014		2014	2013	2012
400	100	100	First year repayments on non-current liabilities	100	100	400
1		3	First year repayments on financial lease obligations	13	15	27
800	950	1 500	Certificate loans	1 500	950	800
1 119	1 056	1 061	Debts to group companies			
	95		Other current liabilities	13	167	112
2 320	**2 202**	**2 664**	**Interest-bearing current liabilities**	**1 626**	**1 232**	**1 339**

Repayments

Posten Norge AS				Group		
2012	2013	2014		2014	2013	2012
	100	937	Repayments < 2 years	949	112	17
853	947	104	Repayments < 3 years	109	954	11
	100	102	Repayments < 4 years	106	105	861
	100	100	Repayments < 5 years	102	104	6
952	679	621	Thereafter	637	698	974
1 805	**1 926**	**1 864**	**Non-current liabilities**	**1 904**	**1 973**	**1 870**

Posten Norge AS had fixed rate loan agreements of MNOK 711 as at 31.12.2014 with a weighted average interest rate of 4.82% and maturities from 2016 to 2020. At the same time Posten Norge

AS also had tree loan agreements with floating interest. These were two private placement loan agreements and a loan in Den Nordiske Investeringsbanken (renegotiated from fixed to floating interest in March 2014) amounting to MNOK 1 141 in total, with an effective interest rate of 2.7% and maturities from 2016 - 2023.

In 2014 Posten Norge AS increased certificate loans with MNOK 550. As of 31.12.2014 certificate loans amounted to MNOK 1 500. Certificate loans are classified as current liabilities as the loans usually have three months duration and are revolved depending on the need for financing.

The value of the long-term private placement loans and associated interest/currency swaps is the estimated market value of the instruments. Posten Norge AS has an obligation to pay a fixed interest rate in JPY on the loans and, through the swaps, receives a fixed interest rate in JPY and pays a floating interest rate (3 months NIBOR) in NOK. The market values are calculated by the fixed cash flows in JPY being discounted by the current JPY interest-rate level and converted into NOK at the current exchange rate (JPY/NOK). Posten Norge AS utilises the "fair value option" when recording these loans as the use of fair value of both debt and swap removes an inconsistency between the measurement of debt and swaps to insure the debt. See note 19.

Note 17 Interest-free non-current and current liabilities

Posten Norge AS				Group		
2012	2013	2014		2014	2013	2012
1	61	63	Non-current derivatives	63	61	1
1	**61**	**63**	**Interest-free non-current liabilities**	**63**	**61**	**1**
1 565	1 574	1 558	Provisions for payroll expenses and public charges	1 960	1 982	1 953
264	345	483	Provisions for accrued expenses	900	665	636
339	282	328	Prepaid revenues	356	297	358
347	154	291	Accounts payable	1 221	981	1 224
92	348	223	Debts to group companies			
149	111	75	Restructuring and severance pay, current	86	110	152
58	106	180	Other liabilities	429	592	200
2 814	**2 920**	**3 137**	**Interest-free current liabilities**	**4 951**	**4 627**	**4 524**

In 2014 the growth of provisions for accrued expenses derived from large IT projects that are billed according to milestones. Until the milestones are reached, accruals are recognised for incurred not invoiced expenses.

For the parent company debt to group companies included shareholder funding for Swedish subsidiaries.

In Posten Norge AS other liabilities increased due to contracts that were reclassified from interest bearing to interest-free debt. In the Group however, other liabilities were reduced in 2014 due to settlement of a large purchase contract by Posten Eiendom Alnabru Utvikling AS from 2013.

Note 18 Financial instruments

Classification of financial assets and liabilities

Group

	Fair value through profit	Derivatives utilised for hedging	Liabilities and Receivables	Other financial liabilities	Non-financial assets and liabilities	Total
Assets						
Intangible assets					2 720	2 720
Deferred tax asset					420	420
Tangible fixed assets					4 914	4 914
Investments in associated companies					369	369
Interest−bearing non −current receivables			7			7
Other non-current receivables		84	21			105
Inventories					24	24
Interest-free current receivables			4 058			4 058
Interest-bearing current receivables			175			175
Liquid assets			2 073			2 073
Assets held for sale					1 512	1 512
Total assets		**84**	**6 344**		**9 959**	**16 377**
Liabilities						
Provisions for liabilities					1 439	1 439
Interest-bearing non-current liabilities	851			1 053		1 904
Interest-free non-current liabilities		63				63
Interest-bearing short-term liabilities				1 626		1 626
Interest-free current liabilities		134		4 817		4 951
Tax payable				189		189
Total liabilities	**851**	**197**		**7 686**	**1 439**	**10 173**

1. Fair value through profit or loss financial obligations

Posten Norge AS has made use of the opportunity to utilise the “fair value option” (FVO) in IAS 39 for some loans with associated derivatives.

Posten Norge AS had three loans classified as fair value through profit or loss according to the "fair value option" as of 31.12.2014. In 2004 Posten Norge AS entered into a long-term loan agreement with a Japanese life insurance company for JPY 5.0 billion. In 2008 and 2013 Posten Norge AS entered into new loan agreements for JPY 3.0 billion and JPY 5,0 billion respectively. The value of these loans in NOK at the time of entering the agreements were MNOK 330, MNOK 148 and MNOK 299 respectively. These loans have fixed interest rates, thus their value in NOK depends on exchange rate developments and changes to the Japanese and Norwegian long-term interest rate levels. At the same time these loan agreements were entered into, combined currency and interest-rate swap agreements were also entered into which, combined with the loans, effectively provided loans in NOK with the interest rates set every third month.

Posten Norge AS has also entered into an interest rate swap related to the loan for JPY 3,0 billion, which reclassfies the loan to a fixed interest rate loan. The interest rate swap has the same due date as the loan, but for accounting purposes it is not classified as a hedge transaction.

Upon entering into the loan agreement for JPY 5.0 billion in 2013, Posten Norge AS also entered into a combined currency and interest-rate swap agreement with a corresponding CSA (Credit Support Annex) agreement. This agreement defines how two swap counterparties shall react when the value of a swap changes in favour of one of the parties during the swap period. A deposit is to be paid or received between the counterparties in order to reduce the credit risk in the event of large differences in the swap value. Each month the value of the swap is measured and if the value in one party's favor is greater than MEUR 2 the excess amount is paid into the counterparty's account. The minimum amount for this payment is defined as MEUR 0,5. A CSA ageement minimizes the risk of large values accumulating in one party's favor during the course of the swap period and can therefore be seen as an agreement for collateral.

