

Annual report for state-owned enterprises 2018



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The State is a significant company owner in Sweden

The state company portfolio contains 46 wholly and partially owned companies, of which two are listed. The State has a substantial responsibility to be an active and professional owner.

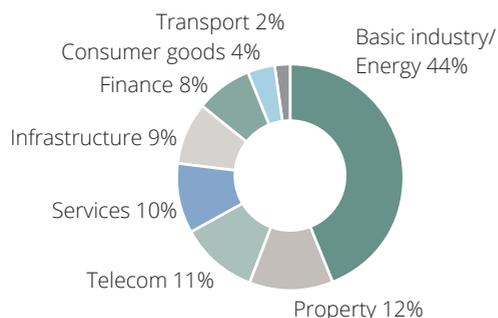
The Government's overall objective is for the companies to create value and, where applicable, to ensure that the specifically adopted public policy assignments are performed well.

Portfolio overview

The State's company portfolio contains 46 companies and it is weighted towards the basic industry/energy sectors. Most companies are for-profit enterprises. 22 companies have specifically adopted public policy assignments.

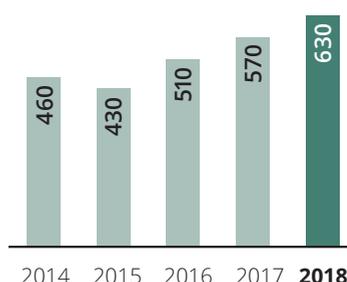
Portfolio value

Per sector



State's company portfolio¹

Estimated value, SEK bn



Dividend

SEK 19.9 bn

Dividend yield

3.2%

Number of employees²

131 000

Gender distribution³

Board chairs and directors, proportion of women/men

47%/53%

Board chairs, proportion women/men

54%/46%

Total number of board chairs and directors

290

Net sales for the portfolio

Excluding associates

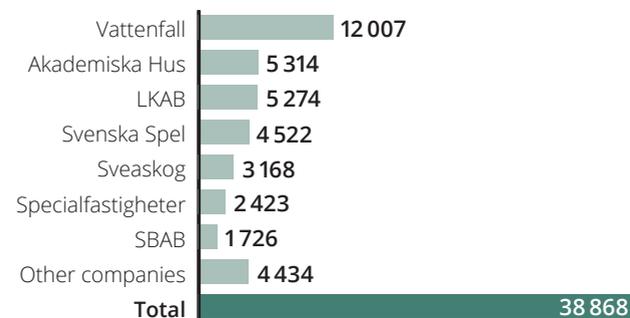
SEK 354 bn

Including associates

SEK 386 bn

Profit after tax

Jan–Dec 2018. Companies with greatest effect on net profit, SEK m



1) Portfolio value adjusted for transactions.

2) Around 131 000 people are employed by state-owned enterprises, including associates.

3) Gender distribution refers to wholly and partially owned limited companies whose registered office is in Sweden.

Seven companies account for 80 per cent of net sales, including associates...

Company (holding, %)	Share of sales ¹ , %	Number of employees	Net sales, SEK m Jan-Dec 2018	Operating profit, SEK m Jan-Dec 2018
Vattenfall (100%)	40.6	19 910	156 824	17 619
PostNord (60%)	9.8	29 962	37 669	-855
Telia Company (37.3%)	8.1	21 198	83 559	13 238
Systembolaget (100%)	8.0	3 496	30 907	183
LKAB (100%)	6.7	4 188	25 892	6 869
Apoteket (100%)	5.2	3 023	20 083	509
Svevia (100%)	2.2	1 908	8 324	494

1) Share of net sales including associates (SEK 386bn).

...the remaining companies² account for 20 per cent of net sales, including associates.

Company (holding, %)	Net sales SEK m Jan-Dec 2018	Operating profit, SEK m Jan-Dec 2018	Company (holding, %)	Net sales SEK m Jan-Dec 2018	Operating profit, SEK m Jan-Dec 2018
Akademiska Hus (100%)	6 117	6 086	SJ (100%)	7 874	468
Almi Företagspartner (100%)	1 072	45	SOS Alarm (50%)	1 214	84
APL, Apotek Produktion & Laboratorier (100%)	1 473	-79	Specialfastigheter (100%)	2 138	2 935
Arlandabanan Infrastructure (100%)	67	0	SSC, Svenska rymdaktiebolaget (100%)	945	47
Bilprovningen (100%)	647	17	Statens Bostadsomvandling (100%)	22	14
Dramaten (100%)	301	-2	Sveaskog (100%)	6 971	3 504
Green Cargo (100%)	4 208	-122	Svedab (100%)	11	489
Göta kanalbolag (100%)	50	0	Svenska Skeppshypotek (100%)	340	53
Infranord (100%)	4 236	113	Svenska Spel (100%)	7 780	4 525
Jernhusen (100%)	1 545	859	Swedavia (100%)	5 922	735
Lernia (100%)	3 223	-129	Swedesurvey (100%)	0	-2
Metria (100%)	433	-22	Swedfund International (100%)	220	-55
Miljömärkning Sverige (100%)	67	-3	Teracom Group (100%)	1 581	485
Operan (100%)	595	11	Vasallen (100%)	7	-26
Orio (100%)	603	-40	VisitSweden (50%)	224	0
RISE, Research Institutes of Sweden (100%)	3 066	34	Voksenåsen (100%)	41	0
Samhall (100%)	8 312	104			
Saminvest (100%)	0	-42			
SBAB (100%)	3 248	2 241			
SEK, Svensk Exportkredit (100%)	1 429	852			

2) EUROFIMA, SAS, Stiftelsen Industrifonden, Stiftelsen Norrlandsfonden and Sweden House are not consolidated.

A company portfolio at the forefront

The State is a significant company owner in Sweden and state-owned enterprises have a presence throughout the country. In Sweden, companies have come into state ownership at different points in time and for different reasons, and there is great variation in their operations. However one leading, common principle for all of them is that they are to act in an exemplary way in the area of sustainable business, and to otherwise act in such a way that they enjoy public confidence.

State-owned enterprises are at the forefront and drive developments in a number of different areas: in gender equality and sustainable business, for instance. Many companies have also utilised the new possibilities of digitalisation in an innovative way.

Diversity

After the annual general meetings in 2019 women are in the majority among company chairs for the first time; this is a welcome step forward that shows that, as an owner, the State is taking the lead in the area of gender equality. We now probably have one of the world's most gender-equal portfolios of companies. We have also broadened board composition in terms of the representation of different generations, as a number of individuals born in the 1980s were elected to the boards of state-owned enterprises this spring. It is important that the selection of directors is made from a broad recruitment base drawing on the competence of women and men, as well as that of individuals with different backgrounds and experience.

Sustainable business

Sustainable business means acting responsibly and minimising the risk of negative impacts, but also drawing on the opportunities for sustainable value creation and new innovative business models. Many difficult challenges are best solved in cooperation, so state-owned enterprises are expected to conduct active work both in their own operations and in cooperation with business partners, customers, suppliers and other stakeholders in order to promote knowledge transfer and innovative cooperation. Several of the companies are at the forefront and are driving the transition to more sustainable solutions in their different areas of operations. The following are among the many good examples:

"A great deal of very good work is being done in state-owned enterprises that can serve as good examples for other companies."



“State-owned enterprises are to act in an exemplary way in the area of sustainable business.”

- LKAB and Vattenfall, which have previously launched the HYBRIT initiative along with SSAB in order to solve the carbon dioxide issue in the Swedish steel industry. The goal of the initiative is to create a process that emits water instead of carbon dioxide. The project advanced during the year and one important step was taken when the construction of two pilot plants was started.
- Both LKAB and Vattenfall are investing in several projects that may have positive effects for the companies and for society as a whole. LKAB is investing in a pilot plant so as to be able – along with Ragn-Sells, an environmental company – to industrialise a new innovative technology that refines waste from iron ore production to obtain phosphorous and rare earth metals. Vattenfall is cooperating with Preem, a fuel company, and the companies have decided to plan and design a new fossil-free hydrogen gas factory that is expected to be the largest one in Europe. Large-scale production of renewable fuels can substantially reduce emissions from the transport sector.
- During the year Akademiska Hus worked to adopt challenging climate targets both for itself and for the bodies it collaborates with. The company has adopted a ‘vision zero’ for its climate footprint. This vision is to be achieved through climate-neutral internal operations and property management by 2025 and climate-neutral project operations by 2045. As one of the largest property management companies in Sweden, the company has a real possibility of pressing forward a positive transition in the industry.

Moreover, I am proud that for the second successive year a state-owned enterprise has been given the “Best reporting of sustainability” award by FAR, the Institute for the Accountancy Profession in Sweden.

Digitalisation

Several state-owned enterprises, including SJ, Telia Company, SAS and SBAB, are often highlighted as being among Sweden’s most digital companies. I am convinced that the companies need to make use of the new possibilities resulting from digitalisation in order to be competitive in a period of change in society. But digitalisation also gives rise to new risks that need to be understood and managed. This is why it is important for the State, as an owner, to chart these risks and to work together with the companies to raise and discuss these issues at board level. This work has already been started and is something that we, as an owner, will continue to track.

Secure workplace

We have seen that many of our companies have high confidence ratings among customers, the public and their employees, and some have also been rewarded with fine awards like CEO of the year or one of Sweden’s best workplaces. But during the year a number of companies in the state company portfolio have also, tragically, experienced serious accidents in which employees and colleagues have died.

Maintaining a safe and secure work environment has to be a matter of course at all workplaces and deficiencies in procedures concerning employee safety can never be accepted. During the year board chairs, CEOs and union representatives of the companies affected were invited to a joint meeting. The purpose of the meeting was to exchange experience about how safe workplaces can be created by working proactively and how we can support this work as an owner. The Government has high expectations of the state-owned enterprises, and acting in an exemplary way obviously includes providing a safe and healthy work environment and good

and decent working conditions. The dialogue with the companies will therefore continue so as to ensure the best possible working conditions for all employees.

High sales growth and strong earnings

In terms of earnings, 2018 was another strong year for the state company portfolio with high sales growth, record earnings for numerous companies and a stable dividend of almost SEK 20 billion that is being used to finance our common welfare services. The estimated value growth of the portfolio also out-performed Nasdaq Stockholm, and its aggregate value at the end of year was as much as SEK 630 billion. It is of the utmost importance that Sweden’s largest portfolio of companies is managed in an active and professional way with the overall objective of long-term value creation since these assets are ultimately owned by the Swedish people together.

As the minister responsible for state ownership, I am looking forward to continuing to work with the many fine companies in the portfolio. A great deal of very good work is being done in state-owned enterprises that can serve as good examples for other companies. It is a portfolio that is at the forefront and that we all have reason to be proud of.



Ibrahim Baylan
Minister for Business, Industry and Innovation,
minister responsible for state-owned enterprises

Significant events in 2018

Several target projects during the year

The setting and tracking of financial targets and public policy targets is an important governance tool for the State as an owner. During the year new financial targets and public policy targets were adopted for RISE and Svedab, and target projects were also started for Akademiska Hus and Swedavia.

■ *Read more on pages 18–25.*

New gambling regulations

For Svenska Spel, the year was characterised by preparations for a new gambling market, and its operations have been adapted by dividing up IT systems and customer databases and reorganising the company group in three business areas so as to ensure that the company follows the new gambling regulations and competition legislation in force since 1 January 2019.

■ *Read more on page 73.*

Construction of HYBRIT started

Construction of the world's first fossil-free steelworks was started in Luleå in June. The investment totals SEK 1.4 billion and is largely being financed by Vattenfall, SSAB and LKAB, the three partner companies involved. The Swedish Energy Agency has granted the project SEK 528 million. Two pilot plants are being built and are to be ready in 2020. In one, studies will be made of a manufacturing process for steel that emits water instead of carbon dioxide. In the other, fossil-free technology for producing iron ore pellets will be developed.

Telia's divestments in Eurasia

Telia has now completed the sales of its businesses in Eurasia in all essential respects. Telia's primary focus in recent years has increasingly been on the company's operations in the Nordic and Baltic regions, and the divestments in Eurasia in the fourth quarter of 2018 mean that Telia is now fully focused, in strategic and operational terms, on its home markets.

■ *Read more on page 80.*

Transformation of PostNord

In June 2018 PostNord AB's subsidiary Post Danmark A/S received SEK 1 533 million from the Danish State following approval of this State aid by the European Commission. The board then decided, on 11 June, to complete the transformation of PostNord Danmark, resulting in substantial restructuring costs for redundancies of staff with special terms of employment in Denmark. In December 2018 PostNord AB received a capital injection of SEK 667 million, of which SEK 400 million was from the Swedish State and SEK 267 million from the Danish State, in accordance with the agreement between the two States from 2017.

Audit by the Swedish National Audit Office

The Swedish National Audit Office (SNAO) audited the State's sales of shares in Nordea in 2011 and 2013, which raised SEK 60 billion, focusing on the preparations and planning work, the implementation of the sales and the documentation of the transactions, including the Government's reporting to the Riksdag. The audit report states that the sales were conducted in a commercial manner but that there were deficiencies in some aspects of the sales work and the Government's reporting to the Riksdag.

The audit report contains recommendations ahead of future sales of shares such as developing reporting to the Riksdag on how sales have been prepared and implemented, with the presentation of key performance indicators such as discount relative to the share price, as well as some recommendations about the use by the Government Offices of independent expert support and documentation of sales work. In winter 2019 the Government presented its assessment of the SNAO's observations and recommendations in a communication to the Riksdag (Govt Comm. 2018/19:49).



Performance in 2018

Sales

Consolidated net sales for the portfolio of state-owned enterprises rose by 9.3 per cent in 2018 year on year, to SEK 354.2 (324.2) billion. Net sales for the full year 2018 including associates¹ rose by 8.9 per cent to SEK 386.1 (354.6) billion.

Higher sales in Vattenfall, LKAB and Telia Company are the main reason for the increase in total net sales. Vattenfall's net sales increased by 16 per cent (11 percent excluding currency effects), or 21.7 billion, as a result of higher sold volumes in Germany, France and the UK. Contributions were also made by positive price effects in the Nordic region and the Netherlands and higher nuclear power production. The main explanations for LKAB's increase in sales,

SEK 2.5 billion, are higher iron ore prices, better outcomes for price and currency hedges and a stronger USD exchange rate. Telia Company's sales increased as a result of positive exchange rate fluctuations and positive effects from acquisitions and divestments.

Vattenfall accounts for 44.3 (41.7) per cent of net sales in the portfolio of state-owned enterprises, and for 40.6 (38.1) per cent if sales in associates are included.

A number of companies posted lower sales, including Orio and Green Cargo. One factor that contributed to Orio's lower sales was a decline in net sales of Saab parts.

Profit and dividends

Operating profit for the full year 2018 decreased and was SEK 49.5 (53.7) billion. This is mainly explained by lower value increases in properties owned by Akademiska Hus. A lower contribution to earnings from Vattenfall's Heat and Power Generation business segments also contributed to the lower operating profit. The lower contributions to earnings were mainly attributable to poorer production margins for Heat and negative price hedging effects for Power Generation.

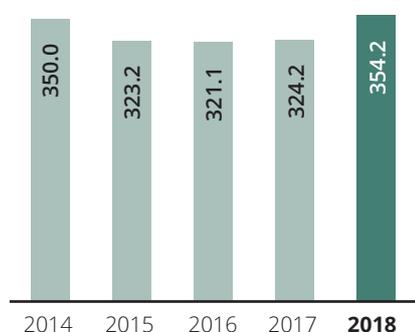
Earnings after tax for the full year 2018 rose to SEK 38.9 (38.3) billion. The largest positive contributions to consolidated earnings after tax came from Vattenfall, Akademiska Hus, LKAB and Svenska Spel. PostNord's

1) Includes net sales for associates based on the State's share of equity. Companies in which the state ownership share is less than 20 per cent are not included.

Net sales

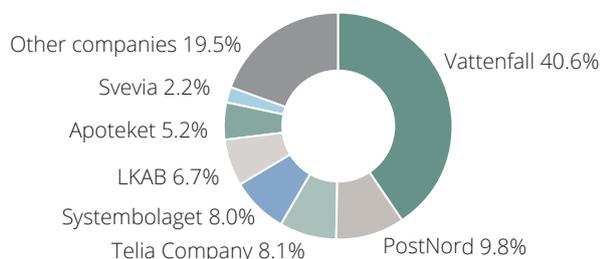
Excluding associates

SEK bn



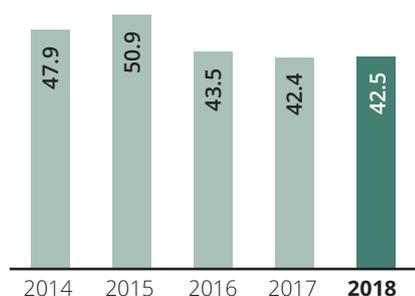
Distribution of sales

Including associates, Jan-Dec 2018



Gross investments

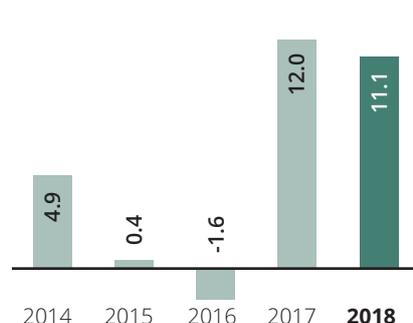
SEK bn



Gross investments increased by 0.1 per cent to SEK 42.5bn (42.4bn). Vattenfall's gross investments, which accounted for more than half of total gross investments, increased by 2.8 per cent to SEK 21.9bn (21.3bn).

Return on equity

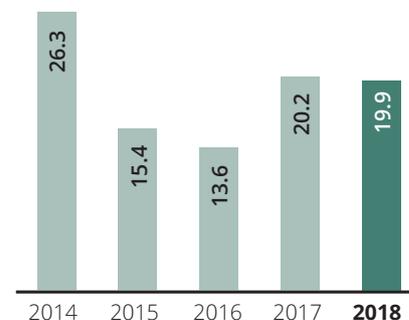
%



Return on equity was 11.1 (12.0) per cent.

Dividends

SEK bn



State-owned enterprises make important contributions to central government finances. Dividends paid to the State in financial year 2018 totalled SEK 19.9bn.

earnings after tax for the full year 2018 deteriorated on account of the transformation of PostNord Danmark and redundancies of staff with special terms of employment in Denmark, and with a loss of SEK -1.1 (-0.3) billion the company had the largest negative impact on consolidated earnings.

Dividends from state-owned enterprises for financial year 2018 amounted to around SEK 19.9 (20.2) billion. The largest dividends come from Svenska Spel, at SEK 4.5 billion, and Telia Company, at SEK 3.8 billion.

Sustainable business

In this section all part-owned companies have been weighted to make it possible to, for instance, attribute the portfolio's emissions to the state holding, in line with international practice.

The total climate impact of the portfolio of state-owned enterprises, measured as tonnes of CO₂ equivalents (direct and indirect emissions,

Scope 1-2) was around 24.3 (25.3) million and corresponded to a year-on-year decrease of 4.0 per cent¹. Vattenfall accounts for around 93 per cent of emissions, and accounts in a group of five companies, along with LKAB, SAS, PostNord and Sveaskog, for more than 99 (98) per cent of the portfolio's total climate impact.

The accident rate at portfolio level measured as the number of work-related accidents resulting in sickness absence divided by the number of million hours worked, including both employees and contractors, rose to 7.6 (7.5)². During

the year there were 7 (1) work-related fatal accidents in the portfolio of state-owned enterprises, among employees and contractors. Total pay and other remuneration to employees (excluding payroll overheads) amounted to SEK 49.3 (45.4) billion. Vattenfall and companies operating in labour-intensive industries, such as PostNord and Samhall, accounted for the largest payments.

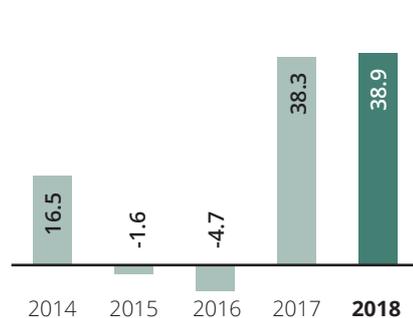
- 1) Based on information reported to the Government Offices and excludes 12 companies where these statistics were not available.
2) A number of companies have been excluded since they did not have this information available.

Reported effective tax, total¹

SEK bn	2018	2017
Tax on reported profit/loss before tax (according to applicable rate of income tax)	-11.4	-11.0
Reported effective tax	-8.1	-10.9

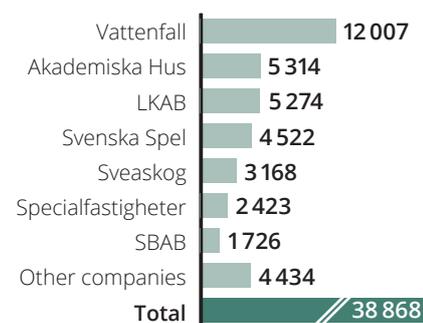
- 1) The table presents both tax on the "profit before tax" according to the applicable Swedish rate of income tax on 31 December in the year concerned, and the sum of effective tax reported among the companies. A tax expense is stated with a negative sign and any tax income is stated with a positive sign. The presentation covers the companies' total tax expenses, irrespective of the state share.

Profit after tax SEK bn



Profit after tax SEK m

Companies with greatest effect on net profit, Jan-Dec 2018



State-owned enterprises, total^{1,2}

SEK bn	2018	2017	2016	2015	2014
Net sales (including appropriation, if any)	354.2	324.2	321.1	323.2	350.0
Net sales including associates (including appropriation, if any)	386.1	354.6	353.1	356.0	389.0
Profit/loss before changes in value	44.1	47.8	20.8	11.3	23.0
Changes in value	5.4	5.9	5.6	5.2	5.1
Operating profit/loss (EBIT)	49.5	53.7	26.4	16.5	28.1
Profit before tax	45.0	47.6	20.1	10.7	20.6
Profit/loss after tax	38.9	38.3	-4.7	-1.6	16.5
Gross investments	42.5	42.4	43.5	50.9	47.9
Cash flow from operating activities (excluding SEK and SBAB)	65.3	51.3	46.5	61.7	65.2
Total equity	361.9	342.3	312.9	339.2	363.8
Total assets	1 636.9	1 497.1	1 469.0	1 488.9	1 540.3
Number of employees excluding associates (thousands)	109	109	111	120	124
Number of employees including associates (thousands)	131	130	137	146	163
Dividend	19.9	20.2	13.6	15.4	26.3
Estimated value ³	630	570	510	430	460
Return on equity (%)	11.1	12.0	-1.6	0.4	4.9
Equity/assets ratio (%)	22.1	22.9	21.3	22.8	23.6
Dividend yield (%)	3.2	3.6	2.8	3.6	5.5

- 1) Vattenfall's lignite operations and Teracom Group's former subsidiary Boxer are reported as profit/loss from discontinued operations/operations being divested for 2016 and 2015 respectively.
2) SAS is not included in consolidated profit/loss since 2015 because the State's share of equity is now below 20 per cent. The values for previous years have not been adjusted.
3) Estimated value of the company portfolio adjusted for transactions.

Positive value performance

The portfolio of state-owned enterprises consists of companies in the sectors of basic industry/energy, telecom, services, property, finance, consumer goods, infrastructure and transport. Basic industry/energy is the dominant sector, with about 40 per cent of the value of the portfolio, followed by the three sectors of property, telecom and services.

The value of the companies and the portfolio as a whole is measured annually and value performance is reported here from a one-year and five-year perspective. This valuation is made at the end of each year and is intended to establish a market value for the companies and the portfolio as a whole. Around half of the companies are valued on the basis of both the income approach (present value calculation of future risk-adjusted cash flows) and the market approach (relative valuation based on value multiples for comparable companies, adjusted for differences in value drivers and risk), with each method calibrated against the other. Property companies are valued at net asset value and listed companies at market value. Other companies are valued at the book value of equity.

Value performance 2014 to 2018
At year-end 2018, the value of the state company portfolio was estimated at SEK 630 billion. Adjusted for executed transactions, this is an

increase of about SEK 170 billion, or about 37 per cent, since 2014, when the portfolio was valued at around SEK 460 billion. By comparison, the value of Nasdaq Stockholm rose during the same period by about 34 per cent. Since the sector composition of the state portfolio differs from the total composition of Nasdaq Stockholm, their performance is, however, not fully comparable with regard to aspects including risk exposure. Several state-owned enterprises with relatively substantial values have specifically adopted public policy assignments, which are partially aimed at objectives other than financial returns, and this is another reason why a direct comparison with Nasdaq Stockholm is also misleading to some extent.

The increase in value of the portfolio, adjusted for sales of businesses, of SEK 170 billion is primarily attributable to value performance in the basic industry/energy sector, which includes Vattenfall and LKAB. This

is the dominant sector in the portfolio although its weight has fluctuated over the last five years. Since 2014 holdings in the basic industry/energy sector have increased in value from around SEK 150 billion to around SEK 280 billion. As a result of this value performance, adjusted for transactions, the sector's share of the total state company portfolio increased to almost 44 per cent of the value at year-end 2018. The lowest figures were observed in 2014–2015.

Adjusted for transactions, the value of the state company portfolio excluding the basic industry/energy sector increased by some SEK 40 billion, to around SEK 350 billion, in the same period. This corresponds to an average increase of just under 3 per cent per year between 2014 and 2018. During the same period, Nasdaq Stockholm grew in value by an average of 2.6 per cent per year.

The telecom and services sectors have shown a negative performance since



Source: FactSet and website of each company.

1) Total yield reflects annual value performance including dividends executed.

The stated total yield for Investor and Industrivärden (and for the state company portfolio) refers to the performance of that company portfolio.

2) The average refers to the mean of all observations during the period.

2014. The decline in value totalling about SEK 30 billion for these sectors is mainly attributable to the performance of shares in Telia Company and the fact that, as of 2015, the valuation of Svenska Spel included an assumption that its exemption from gambling and corporate tax will be withdrawn.¹

The main sectors in the state company portfolio that have performed well since 2014 are property and infrastructure. In the property sector the increase reported is mainly attributable to new construction in Akademiska Hus and the generally favourable development of the property market. In the infrastructure sector, Swedavia is among the companies that have performed well. In connection with the 2016 valuation, the valuation method used for Svedab was changed from the book value of equity to a market valuation of the company's assets using the income approach. This change contributed greatly to the value growth in the infrastructure sector between 2015 and 2016. At year-end 2018 the sector accounted for about 9 per cent of portfolio value.

