

2013



**ANNUAL REPORT INCLUDING
SUSTAINABILITY REPORT**



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Financial calendar 2014

Annual General Meeting	April 29, 2014
Q1 interim report	April 30, 2014
Q2 interim report	August 15, 2014
Q3 interim report	October 27, 2014
Year-end report	preliminary date February 11, 2015

CEO's report

On joining Green Cargo in May 2013, I met a company with extremely loyal and highly experienced employees who are passionate about delivering excellent rail freight solutions to our customers. We know our significance for the business community's freight needs and we know how to transport freight by rail, both safely and punctually.

I have also seen some major challenges. We are losing money and, therefore, we have left no stone unturned and we reviewed our entire organization in 2013. We are now rallying round to implement the single largest modernization and streamlining program for Green Cargo since the company was founded.

Any company can lose money when hit by a rapid downturn in the economy, but Green Cargo has battled through a multi-year recession with financial losses. The only way forward was to implement radical changes to remain a safe supplier for

” We kept full focus on our daily operations and consolidated our position as Sweden's most punctual rail freight company, while maintaining an extremely high level of focus on safety.

our customers in the long-term and to meet the return target set by our owner. Passing on the challenge to our customers in the form of substantially raised prices was never an alternative. Nor was competing by offering the lowest price and not investing for the future regarded as an alternative for Green Cargo.

We have carried out an exhaustive analysis of how we produce, of our locations, where unprofitability arises and how resource utilization can be raised. We have identified how we

with more modern technology and enhanced procedures and collaboration can be more efficient and fleetier of foot. We have disclosed to our customers the unprofitable routes operated by us and pursued a dialog regarding alternatives, which in some cases has led to increased volumes or other solutions. In many cases, customer dialogs resulted in cessation of services to and from locations which remained unprofitable.

Our customers have shown great understanding; everyone realizes that loss-making operations are a threat to our ability to be a long-term business partner. There is also a great degree of internal understanding. We are maintaining a healthy dialog with our trade unions and our employees have shown substantial commitment to the path we are pursuing. The path to profitability has been laid out and the target is to boost earnings by about SEK 400 million by 2016.

2013 was not just about operational analysis and preparation of an action plan. We kept full focus on our daily operations and consolidated our position as Sweden's most punctual rail freight company, while maintaining an extremely high level of focus on safety. We won several substantial and important freight procurements while facing stiff competition from other train operating companies as well as road and marine-based solutions. These pertained to major arrangements for basic forestry and steel industries as well as national and international assignments for the automotive industry and shipping lines. We did not lose any important rail-freight procurements to any competitor in 2013.

The price is always important when our customers choose freight solutions but, equally important, is the value that we can offer as a logistics partner. This includes having the resources

and being able to manage the problems that can arise from weather conditions and, unfortunately, is increasingly due to shortcomings in infrastructure. On several occasions in 2013, we managed infrastructure disruptions by rerouting traffic, setting in extra resources in the form of locomotives and staff and, following a disruption, rapidly coming in synchrony with industrial freight deliveries. This is one of the reasons why companies choose Green Cargo for major cargo flows. We are not the budget alternative; we are experienced rail freight operators that deliver value and security.

2013 was also a year when Green Cargo and our customers acted in concert in the discussions regarding ever increasing track fees and their negative impact on the competitiveness of the railways and Sweden. Between 2009 and 2013, these fees doubled and the Swedish Transport Administration's plan is to continue to raise these fees. The rise in fees and the disruptions arising from neglected maintenance in combination with the lack of compliance in road freight pose a major challenge to our efforts to grow profitably.



” Green Cargo is preparing for the future and, in 2014, we are taking key steps to become a more sustainable freight company.

Green Cargo is preparing for the future and, in 2014, we are taking key steps to become a more sustainable freight company. We are following through on our approximately SEK 2 billion investment program to obtain a modern, green locomotive fleet. We are creating a more efficient freight network while retaining focus on safety and punctuality. We are co-locating multiple support units and producing modern IT solutions with the aim of reaching healthy profitability while maintaining customer satisfaction. 2013 was the year when we faced up to the profitability issues, questioned every element of our way of working and prepared a plan to transform Green Cargo into a modern freight company that makes money.

Solna, March 2014

Jan Kilström
President and CEO

This is Green Cargo

Green Cargo is part of the logistic system for Swedish commerce and industry. Day and night, raw materials from forests and mines roll to the massive plants of the process industry. Here, the raw materials are refined and, thereafter, the freight train rolls onward through the country to industries in Sweden and the continent. This is where the foundation is laid for Sweden's prosperity and our consumption. The consumption of products that in many cases have been transported by train before meeting us in car showrooms, grocery stores, furniture stores or even as a package in the mail.

Green Cargo feels a great responsibility for these critical transport links and, with many years' work invested in safety and punctuality behind it, Green Cargo retains its position as Sweden's most punctual rail freight company.

More than 90 percent of Green Cargo's rail freight operations are carried out by electric trains, about 5 percent by diesel trains and a couple of percent by truck. This is why Green Cargo is the only nationwide freight carrier to be approved as a Good Environmental Choice for freight transportation. Green Cargo helps companies across the country and in differing branches to achieve their environmental goals by doing what we do best – moving freight by rail.

” All of Green Cargo's operations are built on a foundation of safety awareness.

The business community has high environmental ambitions but, naturally, good environmental performance is not the only thing that matters when it concerns freight. Freight must be secure and delivered on time. Green Cargo continued to deliver 95 percent punctuality within the appointed hour in 2013. This means that our train punctuality is 11 percentage points above the average of the other rail freight companies.

But what differentiates Green Cargo from other rail freight operators in Sweden is Green Cargo's network. Unlike others who just operate backwards and forwards between individual locations, we connect hundreds of locations in Sweden through a network in which companies' freight needs can vary from a few wagons per day to entire trains. This allows companies with varying needs to choose rail freight. It also provides opportunities to increase the utilization rate of trains and, thereby, also create economies of scale and resource efficiency. Together

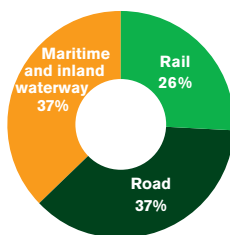
with partners, Green Cargo's national network is linked to thousands of additional destinations in continental Europe.

Green Cargo also carries truck trailers, containers and swap bodies by rail. Intermodal traffic usually runs on its own trains but Green Cargo operates intermodal traffic together with the network's mixed trains. This allows us to provide intermodal traffic combined with road freight to some 40 locations in Sweden and some ten locations in Norway. One of Green Cargo's road and marine freight partnerships has also enabled Gdynia in Poland to be included in the intermodal network. One single train can transport 30-40 truck trailers and large containers, with a consequent increase in road safety and a drastic reduction in environmental impact.

Sometimes, the tracks do not continue for the last mile or volumes are insufficient to operate trains efficiently. Therefore, optimal results are achieved when both forms of transport are used in concert. Green Cargo collaborates with almost 200 road-freight carriers across the country, to be able offer efficient, flexible door-to-door solutions. In addition, Green Cargo's large terminal in Gothenburg provides transshipment between rail and containers and is a key interface between Sweden's largest port and the rest of the country.

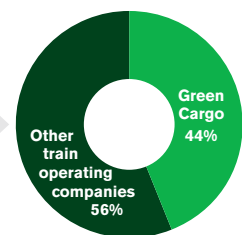
Freight transportation in Sweden 2013

(Net tonne kilometers including ore)



Green Cargo's share of rail freight in Sweden 2013

(Net tonne kilometers including ore)



Source: The Swedish Transport Administration



” Society’s shared goals for reducing climate impact favor the railways.

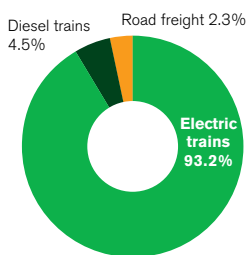
All of Green Cargo’s operations are built on a foundation of safety awareness. This starts at the planning phase when realistic plans are established. While Green Cargo’s freight flows are efficient and flexible, they also allow stress-free safety checks to be performed. Green Cargo’s personnel undergo annual tests and we plan in time for self-study and trainer-led safety courses. Incidents and accidents are investigated to allow conclusions to be drawn that lead to safer operations. All of the above has delivered clear results. Green Cargo has halved the accident rate and created safer operations for both customers and personnel.

Green Cargo is part of the future. Society’s shared goals for reducing climate impact and the Swedish Parliament’s and government’s initiatives to make good the neglect of the tracks favor the railways. Green Cargo’s intensive and methodical efforts to create profitable operations in combination with the company’s SEK 1.7 billion investment in tomorrow’s locomotive fleet opens up a future for Green Cargo. Every day, Green Cargo transports up to 10,000 railway wagons. Exclusively on behalf of companies that have already chosen to use the transport solution of tomorrow.