As of 31.12.2014, the loans from the Japanese life insurance companies were recognised at a total value of MNOK 851 (MNOK 790 as of 31.12.2013 and MNOK 982 as of 31.12.2012) and the interest-rate and currency swap agreements were recognised at MNOK 75 (MNOK 13 as of 31.12.2013 and MNOK 104 as of 31.12.2012).

One loan entered into with a Japanese life insurance company in 2003 for JPY 6.4 billion was repaid in 2013.

Changes in interest rates or exchange rates that lead to changes in the value of the JPY loans measured in NOK are counteracted by changes in the value of the combined currency and interest rate swaps. Norway Post's credit risk is considered virtually unchanged during the year. The credit risk for the swap counterparty and the credit loan counterparty is considered approximately equal.

2. Derivatives

Derivatives capitalised at fair value as of 31 December

2014 Posten Norge AS			2014 Group	
Assets	Liabilities		Assets	Liabilities
		Cash-flow hedging		
	13	Interest-rate swaps		13
		Hedging of net investment in foreign entities SEK 2)		94
	29	Forward exchange contracts EUR 3)		29
		Not hedged		
	111	Forward exchange contracts SEK 2),4)		17
	1	Forward exchange contracts EUR 3)		1
84	10		84	10

Posten Norge AS Assets	Posten Norge AS Liabilities		Group Assets	Group Liabilities
		Combined interest-rate/currency swaps 1)		
	33	Interest-rate swaps 1)		33
84	**197**	**Total**	**84**	**197**

2013 Posten Norge AS			2013 Group	
Assets	Liabilities		Assets	Liabilities
		Cash-flow hedging		
	27	Interest-rate swaps		27
		Hedging of net investment in foreign entities SEK 2)		61
	18	Forward exchange contracts EUR 3)		18
		Not hedged		
	61	Forward exchange contracts SEK 2)		
	227	Combined interest-rate/currency swaps 1)		227
	28	Interest-rate swaps 1)		28
	361	**Total**		**361**

2012 Posten Norge AS			2012 Group	
Assets	Liabilities		Assets	Liabilities
		Cash-flow hedging		
	45	Interest-rate swaps		45
		Hedging of net investment in foreign entities SEK 2)		1
	4	Forward exchange contracts EUR 3)		4
		Forward exchange contracts USD 3)		
		Not hedged		
	1	Forward exchange contracts SEK 2)		
	106	Combined interest-rate/currency swaps 1)		106
	27	Interest-rate swaps 1)		27
	183	**Total**		**183**

Total contractual amount (MNOK) for interest-rate swaps and forward contracts capitalised as at 31.12:

Group

	Remaining period			Total contractual amount		
	Less than 1 year	1 – 5 years	More than 5 years	2014	2013	2012
Cash-flow hedges						
Interest-rate swaps		500		500	1 250	1 250
Forward exchange contracts SEK [2]	1 775			1 775	1 779	1 316
Forward exchange contracts EUR [3]	253	86		339	364	231
Forward exchange contracts USD [3]						59
Not hedged						
Interest-rate /currency swaps [1]		330	447	777	925	1 026
Forward exchange contracts SEK [4]	504			504		
Forward exchange contracts EUR [3]	91			91		
Total	**2 623**	**916**	**447**	**3 986**	**4 318**	**3 882**

[1] Interest-rate/currency swaps related to non-current loan agreements in which both the loans and derivatives are classified as "fai value through profit or loss" - refer to the more detailed description in item 2.

[2] Forward exchange contracts for hedging investments in foreign subsidiaries are only considered hedging for the Group and not for Posten Norge AS. See point 4 below.

[3] Forward exchange contracts for hedging expenses and revenues in euro.

[4] Forward exchange contracts for hedging loans given to foreign subsidiaries

Cash flow hedges

Interest-rate hedges– non-current loans

The Group had 31.12.2014 one loan in Nordiske Investeringsbanken (Nordic Investment Bank) of MNOK 600 on which the interest is determined every six months. In order to ensure fixed interest-rate conditions, interest-rate swaps for corresponding amounts were entered into so that the Group paid a fixed net interest rate on the hedged loan. The interest rate swap was due in March 2014, while the loan will be repaid with MNOK 100 each year until 2020. From March 2014 the loan reverted to a floating interest rate loan. In 2014 MNOK 3 was taken through the income statement (MNOK 19 in 2013 and MNOK 13 in 2012).

Currency hedges – euro revenues

Posten Norge AS had revenues of approximately MEUR 33 for distributing post from abroad in

2014 (MEUR 34 in 2013 and MEUR 32 in 2012) and expects revenues of approximately MEUR 30 in 2015.

Some of the exchange-rate risk is hedged by selling forward exchange contracts in euro. The change in value of forward exchange contracts that are effective hedging instruments is recognised in other comprehensive income. The cash flows in the form of earned euro revenues are charged to the income statement each month. As of 31.12.2014 Posten Norge AS had forward exchange contracts for euro revenues in 2015 totalling MEUR 30 and for euro revenues in 2016 totalling MEUR 10, with a value of MNOK -23 and MNOK -7 respectively. In 2014 MNOK 17 was transfered from equity to operating revenues as a decrease in income (MNOK 13 in 2013 and MNOK 0 as a reduction in income in 2012) due to realised euro revenues.

Currency hedging - air freight
In 2013 Posten Norge AS had costs of 21 million US dollars and MEUR 2 in connection with air freight of mail. A part of the currency risk was hedged by selling US dollar and euro forwards. The hedging was stopped in its entirety in August 2013. In 2013, approximately MNOK 2 (MNOK 2 in 2012) was recognised in the income statement as Cost of goods and services.

Bond Loans
Posten Norge AS refinanced bond loans in 2011 equivalent to MNOK 1 500 with a smaller loan equivalent to MNOK 500 with floating conditions and a maturity in 2016. Posten Norge AS entered into an interest rate swap from floating to fixed rate so that the entire loan was on fixed terms. Changes in the value of the interest rate swap will be recognized in the balance sheet until maturity of the loan in 2016. As at 31.12.2014 the recorded fair value of the interest rate swaps was MNOK -13 (MNOK -17 as at 31.12.2013 and MNOK -23 as at 31.12.2012).

3. Hedges of investments in foreign entities

Posten Norge AS has used forward exchange contracts in Swedish kroner (SEK) to hedge investments in foreign subsidiaries. Posten Norge AS has entered into a total of MSEK 1 927 in revolving forward exchange contracts in 2014 (MSEK 1 927 in 2013 and MSEK 1 527 in 2012). The changes in the value of the contracts are offset in the Group against the translation differences from the investments recognised in equity until the investments are sold. Should the hedges be ineffective, the change in value is recognised in the income statement.