Value performance in 2018

In 2018 the value of the state company portfolio rose by around SEK 60 billion, or just under 11 per cent, year-on-year. By comparison, Nasdaq Stockholm fell by around 7.7 per cent

over the same period. Dividends paid to the State in 2018 amounted to around SEK 20.2 billion, corresponding to a total yield of just under 14.1 per cent in 2018, compared with 14.4 per cent in 2017. Dividends to the State in 2019 are on the same level as in the preceding year. Historical total yields for the state portfolio and for Investor, Industrivärden and OMX Stockholm GI (Growth Index) are shown in the figure on page 6.

The basic industry/energy and telecom sectors accounted for the greatest value changes in the state company portfolio in the past year. In total, the increase in the value of these sectors was around SEK 45 billion.

Holdings in the basic industry/energy sector were valued at year-end 2018 at around SEK 280 billion, an increase of about SEK 40 billion, or just under 17 per cent, year on year. The main reasons for the increase in the estimated value are a higher valuation of Vattenfall, driven by higher expected electricity prices, and a higher valuation of Sveaskog, which has benefited from rising pulp prices.

At the end of 2018 the value of the infrastructure sector was SEK 55 billion, which is an increase of around SEK 7 billion, or 14 per cent, year on year. The value increase is partly explained by the value performance of Svedab's assets.

The value of the property sector was assessed at just under SEK 75 billion at year-end 2018, an increase of around SEK 6 billion, or 9 per cent. The increase in value is mainly attributable to Akademiska Hus and the favourable development of the property market as a whole.

The value of the rest of the state company portfolio was estimated at around SEK 220 billion at the end of 2018, which is an increase of just over SEK 10 billion. One contributing factor was that SBAB is growing faster than the housing mortgage market.

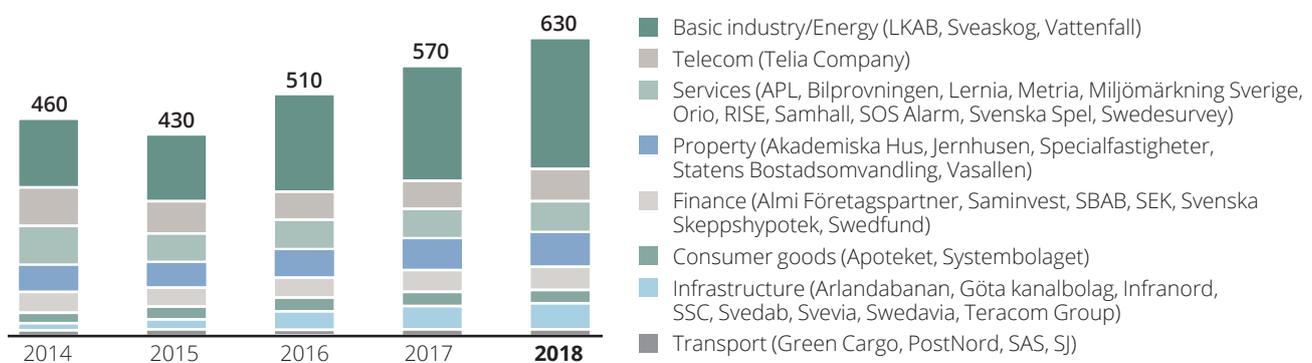
Share price performance of listed holdings

In 2018 the value of holdings in Telia Company increased by 14.9 per cent. The value of holdings in SAS decreased by 2.4 per cent. As a whole, the value of listed holdings increased by 14.5 per cent or SEK 8.7 billion.

1) As of 1 January 2019 Svenska Spel must pay both gambling tax and corporate tax. The revenue received by central government from Svenska Spel's operations now consists both of dividend and tax instead of dividend alone, as in the past. In valuation terms, however, the value of the company is lower given this change.

Value performance 2014-2018 by sector (adjusted for transactions)^{3,4}

SEK bn



Source: Ministry of Enterprise and Innovation.

3) In addition to the reported sectors, the "Other" sector (Dramaten, Operan and VisitSweden) is included; it accounts for less than SEK 1bn.

4) Since the start of 2017 Saminvest is the parent company of the previously wholly state-owned companies Inlandsinnovation and Fouriertransform.

Multidimensional value creation

State-owned enterprises work to be at the forefront of sustainable business and are continuously implementing a range of initiatives aimed at securing their future position in a sustainable world.

With value creation as the overarching goal of investment management, sustainable business is a central element of the corporate governance exercised by the Government. State-

owned enterprises are to act as role models in the area of sustainable business, which includes strategic and transparent work focusing on cooperation. When companies put

sustainable strategies in place, they sharpen their competitiveness, which is a prerequisite for their continued success.



New technology to produce strategic minerals

Along with Ragn-Sells, an environmental company, LKAB is investing in two pilot plants, one in Malmfälten and one in Uppsala, to industrialise a new innovative technology that refines waste from iron ore production. This can lead to LKAB producing phosphorous and rare earth metals, classed by the EU as strategic minerals of particular importance for industry. Phosphorous is mainly used for the production of mineral fertiliser.

At present a sand-like residue is deposited as landfill from LKAB's iron ore production. In the *ReeMAP* project LKAB wants to recover the residue and transform it into rare earth metals (REE) and phosphorous products (MAP). The recovery and refinement into phosphorous and rare earth metals are made possible by a patented process developed by the Swedish company Easy Mining, a subsidiary in the Ragn-Sells Group. Easy Mining is a partner in the *ReeMAP* project.

Women's enterprise in Cambodia using microloans

Swedfund is to combat poverty by supporting sustainable companies. Swedfund has granted a loan to Prasac that is used for on-lending to Cambodia's small and micro enterprises, which account for a majority of jobs in the country. Prasac is the country's largest microfinance company with 177 branches.

Small and medium-sized enterprises (SMEs) are vital for inclusive growth, employment and innovation. SMEs account for around two-thirds of all new jobs in the formal sector in developing countries, and women own



around a third of these enterprises. Shortage of capital is the greatest barrier to development for these enterprises, and it is even more difficult for women to access funding. By contributing capital to SMEs owned by women, Swedfund contributes to more gender equality in an entire country, increasing the possibility of

inclusive economic growth. At the same time, women are more likely to use their pay to lift their family out of poverty. When many women in a country get jobs, poverty decreases, and the country achieves greater social justice and comes a step closer to sustainable development.

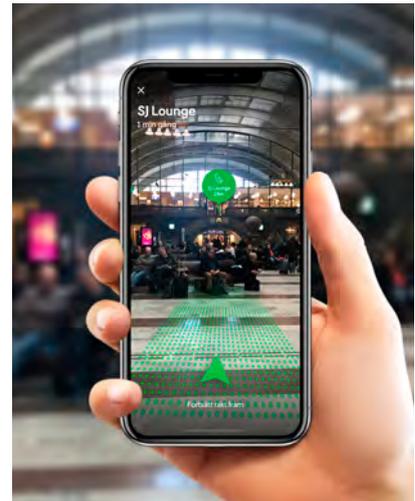
Numerous awards to state-owned enterprises

State-owned enterprises have to act in such a way that they enjoy public confidence, and during the year several companies have distinguished themselves in a number of measurements and been rewarded with fine awards. For instance, SJ was selected as the winner in the *Digital products and services* category at the Swedish Design Awards and the company was also ranked as *Sweden's most digital travel company* by the Bearing-Point company in its annual measurement of Digital Leaders.

FAR, the Institute for the Accountancy Profession in Sweden, chose Vattenfall's annual report and sus-

tainability report as the best in Sweden. This was the second successive year in which a state company had taken that award; the previous year's winner was SEK. Moreover, Vattenfall has again been awarded a *Gold ranking* in a measurement by EcoVadis that assesses and grades corporate social responsibility (CSR), and Magnus Hall was also selected as the *CEO of the year* in Employer Branding in 2018.

SBAB came in the top ten (8th place) when Great Place to Work published its list of Sweden's best workplaces in 2018 and Biomedicum, an Akademiska Hus construction project com-



pleted in 2018, was later chosen as the *Building of the Year* in 2019.

On the way to fossil-free air travel

During the year the Swedish aviation industry, which includes Swedavia and SAS, presented its flight plan for fossil-free air travel to the Government. A large-scale transition to biofuel is identified as one of the most important solutions for reducing the climate impact of air travel.

Swedavia is highly engaged in work to enable large-scale use of biofuel in aviation and was one of the few actors in the world to have aviation biofuel delivered in 2018.



Preem, a fuel producer, and SAS started cooperation on the production of renewable aviation fuel.

When Preem expands its refinery in Gothenburg, the intention is for aviation biofuel to account for some of the increase in production. By 2030 SAS aims to use biofuel corresponding to its fuel consumption for all domestic travel.

One source for biofuel development is production residues from Swedish forests, and Sveaskog will, as Sweden's largest forest-owner, have a key role in using renewable energy from forests in an exemplary way.

New hydrogen factory planned in Gothenburg

Vattenfall has also initiated cooperation with Preem, and in 2018 it was announced that the two companies are going ahead with plans to design a hydrogen plant to produce hydrogen for biofuel production based on production residues from the Swedish pulp industry. Preem and Vattenfall have a common objective of using hydrogen to produce renewable fuel on a large scale.

Via the Industry Leap the Swedish Energy Agency is contributing half

the cost of SEK 6 million for the preliminary design of a new fossil-free hydrogen factory that is expected, with a capacity of 18 megawatts, to be the biggest one in Europe. Large and complex technology leaps will be required in several industries to achieve zero emissions by 2045, and the Government has therefore adopted the Industry Leap initiative so as to support the transition in industry.

At present hydrogen is mostly

produced from fossil natural gas, leading to emissions of carbon dioxide. By instead making hydrogen by electrolysis using fossil-free electricity, these emissions can be avoided. The plant will contribute to reducing carbon dioxide emissions by 25 000 tonnes per year from the process, and emissions in the transport sector are expected to decrease by around 230 000 tonnes per year when biofuels replace diesel and petrol. This corresponds to the annual emissions from 80 000 cars.

Digitalisation and innovation in the state company portfolio

State-owned enterprises have to make active use of the possibilities of digitalisation in their value creation and to keep a close check on the new risks that arise.

As an owner, the State has clearly expressed its expectation that state-owned enterprises will make active use of the possibilities of digitalisation in their value creation, and keep a close check on the new risks that arise. The enterprises have been encouraged to raise the issue of digitali-

sation on their board agendas, to set aside time to discuss what digitalisation means and to take the measures required to secure the long-term competitiveness of the enterprises.

The investment management organisation has created scope for discuss-

ing digitalisation during owner dialogues and has also held network meetings between the enterprises on the theme of digitalisation in order to inspire and encourage exchanges of knowledge between state-owned enterprises.



Klas Ljungkvist, SBAB, selected as CIO of the year

SBAB has the target of continuing to grow and increase its market shares. One way in which this is to be done is by continuing to have a strong focus on customer benefit. IT development is one of the most important components of this work. To sharpen its systems and IT services, SBAB has divided its technology department, headed by Klas Ljungkvist, its Chief Information Officer (CIO), into 12 small and agile development teams with short decision paths so as to be able to move quickly from ideas to complete solutions. This way of working has been very successful and increased efficiency markedly; this has been noted by

IDG and Accenture, which chose Klas Ljungkvist as the CIO of the year in 2018 giving the following reasons:

"This year's CIO is a modern leader who has IT close to his heart. With his forward thinking and unconventional style he has created an agile and value-generating organisation with a clear focus on innovation and customer benefit. By combining leading-edge technology, new ways of working and transparent leadership, the CIO of the year has improved both the capacity and quality of delivery – while making staff more satisfied. All organisations would do well from having a Klas Ljungkvist."

RISE is pressing forward the development of next generation IT applications

A lot is happening in artificial intelligence (AI) in Sweden. RISE AI is a funding initiative that brings together AI researchers, businesses and public authorities. The goal is for Sweden to be best in the world at using AI.

At RISE there are currently more than 75 ongoing AI projects and more than 60 active AI researchers. With research centres and collabora-

tion environments across the country, RISE AI will be Sweden's leading AI research partner.

AI is already a large and natural part of many projects being run by RISE. This can range over everything from signal and data analysis of portable sensors worn by stroke patients to being involved in developing a matching system for spontaneous applications along with Arbetsförm-

edlingen (*Swedish Public Employment Service*).

Another area where AI can contribute is in helping doctors to examine X-ray images. AI analyses a great deal of data in a short time, and when the computer has looked at a sufficiently large number of X-ray images, it learns to see patterns that we never do as people and can then identify a tumour on its own.

New world standard for sustainable deep underground mining

During the year LKAB has launched the Sustainable Underground Mining (SUM) initiative. Together with ABB, Epiroc, Combitech and the Volvo Group, the target is to set a new world standard for sustainable deep underground mining. The intention is for LKAB to be ready after 2030 to extract iron ore deeper down in the mine of the future that is carbon dioxide-free, digitalised and autonomous. To achieve this, decisions will have to be made in the mid-2020s for one of Sweden's largest ever industrial investments.

Trials in both a test mine and virtual environments will be used to develop new methods and technology

so as to reduce the climate impact and increase productivity and safety. These tests are intended to ensure that the Swedish mining industry remains competitive in the future and is able to create jobs, locally in Norrbotten and nationally. This requires new control systems, improved mining equipment, autonomous machines and complex management systems that meet future requirements for sustainable industry.

This cooperative venture is among the largest in Sweden and requires a completely new type of collaboration, a digital ecosystem in which the partners link up both digital systems and operations. LKAB has a long tra-



dition of innovations, and the company's future as a leading industrial company hangs now, as in the past, on its capacity for new thinking.

5G, heart starters and drones – together they save lives

In Sweden around 6 000 people a year suffer a sudden cardiac arrest outside a hospital setting, and only 10 per cent survive. If treatment is started within 3 minutes, almost 70 per cent survive. At the Nordic Ministerial Meeting in Örnsköldsvik on 23 May 2018, Telia Company showed along with Karolinska Insti-

tutet and Ericsson how drones can be used with the aid of 5G technology to deliver heart starters more quickly in cases of sudden cardiac arrest – and to save lives.

To be able to use drones on a large scale, with many thousand drones in the air at the same time, solutions

must be created to control and steer them. The 5G network can be used to create a virtual motorway in the sky that keeps all the drones in order by registering them, sending information to aviation authorities about their flight path and re-directing them in the event of bad weather, for instance.



Prime Minister Stefan Löfven, who was present in Örnsköldsvik, is removing a heart starter from the drone as part of the demonstration.

Strategy and targets



Active ownership

The Government has a mandate from the Riksdag to actively manage state-owned enterprises so as to ensure the best possible long-term value performance and to ensure that specifically adopted public policy assignments are performed well. Good corporate governance is essential to enable the Government to perform the Riksdag's mandate.

The portfolio of state-owned enterprises consists of 39 wholly owned and 7 partially owned companies with a total value of SEK 630 billion. Together, state-owned enterprises and their subsidiaries employ around 109 000 people, and around 131 000 when associates are also included.

State-owned enterprises represent strong brands and play an important role in Swedish society. Several started out as public enterprises, commercial operations within government agencies or state monopolies. Today, most of them operate in fully competitive markets, so it is important that they, like privately owned companies, take a long-term approach, are efficient and profitable and are given the capacity to develop. Of the state-owned enterprises, 22 have been given a specifically adopted public policy assignment by the Riksdag, meaning that they generate public benefit that cannot always be measured in financial terms.

The Government is required to actively manage the State's assets in

the form of shares in state-owned enterprises so as to maximise their value performance and return while maintaining balanced risk-taking and ensuring that specifically adopted public policy assignments are performed well. It is important that the State is an active, professional owner with a focus on long-term and sustainable value creation.

As an active and professional owner, the State has to examine the reasons for continued state ownership and also to review the various assignments and directions of the enterprises. The direction of the operations and public policy assignments of many of the companies justify the State continuing to be a significant company owner.

The Government's corporate governance Corporate governance by the Government builds on the Swedish model of corporate governance. This means that, in terms of company law, state-owned enterprises are governed in the same way as privately owned compa-

nies with the annual general meeting as the highest decision-making body. It also means that the board of directors is responsible for the company's organisation and the management of its affairs; that the board is responsible for adopting business targets and strategy; and that the company's executive management handles the day-to-day management of the company's operations. In principle, state-owned enterprises are subject to the same laws and regulations as privately owned companies. See the table below.

State ownership policy

The State ownership policy sets out the Government's mandates and objectives, applicable frameworks and important issues of principle regarding the corporate governance of state-owned enterprises. The State's Ownership Policy from 2017 contains the Government's guidelines for external reporting and its guidelines for remuneration and other terms of employment for senior executives. The policy is applied in all companies where the State is a majority owner. In other

Framework for state-owned enterprises

Like privately owned companies, state-owned enterprises are primarily governed by the Swedish Companies Act.

	Legal framework	Operations and assignments	Highest decision-making body
State-owned companies	<ul style="list-style-type: none"> • Swedish Companies Act • State Ownership Policy • Rules for issuers¹ • Swedish Corporate Governance Code 	<ul style="list-style-type: none"> • Operations paragraph of articles of association • Owner instruction² 	Annual General Meeting (AGM)
Listed companies	<ul style="list-style-type: none"> • Swedish Companies Act • Rules for issuers • Swedish Corporate Governance Code 	<ul style="list-style-type: none"> • Operations paragraph of articles of association 	Annual General Meeting (AGM)
Government agencies	<ul style="list-style-type: none"> • Government Agencies Ordinance • Ordinances containing instructions for specific agencies 	<ul style="list-style-type: none"> • Appropriation directions • Special government decisions on assignments 	Agency head/board or governing board

1) Applies to external reporting.

2) Mainly used in companies that have specifically adopted public policy assignments.

Management responsibility

Minister responsible for the company in brackets unless otherwise stated

Ministry of Enterprise and Innovation (Baylan)

Akademiska Hus¹
 Almi Företagspartner
 Apoteket
 Arlandabanan Infrastructure²
 Bilprovningen
 EUROFIMA²
 Green Cargo
 Göta kanalbolag
 Infranord
 Jernhusen³
 Lernia
 LKAB
 Metria
 Orio
 PostNord
 RISE, Research Institutes of Sweden
 Samhall
 Saminvest
 SAS
 SBAB
 SEK, Svensk Exportkredit
 SJ
 SOS Alarm
 Specialfastigheter³
 SSC, Svenska rymdaktiebolaget
 Statens Bostadsomvandling²
 Stiftelsen Industrifonden
 Stiftelsen Norrlandsfonden
 Sveaskog
 Svedab²
 Svenska Skeppshypotek
 Svenska Spel
 Svevia
 Swedavia
 Swedesurvey³
 Swedfund International
 Telia Company
 Teracom Group
 Vasallen³
 Vattenfall
 VisitSweden
 The Minister responsible is: 1) Minister Ernkranz, Ministry of Education and Research. 2) Minister Eneroth, Ministry of Infrastructure. 3) Minister Bolund, Ministry of Finance.

Ministry of Finance (Shekarabi)

Miljömärkning Sverige

Ministry of Culture (Lind)

Kungliga Dramatiska teatern
 Kungliga Operan
 Voksenåsen

Ministry of Health and Social Affairs (Hallengren)

APL, Apotek Produktion & Laboratorier
 Systembolaget

Ministry for Foreign Affairs (Wallström)

Sweden House

partially state-owned companies, the State engages in a dialogue with the other owners to ensure that the ownership policy is applied.

OECD Guidelines on Corporate Governance of State-Owned Enterprises

The Swedish Government's investment management principles largely follow the OECD Guidelines on Corporate Governance of State-Owned Enterprises. Sweden participated in the drafting of both the original guidelines from 2005 and the revised guidelines from 2015.

The OECD Guidelines on Corporate Governance of State-Owned Enterprises give the State as the owner and the state-owned enterprises a predictable framework to consider and mean that the ownership role of the State is clearly segregated from its other roles. The Guidelines are recommendations made to governments to ensure that state-owned enterprises operate efficiently, transparently and in an accountable manner. They are an international standard intended to avoid the State making the mistakes of being a passive owner or of intervening excessively as an owner.

Investment management organisation

The Minister for Business, Industry and Innovation is responsible for a unified ownership policy for state-owned enterprises and is the minister responsible for most of the companies (see the administrative responsibility of various ministries and the ministers responsible for companies in the table on the left). The Ministry of Enterprise and Innovation has a specific organisation specialised in corporate governance and investment management to ensure long-term value creation in the portfolio of state-owned enterprises. The investment management organisation consists of investment directors and of experts in company analysis, sustainable business, commercial law and board recruitment. The investment directors each serve on a number of company boards and lead the ongoing work of the organisation related

to the holdings, which is organised in investment teams.

The work of the investment management organisation is conducted within the framework of the state model of corporate governance, and a number of tools and processes have been developed to achieve active and professional management. These processes are described in greater detail below.

Active ownership

Investment team for each holding



Work on developing and managing company holdings is mainly carried out on the basis of investment teams. Each investment team is led by the investment director and also contains specialists in analysis, commercial law, board recruitment and sustainable business, each of whom may lead individual projects within the framework of the investment team. The size and composition of these teams is varied on the basis of the size, complexity or agenda for change of the various companies. This composition helps ensure that each team has good insight into the market and their company's business environment, as well as an understanding of the challenges and risks facing the company, enabling the investment organisation to contribute to positive value performance by the company. The investment teams analyse the companies' operations, markets, competitors and sustainable business work, which helps to ensure value creation in state holdings through active investment management. The investment teams handle all ongoing ownership issues concerning the companies in their investment management, such as analyses of markets and strategy; board changes; the adoption of financial targets, public policy targets and dividend policies; and target fulfilment.

Work in company boards

Investment directors have the same responsibility and tasks as other board directors and must, under the Swedish Companies Act, look to the best interests of their company. Board service gives investment directors in-depth knowledge



Active ownership

Active ownership within the framework of state ownership policy



State ownership policy

about their company, the markets in which it operates and the important issues and challenges it is facing. The expertise of investment directors contributes to the knowledge that the investment teams have of their companies, which facilitates the preparation and planning of analyses and owner dialogues at the Government Offices, for example. Investment directors have the same mandate as other directors and the formal dialogue between the owner and company takes place through owner dialogues between the political leadership and the chair of the board. In the role of board director, investment directors can contribute knowledge of corporate governance issues and state ownership policy as well as of what various processes in the Government Offices are like, in addition to the general skills for board service. However, each director is responsible for being aware of the contents of the state ownership policy.

Nomination of boards

The board of directors is responsible for the organisation of the company and management of its affairs; this means that the board is responsible for setting the company's overall strategy, including strategic targets for sustainable business, and for taking other important strategic decisions. The boards of state-owned enterprises should possess a high level of expertise that is well geared to the operations, situation

and future challenges of their particular company. Uniform and common principles for a structured board nomination process are applied to ensure effective provision of expertise to the companies' boards of directors. Read more about the board nomination process on page 17. The chair holds a special status on the board. The chair is responsible for ensuring that the work of the board is well organised and efficient, but also has other tasks such as coordinating the views of the board with those of the owner when the company is facing particularly important decisions. The chair is responsible for maintaining ongoing dialogue with the company's owner.

Targets and tracking

Targets and tracking are important instruments for the State as a company owner, see the figure on page 16. The development of the companies can be measured since their performance is tracked regularly against the targets set. If a company does not meet its targets, the owner can request an action plan from the company. Financial targets and public policy targets are adopted by the annual general meeting. Financial targets make it possible to measure and track the company's profitability, efficiency and level of risk. Public policy targets are set for companies that have specifically adopted public policy assignments, primarily to be able to assess how well their assignments are being performed. In order to clearly integrate sustaina-

ble business in the company's business strategy and business development, the owner has instructed the company boards to adopt strategic goals for sustainable business. All targets are tracked within the framework of the owner dialogue.

Owner dialogue

The Ministry of Enterprise and Innovation has administrative responsibility for the majority of the state-owned enterprises. Other ministries with administrative responsibility are the Ministry of Finance, the Ministry of Culture, the Ministry of Health and Social Affairs and the Ministry for Foreign Affairs, see the table on page 14. The ministers and political leadership of the various ministries meet regularly with the board chairs and management of state-owned enterprises at what are called 'owner dialogues'. Public policy targets and financial targets are tracked at the owner dialogue. Outcomes in relation to the targets are discussed, as are any actions planned to meet the targets. The strategic targets set by the board for sustainable business are also tracked as part of the owner dialogue. Current issues of significance for the operations of the company are also discussed at the owner dialogue.

Transparency requirement

State-owned enterprises are subject to the same external financial reporting standards as com-

Corporate governance – targets and tracking

On the basis of the Riksdag’s decision, the owner determines, through the Government, the business objectives of the companies in the articles of association that are adopted by their annual general meeting.



panies whose shares are admitted to trading on a regulated market in Sweden. When preparing sustainability reports, state-owned enterprises have to follow the rules on sustainability reports in the Swedish Annual Accounts Act that apply to large companies. The requirement for transparent and professional communication of information by state-owned enterprises is intended to maintain confidence in the companies among the public and the business community. The purpose of active management of the various company holdings is to maintain good insight over the long term into the companies’ operations and to handle various ownership issues on an ongoing basis.

International guidelines

The State’s Ownership Policy requires state-owned enterprises to act responsibly and work actively to follow international guidelines regarding environmental consideration, human rights, working conditions, anti-corruption and business ethics. The Government has identified a number of interna-



tional principles and guidelines of importance for state-owned enterprises: the Ten Principles of the UN Global Compact, the UN’s Guiding Principles on Business and Human Rights and the OECD’s Guidelines for Multinational Enterprises. In addition, state-owned enterprises have to analyse, within the scope of their operations, the Global Goals in the 2030 Agenda so as to identify the goals that the particular company affects and contributes to through its operations.

Expenses

In 2018 the cost of the investment management organisation at the Ministry of Enterprise and Innovation was SEK 41.1 (41.2) million, corresponding to 0.01 per cent of assets under management. Fees for services purchased externally, such as financial, economic and legal advice and preparation of the annual report and the Government Offices’ interim reports for state-owned enterprises totalled SEK 13.8 (25.2) million. The costs of the investment management organisation mainly consist of salaries, but also include other current expenses

such as travel and office supplies. Costs for investment management in other ministries are not included, since these mainly consist of salaries that are also attributable to the other tasks within these ministries.

Authorisations to change state ownership

In Government Bill 2016/17:181, “State-owned enterprises in transition” (*Statligt ägda bolag i omvandling*) the Government proposed winding up and dissolving Swedesurvey Aktiebolag so as to transfer part of its operations to Lantmäteriet, the Swedish cadastral authority. The Riksdag adopted the Government’s proposal on 20 June 2017 (Committee Report 2016/17:NU24, Riksdag Comm. 2016/17:333). As Swedesurvey is no longer conducting any active operations, an extraordinary general meeting decided in 2019 that the company will be wound up by going into voluntary dissolution. There are five other current authorisations to change state ownership, see the table below.