New organization

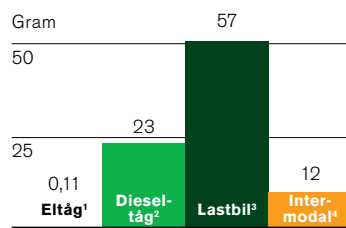
Green Cargo has had a new organization since October 1, 2013. One layer of management has been removed and, as a consequence, the Group Management team has been expanded by the addition of IT and Legal & Procurement. The following functions are included in Group Management:

Distribution of Green Cargo’s freight operations by type of transport



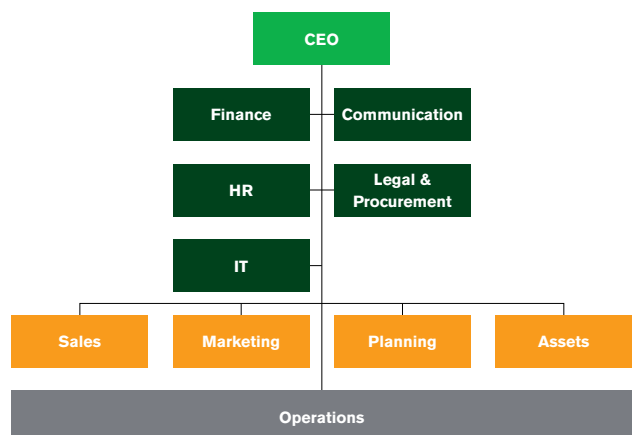
Source: Green Cargo

CO₂ per net tonne kilometer, average in Sweden



1 Electric trains, renewable energy, 60% capacity utilization rate
 2 Diesel trains, 60% capacity utilization rate
 3 Heavy trucks with trailers, 70% capacity utilization rate
 4 Assuming 80% electric trains in line with 1, 20% truck according to 3

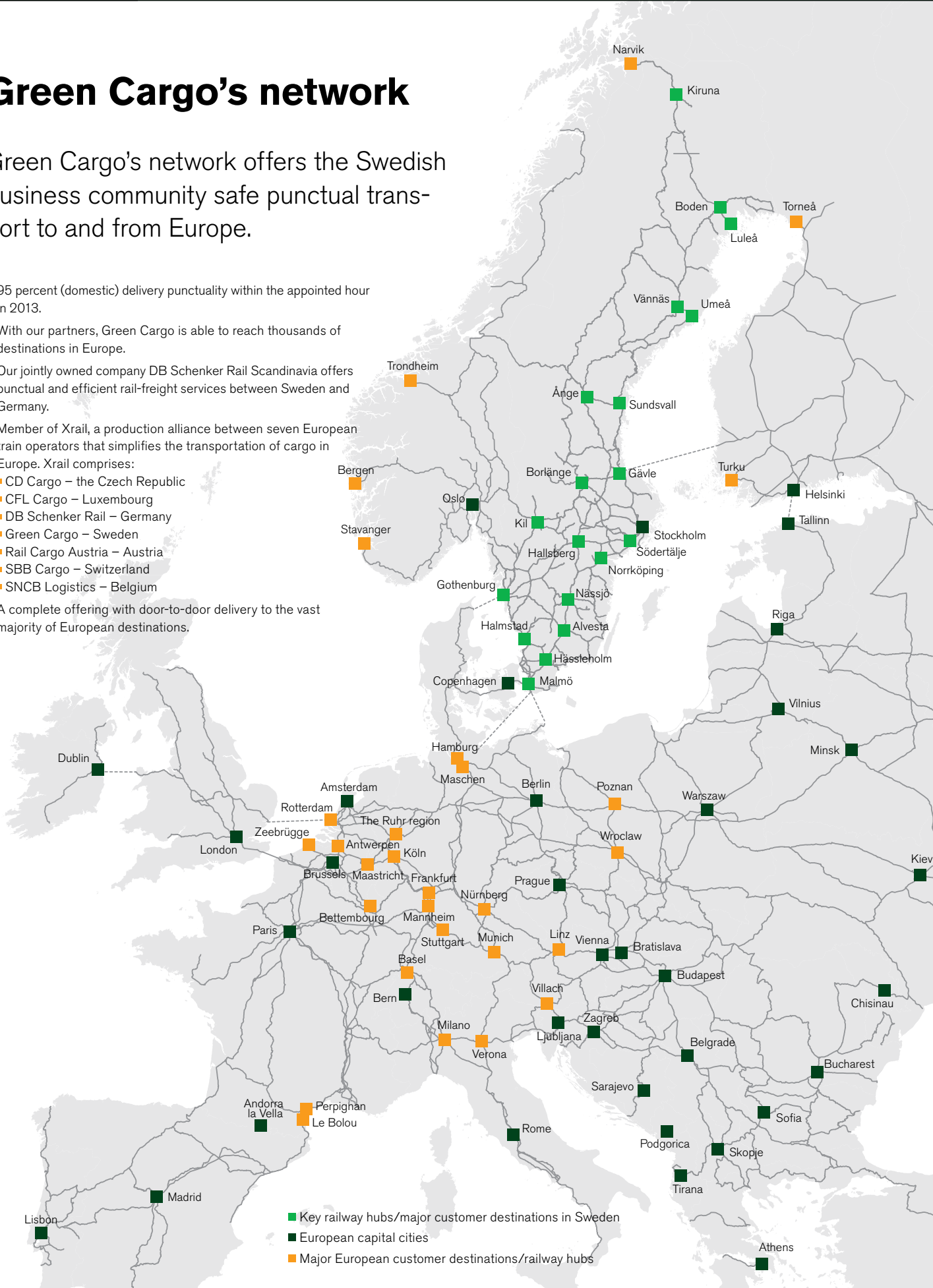
Source: www.ecotransit.org



Green Cargo's network

Green Cargo's network offers the Swedish business community safe punctual transport to and from Europe.

- 95 percent (domestic) delivery punctuality within the appointed hour in 2013.
- With our partners, Green Cargo is able to reach thousands of destinations in Europe.
- Our jointly owned company DB Schenker Rail Scandinavia offers punctual and efficient rail-freight services between Sweden and Germany.
- Member of Xrail, a production alliance between seven European train operators that simplifies the transportation of cargo in Europe. Xrail comprises:
 - CD Cargo – the Czech Republic
 - CFL Cargo – Luxembourg
 - DB Schenker Rail – Germany
 - Green Cargo – Sweden
 - Rail Cargo Austria – Austria
 - SBB Cargo – Switzerland
 - SNCB Logistics – Belgium
- A complete offering with door-to-door delivery to the vast majority of European destinations.



■ Key railway hubs/major customer destinations in Sweden
 ■ European capital cities
 ■ Major European customer destinations/railway hubs

Green Cargo's owner raises sustainability requirements

Green Cargo is wholly owned by the Swedish State and administered by the Ministry of Finance. In its role as owner, the Swedish State is of the opinion that state enterprises should act as a role model for sustainable business. Accordingly, in 2007 a requirement was introduced for sustainability reporting in line with the Global Reporting Initiative (GRI).

The next step in the government's efforts to promote sustainable business is to require sustainability goals. The Board of Green Cargo has been tasked with setting goals for the environment, human rights, working conditions, anti-corruption, business ethics, equal opportunities and diversity. The goals should be few, long-term and measurable. Goals are not required in every area, just in those areas deemed relevant for operations.

Green Cargo already has goals and policies in place for the majority of the pertinent areas. These goals have been revised and supplemented following the owner's requirements. In the environment area, the three existing goals have been

supplemented by three new goals: All of our train drivers are to receive training in driving techniques, rules for allowing diesel locomotives to idle are to be reviewed and automated shutdown is to be installed on the locomotives to turn off the engine after a period of idling. The new safety goal is to halve the number of accidents from the existing low level. For long-term sickness absence, the goal is to be below 3.5 percent and another goal is for the proportion of women in management positions to increase by 50 percent. Where relevant, the base year is 2013 and all goals must be met by 2020 apart from new rules for allowing the engine to idle, which will be ready in 2015.



Highlights 2013

Jan Kilström new President

In February, the Board of Green Cargo decided to appoint Jan Kilström as the new President for Green Cargo. He left his position as President of Bring Frigo and took up his duties in the middle of May 2013. In the spring, Marketing Director Mats Hanson served as Acting CEO.

Green Cargo to Denmark

In March, the launch was finalized of Green Cargo's rail freight services to Kolding in Denmark. Trains will run five days a week and connect Bergslagen and lower Norrland with 24-hour rail traffic to several locations in Denmark.

Green Cargo to Norway

Partnerships were developed with a number of rail network and rail terminal operators in Norway and Green Cargo currently runs 12 trains a week from Sweden and serves some ten locations in Norway.

Agreement to counter crisis

Green Cargo was the first service-sector company to reach agreements with its unions over shortened working hours and lowered salary levels. In spring 2013, the majority of the company's employees were working at 80 percent of full time with 90 percent of salary and full pension provisions. Unfortunately, the economy did not recover as predicted six months earlier but the crisis agreement resulted in savings of more than SEK 65 million.

Vital conduction

Green Cargo has worked hard with the maintenance of pantographs, personnel training and, last but not least, through

changing to a new type of carbon contact strip – the vital contact surface between the contact wire and the pantograph. These efforts have delivered results. Statistics from the Swedish Transport Administration place Green Cargo as the top operator measured in terms of fewest broken pantographs and carbon contact strips, thereby resulting in a substantial reduction in the number of damaged contact wires.

Other rail companies are now following suit and changing to the new carbon contact strip.

Hallsberg terminal stands on its own two feet

Early on, Green Cargo and Hallsberg municipality took a shared initiative to create a viable intermodal terminal and logistic center connected to the railway junction. This was a successful investment, and in April, after selling the actual terminal operations, Green Cargo and Hallsberg municipality were able to sell the logistic property. The purchaser was Brinova, which took possession of such assets as the 17,000 square meter storage facility.

Lift in intermodal freight

Green Cargo's intermodal offering on the network's mixed trains has been successful from the start of the initiative at the end of 2011, when the Norwegian firm CargoNet closed seven of nine routes in Sweden. In spring 2013, the results of Green Cargo's initiative included a 60 percent increase in Green Cargo's capacity to and from Skandiahammen (Port of Gothenburg). With 22 freight trains a week to and from the port and connections to some 40 locations across the entire country, Green Cargo has a strong offering to and from Scandinavia's largest port.