4. Hedges of loans to foreign subsidiaries

Posten Norge AS has used forward exchange contracts in Swedish kroner (SEK) to hedge loans given to foreign subsidiaries. Posten Norge AS has entered into a total of MSEK 518 and MEUR 10 in revolving forward exchange contracts in 2014 (0 in 2013 and 0 in 2012). Changes in the value of the forward exchange contracts are recognized in the income statement and will have the oposite effect of the currency differences in connection with the loans.

5. Hedging reserve in equity

Movements in hedging reserves in equity (refer to note 14) split between interest-rate swaps and forward (exchange) contracts:

Group

	Interest-rate swap	Forward contracts	Total Hedging reserve
Balance 31.12.2011	**(37)**	**4**	**(33)**
Changes in value	(7)	(10)	(17)
Transfers to income statement 1)	13	(2)	12
Associated deferred taxes	(2)	3	1
Balance 31.12.2012	**(33)**	**(4)**	**(37)**
Changes in value	(1)	(27)	(28)
Transfers to income statement 1)	19	15	34
Associated deferred taxes	(5)	3	(2)
Balance 31.12.2013	**(20)**	**(13)**	**(33)**
Changes in value	11	(28)	(17)
Transfers to income statement 1)	3	17	20
Associated deferred taxes	(4)	3	(1)
Balance 31.12.2014	**(10)**	**(21)**	**(31)**h

1) A positive numbers is equivalent to a loss

Of the total movement of MNOK 2 in the hedging reserve in 2014 (MNOK 4 in 2013 and MNOK -4 in 2012), all was related to Posten Norge AS.

Note 19 Financial risk

Risk management in Norway Post
In general the basis of Norway Post's financial risk management is that the individual manager in the Group must have sufficient knowledge about all substantial financial risk within the manager's area of responsibility. Through defined processes, the handling of financial risks shall be reported in order to ensure that the responsibilities the Board of Directors and Management have in accordance with existing legislation and principles for good corporate governance are fulfilled. Every year a risk analysis assessment is completed to evaluate the Group's total risk. The analysis highlights corporate areas of risk and the measures that have been implemented in order to manage and control these risks.

Accountability: All managers are responsible within their area of responsibility and shall have complete insight and understanding of the risk picture at all times.

Risk reporting: The risk reporting in the Group shall ensure that all managers have necessary information about the level of risk and risk development. The Board receives an annual risk analysis assessment in the second quarter as well as an update on corrective measures and status in the fourth quarter. The Board deals with the administration's assessment of total risk in the areas of strategic risk, financial risk, operational risk and corporate reputation risk.

Utilisation of risk information: Risk assessments are included in all business processes and monitoring of activities.

Authorizations: Authorizations are in place for funding and investment frameworks. The general authorization framework is decided by the Board and may be delegated within the organisation. Any further delegation shall be approved and monitored by an immediate superior.

Use of financial derivatives
Financial derivatives are agreements used to determine financial values through interest terms, currency exchange rates, and values of equity instruments for specific periods. Derivatives include swaps and fixed-price agreements (forward contracts). Posten Norge AS utilises financial derivatives to handle market risks that arise due to the Group's regular operations, for example to hedge carrying amounts of foreign subsidiaries and loans to foreign subsidiaries in foreign currencies. The Group's counterparties and issuers have low credit risk.

The following derivatives are utilised by the Group for hedging purposes:

Futures: An agreement to exchange foreign currencies in the future at a pre-determined rate. Posten Norge AS primarily uses currency futures to hedge revenues and expenses in in foreign currencies and to hedge investments and loans to foreign subsidiaries in foreign currencies.

Swaps: Transactions where two parties exchange cash flows for an agreed amount over an agreed period.

The most important forms of swaps utilised by Norway Post are:

Interest-rate swaps - exchange of cash flows for an agreed period where one party in the swap pays fixed interest and the other floating interest.

Currency swaps - an agreement between two parties to exchange one currency with another, with an agreement to exchange these back again at a future point in time at an agreed rate. The exchange rate is determined from the current spot rate and the interest rate difference between the two respective currency's countries.

Combined interest-rate and currency swaps - the parties exchange both currency and interest rate terms

Categories of risk
For risk management purposes Norway Post identifies the following forms of risk:

Strategic risk is the risk of loss due to changes in external factors such as the economic situation or government regulations.

Financial risk includes:
- Credit risk: Risk of loss caused by a counterparty/customer who fails to fulfil its payment obligations to the Group. Credit risk concerns all financial assets from the counterparty/customer, mainly interest-bearing securities, but also responsibilities pursuant to other issued credits, guaranties, leasing, approved credits not utilised, as well as counterparty risk from derivatives and currency contracts.
- Financial market risk: Occurs due to the Group's open positions in currency and interest-rate instruments, and the risk is related to variations in profit or loss due to changes in market prices or exchange rates.
- Liquidity risk: The risk that the Group is unable to fulfill its financial obligations.

Operational risk: The risk of loss caused by process or system weaknesses or errors, errors committed by employees, or external events.

Corporate reputation risk: The risk of reduction in revenues or access to capital due to falling confidence and reputation in the market, with respect to customers, counterparties, owners or authorities.

Risk management is a specialist area in the Group that is continuously developing, and measurement methods and tools are constantly being improved.

Credit risk
Credit risk is the risk that a party to a financial instrument will cause a financial loss for the other party by not fulfilling its obligations. Responsibility pursuant to other issued credits, guarantees, interest-bearing securities, approved credits not drawn and counterparty risk occurring through derivatives and currency contracts also carries credit risk. Contracting parties in a derivative trade is normally a bank, and therefore the credit risk relating to derivatives is considered low. The Group chooses counterparts with low credit risk. The Group's most important business partners all have an A- rating or better.

Credit risk associated with financial assets:
The Group has no significant credit risk relating to one individual contracting party, or several contracting parties that can be regarded as one group due to similarities in credit risk. The Group

has guidelines to ensure that sales are only made to customers that have not had any significant payment issues and that outstanding amounts do not exceed stipulated credit limits.
Since the Group has no financial assets outside the balance sheet, the maximum risk exposure is represented by the balance sheet value of the financial assets, including derivatives, in the balance sheet.

The Group regards its maximum risk exposure to be the balance sheet value of its accounts receivable and other current assets. See note 12 for more detailed specifications of interest-free short-term receivables.