Company	Current shareholding, %	Mandate to change shareholding to, %	Decision
Bilprovningen	100	0	Govt Bill 2009/10:54, Com. Rep. 2009/10:NU10, Riksdag Comm. 2009/10:162
Lernia	100	0	Govt Bill 2012/13:1, Com. Rep. 2012/13:NU1, Riksdag Comm. 2012/13:103
Metria	100	0	Govt Bill 2016/17:181, Com. Rep. 2016/17:NU24, Riksdag Comm. 2016/17:333
Orio	100	0	Govt Bill 2012/13:99, Com. Rep. 2012/13:FiU21, Riksdag Comm. 2012/13:287
SAS	14.8	0	Govt Bill 2009/10:121, Com. Rep. 2009/10:FiU35, Riksdag Comm. 2009/10:220

Changes in the portfolio

In November 2017 the Government decided to sell Apoteksgruppen i Sverige Holding to Euroapothea UAB. The transaction was completed at the beginning of 2018 after the Swedish Competition Authority had given its approval. In February 2018 it was decided that Bostadsgaranti

would enter into voluntary dissolution. The voluntary dissolution of the company was completed on 19 March 2019.

Government Bill 2016/17:181, “State-owned enterprises in transition” also contained a mandate to sell the State’s shares in Swedish National Road

Consulting AB (SweRoad). As the shares were managed by the Swedish Transport Administration, the Administration was instructed to carry out the sale. Swedish National Road Consulting AB was sold to Treeline Consulting AB on 7 May 2018.

Board nomination process

The investment management organisation at the Ministry of Enterprise and Innovation has its own board search advisers whose task includes evaluating the boards of directors of state-owned enterprises and producing proposals for chairs and other directors.¹

The board nomination process is carried out annually and begins after the summer, when existing boards have been in office since the AGMs in April and have often had their first strategy meetings. Along with a working group that includes representatives of the investment team for each company, the board search advisers analyse the competence required based on the composition of the present board and board changes made. The analysis is based on the

board evaluations, i.e. the owner’s evaluation and the board’s evaluation, discussions with the chair of each company and the investment teams’ analyses, such as the sustainability analysis.

Understanding the strategic and operational challenges the company is facing is an important aspect of the process, and to get a better picture of this a discussion is often held with the CEO as well. The board must have the right blend of competence, experience and background to be capable of managing the company’s affairs effectively and with integrity. This means that every director must have the time and commitment required for the assignment, as well as strong integrity and the ability to look to the best interests of the company.

Based on the skills required for each board, specifications of qualifications for the directors and chair to be recruited are drawn up and the board search advisers begin the search. The selection of directors is made from a broad recruitment base in order to make use of the competence of women and men, as well as of individuals with different backgrounds and experience. Bringing in directors from a range of backgrounds is intended to give the board a wider range of competence and better dynamics, so that this diversity will reduce group-thinking.

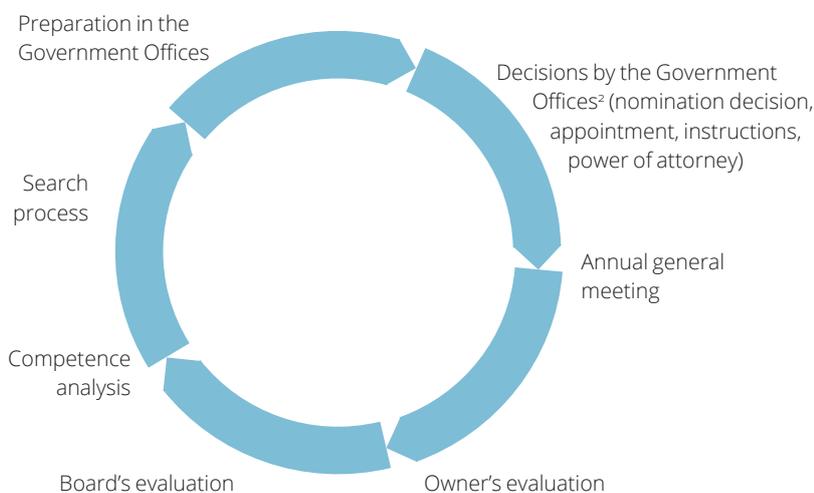
The gathering of political support, i.e. the preparation of the decisions, is an ongoing process during the autumn and winter. Consideration is given to which chairs and directors should be re-elected and which replaced, and proposals are prepared for new chairs and other new directors. The minister responsible for the company then approves nominations for presentation to the annual general meeting, which elects the board.

About 40–60 new directors are elected each year. Over time, the State thus replaces one individual per board and year. The average board consists of seven directors, meaning that directors serve six to seven years on average.

1) The board nomination process also covers the boards of directors of two foundations, Stiftelsen Industrifonden and Stiftelsen Norrlandsfonden, and of Svenska Skeppshypotekskassan (Swedish Ships Mortgage Bank). Board recruitment in the listed companies Telia Company and SAS is handled by their nominating committees.

Board nomination process

Annual cycle



2) Decision by minister responsible for the company

Financial targets for effective corporate governance

Financial targets are set for state-owned enterprises in order to ensure value creation, reasonable financial risk and efficiency and to guarantee the owner dividend yield. The financial targets have to be long-term, ambitious and realistic.

In most cases, state-owned enterprises operate under market conditions in competitive markets. This means that they operate on the same conditions as other market actors and that, as is the case with them, they are run with the overall objective of creating value. This strengthens the competitiveness, long-term value performance and efficiency of state holdings, while reducing the risk of distorting competition.

The setting of financial targets provides important support for companies aiming to achieve the most efficient possible utilisation of resources. The owner draws up the targets jointly with the companies, which makes for more nuanced and effective governance while improving the quality and realism of the targets. The financial targets have to be realistic, measurable and ambitious.

Public policy targets are set for companies with specifically adopted public policy assignments to enable tracking of the company's performance of its assignments. Financial targets are normally set in conjunction with public policy targets since this allows specifically adopted public policy assignments to be set in relation to the cre-

ation of financial value. A sustainability analysis is part of the fundamental analysis of the company's opportunities and risks on which the financial targets are based.

The financial targets are proposed by the board and adopted by the owner at the annual general meeting.

Financial targets – purpose

Financial targets usually address capital structure, profitability and dividends. The owner's purpose in setting financial targets is to:

- safeguard the creation of value, with the board and management working towards long-term, ambitious and realistic targets;
- achieve capital efficiency by clarifying the cost of equity;
- keep financial risk at a reasonable level;
- ensure dividend yield for the owner through sustainable and predictable dividends taking account of the company's future capital requirements and financial position; and
- measure, track and evaluate profitability, efficiency and level of risk in a structured manner.

Method of setting financial targets

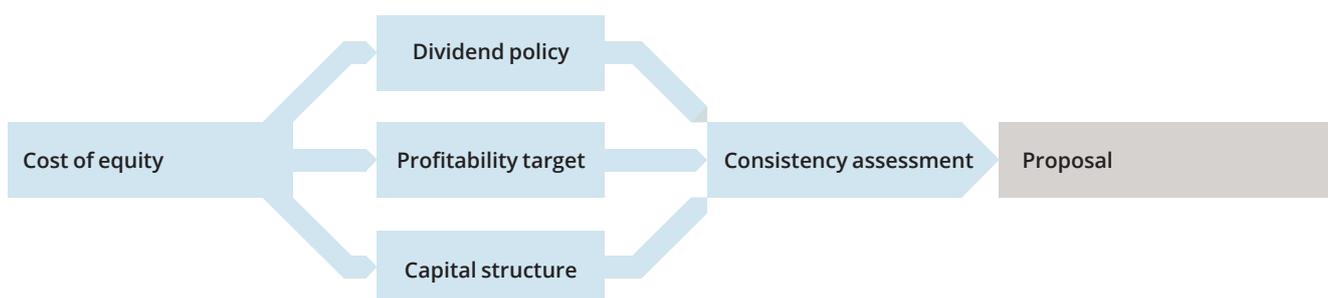
The important cost of capital

The method used to set financial targets is based on a multistage analysis. It begins with a calculation of the company's cost of capital, which is the expected return an investor can obtain for an alternative investment with the same risk and duration. The level of the cost of capital determines whether the return to the investor is reasonable given the investor's appetite for risk. Over time, the return on equity should correspond to the cost of capital.

Efficient capital structure

Then a capital structure target is set so as to achieve a balance between risk-taking and efficient capitalisation in the companies. An appropriate capital structure is achieved by calculating what balance between equity and borrowed capital is theoretically optimal to keep the company's cost of capital down. Industry comparisons and the company's operating risk are taken into account in the calculation in order to find an efficient and resilient capital structure. The capital structure target has to be long-term, ambitious and realistic, and is generally expressed as a range.

Method of setting financial targets





In 2018 financial targets were adopted for Svedab, the Swedish owner company in the Øresund Bridge Consortium, which formally owns the Øresund Link.

Ambitious profitability target

A profitability target is set for the companies for the sake of financial and operational efficiency. To ensure that investments in the companies will give the owner reasonable compensation the cost of capital is used as the floor for the profitability target. Analyses of the companies' business plans and industry comparisons bolster the setting of the target. The majority of the companies are well served by a return target (on operating capital or equity), while for some, which tie up a relatively small amount of capital, a margin target, such as operating margins, is better.

Adapted dividend policy

A dividend policy is adopted for companies as guidance about how much of a company's profit to pay in dividends. They should be based on predictable and long-term sustainable financial returns. However, dividends are not the only form for value distribution to the owner. In cases where there are particularly attractive or potentially profitable investment opportunities for a company or companies, surplus capital may be retained and used for such investments. The owner then benefits from the increase in the value of the company. Investment plans and growth opportunities therefore are part of the basis for the dividend policy.

Moreover, investments that do not directly achieve the owner's profitability target, but that nevertheless meet a return target equal to or exceeding

the cost of capital, may be regarded as attractive and therefore be undertaken. For these reasons, the dividend target for a company does not have to be met every year, but should instead be regarded as a realistic and ambitious target in the long-term. The dividend policy is usually expressed as a percentage of net profit for the year, most often as an acceptable range.

Consistency assessment

When proposals for the capital structure target, the profitability target and the dividend policy have been prepared, an analysis needs to be carried out to see that there are no inbuilt conflicts between the wording of these targets and the growth that the business plan for the company is based on. One way of doing this is to check that the targets for capital structure, profitability, dividend and growth create financial scope to make the investments implied by the targets and the business plan.

Proposals

The board then considers proposals for new financial targets and makes the decision to propose these targets to the annual general meeting. The owner makes the formal decision to adopt the targets at the annual general meeting.

Tracking and evaluation

The financial targets must be forward-looking and long-term. This means that the targets may be exceeded in some years and not met

in others, in part due to economic fluctuations. The owner tracks the company's development and target attainment at regular progress meetings with the company. Both the company's internal work to achieve the targets and the business environment factors affecting the company's situation are discussed at these meetings. Target attainment is assessed in relation to, for instance, current market conditions and the budget and business plan.

Revision of financial targets

Since a company's internal and external circumstances are in constant change, its financial targets also need to be reviewed at regular intervals. Reasons for revising the targets can include significant changes in the company's strategy or market conditions, as well as major acquisitions or divestments. Major and lasting macroeconomic changes can also be a reason to review the targets. A target revision is a structured process involving both the owner and the company. Since the financial targets are decided jointly by the owner and the company, targets and outcomes are communicated externally by both parties.

In 2018 new financial targets were adopted for RISE and Svedab. Target projects were also started during the year for Akademiska Hus and Swedavia, with the targets then being adopted at the companies' general meetings in 2019.

Nature of public policy assignments

There is a specifically adopted public policy assignment when a company has an assignment decided by the Riksdag to conduct operations intended wholly or partly to generate effects other than a financial return for the owner.

A company is considered to have a specifically adopted public policy assignment when the Riksdag has decided that the company is to conduct operations intended wholly or partly to generate effects other than a financial return for the owner. In some cases operations that are part of a specifically adopted public policy assignment can be part-financed from appropriations in the central government budget. Companies with public policy assignments include companies all of whose operations are based on their public policy assignment and companies where only parts of their operations are based on their public policy assignment. In the latter category, the remainder of their operations are commercial. Companies with specifically adopted public policy assignments contribute, for example, to cultural values, more sustainable consumption, research and development, pharmaceutical supply, capital supply and the maintenance of infrastructure provision.

For instance, the object of Samhall's operations is to produce goods and services that are in demand and, by doing so, to create meaningful and

enriching work for people with disabilities that result in reduced work capacity. By creating jobs in customer assignments, under market conditions in competition with others, Samhall draws on an unused resource among people with disabilities. As payment for the additional costs resulting from its public policy assignment Samhall receives appropriations in the central government budget.

Through their operations these companies often generate economic benefit outside their own sector. Systembolaget's purpose is, for example, to contribute to better public health by limiting the harmful effects of alcohol. This then contributes to lower costs for health and social care. Another example is Almi Företagspartner and SEK, whose operations support companies and entrepreneurs in various sectors in their expansion in Sweden and abroad. In so doing, they are contributing to greater competitiveness and higher employment, which benefit society as a whole. The portfolio of state-owned enterprises contains 22 companies that have specifically adopted public policy assignments, see the table on the right.

22 companies have specifically adopted public policy assignments

Almi Företagspartner
 APL, Apotek Produktion & Laboratorier
 Göta kanalbolag
 Kungliga Dramatiska teatern
 Kungliga Operan
 Miljömärkning Sverige
 RISE, Research Institutes of Sweden
 Samhall
 Saminvest
 Statens Bostadsomvandling
 SEK, Svensk Exportkredit
 SOS Alarm
 SSC, Svenska rymdaktiebolaget
 Sveaskog
 Svedab
 Svenska Spel
 Swedavia
 Swedfund International
 Systembolaget
 Teracom Group
 VisitSweden
 Voksenåsen



Public policy targets clarify non-financial values

Several state-owned enterprises have public policy assignments specifically adopted by the Riksdag. For these companies the owner sets public policy targets so as to be able measure and track how well these public policy assignments are being performed. The public policy targets are set by the owner in dialogue with the company concerned.

Public policy targets are set for state-owned enterprises that have specifically adopted public policy assignments. The public policy targets are set by the owner in dialogue with the company concerned. This is done in an integrated process to avoid conflicts with financial targets, for example, and to avoid cross-subsidisation that distorts the market. Public policy targets are presented and adopted by the owner at the annual general meeting.

Following the Swedish National Audit Office's audit of the Government's governance of companies with public policy assignments in 2017, a review has been conducted of the process of setting public policy targets. The outcome of this review has resulted in a clarification regarding the basic conditions for starting and carrying out public policy target projects with good outcomes. The tracking and reporting of public policy assignments and their costs has been clarified. The process and method for setting public policy targets will be reviewed continuously.

Public policy targets – purpose

The purpose of setting public policy targets for the companies is to

- ensure that the specifically adopted

public policy assignments are performed well;

- make clear the cost of performing the specifically adopted public policy assignments;
- enable tracking and reporting to the Riksdag and other stakeholders; and
- make clear the conditions for the financial targets.

Public policy targets in relation to financial targets

There is no opposition between specifically adopted public policy assignments and economic efficiency. The State's ambition as an owner is that the assignment is performed well and in the most efficient manner possible. However, public policy targets and financial targets can affect each other, so it is important that they are set in an integrated process.

For instance, a cost may be associated with the performance of the public policy assignment, and this affects the company's financial performance. When the financial targets are set, the cost of the public policy assignment is taken into account. The specifically adopted public policy assignment may also be linked to the company's risk and the assessment of what

is an appropriate capital structure.

The interpretation of the specifically adopted public policy assignment and the adoption of the public policy targets have a bearing on the company's financial conditions and what financial targets can be set.

Some companies with specifically adopted public policy assignments receive appropriations from the central government budget. A cost estimate for the specifically adopted public policy assignments makes it easier for the Government and the Riksdag to set priorities for the use of taxpayers' money.

Method of setting public policy targets

The investment management organisation has a structured process for setting public policy targets for state-owned enterprises. It can be summarised in three steps:

- (1) Define what the company is to do, i.e., the assignment.
- (2) Define why the assignment should be performed, i.e., the aim or public benefit.
- (3) Set public policy targets that reflect the purpose and how the assignment is to be performed.

WHAT

Define the assignment and what the company has to do (according to its articles of association and/or owner instruction).

WHY

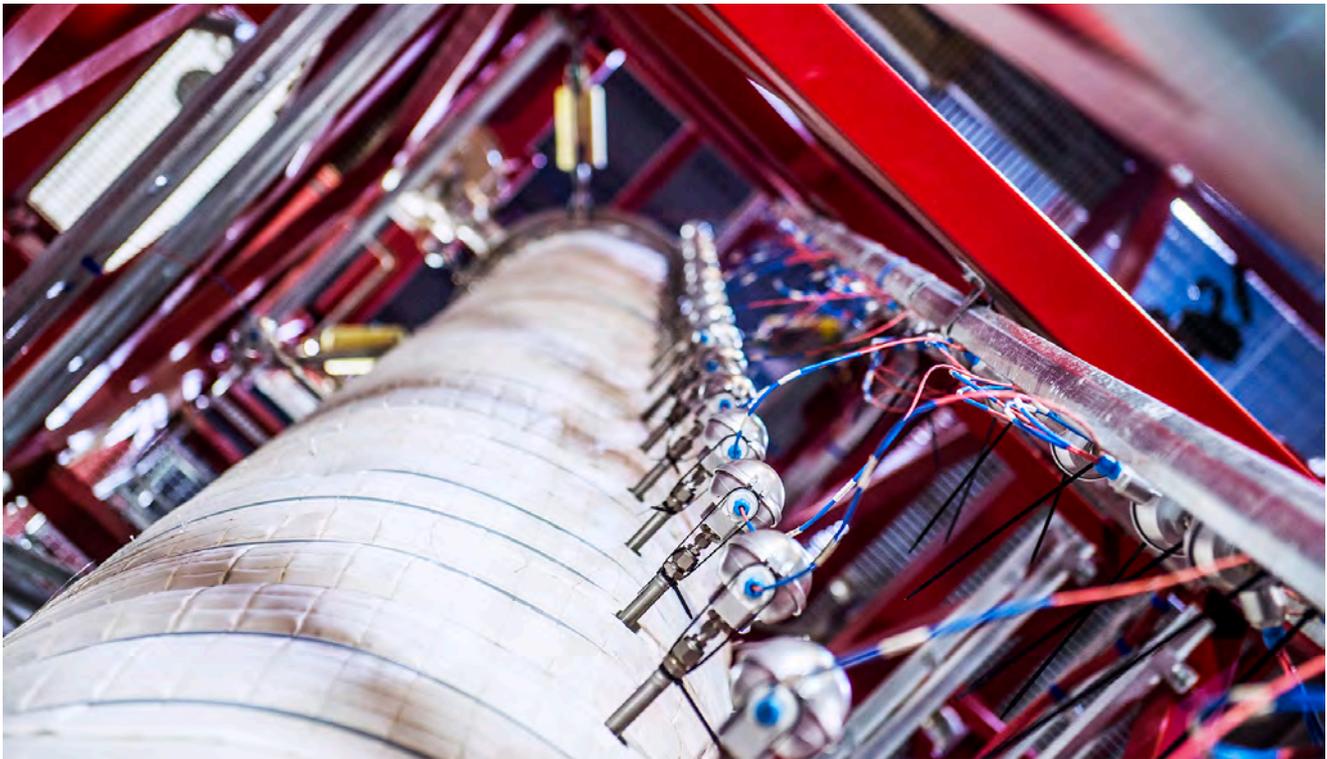
Define why the assignment has to be performed (according to government bills and Riksdag committee reports, for example).

HOW

Define public policy targets that reflect the purpose and describe how the assignment is to be performed (such as targets for capacity utilisation rate, volumes, efficiency measures or other measures within the company's control).

Specify the cost of the assignment and its impact on financial targets

Taken into account in the process for setting financial targets



In international cooperation with the academic world, business and the public sector, RISE is contributing to a competitive business sector. ■ For more information about the company's new public policy targets, see page 23.

The description of a company's operations in its articles of association often sets out its specifically adopted public policy assignment, but not always its public benefit. The public benefit must therefore be made clear before the public policy targets are formulated. The public benefit or purpose of the specifically adopted public policy assignment is usually described in the government bill that is the basis for the Riksdag's decision. Sometimes, several government bills and Riksdag committee reports must be reviewed to determine the public benefit.

Uniform public policy targets are set by categorising various types of purposes or public benefits. Examples of targets are developed for these categories. In infrastructure, for example, the measures used are capacity utilisation rate and quality index. The higher the capacity utilisation rate, the greater the public benefit of the infrastructure; while the quality index is used to measure perceived user benefit. Quality and customer surveys are particularly important in companies whose operations are not subject to

competition. This is because there is no natural transformation pressure on the company to improve its efficiency.

In spring 2018 public policy targets were adopted for Svedab and RISE; there are now a total of ten companies for which public policy targets have been adopted in the state company portfolio, see the table on the right. On account of the formation of a new government, no new projects were started in autumn 2018.

Tracking and evaluation

Public policy targets and outcomes have to be reported in the company's annual report. Public policy targets are tracked both in the investment teams' ongoing work and in owner dialogues between representatives of the owner and the company, where outcomes in relation to the targets are discussed, as are any actions planned to meet the targets. Material change in the company's conditions can lead to a review of the targets. The owner dialogue also follows the development of costs for carrying out the public policy assignments and for attaining the public policy targets.

Companies already given specifically adopted public policy targets

Almi Företagspartner
Göta kanalbolag
RISE, Research Institutes of Sweden
SEK, Svensk Exportkredit
SOS Alarm
SSC, Svenska rymdaktiebolaget
Svedab
Swedavia
Swedfund International
Systembolaget

RISE has been given new public policy targets and financial targets

When a merger was put into effect in the RISE Group in 2018, the owner made the assessment, in consultation with the board of RISE, that this was a suitable time to set public policy targets and financial targets for the company. A comprehensive target project was carried out alongside a sustainability analysis. Public policy targets and financial targets were adopted at extraordinary general meetings in July and August 2018 respectively.

The target project resulted in six public policy targets that were assessed as relevant to RISE's specifically adopted public policy assignment, and the public policy targets are also an important starting point for the setting of relevant financial targets. The project resulted in consensus between the company and owner around all target areas. Some target levels will only be set in 2019–20, when the company has been able to carry out measurements and put reference values in place.

Public policy targets

The purpose of the public policy targets is to set targets for and measure, jointly and in a balanced way, the various purposes that RISE's specifically adopted public policy assignment is intended to achieve. Each individual public policy target is a policy tool in an area of relevance to RISE.



Ola Dawidson, Head of Strategy and Operational Excellence, RISE.

It is a challenge to find targets that measure, in a balanced and readily understandable way, how an institute as broad as RISE is delivering in relation to its owner's directives and expectations. But, starting from work previously done within RISE about measuring innovative partnership, we were quickly able to generate good understanding of our broad operations. I think that the final palette of

public policy targets gives a good and balanced picture of how we measure RISE's operations, weighing in aspects like customer, research, balance between different segments, the relevance of our testbed operations and, not least, how well we make use of the breadth of our operations to address complex challenges facing society."

- Turnover from competitively acquired research funding in RISE is to be at least 30 per cent of total turnover.
- Business income from SMEs as a share of total business sector income is to be greater than a certain minimum level, in per cent, to be set in 2020.
- Turnover from projects with interdisciplinary involvement as a share of total turnover from RISE's project portfolio is to reach a certain minimum level, in per cent, to be set in 2019.
- The capacity utilisation rate of testbeds and demonstration facilities is to be within a certain target interval to be set in 2019.
- In RISE's customer survey the index for "Innovation Partner Capacity" is to attain at least 78 per cent positive responses.
- In RISE's customer survey the Customer Satisfaction Index (CSI) is to attain at least 75 per cent positive responses.

Financial targets

RISE is profit-making but does not pay a dividend. The financial targets are intended to steer RISE towards a high degree of efficiency and commercial approach within the limits of its public policy assignment.

- Net operating margin \geq 3 per cent as of 2020
- Net debt/equity ratio, 0–30 per cent

2001	The Government took the initiative to consolidate the Swedish industry research institutes in order to make them internationally competitive.
2009	Pursuant to a specifically adopted public policy assignment to coordinate and develop the State's owner interests and to strengthen and renew the institute sector, a holding company given the name of RISE Research Institutes of Sweden, was set up. In conjunction with this, the SP Technical Research Institute of Sweden was transferred from being a directly state-owned company to being a wholly owned subsidiary of RISE.
2013	In order to obtain a more cost-effective and appropriate organisational structure, RISE's mission was adjusted to also include operational activities.
2014	RISE's subsidiary AstaZero, the world's first full-scale testing environment for the traffic safety of the future, started operations in August.
2016	In April Innventia, SP and Swedish ICT merged under the joint brand name of RISE and RISE became the sole owner of the institutes. Pia Sandvik took up the post of CEO in April.
2017	The Awitar electronics laboratory was completed. Awitar is an important investment to ensure that RISE will continue to be a strong innovation partner for Swedish automotive industry. In November RISE was commissioned by the Government to set up and run an electromobility centre and to start a Substitution Centre that will increase knowledge about dangerous substances and thereby contribute to their replacement.
2018	The restructuring of RISE was completed through the merging of the previous holding company with the former SP, and the merged company became the parent company of the RISE Group. In June RISE acquired two-thirds of the Swerea research group. The institutes included in Swerea – IVF, SICOMP, SWECAST and parts of KIMAB – merged with RISE. RISE and Chalmers established SEEL AB, a testbed for electromobility, with the support of the Government and in collaboration with industry partners. In all, the government funding and the commitments of industry partners mean that an investment of about SEK 1 billion will be made in this initiative.

Tracking targets

The tracking of targets is an important tool in the State's active investment management. As the owner, the State can evaluate and foster the development of these companies by comparing performance with the targets set.