Vigorous measures to counter the crisis

In summer 2013, Green Cargo initiated a review of its entire operations as part of preparing an action plan with the goal of improving earnings by about SEK 400 million by 2016. Unprofitable traffic was identified and became the basis for dialogs with customers that were carried out in autumn 2013. In some cases, this resulted in increased volumes or more efficient production solutions for unprofitable locations but, for some locations, the lack of profitability resulted in cessation of service due to insufficient volumes. A more streamlined network, increased locomotive and wagon efficiency and a smaller and faster organization are other results of the review.

Tradition and innovation in sustainable logistics

In September, customers, sales personnel and Green Cargo's management gathered at the annual sustainable logistics seminar. This was the seventh seminar since the start in 2007 and, for the first time, was held in the heartland of freight traffic: Hallsberg. In addition to study visits to operational management, customer service and the marshalling yard, the seminar attracted record numbers of Green Cargo Climate Certificates recipients. Some 35 companies received the award in recognition of their freight operations meeting extremely high environmental requirements.

Climate Comet shone at Örebro Castle

The sustainable logistics seminar concluded with a dinner at Örebro Castle. County Governor Rose-Marie Frebran welcomed all attendees to her residence and presented the Climate Comet of the Year award to Stena Recycling AB. "Since our entire operations are focused on sustainability, it feels extremely gratifying to receive this award," said Staffan Persson, CEO of Stena Recycling, when accepting the award.

Norway draws closer to the continent

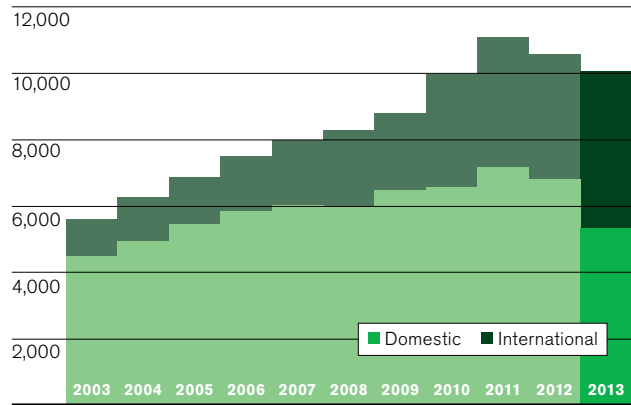
In September, Green Cargo started intermodal traffic between Skåne and Alnabru outside of Oslo. Trains run three times a week and have handing-in and pick up times in phase with the major freight companies that have asked for this intermodal link. Norway is now linked via Malmö and Trelleborg to the continental intermodal network.

Premiere for Green Cargo's customer magazine

It was more than ten years ago that Green Cargo discontinued its customer magazine. But, in autumn 2013, the new customer and staff magazine AXEL premiered. The magazine, which will be supplied to all of Green Cargo's customers, has a new format and more efficient production than previously, and focuses on Green Cargo, our operating environment and customers. The same magazine with a supplement will be sent home to all our employees.

Intermodal traffic in Sweden (rail-road)

(1,000 ton)



Source: The Swedish Transport Administration

John Klint Green Cargo's new CFO

In September, John Klint, previously Green Cargo's Director Business Development, was appointed as the new CFO and took up the position with immediate effect.

Future Transport Award

At the major freight and railway fair Nordic Rail – Future Transport in Jönköping in October, it was time for Green Cargo to step into the limelight at the gala banquet. Green Cargo was granted the Future Transport Award in recognition of its intermodal investment and the increase in traffic to and from the Port of Gothenburg.

Alternatives to raised track fees

On November 20, 2013, it was an expectant government coalition group on the Committee on Transport and Communications that received Green Cargo and the Swedish Shippers' Council. This was when Green Cargo's and the Swedish Shippers' Council presented their alternative to continued raising of track fees for freight traffic. Through efficient planning, promoting heavier trains and track fees based on train prioritization, the Swedish business community and railways would be able to retain their competitiveness. In parallel, the Swedish Transport Administration would generate approximately the same revenue without having to raise fees.

Sweden's most punctual rail freight company

When the results came in for 2013, Green Cargo delivered, once again, 95 percent delivery punctuality to customers within the appointed hour. This was despite snow and cold weather at the start of the year and several major derailments, in the majority of cases due to the infrastructure. In terms of train punctuality between marshalling yards, Green Cargo was more than 10 percentage points better than the six largest railway competitors according to the Swedish Transport Administration's statistics.

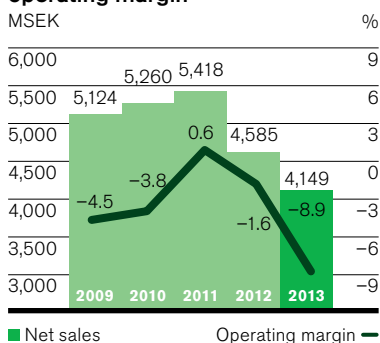
Five-year overview

PROFIT/LOSS ITEMS	2013	2012	2011	2010 ¹	2009 ¹
Net sales	4,149	4,585	5,418	5,260	5,124
Operating profit/loss	-368	-72	32	-198	-232
<i>Operating margin</i>	-8.9%	-1.6%	0.6%	-3.8%	-4.5%
Net financial income/expense	-26	-51	-66	11	-28
Profit/loss after financial items	-394	-123	-34	-187	-260
Profit/loss after discontinued operations	14	636	44	41	27
Profit/loss for the year	-382	519	10	-139	-174
	31 dec 2013	31 dec 2012	31 dec 2011	31 dec 2010	31 dec 2009
BALANCE SHEET ITEMS					
TOTAL ASSETS	4,214	4,850	5,145	4,940	4,977
Equity	1,333	1,740	1,220	1,253	1,400
Total external liabilities	2,881	3,110	3,925	3,687	3,577
TOTAL EQUITY AND LIABILITIES	4,214	4,850	5,145	4,940	4,977
	2013	2012	2011	2010 ¹	2009 ¹
CASH FLOW					
Cash flow from operating activities	13	140	198	220	8
Cash flow from investing activities	15	-565	-813	-313	183
Cash flow from financing activities	-198	-172	306	67	41
Cash flow from discontinued operations	-	786	-6	71	25
Cash flow for the year	-170	189	-315	45	257
	2013	2012	2011	2010	2009
KEY PERFORMANCE INDICATORS²					
Return on capital employed	neg	neg	3%	neg	neg
Return on operating capital	neg	neg	3%	neg	neg
Return on equity	neg	35%	1%	neg	neg
Equity/assets ratio	32%	36%	24%	25%	28%
Net debt/equity ratio (multiple)	1.0	0.6	1.8	1.9	1.4
Gross investments, continuing operations	343	300	525	427	767
Gross investments, discontinued operations	-	9	15	10	160
Average number of employees, continuing operations	2,123	2,323	2,575	2,689	2,805
Average number of employees, discontinued operations	-	99	230	218	212

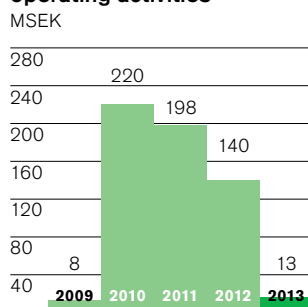
¹ For the period 2009–2010, the results for discontinued operations were calculated pro forma after taking into consideration the fact that the divested third-party logistics operations were mostly part of the Parent Company.

² The KPIs are calculated for the entire Group including discontinued operations unless specified otherwise.

Net sales and operating margin



Cash flow from operating activities





Consolidated income statement

SEK million	Note	GROUP	
		2013	2012
Continuing operations			
<i>Operating income</i>			
Net sales	4	4,149	4,585
Other operating income	6	12	28
Total operating income		4,161	4,613
<i>Operating expenses</i>			
Operating costs	4, 7	-2,347	-2,449
Personnel costs	8	-1,352	-1,462
Other external costs	9	-468	-533
Other operating expenses		-10	-
Depreciation, amortization and impairment	15, 16	-365	-252
Share in profit/loss of associated companies	18	13	11
Operating profit/loss		-368	-72
<i>Profit/loss from financial items</i>			
Interest income and similar profit/loss items	12	32	34
Interest expense and similar profit/loss items	13	-58	-85
Profit/loss after financial items		-394	-123
Tax on profit for the year	14	-2	6
Profit/loss for the year from continuing operations		-396	-117
Discontinued operations			
Profit/loss for the year from discontinued operations	24	14	636
Profit/loss for the year		-382	519
Of which attributable to Parent Company owners		-382	520
Of which attributable to non-controlling interests		0	-1
Total		-382	519

STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	GROUP	
		2013	2012
Profit/loss for the year		-382	519
Items that cannot be reclassified to profit or loss			
Revaluation of defined-benefit pension plans		5	0
Items that have been or can be reclassified to profit or loss			
Cash-flow hedges		0	8
Hedging of net investments in operations abroad		-6	2
Translation differences		7	-7
Tax attributable to items that have been or can be reclassified to profit or loss	14	1	-2
Total other comprehensive income, net after tax		7	1
Total comprehensive income for the year		-375	520
Of which attributable to Parent Company owners		-375	521
Of which attributable to non-controlling interests		0	-1
Total		-375	520