The Group does not guarantee third-party debt.

Total market based placement:

31 December 2014	1 579
31 December 2013	1 536
31 December 2012	1 200

The market based placements consist of:

Interests Funds	2014	2013	2012
DNB	126	122	117
Pareto	682	664	648
Nordea	459	447	435
Danske Bank	210	203	
SEB	103	100	
Total Posten Norge AS and the Group	**1 579**	**1 536**	**1 200**

Market risk
Market risk occurs due to the Group's open positions in currency, interest rate, and energy instruments.

The risk is related to variations in profit or loss due to changes in market prices or exchange rates. Norway Post's objective is to secure the risk connected to both cash flows and the balance sheet (as a consequence of exchange rates and interest rate changes).

Currency:
The market risk is limited by reducing the effects of the exchange rate in revenues and in the balance sheet through the use of forward contracts. Foreign currency balances in bank accounts are minimized at the subsidiary level and are actively managed by the Group level in order to avoid large positive/negative balances. Internal foreign currency transactions are used extensively

between subsidiaries and the Group in order to reduce large bank balances in foreign currencies.

Frequently used exchange rates	Exchange rate 01.01.2014	Average exchange rate 2014	Exchange rate 31.12.2014
Swedish kroner	0,9472	0,9184	0,9597
Danish kroner	1,1237	1,1206	1,2136
Euro	8,3825	8,3534	9,0365
British Pound Sterling	10,0527	10,3690	11,5710
US Dollar	6,0837	6,3020	7,4332

As the Norwegian krone (NOK) is the Group's presentation currency, Norway Post is exposed to translation risks connected to the Group's net investments in foreign currencies. Norway Post enters into forward contracts to eliminate translation differences in the accounts as much as possible. This is done by entering into forward contracts equal to the net carrying amount of the investments, which revolve until there is a decision either to sell the acquired company, or to follow another strategy related to risk elimination.

Norway Post utilises hedge accounting for the majority of hedges of future transactions, either cash flow hedging or value hedging. For example, Norway Post is a net importer of mail to Norway, which results in receivables against foreign postal operators in euro and US dollar. In addition, Norway Post has costs in euro and US dollar on air freight.

Outstanding currency futures related to hedging of future cash flows and the sensitivity of fluctuations in foreign exchange rates:

MNOK	Purchase currency	Currency amount	Sales currency	Currency amount	Maturity	Effect of changes 20% (NOK) 1)
Hedging av euro income	EUR	40	NOK	339	2015/2016	68
Hedging of investments in foreign units	NOK	1 775	SEK	1 855	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

1) *Exchange rates as of 31.12.2014*

Fluctuations in foreign exchange rates will be accountet for in other comprehensive income in both the Group and the parent company financial statements for euro income. Fluctuations in hedging of investments in foreign subsidiaries will be accounted for in other comprehensive income in the Group. Fluctuations in the value of hedges for loans to foreign subsidiares will be accounted for in the income statement.

Interest rate:
Norway Post'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 that the interest expenses shall follow the general development in the money market. Fixed interest rate loans and fixed rate agreements can be entered into to a certain degree when there is risk for abnormally high money market interest rates or to reduce the Group's exposure to changes in the interes rates, and financial advantages can be expected from the fixed interest rate terms.

As of 31.12.2014, 18% of the Group's interest bearing liabilities had an interest term of more than one year.

As of 31.12.2014 Posten Norge AS had MNOK 648 in fixed interest rate loans.

The sensitivity of changes in the interest rate (+/- 1%) related to the net interest bearing debt (floating interest rate only) as of 31.12.2014 was MNOK 8 where net interest bearing debt with a floating interest rate was MNOK 810. Interest rate risk arises when there is an imbalance between interest bearing debt and interest bearing liquid assets, and where the average weighted time to maturity for assets and debt is unequal.

Intstrument and fixed interest distributed debt portfolio for floating interest rate debt:

MNOK		Next interest rate regulation	
2014	**31.12.2014**	**0-3 months**	**0-6 months**
Certificate loan	1 500	1 500	
Private Placement	629	629	
Nordic Investment Bank	600		600
Bank loans/ other loans	154	154	
Gross interest-bearing liabilities (floating interest rate)	**2 883**	**2 883**	**600**
Liquid assets	2 073	2 073	
Net interest-bearing liabilities (floating interest rate)	**810**	**210**	**600**

MNOK		Next interest rate regulation
2013	**31.12.2013**	**0-3 months**
Certificate loan	950	950
Private Placement	629	629
Bank loans/ other loans	278	278
Gross interest-bearing liabilities (floating interest rate)	**1 857**	**1 857**
Liquid assets	1 791	1 791
Net interest-bearing liabilities (floating interest rate)	**66**	**66**

MNOK		Next interest rate regulation
2012	**31.12.2012**	**0-3 months**

Certificate loan	800	800
Private Placement	730	730
Bank loans/ other loans	280	280
Gross interest-bearing liabilities (floating interest rate)	**1 810**	**1 810**
Liquid assets	2 089	2 089
Net interest-bearing liabilities (floating interest rate)	**(279)**	**(279)**

Inflation indexed interest rate swaps:
In 2006, Posten Norge AS entered into an inflation indexed interest rate swap of MNOK 1 000 to secure the Group's competitiveness by hedging against costs that are positively correlated to inflation. Under the agreement, Posten Norge AS receives the percentage change in the Norwegian consumer price index over the coupon period (annually) as well as a fixed spread of the inflation index, in return for paying three months' NIBOR each quarter. The agreement has a duration of 10 years.

In 2009 MNOK 300 of the principal was cancelled through an agreement with the counterparty. In addition, agreements were entered into for the remaining MNOK 700 for the issue of real interest rate bonds providing cash flows approximately equal to the original agreement.

Liquidity reserves:
To ensure the Group's financial freedom, there are defined goals for liquidity reserves. The liquidity reserve, consisting of market placements and unused credits with deducted certificate loans, shall be a minimum of 15% of the Group's operating revenues for the last 12 months.

Maturity structure of the Group's loans/financial liabilities:

Balance 31.12.2014	Average interest rate	Year 1	Year 2−5	Over 5 years	Total
	3.16%				
Liabilities to credit institutions		1 600	730	547	2 877
Bond Loans			500		500
Financial derivatives			78		78
Financial leases		3	9		12
Non interest-bearing liabilities (note 17)		3 137	63		3 200
Total Posten Norge AS		**4 740**	**1 380**	**547**	**6 667**
Liabilities to credit institutions		13			13
Financial leases		10	40		50
Non interest-bearing liabilities (note 17)		1 814			1 814
Total Group		**6 577**	**1 420**	**547**	**8 544**
Future interest payments 1)		73	111	36	220

1) Based on interest rate level at 31.12.2014

The Group has running fixed and floating contractually stipulated interest rate payments, see the Group's interest rate management principles, which are explained in more detail in the sector on market risk/interest.