Financial targets and outcomes 2018

% , unless otherwise stated	Profitability Return on equity, unless otherwise stated		Capital structure Equity/assets ratio, unless otherwise stated		Approved dividend based on profit for 2018, unless otherwise stated	
	Objective	Outcome 2018	Objective	Outcome 2018	Objective	Outcome 2018
Akademiska Hus	≥6.5 ¹	5.5 ¹	30–40	45.8	40–60	60
APL	>8	-52.2	40–50	15.8	≥50	-
Apoteket	≥3 ²	2.5 ²	40–80 ³	34.0 ³	40–60 ⁴	59 ⁴
Bilprovingen	≥8 ²	2.6 ²	30–40	45.3	≥80	323
Green Cargo	≥10 ⁶	-6.0 ⁶	0.6–0.9 ³	2.1 ³	50	-
Göta kanalbolag	≥0 ⁷	0.2 ⁷	-10–50 ³	-34.3 ³	-	-
Infranord	≥16	9.9	>33	38.4	50–75	50
Jernhusen	≥12	7.3	35–45	44.0	33	120
Lernia	≥20	-34.4	30–50	22.0	≥50	-
LKAB	>12	14.1	0–30 ³	9.2 ³	40–60	60
Metria	≥10 ⁵	-0.8 ⁵	≥30	49.6	≥30	-
PostNord	10.5 ⁶	-12.4 ⁶	10–50 ³	31.0 ³	40–60	-
RISE	≥3 ²	1.1 ²	0–30 ³	-53.0 ³	-	-
Samhall	7	7.6	≥30	35.9	-	-
SAS	12 ¹⁶	14.0 ¹⁶	<3 ⁸	2.7 ⁸	-	-
SJ	≥7 ⁶	11.4 ⁶	0.5–1.0 ³	-0.1 ³	30–50	50
SOS Alarm	≥2 ²	6.9 ²	25–35	47.6	≥50	50
Specialfastigheter	8 ⁹	13.0 ⁹	25–35	38.3	50	50
SSC	≥6 ⁶	8.0 ⁶	0.3–0.5 ³	0.2 ³	≥30	-
Sveaskog	≥4.5 ¹⁰	5.4 ¹⁰	0.3–0.6 ³	0.3 ³	65–90	82
Svedab	500 ¹¹	996 ¹¹	-	-	50	93
Svenska Spel	≥22 ²	21.2 ²	-	-	-	100
Svevia	≥20	31.9	20–30	33.5	≥50	73
Swedavia	≥6 ⁶	4.6 ⁶	0.7–1.5 ³	1.1 ³	30–50	-
Swedfund	positive ¹²	-55.3 ¹²	-	-	-	-
Systembolaget	risk free (rf)+7	11.4	20–30	25.7	80–100	100
Telia Company	-	-	A- to BBB+ ¹³	A- to BBB+ ¹³	≥80 ¹³	85 ¹³
Teracom Group	17	11.0	30	82.0	40–60	60
Vasallen	risk free (rf)+4	-3.5	≥50	83.8	30–50	-
Vattenfall	≥8 ¹⁴	7.0 ¹⁴	22–27 ¹⁵	20.7 ¹⁵	40–70	20

1) Return on operating capital excluding changes in value. 2) Operating margin. 3) Debt/equity ratio, % or multiple. 4) Share of net profit for the year adjusted for earnings and tax related to pension assets and pension commitments. 5) EBITDA margin. 6) Return on operating capital. 7) EBT margin. 8) Net debt/EBITDAR. 9) Return on equity based on profit after tax and after reversal of changes in value and deferred tax. 10) Dividend yield. 11) Equity to be at least SEK 500m. 12) EBIT to be positive, regardless of accounting standard, outcome in SEK m. 13) Solid long-term credit rating and dividend of at least 80 per cent of free cash flow, excluding licences, from remaining operations. 14) Return on capital employed. 15) Funds from operations (FFO)/adjusted net debt. 16) ROIC.

%	Profitability Return on equity, unless otherwise stated		Capital structure				Approved dividend based on profit for 2018, unless otherwise stated	
	Objective	Outcome 2018	Total capital ratio		Common equity Tier 1 capital ratio		Objective	Outcome 2018
Objective			Outcome 2018	Objective	Outcome 2018			
SBAB	≥10	12.1	≥0.6 ¹⁷	18.1 ¹⁷	≥0.6 ¹⁷	12.5 ¹⁷	≥40	40
SEK	≥6	3.6	1–3 ¹⁸	20.1 ¹⁸	-	-	30	30

17) Total capital ratio and Common Equity Tier 1 capital ratio under normal circumstances to be at least 0.6 percentage points above the requirement communicated by Finansinspektionen, which corresponds to a target of 14.1 per cent for the total capital ratio and 10.0 per cent for the Common Equity Tier 1 capital ratio. 18) Total capital ratio under normal circumstances to be between 1 and 3 percentage points above the capital requirement communicated by Finansinspektionen: 17.7–19.7 per cent.

Public policy targets and outcomes in 2018

The public policy assignments, public policy targets and outcomes of each company are presented in the company overviews on pages 39-86.

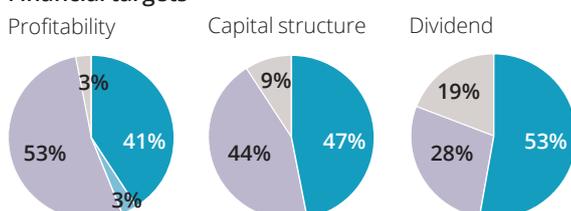
Company	Public policy targets adopted	Target level	Outcome 2018
Almi	Share of companies still operating higher than control group	Control group 77%	81%
Företags-partner	Increase in sales for Almi customers higher than control group	Control group 24%	33%
	Increase in value added higher than control group	Control group 21%	32%
	Share seeing Almi solely as a complement to the market	100%	Index not complete
	Share of women higher than control group	Control group 30%	28%
	Share of persons with foreign backgrounds higher than control group	Control group 23%	36%
	Share of early-stage companies	>50%	72%
	Göta kanalbolag	Number of boats in whole season	≥1 700
Number of boats in booking season		≥400	462
Regular passenger boat traffic to be operated throughout the peak season		100%	100%
Navigability in peak season		98%	91%
Share of lock-keeper and bridge master's homes of year-round standard (by 2020)		100%	96%
Maintain avenue trees along canal and replant to original number		No target level	50 trees planted
Number of accidents on account of condition of facility		0	1
Customer satisfaction (index)		≥4 (of 5) for four customer categories	4.4 / 4.6 / 4.0 / 3.6
RISE		Share of turnover from competitively acquired research funding	≥30%
	Share of business income from SMEs	≥35%	**
	Share of turnover from projects with interdisciplinary involvement	Target level to be set in 2021	-
	Utilisation rate of testbeds and demonstration facilities	60%-80%	**
	Innovation Partner Capacity (positive responses)	≥78%	*
SEK	Customer Satisfaction Index (CSI) (positive responses)	≥75%	*
	Customer survey, added value of export credits (positive responses)	>60%	78%
SOS Alarm	Stakeholder dialogue to promote competitiveness	No target level	Conducted in 2018
	Response time for the 112 emergency number (seconds)	8	11.6
	Service level, response within 15 seconds for 112	92%	78%
	Service level, response within 30 seconds for 112	100%	92%
	Time to identify need of assistance (seconds)	40	28
	Customer Satisfaction, Emergency Calls and Response (index)	68	68
	Confidence Index	70	82
SSC	Capacity utilisation rate, Estrange	≥70%	104%
	Quality index, Estrange	≥80%	89%
	Stakeholder dialogue for promotion of Swedish interests	No target level	-
Svedab	Accessibility, road	100%	*
	Accessibility, rail	≥99.6%	*
Swedavia	Reporting of share of satisfied customers	No target level	74%
	Reporting of number of passengers, domestic flights (millions)	No target level	13.5
	Reporting of number of passengers, international flights (millions)	No target level	28.5
	Reporting of number of international destinations	No target level	324
	Reporting of number of accidents or serious incidents	No target level	3
	Reporting of carbon dioxide footprint (ktonnes)	No target level	528
Swedfund	Increased sales per investment	Increase over a five-year period	47% in three years
	Increased profitability per investment	Increase over a five-year period	60% in three years
	Climate footprint, portfolio's estimated emissions of CO ₂ e (ktonnes)	Target level to be evaluated in 2019	24.0
	Climate and environment analysis	To be held every third year	Conducted in 2018
	Transparency and regulatory compliance regarding taxes	Target level to be evaluated in 2019	-
	Share of senior positions held by women per investment	Greater gender equality after 5 years	25%
	Share of investments not feasible with commercial financing	100%	100%
System-bolaget	Customer Satisfaction Index (CSI)	≥80%	84.6
	Alcohol index	Positive development (index 2017: 62.0)	61.4
	Reporting of alcohol consumption (litres per capita/company's share)	No target level	9.0 / 62.8%

* The target was adopted at the AGM in 2018 and will be reported for the first time in the annual report for 2019.

** The target level was adopted at the AGM in 2019 and will be reported for the first time in the annual report for 2020.

Achievement of targets at portfolio level in 2018

Financial targets



Public policy targets



Strategic targets for sustainable business

Sustainable business is integrated in corporate governance in order to promote long-term sustainable value growth. State-owned enterprises have to act as role models and integrate sustainability perspectives in operations by having their board of directors set strategic targets for sustainable business.

As a company owner, the State has high ambitions for sustainable business. The starting point is that state-owned enterprises have to contribute, through their business models, to value creation in a way that promotes long-term sustainable development. This means that, in the light of their industry and the markets in which they operate, the companies have to identify and minimise the risk of negative impacts of their operations, but also to take advantage of new business opportunities and innovative thinking for sustainable value creation. Since the portfolio of state-owned enterprises is large and an important part of the business sector in Sweden, the actions of these companies can serve as examples for other companies.

In the area of sustainable business, state-owned enterprises have to act in an exemplary way, which includes working strategically and transparently with a focus on cooperation. This work is guided by international guidelines and, since 2017, also by the 2030 Agenda and the global Sustainable Development Goals (Global Goals).

The 2030 Agenda is a common agenda for the countries of the world that contains 17 global Sustainable Development Goals for the period up to 2030. All actors in society are important to the implementation of the 2030 Agenda and business plays a key role. This also means that state-owned enterprises have to analyse the Goals to identify which targets the companies have an impact on and can contribute to through their operations.

In the Government's view, proactive and integrated work on sustainability makes a positive contribution to the development of these companies. The board of directors is responsible for integrating sustainable business in their company's business strategy. This means that the company has to start from its business and, where applicable, its specifically adopted public policy assignment when setting targets and strategies to attain these targets. The tracking of strategic targets for sustainable business set by company boards of directors is one aspect of the work of the investment management organisation.

Formulation of targets and strategies

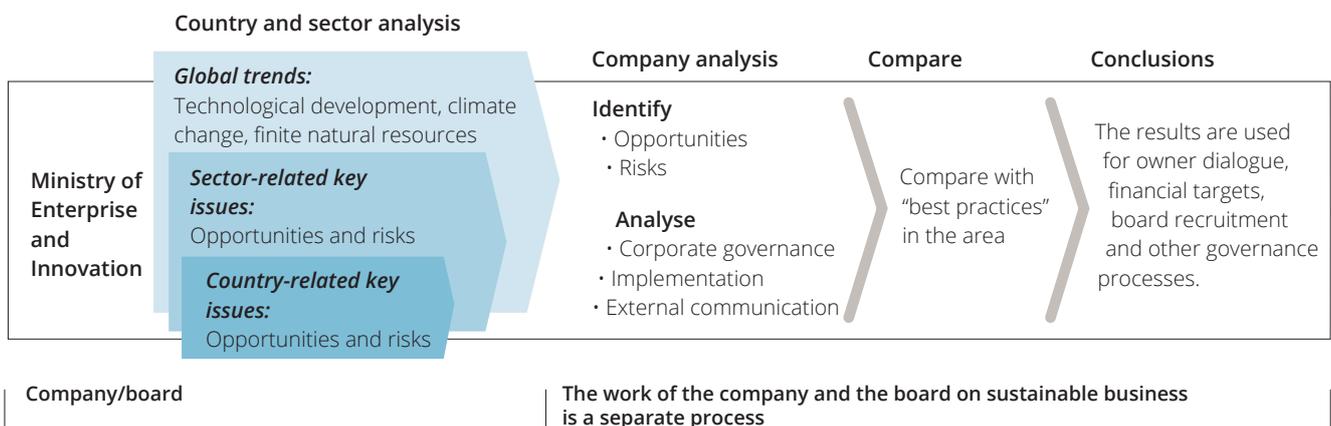
The Government has defined a number of quality criteria for the strategic targets for sustainable business. The targets have to be:

- few in number and comprehensive;
- value-creating;
- relevant to the company's business operations and sustainability challenges;
- relevant to the company's specifically adopted public policy assignments (where set);
- long term and challenging;
- trackable (not necessarily quantifiable); and
- distinct and easy to communicate.

Tracking by means of sustainability analysis

The investment management organisation carries out company-specific sustainability analyses to evaluate the companies' work on sustainable business. This analysis is based on broad business intelligence that takes into account global trends, risks and opportunities linked to the value chain in which the company operates.

Sustainability analysis process



Focus on state property companies

In 2018–19 the investment management organisation carried out a sustainability analysis of several of the state-owned enterprises that have property-related operations (Akademiska Hus, Jernhusen, Specialfastigheter and Swedavia). The overall purpose of the sustainability analysis is to ensure that the companies live up to the high expectations set by the Government in the area of sustainable business. In this case, another purpose of the analysis was to identify common focus areas so as to increase both the owner's and the companies' knowledge and to share experience of smart solutions and ways of working.

The construction and property industry accounts for a considerable part of Sweden's energy consumption and, in line with this, these companies have generally had a strong focus on reducing their energy consumption. The analysis shows that the state-owned property companies have come a long way in reducing their energy consumption and that all the companies have targets that are measured and tracked. One clear trend in both the industry and the state-owned property companies is a greater focus on the aggregate climate impact of the construction process. The correctness of this approach is supported by a report

from the Royal Swedish Academy of Engineering Sciences (IVA) and the Swedish Association of Construction Engineers called *Climate impact of the construction process, 2018 (Klimatpåverkan från byggprocessen, 2018)* that shows that the construction process has as much climate impact as operating the resulting building for 50 years. Several of the state-owned property companies are also members of Fossil Free Sweden, a government initiative, in which a common road map for the construction and civil engineering sector is intended to contribute to the industry's development to climate neutrality by 2045.

Social responsibility is another important issue for state-owned property companies, and an examination was therefore made of how these companies deal with the sustainability risks that are linked to the

contractor phase of the construction process. The analysis of the property companies was conducted alongside a broader dialogue in which the investment management organisation under the leadership of the then Minister for Enterprise and Innovation, Mikael Damberg, brought together the CEOs and chairs of a number of portfolio companies to discuss health and safety.

Just as in the case of other sustainability analyses carried out of state-owned enterprises, the recommendations identified have been presented to the board of each company with property-related operations. This work is then going to be followed up in owner dialogues as well as in separate meetings between companies and the owner focusing particularly on sustainability issues.



The sustainability analysis carried out of state-owned property companies has shown that we share quite a number of challenges in our businesses. One of the greatest challenges facing the sector is to address the climate transition that is required to reach a sustainable society. Akademiska Hus' target of achieving climate-neutral operations makes great demands on cooperation with many other actors, and, along with our major investments in digitalisation and innovation, we are driving developments in the right direction. As a state-owned enterprise we have the standing and ability to use our position as a developer and focus on long-term approach."



Kerstin Lindberg Göransson, CEO, Akademiska Hus AB.

In addition to supplying knowledge to the owner, the results of the analysis have further areas of application. They are used as the basis both for active ownership in the form of the board nomination process and in the dialogue between the owner and the company, creating conditions for long-term and consistent governance of the companies. The sustainability analysis is also an integral part of the process of developing financial and public policy targets because it reduces the risk of conflicting targets.

Cooperation for greater value creation
On many occasions collaboration

between different actors contributes to more knowledge and better and more innovative solutions. State-owned enterprises are therefore expected to conduct active work both in their own operations and in cooperation with business partners, customers, suppliers and other stakeholders in order to promote knowledge transfer and innovative cooperation in the area of sustainable business.

International guidelines

State-owned enterprises have to act responsibly and work actively to follow international guidelines regarding environmental consideration, human rights, working conditions, anti-

corruption and business ethics. The 2030 Agenda guides the work of the companies. The companies also have to work actively to follow guidelines such as the Global Compact, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.



The responsibility of the State as a business owner

The UN Human Rights Council endorsed the Guiding Principles on Business and Human Rights in June 2011. The mainstays of the Guiding Principles are:

1. The State Duty to Protect Human Rights.
2. The Corporate Responsibility to Respect Human Rights, which means that business enterprises should avoid causing or contributing to adverse human rights impacts and seek to prevent or mitigate human rights impacts.
3. Access to remedy when human rights abuses occur.

The fourth principle under the first pillar is directed at States as owners

and declares that States should take additional steps to protect against human rights abuses by business enterprises owned or controlled by the State. This is on the basis that where States own or control business enterprises, they have greatest means within their power to ensure that relevant policies, legislation and regulations regarding respect for human rights are implemented.

Human rights are an integrated part of the Swedish State's Ownership Policy and of its corporate governance. The focus on human rights in the governance of state-owned enterprises has been strengthened through, for instance, a guide for boards of state-owned enterprises about the expectations on the work of these companies in the area of human rights and the role and responsibility of the board.

Human rights		
Protect The State Duty to Protect Human Rights	Respect The Corporate Responsibility to Respect Human Rights	Remedy Access for victims to a remedy when human rights abuses occur

The 2030 Agenda

The countries of the world have agreed a common agenda for sustainable development, including 17 new Global Goals that apply up to 2030. The level of ambitions for the work of

the companies in the area of sustainable business has been raised further by the inclusion of the UN's 2030 Agenda with 17 global Sustainable Development Goals in the State's

Ownership Policy. State-owned enterprises have to analyse the Global Goals and identify the Goals that companies impact on and contribute to through their operations.

Challenges and opportunities for sustainable value creation

The 2030 Agenda and the global Sustainable Development Goals are a clear example of how challenges and opportunities are interrelated. Business has a central role in the implementation of the Agenda and companies are called on to use their creativity and capacity for innovation to make contributions. Business has a key role in finding solutions to the challenges that exist in the area of environment and climate, in creating a more gender-equal working life and in ensuring acceptable working conditions and respect for human rights.

Guidance for the companies

One important starting point for the state-owned enterprises is the well-established international guidelines for sustainable business. The Government

wants state-owned enterprises to be involved and to show the way forward and has included requirements for and expectations on the companies in the state ownership policy, which lays down that international guidelines, the 2030 Agenda and the global Sustainable Development Goals have to guide the work in state-owned enterprises on sustainable business.

The Government views sustainable business as an important issue of business strategy. Short-term and long-term strategies are interrelated and the decisions taken today must also be guided by care for the future position of the company in a sustainable world. The ownership policy therefore also expects the companies to identify business opportunities that



contribute to achieving the Global Goals.

Knowledge and inspiration

The investment management organisation at the Government Offices is working in various ways to inspire the companies and increase their knowledge of the 2030 Agenda and the

17 Global Goals. During the year the investment management organisation initiated a series of workshops on the theme of the 2030 Agenda attended by representatives of the companies in order to increase the joint exchange of knowledge. The further work of the companies will be tracked as part of the ongoing owner dialogues between

representatives of the owner and the companies.

There are a number of examples of how state-owned enterprises have undertaken work on the Global Goals; work that they also present in their annual report or on their website.

PostNord chooses a few, operations-centred sustainability targets with a forward-looking perspective

Rapid e-commerce growth, decreasing letter volumes and an industry at the epicentre of digitalisation: this is the reality facing PostNord, and it requires clear sustainability work to find the right direction for the future. This background and a dialogue with stakeholders have led to three of the UN global Sustainable Development Goals being identified in its work.

The first two are *Goal 11: Sustainable cities and communities* and *Goal 9: Industry, innovation and infrastructure* that capture its main mission. PostNord is to continue to be a sustainable business partner for its customers and have reliable deliveries

that create opportunities, including in rural areas.

Goal 8: Decent work and economic growth represents a risk that PostNord sees for the future. The requirements that apply to transports are that they have to be rapid, cheap, sustainable, but this can be a difficult combination. Sustainability, in environmental terms but perhaps especially in social terms, risks going backwards with insecure jobs and a 'gig economy'. PostNord wants to continue to offer good conditions for all employees and has, for instance, started two projects for newly arrived immigrants. One is about helping them to take a heavy



vehicle driving licence; the other is about offering half-time work in combination with studies in Swedish.

SBAB's green cycle of money



By collaborating with other participants in the housing market, SBAB can help to make it more sustainable. SBAB has given priority to four of the UN's global Sustainable Development Goals (8, 11, 12 and 13), which are an integrated part of the company's governance model.

Green Mortgages

According to the Swedish Energy Agency, the housing sector accounts for 40 per cent of total energy consumption in Sweden. Speeding up the transition to more energy-efficient properties is therefore an important step towards national and international climate targets. In 2018 SBAB launched a Green Mortgage with an interest rate discount for customers living in properties placed in energy class A, B or C according to Boverket's energy classification system – a financial incentive that contributes to an energy-smart transition in the

housing market. With SBAB, all customers entitled to a Green Mortgage get it automatically. This is in line with the bank's ambition to be simple and transparent.

A green cycle of money

At the start of 2019, SBAB also became the first bank in Sweden to issue a green covered bond secured by housing mortgages. This cycle contributes to two of the four Sustainable Development Goals given priority by the company: *Sustainable cities and communities* (Goal 11) and *Climate action* (Goal 13).

Gender balance

The Government aims for gender balance both on individual boards of directors and at portfolio level. Board representation has to be at least 40 per cent for both women and men in the state company portfolio.

Gender equality targets

A general target for all state-owned enterprises is gender balance on the boards of directors. The proportion of women and men has to be at least 40 per cent in the state company portfolio (wholly and partially owned companies). Women accounted for 47 per cent and men for 53 per cent of directors of state-owned enterprises elected by the annual general meeting as on 1 May 2019. This can be compared with the boards of listed companies, where the figures were 34 per cent women and 66 per cent men.¹

Gender parity on the board of each company has to follow the “ladder”, which indicates how many directors of each gender a board with a particular number of directors has to have. (Read more about board composition on page 100.) Gender balance was

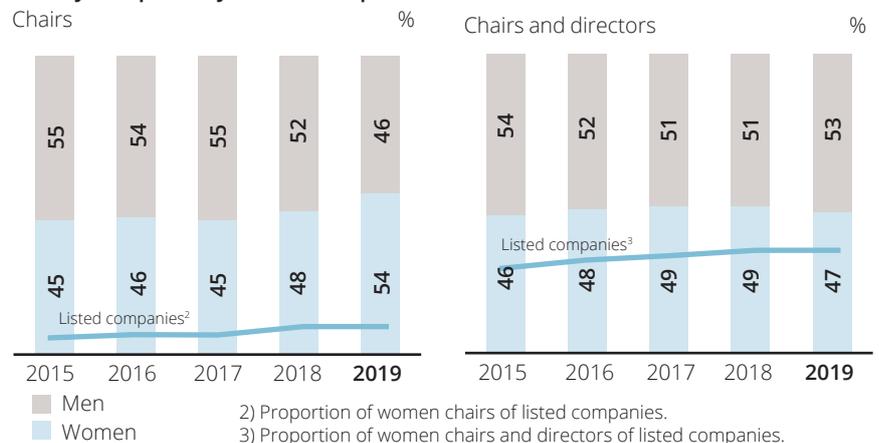
achieved in 39 of the 41 state-owned enterprises included in the statistics, compared with 2018 when all 42 companies reached the target. In both companies that deviate from the target men are overrepresented.

The proportion of women chairs of companies wholly and partially owned by the State has increased from 45 per cent in 2015 to 54 per cent in 2019, which can be compared with 9 per cent in listed companies.¹

1) Second Swedish National Pension Fund's Women's Index 2018.

Gender distribution

Wholly and partially owned companies



Gender distribution – CEO and executive management⁴

Women (W), Men (M)	2018					2017		2016		2015	
	W, no	M, no	Total	W, %	M, %						
CEO	17	27	44	39	61	36	64	36	64	32	68
Executive management ⁵	121	167	288	42	58	46	54	43	57	43	57

4) There were 47 companies at year-end. The evaluation for 2018 does not include Bostadsgaranti, EUROFIMA and Sweden House.

5) Executive management excluding the CEO.

Gender distribution – directors appointed by the AGM

Women (W), Men (M)	2019					2018		2017		2016		2015	
	W, no	M, no	Total	W, %	M, %								
Wholly and partially owned companies													
Chairs	22	19	41	54	46	48	52	45	55	46	54	45	55
Directors	113	136	249	45	55	49	51	49	51	49	51	46	54
Total chairs and directors appointed by the AGM	135	155	290	47	53	49	51	49	51	48	52	46	54
Wholly owned companies													
Chairs	19	17	36	53	47	46	54	45	55	44	56	46	54
Directors	100	113	213	47	53	49	51	50	50	51	49	49	51
Total chairs and directors appointed by the AGM	119	130	249	48	52	49	51	49	51	50	50	49	51

The calculation covers limited companies whose registered office is in Sweden. The report does not include EUROFIMA, Svenska Skeppshypotekskassan, Sweden House or Voksenåsen. Swedesurvey is not included in the statistics for 2019 since an EGM in 2019 decided that the company would be wound up by going into voluntary dissolution.

Sustainable pay levels and terms of employment

Remuneration to senior executives in the business sector is an important issue of confidence. State-owned enterprises should therefore pay their managers carefully considered salaries and pensions.

A matter of confidence

The demand for sound remuneration systems is an important corporate governance issue, both in Sweden and internationally. One important part of the corporate governance of the state-owned enterprises is therefore reasonable and well-considered remuneration for senior executives.

Reasonable terms of employment

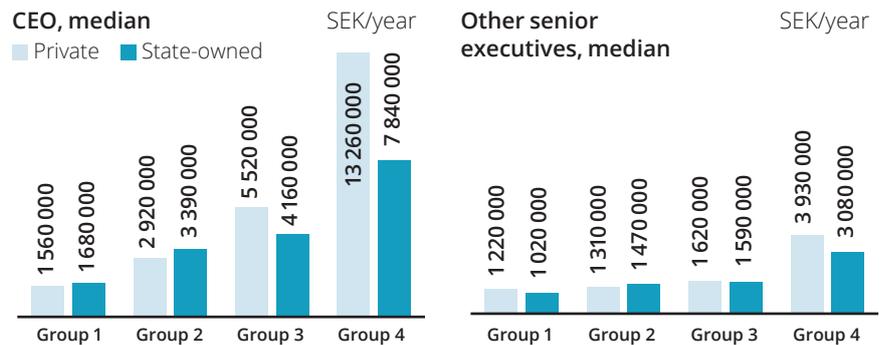
On 22 December 2016 the Government adopted new guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises. They are being applied as of the 2017 annual general meeting. The boards of state-owned enterprises are responsible for applying these guidelines. In companies where the State is one of several owners the Government should enter a dialogue with the other owners to work for the application of its guidelines as far as possible.

According to the remuneration principles in these guidelines, total remuneration to senior executives should be reasonable and carefully considered. It should also be competitive, have a set ceiling and be appropriate, while fostering sound ethics and a good corporate culture. The remuneration should not be a salary leader in relation to other peer companies, but be characterised by moderation. This should also serve as standard for total remuneration to other employees.