Consolidated balance sheet

ASSETS SEK million	Note	GROUP	
		2013-12-31	2012-12-31
Non-current assets			
<i>Intangible assets</i>	15		
Capitalized development expenditure		27	34
Goodwill		–	–
Ongoing capitalized development expenditure		15	8
Total intangible assets		42	42
<i>Property, plant and equipment</i>	16		
Land, land improvements and buildings		39	41
Leased buildings	17	–	–
Leasehold improvements		5	8
Transport equipment		1,390	1,196
Leased transport equipment	17	921	1,115
Equipment, fixtures and fittings		26	27
Construction in progress		31	70
Total property, plant and equipment		2,412	2,457
<i>Financial assets</i>			
Participations in associated companies	18	350	330
Non-current investments	19	95	16
Total financial assets		445	346
Deferred tax assets	20	149	150
Total non-current assets		3,048	2,995
Current assets			
Inventories	21	13	16
Accounts receivable		431	411
Receivables from associated companies	4	1	1
Other receivables		3	3
Current tax assets		1	3
Prepaid expenses and accrued income	22	81	79
Derivative instruments	31	0	0
Current investments	31	434	830
Cash and bank balances	30	107	277
Total current assets		1,071	1,620
Assets held for sale	23	95	234
TOTAL ASSETS		4,214	4,849

Consolidated balance sheet

EQUITY AND LIABILITIES SEK million	Note	GROUP	
		2013-12-31	2012-12-31
Equity			
Share capital		200	200
Other capital contributions		1,047	1,047
Reserves		-7	-14
Profit/loss brought forward		475	-45
Profit/loss for the year		-382	520
Total equity attributable to Parent Company owner		1,333	1,708
Non-controlling interests		-	8
Total equity	28	1,333	1,716
Liabilities			
<i>Non-current liabilities</i>			
Pension provisions	32	12	18
Other provisions	25	56	-
Non-current leasing liabilities	17	997	1,065
Other non-current liabilities	31	734	784
Derivative instruments	31	6	34
Total non-current liabilities		1,805	1,901
<i>Current liabilities</i>			
Accounts payable		197	223
Current leasing liabilities	17	76	108
Current tax liabilities		-	-
Other liabilities		107	118
Derivative instruments	31	7	1
Accrued expenses and deferred income	26	605	568
Other provisions	25	29	19
Total current liabilities		1,021	1,037
Liabilities attributable to assets held for sale	23	55	195
TOTAL EQUITY AND LIABILITIES		4,214	4,849
MEMORANDUM ITEMS			
	Note	2013-12-31	2012-12-31
Pledged assets and contingent liabilities	27		
Pledged assets		567	617
Contingent liabilities		289	291

Change in Equity, Group

GROUP SEK million	Equity attributable to Parent Company owners						Total	Non-controlling interests	Total equity
	Note	Share capital	Other capital contributions	Reserves	Profit/loss brought forward	Profit/loss for the year			
Opening balance, Jan 1, 2012		200	1,047	-15	-30	9	1,211	9	1,220
Adjustment for retroactive application/ of the amended IAS 19					-24		-24		-24
Adjusted equity at Jan 1, 2012	2	200	1,047	-15	-54	9	1,187	9	1,196
Allocation of preceding year's profit/loss					9	-9	-		-
Comprehensive income									
Profit/loss for the year						520	520	-1	519
Other comprehensive income									
Cash-flow hedges, after tax				6			6		6
Hedging of net investments				2			2		2
Translation difference				-7			-7		-7
<i>Total other comprehensive income</i>		-	-	1	-	-	1	-	1
Total comprehensive income		-	-	1	-	520	521	-1	520
Closing balance, Dec 31, 2012	28	200	1,047	-14	-45	520	1,708	8	1,716
Opening balance, Jan 1, 2013		200	1,047	-14	-45	520	1,708	8	1,716
Allocation of preceding year's profit/loss					520	-520	-		-
Comprehensive income									
Profit/loss for the year						-382	-382		-382
Divested subsidiaries								-8	-8
Other comprehensive income									0
Cash-flow hedges, after tax				0			0		0
Hedging of net investments, after tax				-5			-5		-5
Translation difference				7			7		7
Revaluation of defined-benefit pension plans				5			5		5
<i>Total other comprehensive income</i>		-	-	7	-	-	7	-	7
Total comprehensive income		-	-	7	-	-382	-375	-	-383
Closing balance, Dec 31, 2013	28	200	1,047	-7	475	-382	1,333	-	1,333

Consolidated cash-flow statement

SEK million	Note	GROUP	
		2013	2012
<i>Operating activities</i>			
Profit/loss after financial items		-394	-123
Adjustments for non-cash items	29	422	228
Provisions made		-12	-8
Tax paid		-19	-32
Cash flow from operating activities before changes in working capital, continuing operations		-3	65
Cash flow from changes in working capital			
Increase/decrease in current receivables		4	163
Increase/decrease in current liabilities		12	-88
Cash flow from operating activities, continuing operations		13	140
<i>Investing activities</i>			
Acquisition of intangible assets		-14	-8
Acquisition of property, plant and equipment		-329	-292
Sale of property, plant and equipment		22	36
Sale of financial assets		-	2
Dividends from associated companies		1	-
Changes in current investments		395	-458
Changes in non-current investments		-80	155
Sale of operations		20	-
Cash flow from investing activities, continuing operations		15	-565
<i>Financing activities</i>			
Borrowings		-	-
Amortization of leasing liabilities and loans		-198	-172
Cash flow from financing activities, continuing operations		-198	-172
Cash flow from discontinued operations	24	-	786
Cash flow for the year		-170	189
Cash and cash equivalents at the beginning of the year		277	88
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	29	107	277

Parent Company income statement

SEK million	Note	PARENT COMPANY	
		2013	2012
<i>Operating income</i>			
Net sales	4	3,873	4,279
Other operating income	6	11	29
Total operating income		3,884	4,308
<i>Operating expenses</i>			
Operating costs	4, 7	-2,081	-2,217
Personnel costs	8	-1,353	-1,407
Other external costs	9	-465	-518
Other operating expenses		-10	
Depreciation, amortization and impairment	15, 16	-359	-243
Operating profit/loss		-384	-77
<i>Profit/loss from financial items</i>			
Profit/loss from participations in Group companies	10	25	496
Profit/loss from participations in associated companies	11	1	-
Interest income and similar profit/loss items	12	22	34
Interest expense and similar profit/loss items	13	-56	-78
Profit/loss after financial items		-392	375
Tax on profit for the year	14	-2	3
Profit/loss for the year		-394	378

STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	PARENT COMPANY	
		2013	2012
Profit/loss for the year		-394	378
Items that have been or can be reclassified to profit or loss			
Cash-flow hedges		0	8
Hedging of net investments		-6	2
Tax	14	1	-2
Total other comprehensive income, net after tax		-5	8
Total comprehensive income for the year		-399	386

Parent Company balance sheet

ASSETS SEK million	Note	PARENT COMPANY	
		2013-12-31	2012-12-31
Non-current assets			
<i>Intangible assets</i>	15		
Capitalized development expenditure		23	33
Ongoing capitalized development expenditure		15	6
Total intangible assets		38	39
<i>Property, plant and equipment</i>	16		
Land, land improvements and buildings		1	1
Leasehold improvements		5	9
Transport equipment		1,391	1,198
Leased transport equipment	17	921	1,115
Equipment, fixtures and fittings		24	23
Construction in progress		30	70
Total property, plant and equipment		2,372	2,416
<i>Financial assets</i>			
Participations in Group companies	18	52	66
Participations in associated companies	18	316	316
Non-current investments	19	95	15
Receivables from Group companies	4	12	–
Total financial assets		475	397
Deferred tax assets	20	145	146
Total non-current assets		3,030	2,998
<i>Current assets</i>			
Inventories	21	13	16
Accounts receivable		379	361
Receivables from Group companies	4	27	36
Receivables from associated companies	4	1	1
Other receivables		3	2
Current tax assets		1	3
Prepaid expenses and accrued income	22	92	80
Derivative instruments	31	0	0
Current investments	31	434	830
Cash and bank balances	30	106	263
Total current assets		1,056	1,592
Assets held for sale	23	95	100
TOTAL ASSETS		4,181	4,690

Parent Company balance sheet

EQUITY AND LIABILITIES SEK million	Note	PARENT COMPANY	
		2013-12-31	2012-12-31
Equity			
<i>Restricted equity</i>			
Share capital		200	200
Statutory reserve		100	100
		300	300
<i>Non-restricted equity</i>			
Fair-value reserve		-1	4
Profit/loss brought forward		1,270	892
Profit/loss for the year		-394	378
		875	1,274
Total equity	28	1,175	1,574
Liabilities			
<i>Non-current liabilities</i>			
Pension provisions	32	12	11
Other provisions	25	56	-
Non-current leasing liabilities	17	997	1 065
Other non-current liabilities	31	734	784
Derivative instruments	31	6	34
Total non-current liabilities		1,805	1,894
<i>Current liabilities</i>			
Accounts payable		180	212
Liabilities to Group companies	4	153	155
Current leasing liabilities	17	76	108
Other liabilities	31	107	113
Derivative instruments	31	7	1
Accrued expenses and deferred income	26	594	545
Pension provisions	32	-	2
Other provisions	25	29	19
Total current liabilities		1,146	1,155
Liabilities attributable to assets held for sale	23	55	67
TOTAL EQUITY AND LIABILITIES		4,181	4,690
MEMORANDUM ITEMS			
Pledged assets and contingent liabilities	27		
Pledged assets		567	614
Contingent liabilities		289	392