Balance 31.12.2013	**Average interest rate**	**Year 1**	**Year 2−5**	**Over 5 years**	**Total**
	3.77%				
Liabilities to credit institutions		1 136	703	447	2 200
Bond Loans			500		500
Financial derivatives		10	44	232	286
Non interest-bearing liabilities (note 17)		2 920	61		2 981
Financial leases		1			1
Total Posten Norge AS		**4 066**	**1 308**	**679**	**6 053**
Liabilities to credit institutions		71			71
Financial leases		15	28	19	62
Non interest-bearing liabilities (note 17)		1 707			1 707
Total Group		**5 859**	**1 336**	**698**	**7 893**

Balance 31.12.2012	**Average interest rate**	**Year 1**	**Year 2−5**	**Over 5 years**	**Total**
	3.56%				
Liabilities to credit institutions		1 184	317	821	2 322
Bond Loans			500		500
Financial derivatives		16	36	131	183
Financial leases		1			1
Non interest-bearing liabilities (note 17)		2 814	1		2 815
Total Posten Norge AS		**4 015**	**854**	**952**	**5 821**
Financial leases		112			112
Other interest-bearing liabilities		27	44	21	92
Non interest-bearing liabilities (note 17)		1 710			1 710
Total Group		**5 864**	**898**	**973**	**7 735**

As of 31.12.2014 the Group's credit facilities of MEUR 300 and MNOK 750 had not been used

Capital Management

The Group has a goal to ensure maximum accessibility, flexibility, and return on the Group's liquid assets at the same time as limiting the credit risk. This is achieved by concentrating all available liquidity in the Group's corporate account system, and by having a conservative administrative profile with significant emphasis on liquid placements. The Group has centralised overall responsibility for liquidity management and measures that promote effective utilisation of the company´s capital. The Group has negotiated the terms for deposits in major banks with AA ratings, so they are competative against money market funds. All subsidiaries should be affiliated to the Group's corporated account system so that they benefit from the negotiated terms.

The Group manages the capital structure and the objective is to have the financial strength to withstand commercial changes. The Group has long term credit facilities which constitute a significant capital buffer against unexpected financial needs. The credit facilities have been entered into with a bank syndicate where all participants have an A- rating or better, which also limits counterparty risk. In addition, the Group has diversified its sources of capital and currently has bonds, credit facilities, private placement with international lenders as well as bilateral agreements with Nordic financial institutions with satisfying maturities. Subsidiaries are not permitted to raise external financing, but receive funding from the Group through long-term loans or overdraft facilities and short-term credit facilities within the corporate account system.

The Group measures capital utilisation by using the liability ratio, which is net interest-bearing debt divided by equity. Net interest-bearing debt consist of interest-bearing current and non-current liabilities less liquid assets in the forms of cash, bank balances, and current placements. In addition, net interest-bearing debt divided by EBITDA is used to measure whether operating earnings are sufficient to service the Group's external debt. The goal is that net interest-bearing debt shall not exceed 3.5 times EBITDA. There were no changes to the Group's goals, principles or processes related to capital management during 2012, 2013 or 2014.

Key figures capital utilisation	Group		
	2014	2013	2012
Interest-bearing debt	3 531	3 205	3 209
Interest-bearing liquid assets	2 073	1 791	2 089
Net interest-bearing debt	1 458	1 415	1 120
Total equity	6 205	6 081	5 703
Debt ratio	**0.2**	**0.2**	0.2
Share of equity	**37.9%**	**38.6%**	**37.5%**
EBITDA1)	1 723	1 875	1 835
Net debt / EBITDA1)	**0.8**	**0.8**	**0.6**

1) Earnings before interest and taxes, excluding depreciation, impairment, other income/expenses, share of profit or loss of investments accounted for using the equity method

Debt covenants

Posten Norge AS has debt covenants. The company's biggest loan facility contains a clause stipulating that investments shall not increase the Group's net interest-bearing debt to more than 3.5 x EBITDA, where EBITDA is measured for a period of the last 12 months on the balance sheet day of each quarter. As at 31.12.2014 (see table above) this was 0.8 of EBITDA (0.8 as at 31.12.2013 and 0.6 as at 31.12.2012).

Three loan agreements also include a covenant for a minimum of 20% equity. In addition one loan agreement has a covenant of minimum 25% equity. As of 31.12.2014 the equity ratio was 37.9% (38.8% as of 31.12.2013 and 37.5% as of 31.12.2012).

In addition the following covenants apply to the majority of loan agreements:
- Change of control covenant: 51% Government ownership.
- Negative pledge.
- Cross default, a default in one agreement leads to all agreements being deemed default.

Breaching the terms of covenants results in a demand to repay all interest-bearing debt or potentially the renegotiation of loan agreements.

There are no clauses on the annual regulation of the levels of debt covenants in the loan agreements. The level of the financial key figures in the covenants is followed up closely and reported to management on a regular basis.

In 2013 the credit facility with Handelsbanken was replaced with a new credit facility with DNB of MNOK 750.

The Group is still disciplined in the use of capital with only a few relatively small acquisitions which together with good results has led to a significant financial capacity to implement strategic investments.

Note 20 Fair value measurement

Measurements at fair value

The following methods and assumptions are used in calculating fair values of financial assets and liabilities:

• Fair value of financial assets classified as "available for sale" are determined by the stock market price on the balance-sheet day, if they are listed. For unlisted assets the fair value is evaluated as not being significantly different from the historical cost.

• Fair value of forward currency contracts are determined by utilising the forward rate at the balance sheet date. Fair value of currency swaps are determined by calculating the present value of future cash flows. For all derivatives, fair value is confirmed by the financial institution that the company has agreements with.

• The following of the company's financial instruments have a fair value approximately equal to carrying amounts: Cash and cash equivalents, accounts receivables, other current receivables, other non-current interest-bearing receivables, overdraft facilities, parts of non-current liabilities, accounts payables and other current liabilities.

• Carrying amount of cash, cash equivalents and overdraft facilities are approximately equal to fair value as these instruments have short maturity. Carrying amount of accounts receivables and accounts payables are approximately equal to fair value since they are entered into at market conditions.