Tracking and compliance

The Government Offices has commissioned a consulting company to examine compliance with the present guidelines in 2018 and a comparison has also been made of remuneration levels in state-owned enterprises with market data from privately owned companies. A total

Total cash remuneration



Group 1: Companies with annual sales below or equal to SEK 850m, **Group 2:** Companies with annual sales of SEK 851–3 300m, **Group 3:** Companies with annual sales of SEK 3 301–14 000m, **Group 4:** Companies with annual sales greater than or equal to SEK 14 001m.

of 112 representative market peers was included in the survey. The starting point was whether or not total cash remuneration to the CEO and other senior executives has been “competitive but not a salary leader”. Total cash remuneration refers to all fixed and short-term variable remuneration paid to the employee.

At the end of 2018 no senior executive was entitled to variable remuneration. The possibility of giving variable salary to senior executives was removed from the guidelines in 2009.

The share of CEOs with defined benefit pension plans has decreased. In 2018, 10 per cent of all CEOs and 36 per cent of other senior executives had defined benefit pension plans. These are based on applicable collective agreements and are therefore not in conflict with the guidelines. Under the guidelines from 2009, the retirement age in the companies must not be lower than 62 and ought to be at least 65. Under the present guidelines, the retirement age in employment contracts entered into after the guidelines came into force must not be below 65. In 2018 no senior executive had a retirement age below 65.

According to the guidelines from 2009 the period of notice in the case of termination by the company must not exceed six months and severance pay must not be paid for longer than 18 months. Under the new guidelines, employment contracts made after the guidelines came into effect permit severance pay of up to 12 months’ salary. In 2018, 43 senior executives had severance pay of 18 months’ salary. These referred to old contracts and are therefore not in conflict with the guidelines. One senior executive has severance pay in excess of 18 months’ salary.

State-owned enterprises and market peers were divided into four groups based on sales levels. Total cash remuneration to CEOs shows that the median remuneration in state-owned enterprises in groups 3 and 4 is below the median remuneration in the private market. However, in groups 1 and 2, it is slightly above the private market median. Overall, median remuneration to other senior executives in state-owned enterprises is in line with the market median, but the spread of the observations is slightly larger than in the private market.

Financial statements



Financial results in 2018

General information about the accounts

The full-portfolio presentation for 2018 does not include Bostadsgaranti since it was decided in February 2018 that the company will enter into voluntary dissolution. However, Bostads-

garanti is still included in the comparative figures for 2017.

Since the start of 2017 Saminvest is the parent company of the previously wholly state-owned companies Inlandsinnovation and Fouriertransform.

SAS is not included in consolidated earnings for 2018 or 2017 since the State's share of equity is below 20 per cent.

Income statement

SEK m	2018	2017
Net sales (including appropriation, if any)	354 244	324 164
Other income	6 534	4 649
Expenses	-319 368	-286 337
Profit from investments in associates	2 735	5 298
Changes in value	5 384	5 891
Operating profit/loss (EBIT)	49 528	53 666
Financial income	3 691	3 682
Financial expenses	-8 207	-9 725
Profit before tax	45 013	47 622
Tax	-6 244	-9 388
Profit/loss from operations wound up	33	83
Profit or loss for the year	38 868	38 347
Attributable to owners of the parent	36 990	37 191
Attributable to minority interests	1 877	1 155
Total	38 868	38 346

Sales

Consolidated sales for state-owned enterprises rose by 9.3 per cent in 2018, year-on-year, to SEK 354.2 (324.2) billion. Total sales including the state holding in associates rose by 8.9 per cent in 2018.

Operating profit

The consolidated operating profit for 2018 was SEK 49.5 (53.7) billion.

Balance sheet

SEK m	2018	2017
Assets		
Property, plant and equipment	486 377	458 595
Intangible assets	24 689	23 581
Financial assets	907 754	835 527
Current assets	218 072	179 352
Total assets	1 636 891	1 497 055

Equity, provisions and liabilities

Equity attributable to owners of the parent	344 047	323 666
Equity attributable to owners of minority interests	17 854	18 641
Total equity	361 900	342 307
Total liabilities and equity	1 636 891	1 497 055

Equity

In 2018 equity increased by SEK 19.6 billion, mainly on account of positive earnings after tax for 2018 of SEK 38.9 billion.

Cash flow

SEK m	2018	2017
Cash flow from operating activities	65 309	51 289
Cash flow from investing activities	-34 578	-37 953
Cash flow from financing activities	-21 541	-24 617

Cash flow from operating activities

Cash flow from operating activities increased by 27.3 per cent in 2018 compared with 2017, from SEK 51.3 billion to 65.3 billion.

Cash flow from investing activities

Cash flow from investing activities decreased by 8.9 per cent in 2018 compared with 2017, from SEK -38.0 billion to -34.6 billion.

Cash flow from financing activities

Cash flow from financing activities was SEK -21.5 (-24.6) billion for financial year 2018.

Total remuneration paid by state-owned enterprises to auditors in 2018

SEK m	Audit fees	Other consultant services	Total	Audit share, %	Share of total audit fees, %
BDO	0.8	0.6	1.3	58.2	0.5
Deloitte	61.1	22.1	83.2	73.4	40.1
EY	45.4	58.0	103.4	43.9	29.8
KPMG	21.2	6.0	27.1	78.1	13.9
PwC	23.6	70.4	94.0	25.1	15.5
Others	0.3	0.1	0.4	71.8	0.2
Total	152.3	157.2	309.5	49.2	100.0

Dividends and appropriations

Most state-owned enterprises have laid down in their dividend policies that a share of the profits has to be distributed to the owner. Companies with specifically adopted public policy assignments can receive budget appropriations.

The dividend policies of state-owned enterprises are intended to ensure that the owner receives predictable and long-term sustainable dividends and are an important component in setting financial targets. Of the 46 companies in the state company portfolio, 22 decided to pay dividends for financial year 2018. In total, these companies paid SEK 19.9 billion to the State. The largest dividends for 2018 come from Svenska Spel (SEK 4 478m), Telia Company (SEK 3 810m), LKAB (SEK 3 164m), Vattenfall

(SEK 2 000m) and Akademiska Hus (SEK 1 663m). Their combined dividends correspond to around 75 per cent of total dividends resolved for 2018.

Some companies are allocated budget appropriations by the State to perform their specifically adopted public policy assignments. Samhall, for example, receives an appropriation to perform its core labour market policy assignment, which is to create enriching jobs for people with disabilities. The appro-

priation Samhall received in 2018 for sheltered jobs in its core assignment was SEK 4 975 million, corresponding to 69 per cent of the total appropriation. Other examples of companies that receive annual appropriations are Dramaten (Royal Dramatic Theatre) and Operan (Royal Swedish Opera), which receive funding as national stages for dramatic theatre and for opera and ballet. In all, state-owned enterprises received SEK 7 231 million in appropriations in 2018.

Dividends, state share

SEK m	Holding, %	2018	2017
Akademiska Hus	100	1 663	1 630
Apoteket	100	230	300
Bilprovningen	100	29	29
EUROFIMA	2	2	0
Infranord	100	41	67
Jernhusen	100	700	179
Lernia	100	0	21
LKAB	100	3 164	2 882
Metria	100	0	4
Orio	100	25	50
Saminvest	100	0	200
SBAB	100	690	684
SEK	100	194	232
SJ	100	194	269
SOS Alarm	50	17	0
Specialfastigheter	100	555	560
Sveaskog	100	1 100	900
Svedab	100	325	793
Swedavia	100	0	122
Sweden House	36	2	1
Svenska Spel	100	4 478	4 691
Svevia	100	335	299
Systembolaget	100	180	282
Telia Company	37	3 810	3 713
Teracom Group	100	206	214
Vasallen	100	0	125
Vattenfall	100	2 000	2 000
Total		19 940	20 248

Appropriation/total income for 2018

SEK m	Appropriation 2018	Total income 2018	Share of financing via appropriation, %
Almi Företagspartner	319	1 072	30
Dramaten	245	314	78
Göta kanalbolag	10 ¹	50	21
Miljömärkning Sverige	4	67	7
Operan	495	595	83
PostNord	20	39 712	0
RISE	656 ²	3 088	21
Samhall	4 975	9 184	54
SOS Alarm	330	1 214	27
Swedfund International	27	222	12
Teracom Group	2	1 596	0
VisitSweden	132	224	59
Voksenåsen	12	52	23
Total	7 231³	57 389	13

1) Excluding appropriations recognised in the balance sheet.

2) Excluding appropriation funding that RISE allocates to Swerea/Swerim.

3) In addition, Swedfund received a capital injection during the year of SEK 600m (400m) financed within expenditure area 7 International development cooperation. This corresponds to just over half of the company's investments in 2018, which totalled almost SEK 1 100m.

Divestments and dividends – how they affect central government finances

The Government did not decide on any new divestments of companies or shares in 2018. For financial year 2018 dividends to the State from state-owned enterprises are expected to be SEK 19.9 billion.

As with earlier sales proceeds, mainly derived from the sales of Vin & Sprit, Vasakronan and shares in Nordea and Telia Company, the proceeds from the sale of the shares in Apoteksgruppen i Sverige Holding were paid into central government finances and used to amortise the central government debt. The transaction was completed at the beginning of 2018 after the Swedish Competition Authority had given its approval. These amortisations help to reduce central government interest expenditure. Sales of companies and shares also reduce potential future dividends, and this is normally factored

into the sales value. Since 2008 central government has received a total of SEK 147.4 billion in connection with sales of companies and shares.

As a result of the annual dividends from state-owned enterprises, the central government borrowing requirement decreases and interest expenditure therefore falls. Since 2008 a total of SEK 249.2 billion has been paid to the State in the form of dividends.

Central government net lending – i.e. the net investment of funds in the form of financial assets less financial

liabilities – increases when the companies pay dividends, as long as the dividend corresponds to profits generated during the year. When the companies' dividends exceed their profits for the year, and thus reduce their equity, net lending is not affected since the dividend is matched by an equal reduction in equity, i.e. a financial liability. So, it is not possible to strengthen central government net lending through additional dividends that exceed profits for the year generated by state-owned enterprises. Nor do sales or revaluations of financial assets have any effect on net lending.

Divestments in the state company portfolio since 2008

SEK bn	Year	Income, SEK bn	Holding in company, %
OMX	2008	2.1	6.6
Vin & Sprit	2008	57.7	100
Vasakronan	2008	24.6	100
Nordea Bank	2011	19.0	6.3
Arbetslivsresurs	2011	0.1	100
Nordea Bank	2011	19.5	6.4
Nordea Bank	2013	21.6	7
Vectura Consulting	2013	0.9	100
SAS	2016	0.2	4.2
Apoteksgruppen	2017	1.7	100
Total		147.4	

Total dividends from state-owned enterprises

Year	SEK bn
2008	23.2
2009	20.8
2010	37.6
2011	27.8
2012	26.7
2013	17.7
2014	26.3
2015	15.4
2016	13.6
2017	20.2
2018	19.9
Total	249.2

How central government finances are affected by divestment income and dividends

	Income from divestments of companies	Dividends equal to net profit for the year in the companies	Dividends exceeding net profit for the year in the companies
Central government debt	Decreases	Decreases	Decreases
Central government borrowing requirement and interest expenditure	Decreases	Decreases	Decreases
Net lending	Not affected	Increases	Not affected

Risk management

The business activities of state-owned enterprises give rise to exposures to various forms of risk, which can affect the value of the portfolio and the ability to pay dividends. A brief description of the most significant risks from a portfolio perspective is given below.

Context

The state company portfolio is illiquid, which means that individual companies are typically not acquired or sold in order to modify total portfolio risk. The portfolio is also concentrated, so risks associated with the largest companies can have significant impact on the value of the entire portfolio as well as on potential dividends. The three most valuable companies account for more than 50 per cent of total portfolio value.

Tracking and governance

The board has the ultimate responsibility for the organisation and administration of its company and its affairs; and here risk management forms an integral part of the overall responsibility for the company's business operations. Each board of directors therefore decides financial risk levels and limits in state-owned enterprises and manages the risks in their own business operations.

Risk management is a tool used by the investment management organisation to track and govern state-owned enterprises. The owner's view of risk is reflected in the financial targets, which are continuously tracked in, for example, owner dialogues and operational activities. In addition, the largest risks are identified and mapped at portfolio level in connection with the annual valuation of the companies.

Business risks

The sale or acquisition of a significant business is a business risk that can affect the value of the state portfolio and the possibility of distributing dividends. With its sales of Ucell and Kcell in the fourth quarter of 2018, Telia Company essentially completed its withdrawal from Eurasia.

Telia Company has previously communicated that it intends to terminate all of its presence in the Eurasia region. The nature of the markets in Eurasia, including potential government interventions, combined with the fact that the assets have not been wholly owned and that the company is subject to commitments and obligations in various shareholder agreements mean that Telia Company's sales processes have been highly complex and that there have been great uncertainties regarding expected outcomes. The company's withdrawal from the region is considered to have reduced the risks in the portfolio.

Another commercial risk in the state company portfolio is the ongoing urban transformation in Kiruna and Malmerget. This can affect LKAB's value and ability to pay dividends since it is a very major commitment that will affect LKAB's earnings and liquidity for many years to come.

Digitalisation is opening up many new opportunities, but can also entail risks for existing actors as new business models with a rapid impact are established. One example is the pharmacy market, where Apoteket operates and where new e-commerce firms are lowering prices by means of efficient logistics solutions and are offering new digital services. Companies also need to be alert to the cybersecurity risks that can arise in their operations as a result of digitalisation.

Financial risks

The state company portfolio is also exposed to financial risks, primarily market price risks in relation to electricity and iron ore prices, for example. A low electricity price benefits several state-owned enterprises, such

as Akademiska Hus, Sveaskog and LKAB, but, overall, a low electricity price has an adverse impact on portfolio value because it is of great importance to Vattenfall's revenue. Similarly, LKAB's exposure to the future development of the iron ore price is a market price risk. SBAB is exposed to the capacity of housing mortgage customers to repay their loans. A rapid and sharp downturn in house prices combined with a downturn in the economy would probably lead to higher credit losses.

Currency risk and interest rate risk are other financial risks. Currency risk refers to adverse impacts from movements in exchange rates on the companies' income statements and balance sheets. Interest rate risk refers to the risk of adverse impacts from changes in interest levels on the companies' income statements and cash flow.

Legal and regulatory risks

Many state-owned enterprises operate in markets that are subject to some degree of regulation. Examples include Vattenfall, Telia Company, Svedavia, SBAB, SEK and Svenska Spel. Changes in the regulatory frameworks around these businesses can have a significant impact on the value and ability to pay dividends of these companies and therefore of the portfolio.

International factors

Like many other Swedish companies, state-owned enterprises can be adversely affected by political and economic tensions outside Sweden. This can result in changes in the conditions for foreign trade through the introduction of tariffs or sanctions or through increases in the costs of certain input goods.

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AKADEMISKA HUS

Akademiska Hus Aktiebolag owns, develops and manages properties for Swedish higher education institutions, focusing mainly on educational and research activities and student housing. The company plays an important role for the objective of strengthening Sweden as a nation of learning and, within that framework, contributing to an increasing supply of researcher and student housing.

Significant events in 2018

- Biomedicum at Karolinska Institutet, one of the largest research laboratories in Europe, was completed ahead of schedule and below estimated cost. Akademiska Hus has invested around SEK 2bn in the project.
- A major solar cell initiative during the year led to doubled capacity corresponding to 2.5m kWh/year. Capacity will be doubled again in 2019.
- Ambitious new targets adopted mean climate neutrality (“Vision Zero”) in property management and internal operations by 2025 and in project operations by 2045.

Targets and tracking

Financial targets

- **Profitability:** Return on operating capital excluding changes in value of at least 6.5 per cent. The return decreased to 5.5 per cent. The decline is explained by the great changes in market values attributable to the company’s property portfolio that has been reported in compliance with IFRS regulations, which increases operating capital. Operating profit showed a weak, positive change.
- **Capital structure:** Equity/assets ratio of 30–40 per cent. The equity/assets ratio rose to 45.8 per cent.
- **Dividend:** 40–60 per cent of net profit after tax after reversal of changes in value and associated deferred tax. In line with policy, the ordinary dividend was 60 per cent of adjusted profit.
- New financial targets for the company were adopted at the annual general meeting in 2019.

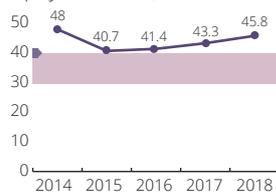
Financial targets and tracking

Profitability



— Target: ≥6.5%
● Outcome ■ New target adopted by AGM

Capital structure



■ Target: 30-40%

Dividend



■ Target: 40-60%

An additional dividend of SEK 6.5bn was approved by an EGM on 19 October 2015.

Sustainable business targets

- **Customer:** Customer Satisfaction Index (CSI) of 70 per cent in 2021. This year’s CSI of 62 (60) shows a positive trend but is still below the target for the year of 63. Several strategic cooperative activities have been entered into with various higher education institutions in 2018 so as to strengthen relationships.
- **Employees:** Performance index of 77 and accident-free workplace index (ELTAR) not to be above 2 in 2021. A baseline measurement for the performance index is being carried out in 2019. The accident rate was 2.4.
- **Finances:** The company is to deliver on its owner’s financial targets. In addition, it has to reduce the quantity of purchased energy by 50 per cent from 2000 to 2025. Project costs are not to deviate by more than ± 2 per cent from the overall project budget. The quantity of purchased energy increased by 0.3 per cent, which is due to a combination of a warm summer and the company carrying out fewer energy-saving measures than planned. Project costs deviated by 2.4 per cent, mainly on account of delays in the building permit process of the Albano project.
- **Development:** The share of innovation projects that have been run in collaboration with the company’s customers is to be 70 per cent at the end of 2021 and the company is to have 2 130 student housing units. Innovation in collaboration was 47 per cent. The number of student housing units at the end of the year was 510.
- **Climate footprint:** The company is to achieve climate neutrality in property management and internal operations by 2025 and in project operations by 2045.

Public policy assignment

No specifically adopted public policy assignment.

State holding: 100%



Chair: Anitra Steen



CEO: Kerstin Lindberg Göransson

Board and auditor elected for 2019/2020

Chair: Anitra Steen **Directors:** Britta Burreau, Peter Gudmundson, Anna Magnusson, Christer Nerlich, Ingemar Ziegler and Örjan Wikforss

Employee reps: Thomas Jennlinger, Anders Larsson **Auditor:** Helena Ehrenborg (PwC)

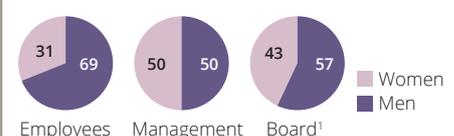
The fee paid to board chair is SEK 330 (320) thousand. The fee paid to directors elected by the AGM is SEK 160 (155) thousand. No fee is paid to directors employed by the Government Offices.

	2018	2017
Income statement, SEK m		
Net sales	6 117	5 806
Changes in value	2 225	4 737
Operating profit	6 086	8 499
Profit before tax	5 818	8 311
Net profit	5 314	6 453
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	93 477	90 557
Non-current assets	87 933	81 715
Equity	42 832	39 186
- of which, minority interests	0	0
Net debt	30 971	29 220
Operating capital	73 803	68 406
Key indicators		
Operating margin, %	99.5	146.4
ROE, Return on equity (average), %	13.0	17.6
ROOC, Return on operating capital (average), %	5.5	5.9
Net debt/equity ratio	0.7	0.7
Equity/assets ratio, %	45.8	43.3
Gross investments, SEK m	2 776	2 556
Appropriation, SEK m	0	0
Dividend, SEK m	1 663	1 630
Average no of employees	480	449
Reports in compliance with GRI	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020



Almi Företagspartner AB (Almi) contributes, as a complement to the private market, to the development and financing of small and medium-sized enterprises. Almi's activities include advisory services and financing through loans and equity capital via Almi Invest. The purpose of Almi's operations is to strengthen the development of Swedish business and promote sustainable growth. By stimulating growth among new business owners and existing SMEs, via either capital or business advisory services, Almi enables innovative ideas to be tested. This vitalises the business sector and helps create new jobs. Its advisory services and financing are to be mainly targeted at business owners and businesses with potential for growth and profitability. Financing is provided through Almi's lending fund of some SEK 5.5 billion and through fund assets of some SEK 3 billion, half of which is funding from the European Regional Development Fund. Almi's services must be available throughout the country, but the range offered may vary due to regional conditions.

Significant events in 2018

- The number of new loans decreased to 3 461 (4 546) and the sum decreased to SEK 1 700m (2 335m). During the year measures have been taken to achieve more balanced net lending and to adapt lending to a long-term stable level.

Targets and tracking

Financial targets

No financial targets have been set by the owner. According to Govt Bill 1993/94:40, Almi is to conduct long-term lending activities so that its nominal capital is kept intact. This target has been achieved.

Sustainable business targets

- Almi is to contribute to sustainable growth, see the the public policy target set out below.
- Almi is to be an attractive employer and a sustainable workplace that attracts employees with the right skills. Its organisation is to be characterised by diversity and gender equality. Almi is to work actively to minimise its negative environmental impact. The target is an Employee Engagement Index (EEI) of at least 85 per cent and for all advisers to have taken and passed the new certification at the end of 2019. EEI was 79. In 2018 the share of certified advisers was not measured.
- Almi is to work for good business ethics by working actively to counter corruption and money laundering and engagement in companies conducting illegal, unethical or fraudulent activities. Almi employees have to comply with regulations and internal guidelines. The target is for all activities for good business ethics planned ahead of the financial year to be completed by the end of the year. The outcome was 71 per cent.

Public policy assignment and targets

- Almi is to work for sustainable growth. The development of companies receiving a service from Almi is measured in terms of survival, sales and added value around four years after provision of the service. The target is for Almi's customer and portfolio companies to outperform a control group. The survival until and including 2017 of companies that received a service from Almi in 2014 was 81 (control group: 77) per cent, sales increased by 33 (control group: 24) per cent and value added increased by 32 (control group: 21) per cent.
- Almi's activities are intended to complement the market and are therefore aimed at companies whose need for funding and business development is not met by private actors. The target is for Almi to be seen solely as a complement to the market in measurements aimed at customer and portfolio companies, co-financiers and partners. Among loan customers, banks and co-investors polled, between 90 and 100 per cent reply that Almi's activities complement the market. Since only three of eight identified groups were polled, it is not possible to fully assess target achievement in 2018.
- Almi is to conduct its activities with a particular focus on companies in early stages or expansion phases and business owners who are women or have a foreign background. The target is for early-stage companies to make up the main part of Almi's activities and for the share of business owners or companies run by women or persons with foreign backgrounds to be higher than the corresponding share in the Swedish stock of companies. In 2018 early-stage companies made up more than 70 per cent of Almi's customer and portfolio companies; women accounted for 28 (control group: 30) per cent and persons with foreign backgrounds 36 (control group: 23) per cent.

State holding: 100%



Chair: Monica Caneman



CEO: Göran Lundwall

Board and auditor elected for 2019/2020

Chair: New election of Monica Caneman at AGM 2019, with Birgitta Böhlin stepping down **Directors:** Anders Byström, Ulrika Geeraedts, Nicolas Hassbjer, Hanna Lagercrantz, Pia Sandvik and Anna Söderblom. New election of Emad Zand at AGM 2019, with Åke Hedén stepping down **Employee reps:** Emil Nordlander, Andreas Schroff **Employee alternates:** Filippa Freijd, Matilda Lembke **Auditor:** Jonas Ståhlberg (Deloitte)

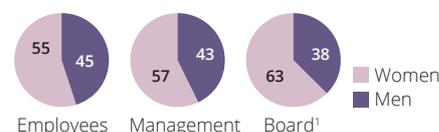
The fee paid to board chair is SEK 230 (215) thousand. The fee paid to directors elected by the AGM is SEK 112 (105) thousand. No fee is paid to directors employed by the Government Offices.

	2018	2017
Income statement, SEK m		
Net sales	1 072	1 061
Operating profit	45	229
Profit before tax	118	241
Net profit	118	241
- of which, minority interests	11	6
Balance sheet, SEK m		
Total assets	8 601	8 509
Non-current assets	5 914	6 404
Equity	7 575	7 457
- of which, minority interests	204	192
Net debt	-5 033	-5 581
Operating capital	2 541	1 876
Key indicators		
Operating margin, %	4.2	21.6
ROE, Return on equity (average), %	1.6	3.3
ROOC, Return on operating capital (average), %	2.0	12.6
Net debt/equity ratio	-0.7	-0.7
Equity/assets ratio, %	88.1	87.6
Gross investments, SEK m	1 932	2 512
Appropriation, SEK m	313	316
Dividend, SEK m	0	0
Average no of employees	490	487
Reports in compliance with GRI	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020



Apotek Produktion & Laboratorier AB (APL) develops, produces and supplies extemporaneous pharmaceuticals and stock preparations. APL delivers extemporaneous pharmaceuticals to all pharmacy companies in the outpatient care market and to inpatient care on equal and non-discriminatory terms. In Swedish healthcare there is strong focus on individualised care and pharmaceutical treatment. Individualised extemporaneous pharmaceuticals are an important complement to drugs provided by the pharmaceutical industry.

Significant events in 2018

- The previous CEO, Eva Sjökvist Saers, left APL at the end of the year and Ulf Skough, the head of Markets, was appointed acting CEO. Jan Erneberg took up the post of CEO on 1 April 2019.
- As a commission from the owner, a consulting firm has analysed the costs and financing of APL's public policy assignment.
- APL is carrying out substantial investments at its facility in Malmö in order to consolidate and move materials handling and large-scale production from Gothenburg to Malmö.

decreased by 16 per cent. Emissions via business travel decreased by 19 per cent.

- Increase share of non-hazardous waste going to recycling to 50 per cent. Outcome: 44.2 per cent.
- Reduce share of risk suppliers to 3 per cent. The share decreased to 4 per cent.
- Sickness absence not to exceed 5 per cent. Outcome: 5.6 per cent.
- APL is to be a gender-equal workplace and there is not to be any form of discrimination or harassment. In 2018 APL launched a secure channel for anonymous reporting and dialogue with the employer. No cases of discrimination were reported in 2018.

Public policy assignment

APL is to:

- develop and supply a medically appropriate and quality-assured range of extemporaneous pharmaceuticals and stock preparations in close cooperation with specialists and prescribers, government agencies and other stakeholders.
- offer extemporaneous pharmaceuticals and stock preparations on equal and non-discriminatory terms to all companies responsible for supplying pharmaceuticals to inpatient and outpatient care providers. In doing so, the company has a particular responsibility to produce and deliver extemporaneous pharmaceuticals and stock preparations on demand from retail pharmacies.
- ensure that information about extemporaneous pharmaceuticals and stock preparations is easily available, that ordering procedures are simple and user-friendly and that extemporaneous pharmaceuticals and stock preparations are delivered in an efficient manner according to agreed delivery times.