Changes in Equity, Parent Company

PARENT COMPANY SEK million	Note	Share capital	Statutory reserve	Fair-value reserve	Profit/loss brought forward	Profit/loss for the year	Total
Opening balance, Jan 1, 2012		200	100	-4	898	-6	1,188
Allocation of preceding year's profit/loss					-6	6	-
Comprehensive income							
Profit/loss for the year						378	378
Other comprehensive income							
Cash-flow hedges, after tax				6			6
Hedging of net investments, after tax				2			2
<i>Total other comprehensive income</i>		-	-	8	-	-	8
Total comprehensive income		-	-	8	-	378	386
Closing balance, Dec 31, 2012	28	200	100	4	892	378	1,574
Opening balance, Jan 1, 2013		200	100	4	892	378	1,574
Allocation of preceding year's profit/loss					378	-378	-
Comprehensive income							
Profit/loss for the year						-394	-394
Other comprehensive income							
Cash-flow hedges, after tax				0			0
Hedging of net investments, after tax				-5			-5
<i>Total other comprehensive income</i>		-	-	-5	-	-	-5
Total comprehensive income		-	-	-5	-	-394	-399
Closing balance, Dec 31, 2013	28	200	100	-1	1 270	-394	1,175

Parent Company cash-flow statement

SEK million	Note	PARENT COMPANY	
		2013	2012
<i>Operating activities</i>			
Profit/loss after financial items		-392	375
Adjustments for non-cash items	29	413	-261
Provisions made		-12	-8
Tax paid		-18	-29
Cash flow from operating activities before changes in working capital		-9	77
Cash flow from changes in working capital			
Increase/decrease in current receivables		-13	182
Increase/decrease in current liabilities		24	-21
Cash flow from operating activities		2	238
<i>Investing activities</i>			
Acquisition of intangible assets		-13	-8
Acquisition of property, plant and equipment		-329	-278
Sale of property, plant and equipment		22	22
Sale of financial assets		-	2
Dividends from associated companies		1	-
Changes in current investments		395	-458
Changes in non-current investments		-80	155
Sale of operations		22	610
Cash flow from investing activities		18	45
<i>Financing activities</i>			
Borrowings		-	-
Amortization of leasing liabilities and loans		-181	-147
Group contributions received/paid		4	48
Cash flow from financing activities		-177	-99
Cash flow for the year		-157	184
Cash and cash equivalents at the beginning of the year		263	79
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	29	106	263

Green Cargo's key performance indicators (KPIs)

Green Cargo's operations are governed by, among other things, the requirements and instructions drawn up by the owner in respect of the return on operating capital and the net debt/equity ratio. To meet these requirements, Green Cargo's operations and profitability must be sustainable. For these reasons, Green Cargo maintains a financial, environmental and social sustainability focus. To measure performance, we have set clear goals and monitor our operations through financial and non-financial KPIs.

When producing the sustainability report for Green Cargo AB, particular consideration has been given to the reporting requirements for state-owned enterprises. Accordingly, anything of material importance that has to be reported for the government is important for Green Cargo. In 2013, the Board prepared new sustainability goals on behalf of the government. These have been adopted and will be monitored from the start of 2014. More details are available on page 7.

Green Cargo's KPIs – financial and non-financial

This section reports on Green Cargo's financial KPIs under Finance (Return on capital, Equity/assets ratio and Dividend), as well as the five non-financial KPIs: Safety, Quality, Employees, Society and Environment. The non-financial KPIs and the financial KPIs presented apply at Group level.

The concept of "Safety and quality will make Green Cargo profitable" is clearly incorporated into the average working day of employees and the overall objectives as well as the way in which these are measured.

Safety is measured through a traffic-safety index and quality as delivery punctuality to customers. The following KPIs are measured: Employees through sickness absence, Environment through liters of diesel per 1,000 net tonne kilometers and Society through the number of volunteer hours utilized by personnel. A more detailed description is available under the respective headings for the KPIs later in the report.

The CEO has ultimate responsibility for the management and administration of Green Cargo's business activities. Governance documents, the business plan and operational plans clearly define the areas of responsibility and the leadership and performance of daily operations. Through the respective divisional and organizational leadership and management, Group Management is responsible for: Marketing, Sales, Operation, Planning and Assets as well as the staff functions Finance, HR, IT, Communication, Project Management Office and Legal & Procurement.

Definitions of targets and KPIs

Targets and KPIs (both financial and non-financial) for the entire Group are determined in a rolling three-year business plan, which is prepared by the Group Management team and approved by the Board. Green Cargo includes concrete activities in the business plan as part of efforts to be a sustainable company that continuously delivers in line with goals.

Communication of KPIs and follow-up to the employees

Green Cargo's managers and staff have procedures, processes and guidelines at hand for daily operations to communicate goals and visions. How the company delivers in relation to objectives is often communicated through workplace meetings and/or monthly reports.

Follow-up of non-financial KPIs is a tool for Green Cargo to achieve continuous improvements and continuous follow-up provides opportunities to work preventively and to reduce the company's risks before negative deviations result in more material consequences. Multiple channels are utilized for continuous communication of results to ensure that all employees are able to keep abreast of the company's overall results:

- Monitors/notice boards provide employees with updates on the current status of KPIs.
- Workplace meetings – focus is on local performance and activities, and results are presented for the entire Group.
- Development dialogs – the perspectives and objectives of individual employees are aligned with the company's overall goals.
- Cargonet, which is Green Cargo's intranet – is the main channel for reporting on the Green Cargo Group's performance.

Financial performance

Earnings during the year were negatively impacted by the continuation of the economic downturn and restructuring at Green Cargo's customers. To counter this, Green Cargo is focusing on its core operations and, in parallel, reviewing the extent of the freight network.

Green Cargo has new financial targets from 2013. The net debt/equity ratio should be a minimum of 0.6 and a maximum of 0.9. Return on operating capital should amount to not less than 10 percent measured over a business cycle. The regular dividend should amount to half of after-tax profit for the year assuming that the net debt/equity ratio after the dividend payment is within the target interval. It is incumbent on the CEO and management to manage and follow up operations to ensure that the owner's overall financial targets are reached. This means applying a focus on results across the organization as well as efficient use and management of capital combined with a reasonable level of risk.

Events in 2013

The economic downturn that defined the second half of 2012 continued in 2013, particularly in the first quarter of the year. In our largest sectors, forestry and steel, structural changes were implemented during the year, whereby facilities and machines were shut down due to overcapacity. Overall, both volumes and sales were negatively impacted and posted significantly lower levels year-on-year. However, in the second and third quarters, significant improvements were posted in sales and the measures implemented, including the crisis agreement with shortened working hours and lowered salary, had a positive impact on costs and, thereby, earnings. Improved performance in other target areas, principally Safety and Quality (punctuality) also positively impacted profitability. However a few larger isolated accidents in 2013 resulted in high costs and, accordingly, accident costs increased in 2013, despite an otherwise generally favorable safety performance.

For Green Cargo, sustainability means that the company's environmentally compatible operations must be financially sustainable. The company must be profit-making, since to be loss-making would constitute an environmental threat in itself, as stable finances are required for future investments and development. Should rail freight disappear and be unable to compete with other forms of transport the environment would suffer.

The effect of the economic downturn and structural problems at many of Green Cargo's customer's means that the network is not fully utilized which, in turn, leads to negative earnings. Given the above, an extensive review was started of tomorrow's transportation network and the organization in 2013. To ensure sustainable financial development in the long term, extensive efficiency enhancements have been identified and the goal set for these is an improvement in earnings of about SEK 400 million by 2016.

Key initiatives in 2013

During the year, the decided strategy of focusing on core operations – rail freight – was implemented in full. This resulted in the sale of third-party logistics operations.

Projects aimed at identifying efficiency enhancements and implementing a reorganization to ensure efficient utilization of resources were started and largely completed in 2013.

Financial earnings in 2013

Despite a substantial upswing in earnings in the second and third quarters, Green Cargo posted lower year-on-year earnings. In 2014, Green Cargo will continue its efforts to improve operations to achieve the financial requirements set by the owner. Further information about financial targets and results in respect of the Group's profitability and financial position is available in the Administrative Report and Financials.

	Out- come 2012	Target 2013	Out- come 2013	Trend
Return on operating capital, %	neg.	0.8	neg.	→
Net debt/equity ratio, %	0.6	0.7	1.0	→
Dividend, %	–	50	–	→





Safety

Green Cargo's internal safety efforts progressed favorably in 2013. However, the overall result was negatively impacted by a number of major derailments primarily due to infrastructure faults.

Events in 2013

The number of accidents continued to decline in 2013, particularly minor accidents in conjunction with marshalling work. Despite the year starting with a long cold winter that caused an increase in derailments due to snow, ice and cold weather, the total number of accidents decreased 6 percent for the full year.

In terms of safety, 2013 was marked by a number of derailments, of which the majority arose from inadequate maintenance of track systems on busy railway lines. Above all, the northern main line and the Malmbanan line were hit by a number of long stoppages in the summer due to freight train derailments. Several serious safety deficiencies in track systems were discovered by the accident investigations carried out by Green Cargo and the Swedish Transport Administration.

Important safety activities in 2013

Long-term efforts continued with the aim of motivating personnel to behave safely in daily operations and the challenge of always prioritizing safety resulted in fewer accidents. In 2013, Green Cargo strengthened the safety culture at all levels of the organization through continued staff training using measures including recurring traffic safety seminars and courses. Green Cargo has committed to industry-wide safety activities through the Association of Swedish Train operators (ASTOC) and in direct collaboration with the Swedish Transport Administration. Other collab-

orations included the National Collaboration Group for Railway Safety (GNS) and the Forum for Shared Risk Management (FRI).