• Fair value of non-current liabilities is calculated using listed market prices, or interest rate terms for liabilities with equal maturity period and credit risk.

• For financial assets and liabilities carried at amortised cost, fair value is approximately equal to amortised cost when calculated as the present value of estimated discounted cash flows using an interest rate from equivalent debt and assets on the balance sheet date.

• Fair value of derivatives designated as hedging instruments is carried as other current receivables/liabilities, or other non-current receivables/liabilities depending on the maturity date of the corresponding hedged object.

Fair value hierarchy

The Group uses the following hierarchy to define fair value per valuation method:

Level 1: Listed prices (non-adjusted) in active markets for identical assets or liabilities.

Level 2: Other input than listed prices included on level 1 that are observable for the asset or liability, either directly (such as prices) or indirectly (derived from prices).

Level 3: Input for the asset or liability that is not based on observable market data (non-observable input).

As of 31.2.2014 the Group had the following financial assets and liabilities with the following fair values:

Description	Fair value measurement per level			Total		
	Level 1	Level 2	Level 3	2014	2013	2012
Financial assets at fair value through profit or loss						
Liquid assets	2 073			2 073	1 791	2 089
Derivatives measured at fair value						
Derivatives not designated as hedging instruments		84		84		
Financial assets measured at amortised cost:						
Interest bearing non-current receivables			7	7	7	2
Other non-current receivables			21	21	45	25
Interest-free current receivables		3 216	842	4 058	3 657	3 459
Interest-bearing current receivables		144	31	175	224	292
Total assets	**2 073**	**3 444**	**902**	**6 418**	**5 723**	**5 868**
Financial liabilities at fair value through profit or loss:						
Loans		851		851	789	772
Derivatives measured at fair value						
Cash flow hedge/net investment in foreign subsidiaries		134		134	107	50
Derivatives not designated as hedging instruments		63		63	15	133
Financial liabilities measured at amortised cost:						
Interest-bearing non-current liabilities		1 000	53	1 053	1 152	919
Interest-bearing current liabilities		1 601	26	1 626	1 222	1 339
Interest-free current liabilities		2 657	2 349	5 006	4 831	4 878
Total liabilities		**6 306**	**2 427**	**8 733**	**8 115**	**8 092**

No financial assets have been reclassified in such a way that the valuation method has been changed from amortised cost to actual cost, or vice versa. There were no transfers between level 1 and level 2 fair value measurements in 2014, and no recording of financial assets in or out of level 3.

Note 21 Guarantees/Mortgages

Posten Norge AS 2012	2013	2014		Group 2014	2013	2012
348	383	413	Guarantees for Group companies' liabilities	437	401	348
			Commercial guarantees	4	4	
140	161	154	Other guarantees	488	459	438
488	**544**	**567**	**Total guarantees**	**929**	**864**	**786**

Posten Norge AS‘s has given various guarantees, including rental guarantees, contractual guarantees, debt guarantees and other payment guarantees. Guarantees are given in connection with ongoing operations, primarily for subsidiaries. Some of Posten Norge AS's loan agreements contain a negative pledge clause and require the Group to maintain defined levels of financial key figures. The Group was, at the end of the year, in accordance with these covenants. The Group has not pledged property of material value. See note 19 Financial risk.

Guarantee for group companies’ debt consisted primarily of custom guaranties given from Posten Norge AS to its subsidiaries in Sweden. In addition, Bring Cargo issued guarantees for fuel purchases in the subsidiary Bring Trucking of MNOK 24. The increase in guarantees for group company’s liabilities of MNOK 36 from 2013 to 2014 was mainly due to custom guarantees.

Commercial guarantees consisted of a guarantee issued from Bring Frigo AB to Finansieringsinstituttet for Industri og Håndværk AS regarding 50% of debt in Euroterminalen - a transport terminal in Denmark.

Other guarantees in Posten Norge AS included a guarantee to EVRY in connection with IT operating agreements. The decrease from 2013 was due to termination of a rental guarantee given to Itella. For the Group, other guarantees consisted of rental guarantees given from Bring Frigo AB and Bring Citymail Sweden to subsidiaries.

Posten Norge AS has issued guarantees to cover the Share Capital in Bring Cargo Inrikes AB and Bring Warehousing AB at year end 2014. In addition Letter of Support was given to Bring Cargo International AB, Bring Danmark A/S and Bring Cargo Denmark A/S to ensure continuing operations. Further more Posten Norge AS has issued a delivery guarantee to Statoil Petrolium AS on behalf of Bring Cargo AS.

Note 22 Leases

1. Lessee

1.1 Finance lease agreements

Posten Norge AS				Group		
2012	2013	2014		2014	2013	2012
			Carrying amount			
20			Buildings	28	48	49
		21	Machinery, equipment and vehicles	180	154	158
20		**21**	**Gross carrying amount**	**208**	**202**	**207**
16	18		Accumulated depreciation 01.01.	122	111	100
		9	Adjustments of OB due to mergers	(19)		
	(20)		Depreciation - disposals	(10)	(9)	(8)
2	2	1	Depreciation and write-downs during the year	38	21	19
2		**11**	**Net carrying amount**	**77**	**79**	**97**
1			Commitments, buildings	22	23	26
		12	Commitments, machinery, equipment and vehicles	40	38	66

Overview of future minimum lease payments:

Posten Norge AS		Group
2014		2014
4	Within 1 year	17
10	1 to 5 years	32
	After 5 years	16
14	**Future minimum rents**	**65**
7,8%	Interest rate	
		5,3%
12	**Present value of future minimum rents**	**64**
	Of which:	
8	Non-current liabilities	48
4	Current liabilities	16

Leased assets are classified as tangible fixed assets, while associated liabilities are classified as interest-bearing non-current liabilities. The first year’s repayments have been reclassified as interest-bearing current liabilities. See note 16.

In connection with transfer of parts of Bring Cargo AS' operations to Posten Norge AS, Posten Norge AS have entered into financial lease contracts for containers, originally from 2011.

Posten Eiendom Robsrud AS has a financial lease for a thermal energy facility that runs until 30.06.2024. The Group's other financial leases mainly relate to Bring Cargo AS, Bring Cargo Inrikes AB, and Kirkestuen Transport AS and comprise vehicles. The longest lease agreement for vehicles expires in December 2020.