APL has no adopted public policy targets.

Targets and tracking

Financial targets

- Profitability:** Return on equity exceeding 8 per cent per year. Return on equity was negative.
- Capital structure:** Equity/assets ratio of 40–50 per cent. The equity/assets ratio was 16 per cent.
- Dividend:** At least 50 per cent of net profit after tax, taking account of the capital structure target and implementation of the Group's strategy/investment needs. No dividend was paid for 2018.

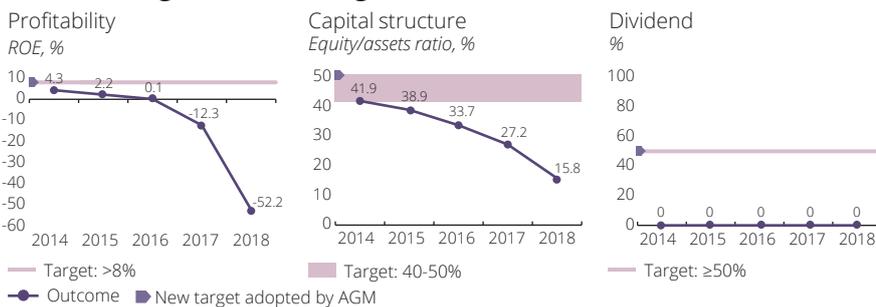
The owner's targets were not achieved in 2018. The targets are long-term and will be assessed over a business cycle, around five to seven years.

Sustainable business targets

Targets for 2018 compared with baseline year of 2017:

- Reduce energy consumption by 5 per cent. Energy consumption decreased by 0.9 per cent, which was less than the target for the year.
- Reduce indirect carbon dioxide emissions by 5 per cent. Carbon dioxide emissions

Financial targets and tracking



State holding: 100%



Chair: Johan Assarsson



CEO: Jan Erneberg

Board and auditor elected for 2019/2020

Chair: Johan Assarsson **Directors:** Britt Hansson, Eugen Steiner and Ulf Tossman. New election of Agneta Edberg at AGM 2019, with Malin Forkman stepping down **Employee reps:** Susann Danielsson, Erik Strandmark **Employee alternates:** Astrid Holdt, Jon Burup

Auditor: Ingrid Hornberg Román (KPMG)

The fee paid to board chair is SEK 265 (260) thousand. The fee paid to directors elected by the AGM is SEK 133 (130) thousand.

	2018	2017
Income statement, SEK m		
Net sales	1 473	1 433
Operating profit	-79	-26
Profit before tax	-82	-28
Net profit	-80	-25
- of which, minority interests	0	0

Balance sheet, SEK m

Total assets	718	712
Non-current assets	389	308
Equity	113	193
- of which, minority interests	0	0
Net debt	382	268
Operating capital	495	461

Key indicators

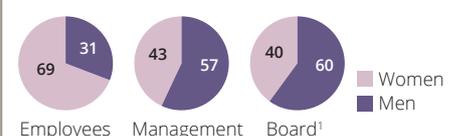
Operating margin, %	-5.4	-1.8
ROE, Return on equity (average), %	-52.2	-12.3
ROOC, Return on operating capital (average), %	-16.6	-5.6
Net debt/equity ratio	3.4	1.4
Equity/assets ratio, %	15.8	27.2
Gross investments, SEK m	119	57
Appropriation, SEK m	0	0
Dividend, SEK m	0	0
Average no of employees	489	507

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	No

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020



Apoteket AB offers products and services in the area of pharmaceuticals and health. Apoteket is a commercial enterprise operating in a competitive market. The company is to be run in a way that promotes good provision of pharmaceuticals in Sweden. In the retail pharmacy market, the company provides prescription and non-prescription drugs, traded goods, merchandise, health services, and information and advice to consumers through almost 400 pharmacies nationwide. The company also has a well-developed e-commerce business and operates through the company's pharmacy agents across the country. Apoteket also plays an important role through its operations in the area of single-dose packaged pharmaceuticals. A strong focus on sustainability is of great importance to the owner. This includes areas such as high-quality advice, good quality control, environmentally sustainable pharmaceutical use and high availability of pharmaceutical products.

Significant events in 2018

- Strong sales in the consumer market, in both stores and e-commerce.
- More and new ways of offering health services. Apoteket has implemented several different initiatives, including services in the form of examinations, vaccinations and sample-taking. Now private consumers can also order single-dose packaged pharmaceuticals.
- Initiatives developed for digital solutions have increased costs. Digital solutions aim to simplify matters for consumers and to continue to achieve efficiencies in operations.

Targets and tracking

Financial targets

- **Profitability:** Operating margin to be at least 3 per cent. The operating margin for 2018 fell to 2.5 per cent, mainly as a result of lower sales in the healthcare business and higher IT investment.
- **Capital structure:** Debt/equity ratio of 40–80 per cent of pension-adjusted equity. At the end of 2018 the debt/equity ratio was 34 per cent and therefore slightly below the target interval.
- **Dividend:** 40–60 per cent of net profit adjusted for earnings and tax related to pension assets and pension commitments. The dividend proposed to the AGM 2019 is SEK 230m, which corresponds to 59 per cent of the adjusted profit.

Sustainable business targets

- As regards the health target, the Health Index is to rise to at least 80 in the long

term. For 2018 the Index was 68. This was the first year that the Health Index was measured.

- The customer offer target is expressed as an increase in the number of suppliers of non-prescription medicines and other traded goods that have signed Apoteket's Code of Conduct. The long-term target is 100 per cent. Out of Apoteket's suppliers of non-prescription medicines and other traded goods, 80 (78) per cent have accepted the Code of Conduct.
- In the environmental target at least 80 per cent of customers are to return left-over pharmaceuticals in the long-term. The outcome of a survey shows that this level was 38 per cent.
- The employee target is that the share of motivated employees is to be at least 80 per cent. This share was 76 (78) per cent. Diversity in the company is seen as an important component in being able to increase the Employee Satisfaction Index (ESI).

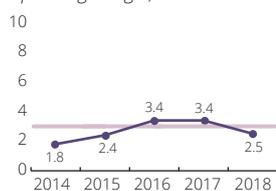
Public policy assignment

No specifically adopted public policy assignment. Under its owner instruction, the company has the assignment of retaining existing pharmacy agents to the extent necessary to maintain good provision of pharmaceuticals in the community where the agent operates. This is tracked each year by the owner. Apoteket AB had 618 pharmacy agents across Sweden at the end of the year and was assessed as having performed its assignment well in 2018.

Financial targets and tracking

Profitability

Operating margin, %



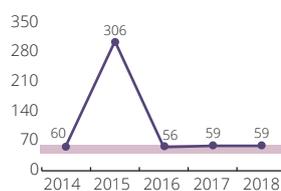
Capital structure

Debt/equity ratio, %



Dividend

%



— Target: ≥3.0% — Outcome — New target adopted by AGM

State holding: 100%



Chair: Ingrid Bonde

CEO: Ann Carlsson

Board and auditor elected for 2019/2020

Chair: New election of Ingrid Bonde at AGM 2019, with Gert Karnberger stepping down **Directors:** Inger Andersson, Pia Gideon, Barbro Fridén and Lars Nilsson. New election of Erik Sandstedt and Per Uebel at AGM 2019, with Leif Ljungqvist stepping down **Employee reps:** Lisa Ekstrand **Employee alternates:** Ingela Brindell-Lindberg, Hanna Ottosson, Lena Rhodin **Auditor:** Ingrid Hornberg Román (KPMG)

The fee paid to board chair is SEK 370 (345) thousand. The fee paid to directors elected by the AGM is SEK 176 (160) thousand. No fee is paid to directors employed by the Government Offices.

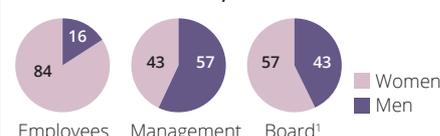
	2018	2017
Income statement, SEK m		
Net sales	20 083	19 871
Operating profit	509	667
Profit before tax	593	731
Net profit	457	566
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	8 456	8 648
Non-current assets	3 405	4 075
Equity	4 453	4 748
- of which, minority interests	0	0
Net debt	751	677
Operating capital	5 204	5 425
Key indicators		
Operating margin, %	2.5	3.4
ROE, Return on equity (average), %	10.1	12.5
ROOC, Return on operating capital (average), %	9.6	12.7
Net debt/equity ratio	0.3	0.3
Equity/assets ratio, %	52.7	54.9
Gross investments, SEK m	164	172
Appropriation, SEK m	0	0
Dividend, SEK m	230	300
Average no of employees	3 023	3 113

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020



Arlandaban Infrastructure AB (AIAB) owns and administers the Arlandaban rail line, granting use of the line and certain rights for the operation of high-speed shuttle trains (Arlanda Express) between Arlanda Airport and Stockholm Central. AIAB manages contracts associated with the Arlandaban line and is responsible for ensuring that the State's contractual rights and obligations are observed. The company's contractual counterparty is A-Train AB and the contract is a concession. A-Train AB operates the Arlanda Express service, manages the infrastructure and is responsible for all the obligations this entails. The contract gives A-Train AB the right to use AIAB's traffic rights on the state-owned rail network and the right to use Arlandaban and associated stations. Under certain conditions, the right of use also entails an obligation to grant use of the line and the station at Arlanda Airport to other rail companies.

Significant events in 2018

- The number of passengers on Arlanda Express decreased by 2.4 per cent.
- The number of passengers in other rail companies increased by 8.0 per cent.
- The market share for rail travel on the route is largely unchanged.

Targets and tracking

Financial targets

The company's operations are not intended to make a profit.

Sustainable business targets

- Increase ridership: 8 million trips per year in 2040; 6.1 million trips in 2018. The outcome in 2018 is some 247 000 passengers below the target.
- Financial commitments and earnings: Repay SEK 1.9bn in conditional loans. Royalty payments are estimated at SEK 4.2bn up until 2040. The royalty received in 2018 was SEK 45.5m.
- Reduce emissions of greenhouse gases: -182 000 tonnes net by 2040. Greenhouse gases -114 000 tonnes net until and including 2018.

- Better diversity and gender equality: More than 40 per cent of each gender. Outcome: 37 per cent women on the boards of directors of relevant companies.
- Impact on our neighbours: Comprehensive and detailed development plans. Outcome: Two building permits on neighbouring properties were appealed in 2018 (Municipality of Sigtuna).
- Countering corruption: Zero corruption. Outcome: Zero corruption.
- Competition under certain conditions: Competition-neutral. Outcome: Zero matters reported concerning competition.
- Legal and regulatory compliance: Various obligations. Outcome: No breaches of regulations.
- Customer health and safety: Zero fatalities/injuries. Outcome: No injured passengers. Two suicide incidents; both fatalities.
- Satisfied customers: 100 per cent satisfied customers. Outcome: 81 per cent satisfied passengers/rail companies, with 98 per cent for Arlanda Express and 78 per cent for other rail services.

Public policy assignment

No specifically adopted public policy assignment.

State holding: 100%



Chair: Jan Olson



CEO: Ulf Lundin

Board and auditor elected for 2019/2020

Chair: Jan Olson **Directors:** Britta Dalunde, Malin Sundvall and Lars Erik Fredriksson

Auditor: Jenny Jansson (KPMG)

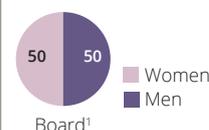
The fee paid to board chair is SEK 135 (130) thousand. The fee paid to directors elected by the AGM is SEK 68 (66) thousand. No fee is paid to directors employed by the Government Offices.

	2018	2017
Income statement, SEK m		
Net sales	67	66
Operating profit	0	0
Profit before tax	0	0
Net profit	0	0
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	1 232	1 288
Non-current assets	1 212	1 268
Equity	10	10
- of which, minority interests	0	0
Net debt	-11	-11
Operating capital	-1	-1
Key indicators		
Operating margin, %	0.0	0.0
ROE, Return on equity (average), %	0.0	0.0
ROOC, Return on operating capital (average), %	0.0	0.0
Net debt/equity ratio	-1.1	-1.1
Equity/assets ratio, %	0.8	0.8
Gross investments, SEK m	0	0
Appropriation, SEK m	0	0
Dividend, SEK m	0	0
Average no of employees	0	0
Reports in compliance with GRI	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

BILPROVNINGEN

Aktiebolaget Svensk Bilprovning (Bilprovningen) provides advice and inspections of vehicle safety, environmental impact and operating costs. Since 2013, Bilprovningen conducts commercial operations in a deregulated market. With 100 stations and 573 employees, Bilprovningen is the leading provider of vehicle inspection services in Sweden and the only market participant with a nationwide network of stations. Bilprovningen is the market participant with the best access in terms of opening hours in the market and also offers drop-in service. In 2018 Bilprovningen performed about 1.5 million inspections.

Significant events in 2018

- Bilprovningen continues to be the market leader and had a market share of 27 per cent at the end of the year.
- On 20 May new appearance rules came into force. The change means that the inspection of cars that are five years old or older must take place no later than 14 months after the last full inspection.
- Two new stations opened in Landvetter and Västerhaninge. The station in Malmö-Fosie was expanded with a new inspection hall for heavy vehicles.

Targets and tracking

Financial targets

- **Profitability:** Operating margin of at least 8 per cent. The operating margin for the financial year 2018 was 2.6 per cent.
- **Capital structure:** Equity/assets ratio of 30–40 per cent. The equity/assets ratio was 45.3 per cent.
- **Dividend:** At least 80 per cent of net profit after tax. The dividend for financial year 2018 is SEK 29m.

Sustainable business targets

- **Increased traffic safety:** Bilprovningen's contribution to greater traffic safety to be 76 per cent in 2019. Outcome: 74 per cent.
- **Attractive employer:** Employee turnover rate of 7 per cent or less, at least 14 per cent women inspection technicians, at least 17 per cent employees with foreign backgrounds and share of approved certifications of at least 92 per cent. Outcome: Employee turnover 12.7 per cent (9.4), women technicians 11.6 per cent (10.0), employees with foreign backgrounds 15.2 (14.5) per cent and approved certifications 92 per cent.
- **Reduced climate impact:** Climate impact to be reduced by 80 per cent (2006–2030); renewable electricity to be 100 per cent. Outcome: The reduction of the climate impact is in phase with long-term target for 2006–2030; renewable electricity is 100 per cent.

Public policy assignment

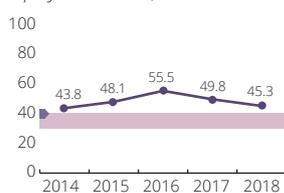
No specifically adopted public policy assignment.

Financial targets and tracking

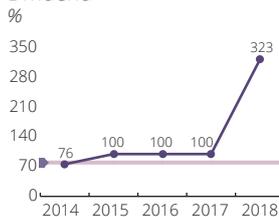
Profitability



Capital structure



Dividend



— Target: ≥8.0% — Target: 30–40%
 ● Outcome ■ New target adopted by AGM

State holding: 100%



Chair: Karin Strömberg **CEO:** Benny Önerfors

Board and auditor elected for 2019/2020

Chair: Karin Strömberg **Directors:** Gunnar Malm, Anna Nilsson-Ehle, Kristina Patek, Johan Ekesiö and Ludvig Nauckhoff. New election of Måns Carlsson at AGM 2019, with Héléne Westholm stepping down **Employee reps:** Bengt Lindblom, Joakim Rönnlund **Employee alternates:** Malin Lindahl, Fredrik Walther

Auditor: Jonas Ståhlberg (Deloitte)

The fee paid to board chair is SEK 200 (190) thousand. The fee paid to directors elected by the AGM is SEK 95 (90) thousand. No fee is paid to directors employed by the Government Offices.

	2018	2017
Income statement, SEK m		
Net sales	647	677
Operating profit	17	49
Profit before tax	12	38
Net profit	9	30
- of which, minority interests	0	0

	2018	2017
Balance sheet, SEK m		
Total assets	262	271
Non-current assets	58	63
Equity	80	100
- of which, minority interests	0	0
Net debt	0	0
Operating capital	80	100

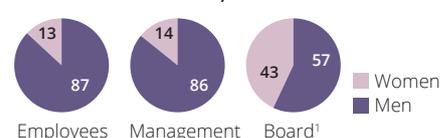
Key indicators		
Operating margin, %	2.6	7.3
ROE, Return on equity (average), %	7.1	19.8
ROOC, Return on operating capital (average), %	18.6	41.6
Net debt/equity ratio	0.0	0.0
Equity/assets ratio, %	45.3	49.8
Gross investments, SEK m	12	16
Appropriation, SEK m	0	0
Dividend, SEK m	29	29
Average no of employees	569	592

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

DRAMATEN

Kungliga Dramatiska teatern AB (Royal Dramatic Theatre, or “Dramaten”) is the Swedish national stage for spoken theatre.

Significant events in 2018

- In the wake of #metoo, #tystnad-tagning and #backstage that erupted in 2017, systematic work has continued to deal with sexual harassment.
- Three property-related projects, all with a great impact on Dramaten’s future, have been conducted. They are a new fly machine for the main stage, the replacement of mains pipes in the Thalia building in 2019 and work on a new production centre.
- The Bergman Festival, held every other year, took place and celebrated the 100th anniversary of Ingmar Bergman’s birth. Guest performances from nine countries were given and fourteen languages were spoken from the stages. With an aggregate audience of 16 875 this year’s festival broke the audience record.

Targets and tracking

Financial targets

Dramaten is to have equity that provides a solid financial foundation for its operations. With negative earnings of SEK 2.2m, equity amounts to SEK 30.8m.

Sustainable business targets

- Awareness of how Dramaten is continuing its work after #metoo to counter sexual harassment and how Dramaten is working with the organisational and social work environment. The target is for Dramaten to be an inclusive workplace for everyone: A new annex for the reporting of incidents has been introduced. A work environment training programme has been held for managers and safety representatives. Continued work on the basis of the results of the previous employee survey.
- Increase the proportion of first-time visitors by 15 per cent from 2019 in the coming three-year period: The figures for 2018 cannot be estimated; a change of system means that this customer data is unreliable.

- Increase the audience share reached through digital channels. The aim is to reach over 750 000 people per year, starting in 2019; this includes digital transmissions and followers on all social platforms: The target was achieved since Dramaten had 857 426 users on Dramaten.se. The number of video minutes on Facebook was 423 000. Dramaten Play was out of commission for most of 2018 but is being activated in 2019.
- Achieve gender balance among authors of original artistic works. The aim is to maintain gender balance (target the 60/40 principle) for directors, set designers, costume designers and dramatists over a running three-year period: In 2018, 38 per cent of dramatists were women, as were 44 per cent of directors, 56 per cent of set designers and 79 per cent of costume designers. In the period 2016–18 set designers are the only group to have had gender balance.

Public policy assignment

- Dramaten is to be the leading theatrical institution in Sweden and is, as a national stage, to maintain the highest standards in terms of development, renewal and artistic quality as well as of craftsmanship in its studios and workshops: Dramaten maintains high artistic quality and a varied dramatic repertoire that includes both broad and cutting edge theatre, as well as newly written and classic works. The craftsmanship in Dramaten’s studios and workshops is of a high class and contributes to development in the area.
- Dramaten is to work in an international theatrical and cultural context and initiate partnerships and promote intercultural exchange. Dramaten is to cultivate and promote the Swedish language and the national cultural heritage in the area of theatre: There are international exchanges that include guest performances and tours, with the Bergman Festival as an important feature. By performing and adapting classic and modern works Dramaten has worked continuously on the cultivation and development of the Swedish language and cultural heritage.

State holding: 100%



Chair: Ulrika Årehed Kågström



CEO: Maria Groop Russel

Board and auditor elected for 2019/2020

Chair: Ulrika Årehed Kågström **Directors:** Jesús Azpeitia Seron, Raoul Grünthal, Amanda Lundeteg, Biljana Pehrsson and Tasso Stafillidis. New election of Maria Eka at AGM 2019, with Sara Danius and Eva Hamilton stepping down **Employee reps:** Tanja Lorenzon, Jens Thiman **Employee alternates:** Johan Holmberg, Eva Strengbohm **Auditor:** Jennifer Rock-Baley (EY)

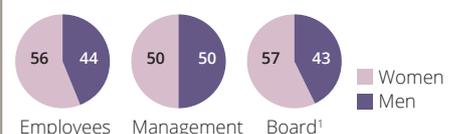
The fee paid to board chair is SEK 75 (71.4) thousand. The fee paid to directors elected by the AGM is SEK 37.5 (35.7) thousand.

	2018	2017
Income statement, SEK m		
Net sales	301	286
Operating profit	-2	5
Profit before tax	-2	5
Net profit	-2	5
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	112	90
Non-current assets	40	28
Equity	31	33
- of which, minority interests	0	0
Net debt	-25	-44
Operating capital	6	-11
Key indicators		
Operating margin, %	-0.5	1.6
ROE, Return on equity (average), %	-6.6	17.9
ROOC, Return on operating capital (average), %	56.6	-41.6
Net debt/equity ratio	-0.8	-1.3
Equity/assets ratio, %	27.5	36.5
Gross investments, SEK m	15	11
Appropriation, SEK m	245	231
Dividend, SEK m	0	0
Average no of employees	293	282
Reports in compliance with GRI	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

Priority Global Goals

Priority Global Goals have not yet been identified.

Gender distribution, %



1) Elected for 2019/2020



Green Cargo AB is Sweden's largest rail freight operator and focuses on efficient and sustainable rail logistics. The company offers transport services in a network throughout Sweden and in Norway, and has partners in numerous locations on the European continent. Green Cargo's systems have around 5 000 wagons, 360 locomotives and staff in the whole of Scandinavia to meet the transport needs of business.

Significant events in 2018

- Jan Kilstrom stepped down as CEO and was replaced by Erik Johansson as acting CEO. In November 2018 Ted Söderholm was appointed as the new CEO.
- Green Cargo decided in 2017 to leave the co-owned company DB Cargo Scandinavia. In 2018 Green Cargo implemented service production in Denmark partly under its own management.
- To strengthen its competitiveness Green Cargo ordered 14 new Transmontana locomotives for delivery in 2019/2020.

Targets and tracking

Financial targets

- Profitability:** Return on operating capital of 10 per cent. The return on operating capital in 2018 was negative.
- Capital structure:** Net debt/equity ratio, 0.6–0.9 as multiple. The net debt/equity ratio was 2.1 at year-end 2018. The deterioration of the net debt/equity ratio is mainly explained by the Group's negative earnings.
- Dividend:** 50 per cent of net profit after tax taking account of the net debt/equity ratio. The company did not pay a dividend in 2018.

Sustainable business targets

Green Cargo's board has set targets in the areas of environment, safety, gender equality and sickness absence. The baseline year, where relevant, is 2013 and all targets have to be achieved by 2020 unless otherwise stated. Existing sustainability targets need to be reviewed in the light of the materiality analysis carried out in autumn 2018 along with the mapping by the company of the most important issues in relation to the Global Goals. This work will be done in 2019.

- All engine drivers to be trained in ECO driving. Outcome: After the end of the year 87.2 per cent have completed the training.
- Idle controls to be installed on all diesel locomotives. Outcome: A start-stop system has been installed in 62 Td locomotives. However, the V5 and T44 locomotives have still to be dealt with.
- New rules for idling of diesel locomotives to be produced and all drivers to be trained. Outcome: The rules for idling have been taken into account, but the focus has been on the new start/stop function, which may be introduced in more types of locomotives.
- Number of accidents to be halved (from 300 in 2013). The outcome for 2018 was 306.
- Green Cargo's sickness absence to be under 4 per cent in the long term. The target for 2018 was 4.5 per cent and the outcome was 4.8 per cent.
- Share of senior positions held by women to increase by 50 per cent (from 17 per cent in 2013). The outcome in 2018 was 13 per cent.

Public policy assignment

No specifically adopted public policy assignment.

State holding: 100%



Chair: Jan Sundling



CEO: Ted Söderholm

Board and auditor elected for 2019/2020

Chair: Jan Sundling **Directors:** Anna Elgh, Henrik Höjsgaard and Michael Thorén. New election of Catarina Fritz, Charlotte Hansson and Håkan Åkerström at AGM 2019, with Margareta Ales-tig Johnson, Ann-Christine Hvittfeldt and Ingvar Nilsson stepping down **Employee reps:** Donny Sjöberg, Jonas Blomqvist **Employee alternates:** Jerker Liljeberg, Anders Gustavsson **Auditor:** Jenny Jansson (KPMG)

The fee paid to board chair is SEK 415 (410) thousand. The fee paid to directors elected by the AGM is SEK 170 (160) thousand. No fee is paid to directors employed by the Government Offices.

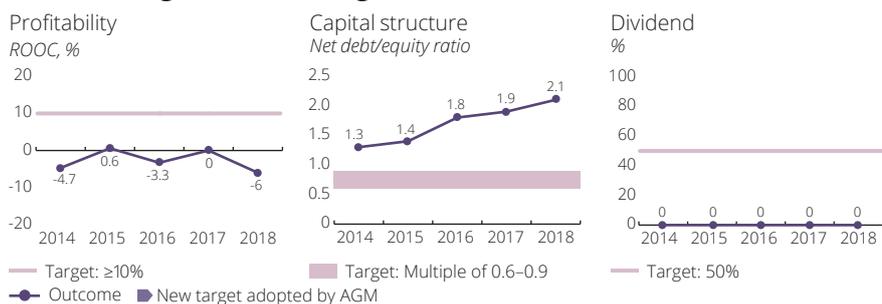
	2018	2017
Income statement, SEK m		
Net sales	4 208	4 337
Operating profit	-122	1
Profit before tax	-155	-32
Net profit	-179	-105
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	2 679	3 067
Non-current assets	2 012	2 062
Equity	596	755
- of which, minority interests	0	0
Net debt	1 288	1 411
Operating capital	1 884	2 166
Key indicators		
Operating margin, %	-2.9	0.0
ROE, Return on equity (average), %	-26.5	-13.1
ROOC, Return on operating capital (average), %	-6.0	0.0
Net debt/equity ratio	2.1	1.9
Equity/assets ratio, %	22.2	24.6
Gross investments, SEK m	151	85
Appropriation, SEK m	0	0
Dividend, SEK m	0	0
Average no of employees	1 957	1 827

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

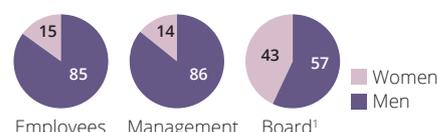
Priority Global Goals



Financial targets and tracking



Gender distribution, %



1) Elected for 2019/2020



AB Göta kanalbolag operates and manages Göta canal in a way that preserves its value as a structure of cultural historical importance and as a tourist attraction. Today Göta canal is one of the most important engines in the Swedish visitor industry with about three million visitors every year. The canal is mainly navigated by leisure boats and cruise ships. The company also conducts extensive maintenance and upgrading of the canal and adjacent properties. For this it receives an appropriation from the State. Most of its properties are let as housing or business premises. Its specifically adopted public policy assignment covers all operations except its forestry business.