Results for the year – Safety

The most important and principal safety target, namely that no Green Cargo employee should lose their life or be injured due to operations, was achieved.

The traffic-safety index is an overall measure of the company's traffic-safety level. The index is based on a measurement of all accidents that occur in rail operations over a defined period and on the accident definitions set by the Swedish Transport Agency. Each accident is allocated a risk value, depending on the degree of severity, which impacts the index negatively. An index value of 100 signifies that no accidents occurred. The index is adjusted for changes in volume to be comparable over time. The target for 2013 was set at 95.0 and the outcome for the traffic-safety index was 94.7. The major train derailments comprised contributory factors to not reaching the target and had a substantial negative impact on the outcome.

	Score 2012	Target 2013	Score 2013	Trend
Traffic-safety index; Rail	94.7	95.0	94.7	➔





Quality

2013 brought with it a harsh winter and autumn storms. Despite this, Green Cargo delivered 95 percent punctuality within the appointed hour. A level of punctuality that is at the top for the industry.

Events in 2013

Despite troublesome weather conditions, initially with large amounts of snow and cold conditions, and an end to the year with recurring storms in combination with inadequate maintenance of infrastructure, we delivered for the second consecutive year 95 percent punctuality in 2013. Green Cargo works proactively and for the long term with the preparation of locomotives, wagons and personnel to reduce disruptions caused by weather conditions. The inadequate maintenance of infrastructure negatively impacts quality and our customers.

Delivery punctuality to customers is decisive in attracting new customers. Accordingly, we are proud of the structured improvement efforts initiated in 2011 to improve Green Cargo's ability to deliver on time to customers. Green Cargo also actively strives to promote quality awareness among our personnel and suppliers to attain a sustainable quality level and deliver a level of quality to customers that makes the choice of carrier easy.

The Swedish Transport Administration's punctuality statistics

The Swedish Transport Administration's punctuality statistics for 2013 show that Green Cargo's train punctuality exceeded the average for our six largest rail freight competitors in Sweden by 11 percentage points. Although the Swedish Transport Administration's punctuality statistics for freight trains record punctuality between marshalling yards and measure arrivals with a maximum deviation of five minutes, the decisive quality measure of freight transportation for the business community is delivery to the recipient. This could be delivery to a factory, port or warehouse. Therefore, Green Cargo measures its punctuality in terms of delivery punctuality within the appointed hour. It is pleasing to note that our competitors are reducing the gap and improving their arrival punctuality since this indirectly leads

to fewer disruptions for Green Cargo on the tracks. Unfortunately, this is not enough. The current low punctuality levels mean that serious quality issues exist throughout the railway system. Green Cargo has driven the case for industry-wide improvement efforts to further improve quality levels between marshalling yards, thereby increasing Green Cargo's potential to be even better at delivering wagons to customers on time.

Key quality initiatives in 2013

We continued our efforts to increase transparency which, in turn, made it possible to identify systematic quality deficiencies and prevent and reduce causes leading to disruptions to quality in operations. Investments in increased communication and visualization of quality performance have been made to raise awareness among employees about the importance of continuously delivering high quality. In 2013, handheld computers were introduced for reporting trains and wagons, thus increasing reporting quality and control of the wagons.

Results for the year – Domestic quality/punctuality

Green Cargo measures delivery punctuality within the appointed hour for 40,000 to 50,000 wagons each month. For 2013, 525,000 wagons were included in Green Cargo's delivery punctuality measurements.

	Score 2012	Target 2013	Score 2013	Trend
Domestic delivery punctuality, % (within the appointed hour, rail)	95	95	95	➔



Employees

2013 was a year of savings, reorganization and training initiatives. Despite an extremely intensive 2013, worksite accidents still declined even though the goal for sickness absence was not reached.

Events in 2013

For employees, 2013 was a year of savings and efficiency enhancements to make the company profitable.

Demand and the need for recruitment

Market demand was low during the year. A reduction in working hours was implemented for the first six months for the majority of Green Cargo's employees to save money and avoid redundancies. However, there is a continuing substantial recruitment need in the Northern Sweden operating area.

Structural changes

Jan Kilström took up his position as President and CEO in May 2013 and on October 1, 2013 he presented Green Cargo's new organization. Group Management has been changed and an entire management level removed. The position of Production Director has been removed and the Marketing Department split into a traditional marketing unit and a sales organization. Customer Service has become part of Operations. Production has been split into the components: Operations, Planning and Assets. The IT and Legal & Procurement departments are now part of Group Management as a consequence of removing a level of management. As before, HR, Finance and Communication report directly to the CEO. The new Project Management Office will be tasked primarily with driving changes in the new organization. All departments report directly to the CEO.

Key activities in 2013

Dialog

In addition to the customary information channels, separate information meetings and dialogs were held at some 30 locations across the country. This was to inform about the ongoing organizational developments as part of the change efforts. During the year, Green Cargo continued to drive efforts to maintain

an active and open climate for dialog between employees and between managers and employees.

Collaboration/reduced working hours

In January 2013, Green Cargo and the unions signed the services sector first agreement on reduced working hours. A decline in volume had resulted in surplus employees. This surplus could be balanced by a substantial wave of retirements in combination with an upswing in the economy, but not until after the summer, which gave rise to the reduced working hours initiative. This was implemented in the February to May period for all employees excluding sales personnel and isolated key functions. The conditions of the agreement comprised 80 percent of full time with 90 percent of salary and full pension provisions from the company, which corresponded to accepted business practices for previous reductions in working hours. Committed employees, good collaboration with the unions in combination with planning system support comprised the basis for implementation of the agreement over a short period. The measure was implemented to reduce costs with the hope of an economic recovery in the autumn. However no recovery took place and, therefore, during the autumn, other activities were initiated aimed at creating a long-term profitable Green Cargo under the title "The Path to Profitability 2016".

In 2013, a total of 172 employees left Operations due to retirement/other reasons.

Health

During the year, feedback was provided to the respective parts of the organization about the health scores noted at the health screening in October 2012. 1,703 employees participated and the overall results indicated healthy employees. However, physical activity, diets linked to night work and tobacco consumption are areas that Green Cargo can influence. Accordingly, each part of the organization operates health activities relevant to

these areas with the aim of increasing the proportion of healthy employees by 8 percent in the 2014 health screening.

Performance and development dialogs

In 2013, a new development dialog process was introduced aimed at strengthening and developing employees and managers. All managers and the majority of employees completed their personal dialogs during this implementation year with the exception of train drivers and marshalling yard personnel who will have theirs in 2014. The performance and development dialog will be carried out biannually and supplemented with continuous follow-up dialogs in daily operations. The first dialog, focusing on plans and goals for the coming year as well as development needs, was carried out in the first half of the year. The second dialog, focusing on follow-up, was carried out in the second half of the year. These dialogs also create a solid platform for future pay talks.

Leadership development

A shared corporate leadership program was implemented to develop and strengthen leadership. The program seeks to develop managers' abilities to create the preconditions for excellence for employees and operations, to reach short-term and long-term goals, and to build our shared corporate culture and coordinate the leadership role across the company. The point of departure uses the business challenges facing the company and the five management competency areas: cooperation, professionalism, result focus, development and communication.

The program comprises four modules: leadership of employees, leadership of groups, leadership at Green Cargo and personal leadership. These modules have highlighted various leadership and management perspectives. After completion of the program, participants gained: knowledge and understanding of the context in which leadership is exercised, clarification of the requirements placed on leaders, many practical tools to support individuals in their leadership role and considerable personal development.

The participants in each program represented the entire company, which has created a large leader network across the organization. The initiative will continue in 2014 for those managers who were unable to participate in 2013.

Training and development

In addition to regular continued professional development and training courses during the year, a number of training courses

were conducted to equip drivers with the right qualifications and skills to operate vehicles in Norway. A new concept for in-service basic training was developed and implemented together with Feelgood. Both managers and employees have received training in carrying out development dialogs. In addition, great importance has been placed on creating a structure for training and competence. An IT-based training register was implemented for all training carried out at the company.

Driving licenses and supplementary certificates

Based on the new train driver directive introduced on October 29, 2011, all vehicle drivers are required to have driving licenses and supplementary certificates to be qualified to operate railway vehicles. The driving license verifies that the holder meets specific requirements pertaining to physical and psychological health, training and general professional qualifications. The supplementary certificate specifies the type of railway infrastructure the holder is qualified to drive on and the types of railway vehicles the holder is qualified on. These must always be carried when on duty. Therefore, new procedures, working methods and technical solutions for registers of supplementary certificates have been implemented. All managers have been trained in the new working methods and the regulations. We are proud to announce that, in December 2013, Green Cargo was the first railway company to fully apply the new legislation.

Workplace injuries reported

In the Green Cargo Group, there were 24 cases of workplace injuries or occupational illnesses in 2013. This represents a year-on-year decline. Our constant focus on prioritizing safety is paying off and keeps our accident statistics for personal injuries at a low level. In 13 cases, professional medical care was needed and in three cases a hospital stay of more than 24 hours. Given the harsh winter conditions that prevailed across the country at the start of the year, the results for the year are extremely pleasing since. Otherwise, accidents caused by slippery conditions are common under these circumstances.

Personnel; gender balance, age and length of service

About 12 percent of Green Cargo's personnel are women; at management level the corresponding figure is 18 percent. The proportion of employees over 50 has increased by one percentage point. The age structure of the company remains a major challenge with regard to generational change and skills transfer. The outcome for total sickness absence was 3.7 percent, which was on a par with the outcome in 2012. This means that Green Cargo did not reach the target for sickness absence in 2013.