1.2 Operating leases

Posten Norge AS				Group		
2012	2013	2014		2014	2013	2012
263	258	225	Ordinary lease payments for vehicles	331	394	419
814	799	766	Ordinary lease payments for buildings	889	977	966
			Ordinary lease payments for computer equipment	1	2	1
26	31	36	Ordinary lease payments - other	113	111	99
(2)	(7)	(11)	Subletting income	(69)	(63)	(60)
1 101	**1 081**	**1 016**	**Total rents paid**	**1 265**	**1 421**	**1 425**

Future minimum lease payments related to non-cancellable leases fall due as follows:

Posten Norge AS		Group
2014		2014
895	Within 1 year	1 114
1 911	1 to 5 years	2 274
1 452	After 5 years	1 199
4 258	**Total**	**4 587**

Posten Norge AS has entered into approximately 1 300 leases for various types of property, including offices and sorting premises, terminals, post offices, parking facilities, etc. These leases expire between 2015 -2036. Posten Norge AS is entitled to extend the lease period when the lease expires on most leases.

The most significant leases for Posten Norge AS relate to Østlandsterminalen at Robsrud, the "Posthuset" head office at Biskop Gunnerusgate 14A and the terminals in Haugesund and Ålesund.

The lease term for Østlandsterminalen at Robsrud is 17 years with effect from 01.12.2009.

The lease period for the "Posthuset" building at Biskop Gunnerusgate 14A in Oslo is 15 years from 01.03.2003 with specific extension clauses. The costs relating to common areas and energy are variable and are allocated according to a formula based on the floor space rented. The rent is index-regulated on an annual basis.

The lease term of Haugesund post terminal is 15 years from 16.08.2013. The lease for the terminal in Ålesund is 15 years from 31.05.2012 with the right to extend the lease for two periods of 5 years. The rent is index-regulated on an annual basis.

Other leases mainly relate to terminals in Norway.

In December 2014, a new agreement was entered into 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. Norway Post is not entitled nor obligated to extend the lease period, or to buy the vehicle when the lease expires. The new agreement changed the billing principle from on account to actual costs. Accruals are recognised for un-billed incurred costs. A total of 3 899 vehicles and 118 trailers was leased at the end of 2014.

Of total provisions for restructuring expenses as of 31.12.2014, MNOK 19 regarded vacating of premises. See note 15.

Of the remaining lease agreements of the Group the most significant agreements relate to premises leased for Bring Frigo AB, Bring Warehousing AS and Bring CityMail Sweden AB. The longest lease expires on 22.12.2029.

2. Lessor

The Group has some operational leases related to rental of parts of buildings, mainly in Bring Cargo Inrikes AB. The Group's rental income from leased buildings totalled to MNOK 23 in 2014 (MNOK 23 in 2013 and insignificant in 2012).

Note 23 Changes to the Group structure

The following changes of the Group's structure have taken place since 31. December 2013:

Subsidiaries and joint ventures founded in 2014

Bring Citymail Sweden AB founded in December 2013 the company Bring Citymail Eken AB. The founded company was in January 2014 sold to Bring Citymail Stockholm KB, a company in which Bring Citymail Sweden AB has an ownership of 50%. The background for this transaction was that Norway Post and the Swedish newspapers Svenska Dagbladet and Dagens Nyheter collaborated to provide postal and newspaper distribution services in Stockholm. The partnership strengthens the Group's position in one of the most densely populated and rapidly growing regions in the Nordic countries. The goal is to take advantage of the economies of scale and the capacity of the distribution network by including more services.

Acquisition of companies 2014

In January 2014 the Group acquired 100% of the shares in West Cargo Vårgårda AB and thereby strengthening its position in the Swedish logistics market. This acquisition is part of the Group's strategy to grow in the Nordic countries and to meet the increase in demand for logistics services in the Nordic region. West Cargo Vårgårda has 110 employees and approximately 100 vehicles and holds a strong position in the freight-transport sector in the Västra Götaland region. The company had an annual turnover of approximately MSEK 320 in 2013.

The Group acquired in June 2014 100% of the shares in Kirkestuen Transport AS. The company is a solid transport company, with transport-terminals at Rudshøgda and Otta. The company will strengthen the position of the Group in Hedemark and Oppland. The company has 70 employees and had an annual turnover of approximately MNOK 89 in 2013.

In June 2014 the Group also acquired 100% of the shares in Smartpak Sweden AB. The transaction is part of the Group’s strategy to strengthen the delivery network for parcels in Sweden. The company had an annual turnover of approximately MSEK 41 in 2013.

Overview of preliminary allocation of cost of acquisitions 2014

	West Cargo Vårgårda AB	Kirkestuen Transport AS	Smartpak AB	Total
Sum intangible assets	1			1
Sum fixed assets	66	21		87
Sum financial assets	1			1
Sum inventory	1			1
Sum receivables	59	16	4	79
Sum other short term assets	27	4	2	33
Totalt assets	**155**	**42**	**6**	**203**
Sum deferred tax	9			9
Sum long term debt	37	20		56

Sum short term debt	53	18	5	76
Total debt	**98**	**37**	**5**	**141**

Net identified assets	**57**	**5**		**63**
Goodwill	38	13		50
Total acquisition price	**95**	**17**		**113**

Cash paid	(95)	(17)		(113)
Cash received as part of settlement	27	4	2	33
Net cash effect acquisitions	**(67)**	**(13)**	**2**	**(79)**

The acquisition agreement related to acquiring Kirkestuen Transport, contains a contingent consideration (earn out). It was considered 50% likely that this consideration will result in an additional payment. An amount of MNOK 3 was for this reason included in the acquisition cost. The rest of the consideration, MNOK 3, will in the event of redemption be charged as an expense. There are no other agreements concerning acquisition of companies, which include contingent considerations.

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 the period between entering the contract and transfer of control.

The fair value of the trade receivables and other receivables amounts to MNOK 79, where trade receivables amounts to MNOK 55,9. The gross amount of trade receivables is MNOK 56, accrual for losses was MNOK 0,1.

Contribution to the Groups results – acquired companies 2014

	West Cargo Vårgårda AB	Kirkestuen Transport AS	Smartpak AB	Total
Operating revenue after acquisition date	268	51	13	303
Profit before tax after acquisition date	6	(1)	(5)	1
Operating revenue accumulated 2014	268	103	27	397
Profit before tax accumulated 2014	6	1	(8)	(1)

The following companies has been sold from the Group 2014

Company	Share of ownership	Time of sale	Sales amount	Recorded gain/loss	Cash effect
Posten Eiendom Storbyer AS	100 %	December 2014	162	67	162

Other changes in the Group structure in 2014

Bring Cargo East and Bring Cargo West were merged with effect from January 2014 as part of the strategy to streamline the structure of the Group. The Merged company was renamed Bring Cargo International AB.