Significant events in 2018

- A long and warm summer favoured the destination of Göta canal and leisure boat traffic increased by 3 per cent.
- The focus on proactive systematic maintenance continued.
- A high rate of delivery of the Göta canal 2.0 renovation project continued in the winter seasons.

Targets and tracking

Financial targets

- **Profitability:** The total EBT margin to be at least 0 per cent. The outcome was 0.2 per cent. The EBT margin is calculated as profit before tax divided by sales.
- **Capital structure:** Net debt/equity ratio of -10 to +50 per cent. The net debt/equity ratio was -34 per cent and is explained by SEK 13m being held in cash and cash equivalents at the end of the year for the projects that were carried out in winter 2018–19.

Sustainable business targets

In the new business plan the company is continuing to work with three overall objectives, an income objective, an attractiveness objective and a safety objective, as well as three main goals from the 2030 Agenda: clean water and sanitation, sustainable energy for all and decent work and economic growth. Activities have been carried out in these areas and targets will be set later on.

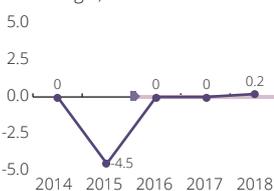
Public policy assignment and targets

Public policy targets were adopted by the owner at the 2016 AGM for the following areas:

- Sufficient boat traffic to maintain attractiveness
- Preservation
- Customer satisfaction
- Ecotourism.
- Regular passenger boat traffic (cruise ship traffic) has operated along the entire canal and the number of leisure boats was 1 925, exceeding the target of 1 700, with 462 boats in the booking season compared with the target of at least 400.
- The canal was navigable 91 per cent of the time during the canal season and an accident occurred but did not lead to any substantial damage or sickness absence. Of the preserved lock-keeper and bridge master's homes, 96 per cent of the buildings are of year-round standard.
- The target is a minimum score of 4.0 out of a possible 5.0 for customer satisfaction. The target was met for land visitors (4.6), leisure boats (4.4) and shipping companies (4.0), while the outcome for corporate members of Official Partners was 3.6.
- Maintaining the avenue trees alongside the canal and working to restore the avenue to the original number, 16 000 avenue trees, is a way to promote ecotourism, and 50 trees were planted during the year. Working to establish a continuous cycle path alongside Göta canal is a target for 2020, and an analysis and action plans for each individual municipality have been produced so that the cycle path will attain the standard and requirements for a national cycle path.

Financial targets and tracking

Profitability
EBT margin, %



Capital structure
Net debt/equity ratio, %



— Target: ≥0% — Outcome — New target adopted by AGM

— Target: -10–50%

State holding: 100%



Chair: Elisabeth Nilsson **CEO:** Roger Altsäter

Board and auditor elected for 2019/2020

Chair: Elisabeth Nilsson **Directors:** Göran Carlberg, Anna Ernestam, Bengt-Olov Gunnarson, Jenny Lahrin and Mikael Lundström. New election of Amer Mohammed at AGM 2019, with Gunilla Asker stepping down **Employee rep:** Kevin Gilbert

Auditor: Joakim Mårbring (Grant Thornton)

The fee paid to board chair is SEK 88 (80) thousand. The fee paid to directors elected by the AGM is SEK 60 (55) thousand. No fee is paid to directors employed by the Government Offices or employee representatives.

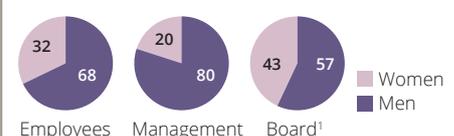
	2018	2017
Income statement, SEK m		
Net sales	50	51
Operating profit	0	0
Profit before tax	0	0
Net profit	0	0
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	83	103
Non-current assets	54	56
Equity	39	39
- of which, minority interests	0	0
Net debt	-14	-41
Operating capital	26	-1
Key indicators		
Operating margin, %	0.4	0.3
ROE, Return on equity (average), %	0.2	0.1
ROOC, Return on operating capital (average), %	1.7	0.7
Net debt/equity ratio	-0.3	-1.0
Equity/assets ratio, %	47.2	38.0
Gross investments, SEK m	1	1
Appropriation, SEK m	10	11
Dividend, SEK m	0	0
Average no of employees	41	39

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	No

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

INFRANORD

Infranord AB is the leading rail contractor in Sweden, and offers operation, maintenance, upgrading and new construction of railways in Sweden and Norway. Operations in Sweden are conducted in four regions (South, West, Central and North) and in the Production Support unit, in addition to the staff functions. In both Sweden and Norway decisions have been taken to increase spending on railway maintenance and on new development, which will strengthen the market in the coming years.

Significant events in 2018

- Sales for 2018 increased but earnings were poorer on account of losses in one project.
- Order bookings decreased because both the Swedish Transport Administration and Bane NOR have procured lower volumes.
- The CEO, Helene Biström, announced in October that she is leaving Infranord in March 2019. Henrik Löfgren will take up the role of new CEO by August 2019.

Targets and tracking

Financial targets

- **Profitability:** Return on equity to be at least 16 per cent. The return was 9.9 per cent.
- **Capital structure:** Equity/assets ratio of at least 33 per cent. The equity/assets ratio was 38.4 per cent.
- **Dividend:** 50–75 per cent of profit after tax. Proposed dividend of SEK 41m (67m) equal to 50 per cent of profit after tax.

Sustainable business targets

- **Strengthen safety culture:** The accident rate target to be no more than 3.5 in 2023, measured as the total number of work injuries (sick listing of 1 day or more) divided by the number of millions of hours worked. Infranord is focusing on strengthening its internal safety culture. The overall target is for the number of serious accidents to be zero. To achieve that target, action is being taken in training, procedures and safety systems. The outcome for 2018 was 3.5 (5.0).

- **Attractive workplace:** Employee Satisfaction Index (ESI) of at least 76 in 2023. Infranord is undergoing a generational shift and needs to develop and recruit new employees. Large retirement volumes in the next few years are a challenge. The company's skills provision plan is intended to deliver common, uniform and systematic recruitment, introduction, employee development, skills transfer and succession. Infranord's company culture is to be inclusive and inspiring. The ESI outcome for 2018 was 68 (66).
- **Develop offer to customers:** Customer Satisfaction Index (CSI) of at least 69 in 2022. The company is to develop its services in well-defined areas of technology and work for contract models that are favourable to both the industry participants and society as a whole. Railway digitalisation is a trend that creates business opportunities. The CSI in 2017 was 59. The target is measured every other year.
- **Internal efficiency:** Infranord's competitiveness is dependent on low administrative expenses and effective business process control. The company is going to work systematically on improvements by increasing the use of systems support and simplifying ways of working. This work covers a range of action – from breaking down targets for the whole organisation to the continuous development and introduction of standardised production methods for frequent work tasks.

Public policy assignment

No specifically adopted public policy assignment.

Financial targets and tracking

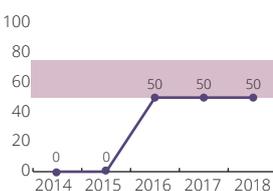
Profitability
ROE, %



Capital structure
Equity/assets ratio, %



Dividend
%



— Target: ≥16% — Target: ≥33% — Target: 50–75%

● Outcome ● New target adopted by AGM

State holding: 100%



Chair: Eva Färnstrand



CEO: Henrik Löfgren (incoming)

Board and auditor elected for 2019/2020

Chair: Eva Färnstrand **Directors:** Magnus Jonasson, Agneta Kores, Gunilla Spongh and Per Westberg. New election of Jan Bardell and Måns Carlson at AGM 2019, with Kristina Ekengren and Johan Skoglund stepping down **Employee reps:** Håkan Englund, Henrik Eneroth **Employee alternates:** Lars-Erik Mott, Frederick Linderos

Auditor: Helena Nilsson (KPMG)

The fee paid to board chair is SEK 402 (385) thousand. The fee paid to directors elected by the AGM is SEK 197 (190) thousand. No fee is paid to directors employed by the Government Offices.

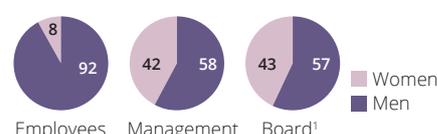
	2018	2017
Income statement, SEK m		
Net sales	4 236	4 003
Operating profit	113	174
Profit before tax	110	173
Net profit	82	134
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	2 186	2 012
Non-current assets	814	744
Equity	839	823
- of which, minority interests	0	0
Net debt	255	176
Operating capital	1 094	999
Key indicators		
Operating margin, %	2.7	4.4
ROE, Return on equity (average), %	9.9	16.7
ROOC, Return on operating capital (average), %	10.8	18.8
Net debt/equity ratio	0.3	0.2
Equity/assets ratio, %	38.4	40.9
Gross investments, SEK m	139	97
Appropriation, SEK m	0	0
Dividend, SEK m	41	67
Average no of employees	1 942	1 825

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

Jernhusen

Jernhusen AB owns, develops and manages stations, rail yards, maintenance depots and freight and intermodal terminals along the Swedish railways. Jernhusen serves an important purpose by managing and developing a number of properties with a key function for rail traffic on a competition-neutral and commercial basis.

Significant events in 2018

- Higher rental revenue in the existing property stock but lower operating profit on account of lower unrealised changes in value. The market value of the properties increased by SEK 710m to SEK 16 944m.
- Jernhusen issued its first green bonds in 2018. Jernhusen's framework for green bonds was classed as Market Best Practice by Sustainalytics, an analysis and research company.
- New cranes were taken into operation at Malmö's intermodal terminal, increasing loading capacity by 75 per cent. A central location that contributes both to rational CBD logistics in the region and to goods from the continent being reloaded and continuing their journey through Sweden by train.
- Planning work has continued in Gothenburg and Stockholm on creating new city districts close to stations.

Targets and tracking

Financial targets

- **Profitability:** Average return on equity of at least 12 per cent over a business cycle. The outcome was 7.3 per cent. The lower level is explained by lower unrealised changes in value in the property holdings. The average return in the past five years was 12.1 per cent.
- **Capital structure:** Equity/assets ratio of 35–45 per cent. The outcome was 44.0 per cent. Interest coverage ratio, minimum multiple of 2.0. The outcome was 5.2.
- **Dividend:** All capital not needed in operations to be distributed, while taking account of financial and strategic targets. Normally one third of the profit before tax excluding changes in value. The dividend

Financial targets and tracking

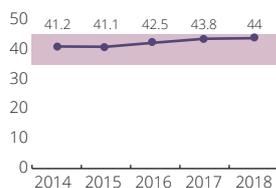
Profitability
ROE, %



— Target: ≥12.0%

● Outcome ■ New target adopted by AGM

Capital structure
Equity/assets ratio, %



— Target: 35–45%

Dividend
%



— Target: 33.3%

- for 2018 is SEK 700m, which is more than a third but is within the target.

Sustainable business targets

Sustainable transport:

- More new groups to be attracted to travel by public transport by developing secure and pleasant station areas. 500 000 sq.m. of gross floor area (GFA) to be created in locations close to stations by 2030. During the year no new floor area has been created. Traveller Satisfaction Index (TSI) to be above 75 and no station to be below 70 in 2020. The TSI was 73 in 2018. 500 000 units to be handled in Jernhusen's intermodal terminals in 2026. 145 275 units were handled in 2018.

Sustainable properties:

- Halve the use of purchased energy in properties by 2030 compared with 2008. This use was 12.2 per cent lower than in the baseline year.
- All built properties to have environmental classification or certification by 2020. 44 buildings were classified/certified during the year.
- Zero instances of soil contamination with a negative impact on human health or the environment by 2025. 31 properties were secured in 2018.

Sustainable business:

- 80 per cent of the purchase volume to be quality assured for sustainability through supplier tracking in 2018. 49 per cent was quality assured in 2018.
- All new or renegotiated rental leases to be green no later than 2018. 94 per cent green leases signed in 2018.
- Top 3 in Nyckeltalsinstitutet's Attractive Employer Index in 2020. Joint first place in 2018.
- Result > 1 above average in employee Net Promoter Score (eNPS). Scored 17 in eNPS in 2018, 8 above average.

Public policy assignment

No specifically adopted public policy assignment.

State holding: 100%



Chair: Kjell Hasslert



CEO: Kerstin Gillsbro

Board and auditor elected for 2019/2020

Chair: Kjell Hasslert **Directors:** Anette Asklin, Kjell-Åke Averstad, Jakob Grinbaum, Anders Kupsu, Lotta Mellström and Ingegerd Simonsson

Employee rep: Charlotte Mattsson

Employee alternate: Ann Lindberg

Auditor: Helena Ehrenborg (PwC)

The fee paid to board chair is SEK 260 (250) thousand. The fee paid to directors elected by the AGM is SEK 125 (120) thousand. No fee is paid to directors employed by the Government Offices.

	2018	2017
Income statement, SEK m		
Net sales	1 545	1 453
Changes in value	136	256
Operating profit	859	947
Profit before tax	721	793
Net profit	552	649
- of which, minority interests	7	-8

	2018	2017
Balance sheet, SEK m		
Total assets	17 471	16 950
Non-current assets	17 088	16 331
Equity	7 680	7 486
- of which, minority interests	32	204
Net debt	7 704	7 726
Operating capital	15 384	15 212

Key indicators

Operating margin, %	55.6	65.1
ROE, Return on equity (average), %	7.3	9.0
ROOC, Return on operating capital (average), %	5.6	6.3
Net debt/equity ratio	1.0	1.0
Equity/assets ratio, %	44.0	43.8
Interest coverage ratio, multiple	5.2	4.4
Gross investments, SEK m	564	663
Appropriation, SEK m	0	0
Dividend, SEK m	700	179
Average no of employees	190	188

Reports in compliance with GRI Yes

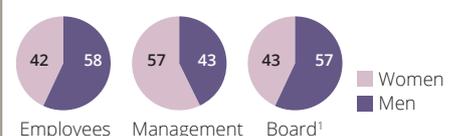
Externally assured GRI report Yes

Reports in compliance with IFRS Yes

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020



Lernia AB is a leading supplier in training, staffing and career realignment. Lernia provides services to develop and match people's skills with the needs of business. Lernia operates in around 60 places throughout Sweden and is certified as a staffing, training, recruitment and career realignment company by the relevant industry associations. The company's services are targeted on individuals and on customers in the private and the public sectors. Lernia's market share of the total staffing market is just over 8.4 per cent, making Lernia the fourth largest staffing company overall in Sweden and the largest in the segment of staffing of "blue-collar" consultants. In the training segment Lernia, with its market share of just over 14 per cent, is the second largest participant after Academedia AB. In December 2012 the Riksdag authorised the Government to sell the State's shares in Lernia.

Significant events in 2018

- Higher sales for staffing operations, but major challenges for training operations.
- The operating loss was SEK -129m, including exceptional and extraordinary items (restructuring) of SEK 94m. Developments in the form of lower income and lower margins in training operations led to robust savings measures.
- Anders Uddfors has been the CEO since May 2018.

Targets and tracking

Financial targets

- Profitability:** Lernia's return on equity to be at least 20 per cent.
- Capital structure:** Equity/assets ratio of 30–50 per cent; target value 40 per cent.
- Dividend:** Ordinary dividend of at least 50 per cent of profit for the year.

The net loss was SEK -108m. The company's equity/assets ratio was 22 per cent, which is below the target level. No dividend is being proposed for 2018.

Sustainable business targets

- Self-support:** More individuals to become self-supporting. Proportion in training procured by Arbetsförmedlingen (*Swedish Public Employment Service*) who have employment 90 days after training > 36 per cent. Proportion in higher vocational education programmes who have employment 6 months after programme > 90 per cent. Proportion in support and matching programmes who have employment 120 days after training > 25 per cent.
- Business ethics:** A sustainable, ethical approach to business that stands up to full scrutiny. Number of corruption incidents: zero.
- Diversity:** Increase diversity by valuing people's differences and different skills. At least 40 per cent of each gender among employees. No undue pay differences linked to gender.
- Outcome for self-support:** Proportion in training procured by Arbetsförmedlingen who have employment 90 days after training: 42 (38) per cent. Proportion in higher vocational education programmes who have employment 6 months after programme 93 (71) per cent.
- Outcome for business ethics:** 0 (0) corruption incidents.
- Outcome for diversity:** Total of 30 (32) per cent women, women's pay as a percentage of men's pay: 97 (98) per cent.

Public policy assignment

No specifically adopted public policy assignment.

State holding: 100%



Chair: Kjell Hasslert



CEO: Anders Uddfors

Board and auditor elected for 2019/2020

Chair: Kjell Hasslert **Directors:** Karin Strömberg, Lindström and Michael Thorén. New election of Niklas Flyborg, Gunilla Rittgård and Gunilla Spongh at AGM 2019, with Anna Klingspor, Joakim Mörnefält and Ola Salmén stepping down **Employee reps:** Sonny Andersson-Rask, Fadime Cayirli Falk, Karin Westling **Employee alternates:** Beatrice Blisserpont, Per Svärth

Auditor: Camilla Samuelsson (PwC)
The fee paid to board chair is SEK 305 (280) thousand. The fee paid to directors elected by the AGM is SEK 142 (130) thousand. No fee is paid to directors employed by the Government Offices.

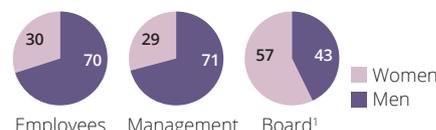
	2018	2017
Income statement, SEK m		
Net sales	3 223	3 302
Operating profit	-129	57
Profit before tax	-130	56
Net profit	-108	41
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	1 119	1 180
Non-current assets	164	172
Equity	241	384
- of which, minority interests	0	0
Net debt	191	52
Operating capital	432	436
Key indicators		
Operating margin, %	-3.9	1.7
ROE, Return on equity (average), %	-34.4	11.2
ROOC, Return on operating capital (average), %	-29.7	12.8
Net debt/equity ratio	0.8	0.1
Equity/assets ratio, %	21.5	32.5
Gross investments, SEK m	26	42
Appropriation, SEK m	0	0
Dividend, SEK m	0	21
Average no of employees	5 478	5 470

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

Financial targets and tracking





Luossavaara-Kiirunavaara Aktiebolag, LKAB, is an international high-tech mining and minerals group and a world-leading producer of processed iron ore products for steel production. LKAB produces and supplies processed iron ore products and services to customers worldwide. Operations can also include other closely related products and services that are based on LKAB's expertise and that support its main business. LKAB should be seen by its customers as the supplier that provides the most added value and is therefore leading in its chosen market segments. For LKAB, high and consistent product quality and cost efficiency are critical factors in withstanding competition.

Significant events in 2018

- Improved earnings which have been influenced by continued good market conditions with higher iron ore prices and a stronger USD exchange rate.
- Production volumes just under the record level in 2017 despite extensive maintenance work.
- The SUM (Sustainable Underground Mining) initiative was launched during the year along with ABB, Epiroc, Combitech and the Volvo Group.
- The turf-turning ceremony for a unique pilot plant for HYBRIT took place in Luleå in June. HYBRIT is a cooperative venture with Vattenfall and SSAB to make the value chain from mine to steel fossil-free.
- Acquisition of the UK company Francis Flower that broadens LKAB's offer in industrial minerals.
- Investment in a pilot plant for new technology that refines waste products from iron ore production.
- Prospecting work is being intensified to secure iron ore deposits after 2030.

Targets and tracking

Financial targets

- **Profitability:** Return on equity above 12 per cent. The outcome was 14.1 per cent.
- **Capital structure:** Net debt/equity ratio of 0–30 per cent. The outcome was 9.2 per cent.
- **Dividend:** 40–60 per cent of profit for the year. The target was achieved. The dividend for 2018 was SEK 3.2bn.

Sustainable business targets

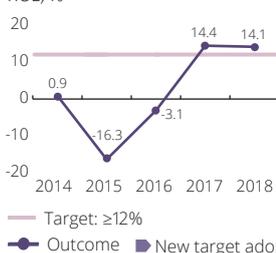
- LKAB is to reduce discharges of nitrogen to water by 20 per cent by 2021 compared with 2015. The target for 2018 was achieved.
- LKAB is to reduce emissions of particulates to air from scrubbing equipment by 40 per cent by 2021 compared with 2015. The target for 2018 was achieved.
- LKAB is to reduce carbon dioxide emissions by at least 12 per cent per tonne of finished product by 2021 compared with 2015 and at the same time reduce emissions of nitrogen to air. The target for 2018 was achieved regarding nitrogen while carbon dioxide emissions decreased by 6 per cent.
- LKAB is to reduce energy intensity (kWh per tonne of finished product) by at least 17 per cent by 2021 compared with 2015. The target for 2018 was not achieved.
- Women are to make up at least 25 per cent of employees and managers at LKAB in 2021. In 2018 the proportion of women in the company was 22.1 per cent and the proportion of women managers was 21.4 per cent. The targets were not achieved.
- The rate of accidents resulting in absence is to be no more than 3.5 per million hours worked in 2021. The target was not achieved.
- LKAB is to comply with its Code of Conduct and have a well-functioning dialogue with stakeholders. The target for 2018 was achieved.

Public policy assignment

No specifically adopted public policy assignment.

Financial targets and tracking

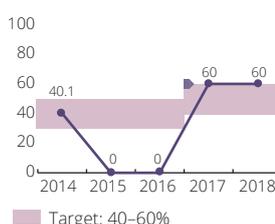
Profitability
ROE, %



Capital structure
Net debt/equity ratio, %



Dividend
%



State holding: 100%



Chair: Göran Persson



CEO: Jan Moström

Board and auditor elected for 2019/2020

Chair: Göran Persson **Directors:** Gunnar Axheim, Eva Hamilton, Bjarne Moltke Hansen, Lotta Mellström, Ola Salmén, Gunilla Saltin and Per-Olof Wedin **Employee reps:** Anders Elenius, Dan Hallberg, Tomas Larsson **Employee alternates:** Pentti Rahkonen, Peter Skoggård, Björn Åström **Auditor:** Helena Arvidsson Ålne (KPMG)

The fee paid to board chair is SEK 650 (640) thousand. The fee paid to directors elected by the AGM is SEK 290 (280) thousand. No fee is paid to directors employed by the Government Offices.

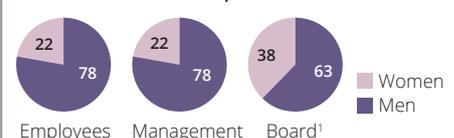
	2018	2017
Income statement, SEK m		
Net sales	25 892	23 367
Operating profit	6 869	5 975
Profit before tax	6 685	6 266
Net profit	5 274	4 803
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	68 961	60 298
Non-current assets	40 562	34 309
Equity	38 573	36 348
- of which, minority interests	0	0
Net debt	3 552	-2 382
Operating capital	42 125	33 965
Key indicators		
Operating margin, %	26.5	25.6
ROE, Return on equity (average), %	14.1	14.4
ROOC, Return on operating capital (average), %	18.1	16.9
Net debt/equity ratio	0.1	-0.1
Equity/assets ratio, %	55.9	60.3
Gross investments, SEK m	3 612	2 008
Appropriation, SEK m	0	0
Dividend, SEK m	3 164	2 882
Average no of employees	4 188	4 118

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

LKAB – urban transformation in consensus

Background

Moving two communities. That is the challenge facing LKAB and the Malmfälten area if LKAB is to be able to continue to mine iron ore and be a world-leading export company. LKAB's ambition is to facilitate the transition and provide compensation for the impact that the urban transformations have on the people and communities affected.

Events in 2018

In 2018 the urban transformations continued in Kiruna and Gällivare. New residential areas have taken shape and families are continuing to move. The realignment of the E10 road in Kiruna that was started in 2017 also gained pace. An opinion poll conducted by the SIFO polling organisation shows that 84 per cent of Kiruna residents and 81 per cent of Gällivare residents have great confidence in LKAB's ability to take its responsibility for the urban transformations.

In Kiruna LKAB will build hundreds of new homes and commercial premises in the coming years. Along with the municipalities and other actors, 400 homes have been produced and 260 pulled down, and several new areas such as Luossavaara, Jägar-skolan and Kiruna's new town centre are under way.

In MalMBERGET winding-down work has continued at the same time as densification and expansion are taking place in Gällivare. At the end of the spring 35 new cooperative homes were ready for occupation in the new neighbourhood in the low mountain area of Repisvaara. In all, LKAB has built more than 100 detached homes for homeowners who preferred new homes to money. An additional 548 flats and a number of detached homes are being planned or built.

In 2018 the future of district heating in both Kiruna and MalMBERGET was secured

through agreements with the municipal companies Tekniska Verken AB and Gällivare Energi AB on the replacement of district heating plants in the areas affected.

Responsibilities

The development of LKAB and the communities that are home to the mines depends on a well-functioning dialogue and collaboration between the parties affected.

LKAB is continually measuring the impact caused by mining operations and has a central role in the processes of change. Along with the municipalities, LKAB reaches agreements on the timetables for the urban transformations. The municipalities decide what the new communities will look like, and under the Minerals Act (1991:45) it is LKAB that finances the costs that arise when mining operations make the transformations necessary. LKAB is an active party, both as an orderer of new properties and as a partner, so as to contribute to providing choice in the question of housing. It is important to note that LKAB does not have a specifically adopted public policy assignment in relation to the urban transformations in Malmfälten, and acts on the basis of its commercial role and the applicable legislation.

The municipalities are responsible for urban planning and for legislation like the Planning and Building Act and the Environmental Code being followed. They have the sole right to plan new urban neighbourhoods and decide what the communities will look like. The municipalities also have a responsibility to build infrastructure and conduct planning work so that land ready for building is available when needed. Central government authorities are also involved when needed; examples are the county administrative board, the Swedish Transport Administration, the Office of the Mining Inspectors and the National Property Board of Sweden. Construction

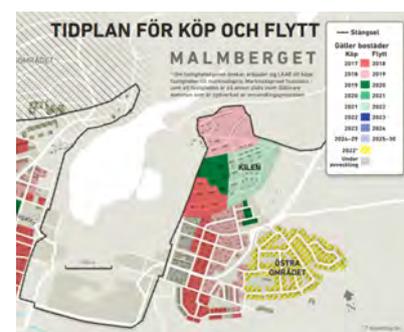
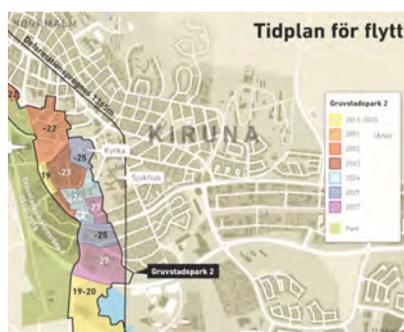
and civil engineering companies then participate in building up the new communities. The principle of development before the move-out, i.e. that important community functions are ready or being built up before any move from earlier urban development, is a guiding star for the urban transformations.