	Age <30	Age 30-50	Age >50
Age distribution, %	8	34	58

	Score 2012	Target 2013	Score 2013	Trend
Sickness absence, %	3.7	3.5	3.7	➔

Society

Green Cargo is dependent on many other players in society. Lobbying focused on the planned hikes in track fees, which are not matched by any corresponding improvement in infrastructure.

Events in 2013

A functioning infrastructure is crucial

Green Cargo works independently and in close collaboration with other stakeholders to attain reasonable levels for operation and maintenance of, as well as reinvestment in, the railway infrastructure. Political decisions and the actions of the Swedish Transport Administration impact Green Cargo, and to continue providing sustainable freight transportation, Green Cargo must be part of the decision processes. One example of a decision that Green Cargo attempts to influence is when the government and the Swedish Transport Administration choose to continue raising track fees despite a parliamentary decision to stop these hikes. Green Cargo's position is that first, an infrastructure with improved functionality must be put in place, then rises in track fees can be discussed. Accordingly, in collaboration with the Swedish Shippers' Council, the government coalition group on the Committee on Transport and Communications and the Swedish Forest Industries Federation, Green Cargo has submitted a proposal on how the rises can be implemented. The proposal also contains gradings for operational stoppages and quality deficiencies in the system.

New sustainability goals

Green Cargo is owned by the Swedish State. The state-owned companies should set an example in sustainable business and, therefore, Green Cargo's Board has been tasked by the owner with preparing long-term sustainability goals. The goals were prepared in 2013 and will be followed up in 2014. Under Society, the new goals pertain to a reduction in sickness absence and an increased proportion of women in senior positions.

Gradual allocation of train paths

In 2012, Green Cargo initiated a project for the gradual allocation of train paths. In brief, this entails that the available train paths should not have to be applied for long before the train operator itself knows whether there is any transportation need. This results in continuous optimization and, in 2013, Green Cargo moved forward and implemented the above widely in its train planning. The unused train paths then become available for other operators since they are not booked in advance. The process is also less resource intensive since Green Cargo plans its own train paths and the Swedish Transport Administration only approves the results.

EU grants for installations that support ERTMS

In Europe, there is an ongoing renewal and homogenization of the rail traffic management system. Sweden has an ATC system, which is now undergoing a gradual transition to the European

Rail Traffic Management System (ERTMS). The objective is to raise safety and capacity in parallel with simplifying cross-border rail freight. During the year, Green Cargo had grants from the EU approved for part of the cost of installing ERTMS.

Together for punctual trains

During the year, a project was initiated to increase punctuality in the railway system. The project included representatives from train manufacturers, public transport, long-distance passenger traffic, the Swedish Transport Administration and Jernhusen. Green Cargo participates through its involvement in the Association of Swedish Train operators (ASTOC). The first project is underway and aims to improve departure punctuality from Malmö's goods yard.

Results for the year – Commitment to society

BRIS (Children's Rights in Society)

– A good basis for promoting children's rights

Since Green Cargo stands for sound values and pays extra care to the rights of children, Green Cargo donates SEK 50,000 to BRIS every year instead of buying Christmas gifts for employees.

Green Cargo Volunteers

The Green Cargo Volunteer program is a program whereby all employees have the opportunity to devote eight hours a year to volunteer work of their own choice. The volunteer program has posted a continuous upward trend since its introduction. However, in conjunction with the reduction in personnel and the sales of certain operations, the figures declined this year. Accordingly, the goal for the number of volunteer hours worked per year was not reached.

	Score 2012	Target 2013	Score 2013	Trend
Green Cargo volunteers, no. of hours	1,085	1,500	655	➔



Environment

Green Cargo helps Swedish industry meet sustainability goals. To do so, Green Cargo strives continuously to reduce the consumption of diesel and electricity. Because the ability to measure is a prerequisite for improvement, the installation of electricity meters was prioritized in 2013.

Green Cargo delivers fuel-efficient freight solutions with low energy consumption and fossil-free energy. As result of hydro-electric power and low rolling resistance steel wheels, Green Cargo is the sole provider of nationwide freight solutions that has the Swedish Society for Nature Conservation's Good Environmental Choice ecolabel. Green Cargo also has an integrated and certified business management system encompassing quality, the environment and the work environment. Activities in the environmental management system are aimed primarily at efforts involving diesel locomotives since this is where the major environmental impact arises. The KPI followed in the Environment target area is diesel consumption measured as liters of diesel per 1,000 net tonne kilometers. The goal for 2013 was for this to be less than 0.8 liter. This was probably attributable to the decline in freight volumes in the system, which was not fully matched by diesel consumption since the work for diesel locomotives at marshalling yards and on the tracks does not decline as much as volumes.

Events in 2013

Green Cargo's environmental initiatives were aimed primarily at reducing energy use in transportation. In 2013, Green Cargo installed European Train Control System (ETCS) equipment on 12 electric locomotives and 19 diesel locomotives. ETCS equipment is part of ERTMS. ETCS provides advance information to drivers about what is happening on the actual route, thereby enabling them to plan their driving and drive in an energy-efficient manner.

Green Cargo also continued its efforts to fully implement the installation of electric meters in electric locomotives, which was started in 2012. The meters are required to be able to see the effects of energy-saving measures. The TRAXX locomotives, which are used to pull heavy single-commodity trains carrying steel, are equipped with GPS-linked anti-spin technology. This means that locomotives can pull heavier loads which, in turn, increases transportation energy efficiency.

In Smedjebacken, Green Cargo carried out decontamination procedures with the help of technology that chemically cleans the polluted surface ground. This means that substantial quantities of material did not need to be transported off for treatment. During the year, Green Cargo had four incidents of spills of oil or hazardous goods on the ground. The quantities are small, and in most cases, it was hydraulic oil that was spilt. Everything was managed in the appropriate manner and has been notified to the Emergency Services.

Key environmental initiatives in 2013

Green Cargo continues to provide a world-leading environmental calculator through: www.ecotransit.org. Ecotransit is being

developed through a European partnership and the calculator provides global coverage and complies with SS-EN 16258.

Green Cargo also arranged the customary award of Green Cargo Climate Certificates and this year presented the award to 35 customers. The certificates were presented in conjunction with a tour of operations in Hallsberg and showed that the customers' combined freight volumes with Green Cargo result in less than 10 grams of fossil CO₂ per net tonne kilometer (NTK). The Climate Comet of the Year award for the most substantial change and environmental improvement was presented to Stena Recycling. For a long time, Stena Recycling has worked to increase the proportion of rail freight in its freight transportation and several new formats have been created with Green Cargo as the supplier.

Environmental impact from Green Cargo AB

Total emissions	2013	2012	2011
CO ₂ , transport, tonne	32,234	36,614	50,260
NOX, transport, tonne	242.7	289.6	405.8
Hydrocarbons, transport, tonne	21.1	24.7	41.8
Particles, transport, tonne	4.5	5.6	7.3
Fossil fuel, transport, GWh	119.5	135.9	187.4
Renewable energy, transport, GWh	414.0	444.3	503.5
Re-filled refrigerant, rail, kg CO ₂ equivalents	27,380	14,885	59,540

Emissions per NTK	2013	2012	2011
CO ₂ , transport, gram/ntkm	2.87	3	3.60
NOX, transport, gram/ntkm	0.022	0.024	0.029
Hydrocarbons, transport, gram/ntkm	0.0019	0.0020	0.0030
Particles, transport, gram/ntkm	0.00040	0.00046	0.00052
Fossil fuel, transport, kWh/ntkm	0.011	0.011	0.013
Renewable energy, transport, kWh/ntkm	0.037	0.036	0.036

Results

The environmental KPI monitored by Green Cargo is the number of liters of diesel per 1,000 NTK.

	Score 2012	Target 2013	Score 2013	Trend
Environmental performance, gram CO ₂ /NTK, electric and diesel trains	2.2	2.1	2.2	➔
No. of Green Cargo climate certificates issued	26	35	35	➔
Liters of diesel per 1,000 NTK	0.83	0.80	0.83	➔

Sustainability Report

Green Cargo reports its sustainability efforts in line with the standards of the Global Reporting Initiative (GRI). The Sustainability Report comprises sustainability information, definitions of measurement methods and the GRI's cross-reference list, which can be found on Green Cargo's website www.greencargo.com. The Sustainability Report covers Green Cargo AB including its subsidiaries. The most significant sustainability issues are presented in the section Green Cargo's KPIs. Green Cargo's own assessment is that the 2013 Sustainability Report meets the requirements for sustainability reporting at the B+ level, in line with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, version 3.0. KPMG AB has reviewed Green

Cargo's 2013 Sustainability Report and verified that it fulfills the requirements for sustainability reporting at the B+ level.

For more information, please contact Green Cargo by email: miljo@greencargo.com

GRI level

For 2013, Green Cargo chose to apply level B+.