As part of simplifying the legal structure of Bring Express, Bring Express Ålesund AS and Bring Express Molde AS were merged into Bring Express Norge AS. The merger had effect from September 2014.

In November 2014 Bergen Container og Transport AS, a subsidiary of Bring Linehaul AS, was merged into Bring Linehaul AS.

As part of restructuring the Group's real estate Posten Eiendom Svanholmen AS was demerged from Posten Eiendom Storbyer AS in December 2014. Following this demerger the subsidiary Posten Eiendom Storbyer AS was sold from the Group.

Bring Logistics Sunnmøre AS was liquidated in 2014. Company closing was fullfilled in fourth quarter 2014

Bring Mail Nordic AS was liquidated in September 2014, due to no continuing operations in the company.

There has been a transfer of operations, regarding groupage and part loads, from Bring Cargo AS to Posten Norge AS effective from 1 January 2015.

Note 24 Transactions with related parties

The transactions were carried out as part of the ordinary operations and at arm's length conditions.

The increase of sales to subsidiaries from 2013 to 2014 was mainly due to sales of services to Bring Parcels AB and Bring Cargo AS. The reduction of purchases with related parties was mainly a result of decline in purchases from EVRY group. The most significant transactions were as follows:

Posten Norge AS				Group		
2012	2013	2014		2014	2013	2012
			Purchases of goods and services from			
184	291	297	Subsidiaries			
753	837	682	Associated companies	743	856	801
			Sales of goods and services to			
1 292	1 561	1 796	Subsidiaries			
110	114	121	Associated companies	174	147	125
			Leases of property from			
225	247	261	Subsidiaries			
			Associated companies	2	2	2
			Leases of property to			
14	19	20	Subsidiaries			

The balance sheet includes the following amounts as a result of transactions with related parties:

Posten Norge AS				Group		
2012	2013	2014		2014	2013	2012
117	299	236	Accounts receivable	36	26	4
2 884	2 894	3 173	Other receivables			
135	93	89	Accounts payable	98	57	111
1 182	1 367	1 258	Other payables			
1 684	**1 733**	**2 062**	**Net**	**(62)**	**(31)**	**(107)**

Other receivables and other liabilities:
A large part of other receivables and other liabilities in the parent company applied to the corporate account system. See note 13.

Remuneration to the board and management
For remuneration to the board and management, see note 2.

Loans to employees
For loans to employees, see note 11.

Note 25 Other matters

EVENTS AFTER THE REPORTING PERIOD

Posten Norge AS' stake in EVRY ASA was sold, and the transaction was finalised 17.03.2015. See note 10 for further infomation.

REGULATORY FACTORS

Posten Norge AS licence
In accordance with §4 of the Postal Act the Ministry of Transport and Communication has granted Posten Norge AS a 4 year licence running from 01.01.2013. The licence gives Posten Norge AS the exclusive right to manage domestic sealed and addressed letter mail less than 50 grams and international mail priced up to 2,5 times the basic price for domestic priority mail. At the same time the licence also entails that Posten Norge AS must carry out social obligations. The Ministry of Transport and Communication can change the licence during the licence period.

The social obligations cover:

- Available product requirements (statutory postal services and basic banking services in the rural postal service)
- Requirement for the availability of statutory postal services
- Delivery time requirements
- Requirement for cost-based prices and geographically uniform postage charges within the monopoly

In point 4.2 of the licence it is assumed that Posten Norge AS 's extra costs related to the social obligations are covered by the monopoly profits from the monopoly services and government procurements granted through the state budget. The annual grant of funds in advance for government procurements is adjusted the following year based on a recalculation of requirements in connection with Posten`s product accounts for the licence to the Norwegian Post and Telecommunications Authority. This arrangement shall prevent over or undercompensation. After adjustments, government procurements were MNOK 351 for 2013 and MNOK 302 for 2012. MNOK 270 was allocated in the state budget and paid out for 2014.

In the state budget for 2015 MNOK 418 is allocated for government procurements. The increase is based on an expectation of decline in mail volums. In addition, the allocation assumes that changes related to the Government's proposal to a new postal law will not be in place in time to have an effect of governments procurements for 2015.

The licence stipulates that Posten Norge AS must document that there are no illegal cross subsidies between the monopoly services and the services that are subject to competition. This documentation is to be submitted to the Norwegian Post and Telecommunications Authority in the annual product accounts. The auditor conducts audits in accordance with the licence. The product accounts for 2014 will be presented at the latest three months after the financial statements for 2014 have been approved.

EU's Postal Directive
EU's Postal Directive includes the stipulation of certain minimum requirements for mandatory postal services, principles on cost-based prices and government compensation for extra costs related to mandatory postal services.

Further more, EU's Third Postal Directive liberalises national postal markets. The Solberg Government notified in 2013 that they will implement the directive in Norway. In October 2014, the Ministry of Transport and Communications sent a draft of the new Postal Services Act for public consultation. Among other things, the draft proposes the discontinuation of Norway Post's sole right to distribute letters below 50 grams and the discontinuation of ordinary postal delivery on Saturdays, and proposes a minimum regulatory framework for digital postal services. The Government's final proposal for the Postal Services Act will be considered by Parliament in spring 2015 at the earliest.

Government 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 level of the parent company's distributable equity.

Banking and payment services

The statutory banking service requirement for services through Posten Norge AS's distribution network was changed in 2012 to limit it to the rural postal service, cf. Prop. 100 L (2011-2012). Norway Post's extra costs relating to the services are compensated through the government procurements scheme. Norway Post has chosen to continue offering banking services in other parts of its service network, which are not covered by the statutory banking service (post offices and Post in Shops).

The current contract for the distribution of banking services through Norway Post's sales network runs until 31.12.2019. Based on a competition for banking and payment services in the rural postal service, a new agreement was entered into with DNB with effect from 01.01.2014 and with the same expiration date as the rest of the contract .

DISPUTES

In 2010 ESA decided to impose a fine of MEUR 12.9 in connection with previous exclusivity clauses in contracts for Post in Shops from 2000 to 2006. Posten Norge AS contested ESA's decision and brought the case to the EFTA-court. The Court did not agree with Posten Norge AS, but reduced the fine to MEUR 11.1. The German logistics company Schenker has filed a claim for compensation up to MNOK 460 against Posten Norge AS that was stopped by the Oslo District Court in anticipation of other litigation. Posten Norge AS is of the opinion that there is no basis for the claim.

No disputes that involve any significant risk exposure to the Group have been identified in subsidiaries.