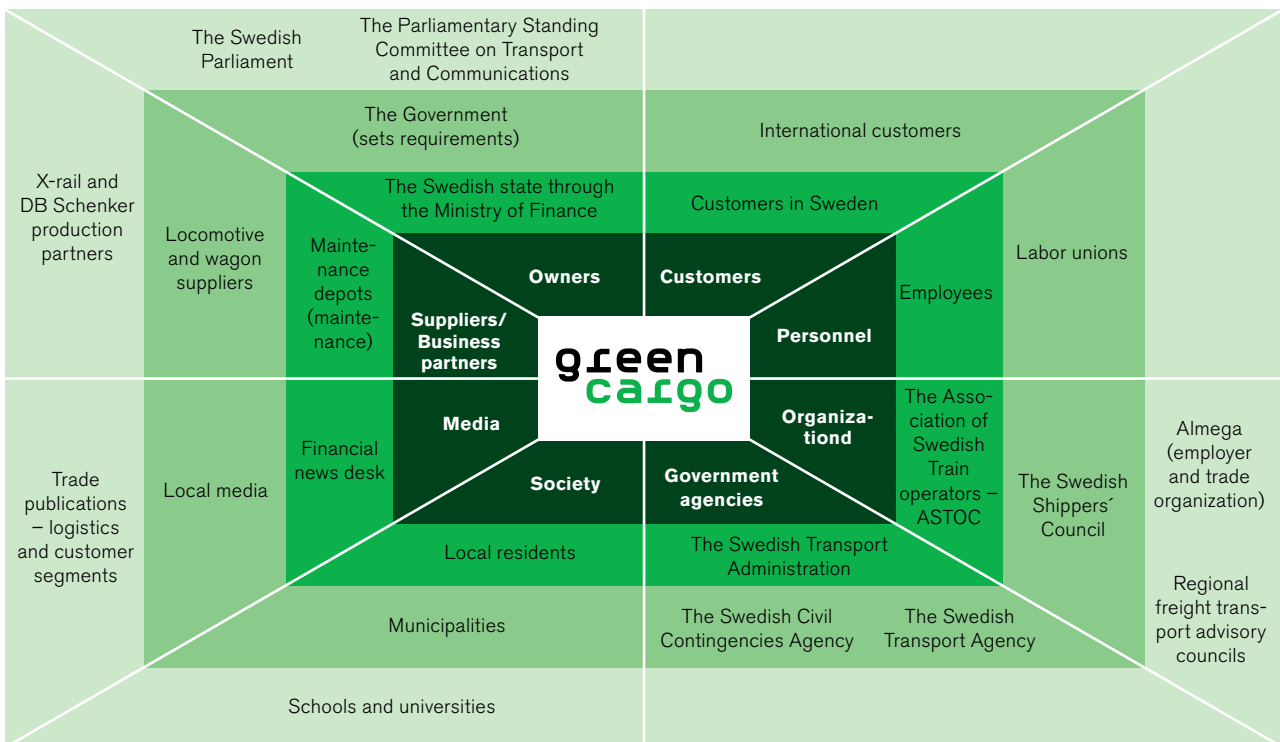


Green Cargo's stakeholders

Since Green Cargo's operations impact many people in many ways, it is only natural that Green Cargo has a diverse range of stakeholders. Green Cargo's customers, employees and owner are obvious stakeholders but, in reality, many more participants are involved in the company's daily operations in various ways.

Green Cargo pursues a policy of responsible behavior and long-term perspectives for internal and external relations to attain success. Just as Green Cargo sets requirements for operators in the company's business environment, these operators set

requirements for Green Cargo. These mutual requirements encompass financial, environmental and social aspects. Green Cargo's stakeholders are illustrated in the following chart.





Board of Directors



Lennart Pihl

Chairman Born: 1950. M.Sc. in Business and Economics. Board member since 2010. Resident of Helsingborg. Chairman of Kinnarps AB, Nordic Room Improvement AB, and Bertex AB. Deputy Chairman of Readsoft AB and Heatex AB. Board member of Poolia AB.



Ann-Christine Hvittfeldt

Born: 1966. B.Sc. in Business and Economics. Board member since 2011. Resident of Gothenburg. Chairman of Alfakonsult AB. Board member of Exibea AB, Integra AB and AA Bolagen AB. Chairman of VFG Utbildning AB.



Margareta Alestig Johnson

Born: 1961. M.Sc. in Business and Economics. Board member since 2010. Resident of Gothenburg. Deputy Managing Director of Sjätte AP-fonden. Board member of O2 Vind AB.



Lars Erik Fredriksson

Born: 1964. B.Sc. in Business Administration and Mathematics. Board member since 2011. Resident of Knivsta. Special Advisor, Division for State-Owned Enterprises, Ministry of Finance. Chairman of SCIOR Geomanagement AB. Board member of Apoteksgruppen i Sverige Holding AB and SOS Alarm Sverige AB.



Tryggve Sthen

Born: 1952. M.Sc. in Engineering. Board member since 2008. Resident of Gothenburg. Board member of Boston Power. President, AB SKF Automotive Division.



Lotta Stalín

Born: 1954. M.Sc. in Mechanical Engineering Lund University. Board member since 2011. Chairman of Bele verksamhetsutveckling. Board member of Partnertech. Board member since 2011.



Stefan Bieder

Born: 1958. Union representative. Board member since 2001. Resident of Landskrona. Employee representative appointed by the Union of Civil Servants (ST). Joined Green Cargo in 1981.



Peter Lundmark

Born: 1958. Union representative. Board member since 2001. Resident of Umeå. Employee representative appointed by the Union for Service and Communication Employees (SEKO). Joined Green Cargo in 1976.



Jerker Liljeberg

Born: 1974. Union representative. Deputy Board member since 2013. Resident of Lanna. Employee representative appointed by the Union of Civil Servants (ST). Joined Green Cargo in 2000.



Anders Gustafsson

Born: 1961. Union representative. Deputy Board member since 2004. Resident of Gothenburg. Employee representative appointed by the Union for Service and Communication Employees (SEKO). Joined Green Cargo in 1981.

Group Management



Jan Kilstrom

President and CEO. Born: 1966.
Joined company in 2013.



John Klint

CFO. Born: 1974.
Joined company in 2010.



Mats Hanson

Marketing Director. Born: 1954.
Joined company in 2001.



Ann-Britt Angerman

Human Resources Director. Born: 1951.
Joined company in 2011.



Mats Hollander

Communication Director. Born: 1954.
Joined company in 2001.



Martin Modéer

Assets Director. Born: 1974.
Joined company in 2011.



Patrik Saxvall

Planning Director. Born: 1976.
Joined company in 2001.



Mikael Wågberg

Legal & Procurement Director. Born: 1973.
Joined company in 2010.



Richard Kirchner

Sales Director. Born: 1971.
Joined company in 2008.



Patrik Johansson

Operation Director. Born: 1963.
Joined company in 2001.



Ulrika Wiik

IT Director. Born: 1973.
Joined company in 2012.

Glossary

OPERATIONAL DEFINITIONS

Track fees Track fees or infrastructure fees are those fees paid by train operators to the Swedish Transport Administration for the traffic operated.

Gross tonne kilometer The load weight plus the weight of the wagon and locomotive multiplied by the actual transportation distance.

ERTMS The European Rail Traffic Management System is a shared signal and safety system that has started to be implemented across the EU area. The implementation is being driven forward by the EU and the fundamental idea behind ERTMS is to facilitate cross-border rail traffic in Europe. However, Green Cargo has already solved this through an operational partnership with DB Schenker Rail and investments in locomotives with a dual power system and equipment that is compatible with the signal systems in Sweden, Denmark, Norway and Germany. Traditionally, the signal system has been considered part of the infrastructure and Green Cargo has criticized the fact that the introduction of ERTMS has subjected train operators to substantial investment costs.

Sustainable Development The Brundtland Commission (World Commission on Environment and Development) coined the sustainable development concept, defining it as "development which meets the needs of current generations without compromising the ability of future generations to meet their own needs." Sustainable development is often defined as business activities that are economically, socially and environmentally sustainable.

Intermodal transport solutions Transport solutions that utilize intermodal transport units (ITUs), for example containers, which allow the use of multiple modes of transport, for example road and rail.

Logistics Strategic management of purchasing, transport and storage of materials, articles and finished goods, and of associated information flows.

Detached load carrier Loaded containers that are lifted and moved between various transport modes such as trucks, trains and ships. Examples include swap bodies and containers.

Environmental performance Measurable environmental impact from operations.

Net tonne kilometer Load weight multiplied by billed transport distance. In the Environment section, this measure refers to actual distance hauled and not the distance billed.

Shunting Rearranging wagons in a train, or alternatively arranging wagons in order.

Traffic-safety service Means performing tasks subject to requirements pursuant to the Swedish Transport Agency's regulations on the training of personnel with work duties of significance for traffic safety.

Incident An event that, in different circumstances, could have resulted in an accident.

FINANCIAL DEFINITIONS

Return on equity Profit/loss for the year divided by average equity.

Return on operating capital Operating profit/loss for the year plus financial income divided by the average operating capital.

Return on capital employed Operating profit/loss for the year plus financial income divided by the average capital employed.

Gross investments The value of investments made.

Average number of full-time equivalents (FTEs) Average number of employees over the year calculated as full-time equivalents.

Net investments The value of investments made less sold assets including reversed depreciation for sold assets.

Net debt/equity ratio Interest-bearing liabilities less interest-bearing assets divided by equity including non-controlling interests.

Operating capital Interest-bearing liabilities less cash and current and non-current investments plus equity.

Interest-rate derivatives Interest-rate instruments, such as, interest-rate swaps where a fixed-interest is paid and a floating interest received for the purpose of hedging debt agreements with floating interest against higher market interest rates.

Operating margin Operating profit/loss divided by total operating income.

Equity/assets ratio Equity including non-controlling interests divided by total assets at the end of the period.

Capital employed Equity including non-controlling interests plus interest-bearing liabilities or alternatively total assets less non-interest bearing liabilities.



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Thank you for your interest in Green Cargo's Annual Report.
For more information please see: www.greencargo.com If you
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