In the communities, those affected by the changes include property- and home-owners, tenants and business. Important consultations are also being held with the Sami villages. To minimise the negative impact on the Sami villages and reindeer husbandry, LKAB has entered into an agreement on collaboration with the three Sami villages directly affected by its operations and the expansion of Kiruna and Gällivare. Where applicable, the agreements are based on the principle of Free Prior and Informed Consent (FPIC) that has been expressed in international law on the rights of indigenous peoples.

Risks and risk management

LKAB's impact on the communities in Malmfälten means that LKAB needs to have access to the land affected by mining operations at the right time so that mining production does not need to be restricted or stopped. The main risk for LKAB is that there will be delays in the process; another risk is that the costs of the urban transformation will be higher than estimated.

To manage these risks LKAB is making sure that it continually adapts its mining plans to land-use permit issues. Good advance planning in the timetables for the acquisition processes and the application processes at public authorities has high priority. Moreover, the compensation rules for settling losses have been drafted to ensure that persons affected can go through the process without incurring a loss while LKAB avoids paying too much compensation.



The timetables for moving extend to 2027/2030 in Kiruna/MalMBERGET. The new municipal building was handed over to the Municipality of Kiruna in 2018.



Metria AB was formed 1 May 2011 in conjunction with the corporatisation of a division of Lantmäteriet (the Swedish cadastral authority). Metria's direction and business concept is to supply products and services related to the collection, processing and application of geographical information and real estate data. Metria supplies everything from major infrastructure projects to the development and operation of technical systems for geographical IT. Its customers are in banking and insurance, telecom, energy, infrastructure, forestry and defence, in addition to municipalities and the rest of the public sector. Metria has about 300 employees and is represented at some 25 places throughout Sweden. Its head office is in Gävle. Metria's objective is to generate a return in line with the market and maintain an operating margin comparable to the rest of the industry. In 2017 the Riksdag authorised the Government to sell the State's shares in Metria AB.

Significant events in 2018

- Net sales at same level as preceding year, but lower operating profit. The lower profit is partly due to continued investment in line with the strategy laid down by the company and lower sales.
- Sales capability has been reinforced through a new Key Account Manager (KAM) and market organisation.
- New recruitments to important functions for continued progress towards being a more business-driven and efficient company.

Targets and tracking

Financial targets

- **Profitability:** EBITDA margin of at least 10 per cent.
- **Capital structure:** Equity/assets ratio of at least 30 per cent.
- **Dividend:** At least 30 per cent of net profit.

Only the equity/assets ratio target was achieved. The equity/assets ratio was 49.6 per cent. No dividend is being proposed for 2018.

Sustainable business targets

- **Attractive employer:** The target is to have a positive trend. The employee Net Promoter Score was 5 (3).
- **Increased revenues from products with positive environmental impact:** The outcome for the year was 30 (26) per cent. The target was 30 per cent.
- **Lower environmental impact of travel, grammes of CO₂ from business travel/krona of income.** The outcome was 1.17. New environmental target until and including 2021: to reduce grammes of CO₂/krona of income by 20 per cent.

Public policy assignment

No specifically adopted public policy assignment.

Financial targets and tracking

Profitability

EBITDA margin, %

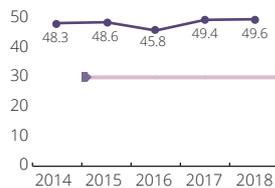


— Target: ≥10%

● Outcome ■ New target adopted by AGM

Capital structure

Equity/assets ratio, %



— Target: ≥30%

Dividend

%



— Target: ≥30%

State holding: 100%



Chair: Eva Gidlöf



CEO: Erik Oldmark

Board and auditor elected for 2019/2020

Chair: Eva Gidlöf **Directors:** Katarina Burton, Pia Gideon, Anders Hugosson, Michael Thorén and Karl Wistrand. New election of Peter Uddfors at AGM 2019, with Katarina Axelsson stepping down

Employee rep: Per-Åke Jureskog, Henrik Bylund

Employee alternates: Henrik Sarri, Olle Furberg

Auditor: Jennifer Rock-Baley (EY)

The fee paid to board chair is SEK 200 (188) thousand. The fee paid to directors elected by the AGM is SEK 100 (95) thousand. No fee is paid to directors employed by the Government Offices.

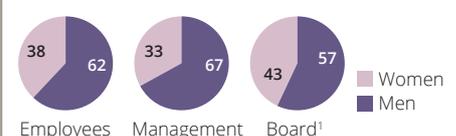
	2018	2017
Income statement, SEK m		
Net sales	433	432
Operating profit	-22	19
Profit before tax	-22	19
Net profit	-11	15
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	213	241
Non-current assets	50	54
Equity	106	121
- of which, minority interests	0	0
Net debt	-10	-25
Operating capital	96	96
Key indicators		
Operating margin, %	-5.1	4.5
ROE, Return on equity (average), %	-9.5	13.0
ROOC, Return on operating capital (average), %	-22.9	19.0
Net debt/equity ratio	-0.1	-0.2
Equity/assets ratio, %	49.6	49.4
Gross investments, SEK m	12	13
Appropriation, SEK m	0	0
Dividend, SEK m	0	4
Average no of employees	294	258

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	No

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020



Miljömärkning Sverige AB is tasked by the Government with administering the Nordic Swan ecolabel and the EU Ecolabel systems (the EU Flower). The company participates in work on design and development of criteria for various goods and services and licenses products that meet the criteria. A licensed product may be labelled. The purpose is to make it easier, by means of voluntary labelling, for companies to develop their products taking account of the environment and climate and to communicate this in a simple way to consumers so that they can then choose more environment friendly goods and services. In this way, Miljömärkning Sverige contributes to more sustainable production and consumption. The Nordic Swan is a very strong brand – 96 per cent of the public are aware of the label. Awareness of the EU Ecolabel is lower but rising. Studies show that consumers see ecolabels as the best tool for making sustainable choices.

Significant events in 2018

- The new Nordic brand strategy began to be applied and this is, for instance, of importance for the choice of product groups and criteria and for how the Nordic Swan will be cultivated and developed.
- Criteria were developed within the Nordic Swan for two new product groups: ski wax and packaging for liquid food products.
- Sales of products with the Nordic Swan and EU Flower labels grew strongly, by a total of 9 per cent, showing an increase in the number of products on the market that meet the labelling requirements and therefore reduce the impact on the environment.
- The success of the buildings product group continued during the year, as it did for the new product group of equity funds, where several new licences were issued.

Targets and tracking

Financial targets

The company's operations are not intended to make a profit.

Sustainable business targets

The following targets apply to 2017–2019:

- People: Satisfaction and confidence among the company's stakeholders (consumers, customers, employees) to increase by 10 percentage points.
- Business: Sales of ecolabelled products in the Swedish market to be SEK 25bn per year, and sales volume of ecolabelled services that generates annual licence revenue of SEK 30m. The target for services was revised in 2018 from SEK 25m since that figure had already been reached in 2017.
- Planet: Half of the company's product groups to be successful, well-established financially and environmentally effective.

- Outcome for People: Stakeholder satisfaction decreased by just over 7 percentage points in 2018. The most important reason for this is the transitional problems that arose in connection with the reorganisation in 2017. A great deal of work is in progress to turn this development around and reach the target.
- Outcome for Business: Sales of ecolabelled products totalled SEK 27.5bn in 2018. Licence income from ecolabelled services totalled SEK 26.2m. This means that the target for products was achieved but that the revised target for services has not yet been achieved.
- Outcome for the Planet: The proportion that met the criteria set for target achievement was 47 per cent.

Public policy assignment

Has a specifically adopted public policy assignment to stimulate the development and use of products that are better from an environmental perspective than other comparable products. An appropriation in the central government budget, corresponding for 2018 to about 7 per cent of revenues, may be used for grants for the development of eco-labelling criteria for consumer products and, when required, to spread information about the labelling. Operations are tracked through owner dialogues and audit of the company's official reports. The company is considered to have fulfilled its public policy assignment well in 2018. Targets according to the public policy targets process have not yet been developed.

State holding: 100%



Chair: Christina Lindbäck



CEO: Ragnar Unge

Board and auditor elected for 2019/2020

Chair: Christina Lindbäck **Directors:** Thomas Andersson, Anders Bagge, Jan Peter Bergkvist, Anita Falkenek and Jörgen Olofsson. New election of Malin Forkman at AGM 2019, with Gunilla Jarlbro stepping down **Employee reps:** Ulla Sahlberg, Lotten Wesslén **Auditor:** Thomas Lönnström (EY)

The fee paid to board chair is SEK 155 (150) thousand. The fee paid to directors elected by the AGM is SEK 53 (50) thousand. No fee is paid to directors employed by the Government Offices.

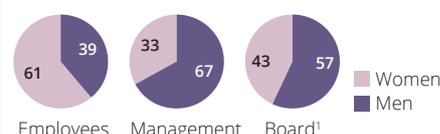
	2018	2017
Income statement, SEK m		
Net sales	67	61
Operating profit	-3	-2
Profit before tax	-1	-1
Net profit	-1	-1
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	30	32
Non-current assets	12	19
Equity	20	21
- of which, minority interests	0	0
Net debt	-3	-8
Operating capital	17	14
Key indicators		
Operating margin, %	-4.8	-2.8
ROE, Return on equity (average), %	-6.3	-3.2
ROOC, Return on operating capital (average), %	-20.8	-13.4
Net debt/equity ratio	-0.2	-0.4
Equity/assets ratio, %	68.3	67.4
Gross investments, SEK m	0	0
Appropriation, SEK m	4	4
Dividend, SEK m	0	0
Average no of employees	61	55

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	No

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

OPERAN

Kungliga Operan Aktiebolag (the Royal Swedish Opera, or 'Operan') is Sweden's national stage for opera and ballet.

Significant events in 2018

- Two property-related projects, both with a great impact on Operan's future, have been conducted. They are, first, the *New Opera in Operan* project being conducted along with the National Property Board of Sweden on the basis of the feasibility study submitted to the Government in May 2015 and, second, work surrounding a new production centre.
- In view of the #metoo and #visjungerut declarations in 2017, Operan has continued work on a range of action plans so as to eliminate sexual harassment and discriminatory power structures in the stage art industry.
- A digital initiative has been taken both to spread Operan's performances digitally to a larger audience and also to use digital technology to create greater interest for Operan's art forms, particularly among young people. One example is OperaVision, a new platform for live streaming that was launched along with some 30 European opera companies. In 2018 Operan was transmitted live via OperaVision for the first time.

Targets and tracking

Financial targets

- Equity is to provide a stable financial foundation for operations. The profit for 2018 was SEK 9.5m, resulting in an increase in equity to SEK 34.6m.

Sustainable business targets

- Operan is working actively to increase the size and range of its audience. An increased offer of digital transmissions and a number of new digital channels have been implemented. These channels enable Operan to broaden its audience. The size of the digital audience was 481 000, the first-time audience share was 8 (7) per cent. Under 40 years: 12 per cent. Visitors to Operan's activities for children, families and young people: 54 000, which is 19 (14) percent of the total.
- To be a workplace characterised by transparency, participation and dialogue at all levels of the organisation: In 2018 Operan signed a new cooperation agreement with an external supplier of employee surveys

and snapshot measurements. Operan is now going to change over from ESI measurements (Employee Satisfaction Index) to eNPS (employee Net Promoter Score), and the new measurement tool enables Operan to also carry out more customised surveys based on operational needs.

- Participate in discussions and deeper exploration of current social issues that can be related to Operan's repertoire. Activities linked to the performances, such as audience talks and newspaper opinion pieces, were carried out during the year. Number of activities per section: Opera 8 (2), Ballet 4 (1) and Young People at the Opera 0 (1).
- Achieve diversity and gender equality in the productions (artistic teams) and among employees. The strategic focus target in 2018 was artistic teams over a four-year period. The target is 40/60: The gender distribution in the artistic teams was 63 per cent men and 37 per cent women. The average gender distribution in 2016–2018 was 66 per cent men and 34 per cent women.

Public policy assignment

- Operan is to be the leading institution for opera and ballet in Sweden and, as a national stage, is to maintain the highest standards in terms of development, renewal and artistic quality as well as of craftsmanship in its studios and workshops: Operan's activities maintain a high level of artistic quality and there is craftsmanship at Operan's studios and workshops that contributes to the preservation and development of an important part of Swedish cultural heritage.
- Operan is to operate in an international opera and dance context, initiating partnerships and fostering intercultural exchange: International partnerships through, for example, guest appearances and tours are leading to renewal, inspiration and development and contributing to Operan's good international reputation.
- Operan's opera and ballet repertoire is to be characterised by both innovative and broad art: Operan offers a varied and wide-ranging repertoire of opera and ballet, including both new and classic works. Operan's performers received numerous prizes and awards during the year.

State holding: 100%



Chair: Lena Olving



CEO: Birgitta Svendén

Board and auditor elected for 2019/2020

Chair: Lena Olving **Directors:** Olov Carlsson, Chrisoula Faniadis, Eva Halvarsson, Maria Naidu and Örjan Wikforss. New election of Kasper Holten at AGM 2019, with Morten Hesseldahl stepping down **Employee rep:** Anna Norrby, Carin Ringmar **Employee alternates:** Maria Nyström, Johan Edholm **Auditor:** Jennifer Rock-Baley (EY)

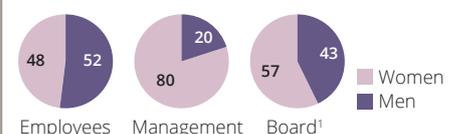
The fee paid to board chair is SEK 75 (71.4) thousand. The fee paid to directors elected by the AGM is SEK 37.5 (35.7) thousand.

	2018	2017
Income statement, SEK m		
Net sales	595	573
Operating profit	11	0
Profit before tax	9	-1
Net profit	9	-1
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	346	249
Non-current assets	198	167
Equity	35	25
- of which, minority interests	0	0
Net debt	25	5
Operating capital	60	31
Key indicators		
Operating margin, %	1.8	0.0
ROE, Return on equity (average), %	31.5	-5.0
ROOC, Return on operating capital (average), %	24.1	0.4
Net debt/equity ratio	0.7	0.2
Equity/assets ratio, %	10.0	10.1
Gross investments, SEK m	46	17
Appropriation, SEK m	495	466
Dividend, SEK m	0	0
Average no of employees	528	525
Reports in compliance with GRI	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020



Orio AB sells vehicle parts and accessories for Saab cars and develops and sells logistics services. The company was formed in 2009 when Saab Automobile AB applied for a loan from the European Investment Bank (EIB), with the Swedish State as its guarantor. The subsidiary Saab Automobile Parts AB was pledged as collateral and was taken over from the bankruptcy estate by the Swedish State after Saab Automobile had applied for bankruptcy. The company has been wholly owned by the Swedish State since December 2012. Orio supplies the Saab cars in around 60 markets globally with Saab Genuine Parts. The US, Sweden and the UK are markets with large Saab fleets and account for the bulk of the company's sales of parts and associated services. The company also provides logistics services.

Significant events in 2018

- Positive development of logistics operations.
- Continued decline in sales regarding Saab parts.
- During the period the company has decided to close down its initiative for parts for non-Saab cars.

Targets and tracking

Financial targets

No financial targets have been adopted by the owner.

Sustainable business targets

The following targets apply to 2019:

- In 2023, 80 per cent of transports to Orio's customers and from suppliers are to be run on biofuels/electricity or be climate-compensated (where this is economically justifiable).
- Orio's annual sickness absence is to be less than 5 per cent and the number of work-related injuries leading to absence is to be zero.
- In the period 2019–2021 all suppliers receiving the rating of "considerable risk" in a risk assessment and the suppliers that account for 80 per cent of Orio's purchase volume are to be audited regarding social, economic and environmental issues.
- In 2021 the Parts business area is to achieve profitability of 4.5 per cent and the Logistics business area profitability of 4.5 per cent and the occupancy level at Orio's facilities is to be 85 per cent.

Public policy assignment

No specifically adopted public policy assignment.

State holding: 100%



Chair: Charlotte Hansson



CEO: Jonas Tegström

Board and auditor elected for 2019/2020

Chair: Charlotte Hansson **Directors:** Catrina Ingelstam, Anders Osberg and Erik Tranaeus. New election of Sophie Öhrström and Nils Pärletun at AGM 2019, with Gunnar Drotz stepping down **Employee reps:** Ingemar Sandberg, Dan Samuelsson **Auditor:** Martin Johansson (PwC)

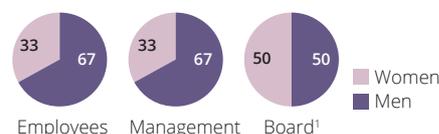
The fee paid to board chair is SEK 225 (220) thousand. The fee paid to directors elected by the AGM is SEK 110 (105) thousand. No fee is paid to directors employed by the Government Offices.

	2018	2017
Income statement, SEK m		
Net sales	603	755
Operating profit	-40	-24
Profit before tax	-43	-27
Net profit	-51	-23
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	488	612
Non-current assets	120	148
Equity	351	450
- of which, minority interests	0	0
Net debt	-13	-13
Operating capital	338	437
Key indicators		
Operating margin, %	-6.6	-3.2
ROE, Return on equity (average), %	-12.8	-4.4
ROOC, Return on operating capital (average), %	-10.3	-5.1
Net debt/equity ratio	0.0	0.0
Equity/assets ratio, %	71.9	73.5
Gross investments, SEK m	6	16
Appropriation, SEK m	0	0
Dividend, SEK m	25	50
Average no of employees	234	241
Reports in compliance with GRI	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

postnord

PostNord AB offers communications and logistics solutions in the Nordic region. The parent company PostNord AB, which owns the subsidiaries Post Danmark A/S and PostNord Group AB, is a Swedish public limited company owned 40 per cent by the Danish State and 60 per cent by the Swedish State. Votes are allocated 50/50 between the owners. PostNord AB is the largest communications and logistics services company in the Nordic region. The markets range from distribution of physical letters and parcels to partially or fully electronic services. PostNord provides nationwide postal service to millions of households in Sweden and Denmark. In 2018 PostNord handled about 3.3 billion items of mail. PostNord delivers letters and parcels to other Nordic countries and the rest of the world via its network of subsidiaries and partners. PostNord has around 7 200 distribution points across the Nordic region.

Significant events in 2018

- Increased parcel volumes partially offset the continued sharp decline in letter volumes.
- Comprehensive realignment work to secure long-term profitability.
- New Postal Services Ordinance in Sweden entered into force on 1 January 2018.
- The Swedish and Danish Governments injected capital as agreed in October 2017.
- PostNord is listening: PostNord held a nationwide tour in Sweden to listen to recipients' views. A similar activity was also held in Denmark.

Targets and tracking

Financial targets

- Profitability:** Return on operating capital of 10.5 per cent. The profitability target was not achieved during the year.
- Capital structure:** Net debt/equity ratio of 10–50 per cent. The net debt/equity ratio was in the target range.
- Dividend:** 40–60 per cent of profit for the year after tax. PostNord did not pay a dividend in 2018.

Sustainable business targets

- The Group has a long-term target of reducing carbon dioxide emissions by 40 per cent by 2020 from the baseline year of 2009. At the end of 2018 the reduction was 35 (32) per cent.
- The Group has a target of having women in 40 per cent of managerial positions by 2020. The target was not reached during the year; the outcome was 32 (32) per cent.
- At least 80 per cent of annual purchasing volume is to come from suppliers that have undertaken to follow, and are complying with, PostNord's Supplier Code by 2020. At the end of 2018 the proportion was 54 (33) per cent, calculated as a share of the Group's total purchases.

Public policy assignment

No specifically adopted public policy assignment. The company has an assignment to provide postal service for all areas of society, linked to its permit to conduct postal operations. The delivery quality requirement in 2018 was that 95 per cent of first class letters have to be delivered within two working days. The delivery quality target for first class letters was attained during the year.

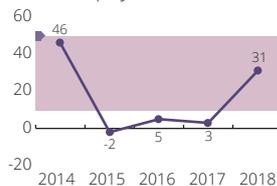
Financial targets and tracking

Profitability



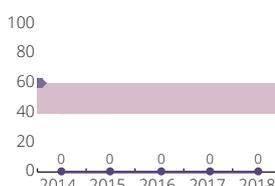
— Target: 10.5%
● Outcome ● New target adopted by AGM

Capital structure



■ Target: 10–50%

Dividend



■ Target: 40–60%

State holding: 60%



Chair: Christian Jansson



CEO: Annemarie Gardshol (acting)

Board and auditor elected for 2019/2020

Chair: Christian Jansson **Directors:** Sonat Burman Olsson, Måns Carlson, Christian Ellegaard, Christian Frigast, Peder Lundquist, Ulrica Messing and Charlotte Strand **Employee reps:** Bo Fröström, Sandra Svensk, Johan Lindholm **Employee alternates:** Lars Chemnitz, Peter Madsen, Per-Arne Lundberg **Auditor:** Tomas Gerhardsson (KPMG)

The fee paid to board chair is SEK 670 (670) thousand. The fee paid to directors elected by the AGM is SEK 295 (290) thousand. No fee is paid to directors employed by the Government Offices.

	2018	2017
Income statement, SEK m		
Net sales	37 669	37 007
Operating profit	-855	-124
Profit before tax	-890	-136
Net profit	-1 067	-337
- of which, minority interests	1	2

	2018	2017
Balance sheet, SEK m		
Total assets	22 821	21 474
Non-current assets	12 773	12 861
Equity	5 142	7 365
- of which, minority interests	2	3
Net debt	1 614	238
Operating capital	6 756	7 603

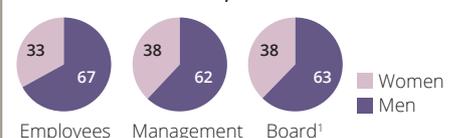
	2018	2017
Key indicators		
Operating margin, %	-2.3	-0.3
ROE, Return on equity (average), %	-17.1	-4.5
ROOC, Return on operating capital (average), %	-12.4	-1.6
Net debt/equity ratio	0.3	0.0
Equity/assets ratio, %	22.5	34.3
Gross investments, SEK m	1 374	1 196
Appropriation, SEK m	20	22
Dividend, SEK m	0	0
Average no of employees	29 962	31 350

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020



RISE Research Institutes of Sweden AB is an independent state research institute that offers unique expertise and around 100 testbeds and demonstration facilities for future-proofed technologies, products and services. In international cooperation with companies, the academic world and the public sector, the company is contributing to a competitive business sector and a sustainable society. RISE's 2 700 employees run and support all types of innovation processes. RISE's assignment is set out in the government bills on research and innovation. They state that the overall objective of RISE is to be internationally competitive and to work for sustainable growth in Sweden by strengthening competitiveness and renewal in the Swedish business sector.

Significant events in 2018

- The Awitar test facility, which stress tests vehicle electronics was opened during the year. RISE has also developed a test site for self-driving cars, AstaZero, and has signed an agreement with CEVT, Scania, Volvo Cars and the Volvo Group, as its industrial partners, regarding SEEL, the testbed for electromobility that RISE and Chalmers University of Technology are going to set up with government support.
- On 1 October two-thirds of the Swerea group of research companies merged with RISE. The deal strengthens RISE's overall research capacity in areas including digitalisation, smart industry, production engineering, recycling and materials development.

- Responsibility target: In 2020, 100 per cent of RISE's customer commissions are to be sustainability-declared and linked to one of the Global Goals.

Public policy assignment and targets

The owner instruction adopted at the EGM in February 2018 sets out the company's public policy targets and the reporting requirements applied to RISE regarding operations financed with strategic competence funds. RISE made a report made to the Government Offices in March 2019 and the report is available on the company's website. The purpose of the public policy targets is to set targets for and measure, jointly and in a balanced way, the aims that RISE's public policy assignment is intended to achieve.

- Turnover from competitively acquired research funding in RISE is to be at least 30 per cent of total turnover.
- Business income from SMEs as a share of total business sector income is to be greater than a certain minimum level, in per cent, to be set in 2020.
- Turnover from projects with interdisciplinary involvement as a share of total turnover from RISE's project portfolio is to reach a certain minimum level, in per cent, to be set in 2019.
- The utilisation rate of testbeds and demonstration facilities is to be within a certain target interval to be set in 2019.
- In RISE's customer survey the index for "Innovation Partner Capacity" is to attain at least 78 per cent positive responses.
- In RISE's customer survey the Customer Satisfaction Index (CSI) is to attain at least 75 per cent positive responses.

Targets and tracking

Financial targets

RISE is profit-making but does not pay a dividend. The company's operating margin is to be at least 3 per cent as of 2020. Its net debt/equity ratio is to be no more than 30 per cent as of 2019.

Sustainable business targets

- Attraction target: In 2020, RISE is to be ranked among the ten most attractive employers in its category in Sweden.
- Business target: In 2020, 10 per cent of turnover is to be generated as a direct result of sustainability work.

Financial targets and tracking



State holding: 100%



Chair: Jan Wäreby



CEO: Pia Sandvik

Board and auditor elected for 2019/2020

Chair: Jan Wäreby **Directors:** Klas Bendrik, Torbjörn Holmström, Hanna Lagercrantz, Anna-Karin Stenberg, Fredrik Winberg and Sven Wird. New election of Elena Fersman at AGM 2019, with Sara Mazur stepping down **Employee reps:** Linda Ikatti, Magnus Naesman, Ulf Nordberg **Employee alternates:** Johan Berglund, Jonas Söderberg, Magnus Hillergren

Auditor: Ingrid Hornberg Román (KPMG)

The fee paid to board chair is SEK 355 (350) thousand. The fee paid to directors elected by the AGM is SEK 178 (175) thousand. No fee is paid to directors employed by the Government Offices.

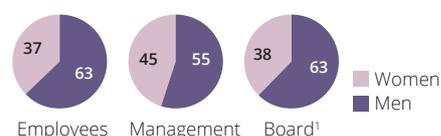
	2018	2017
Income statement, SEK m		
Net sales	3 066	2 696
Operating profit	34	14
Profit before tax	25	27
Net profit	11	27
- of which, minority interests	9	6
Balance sheet, SEK m		
Total assets	3 064	2 518
Non-current assets	1 203	1 178
Equity	991	980
- of which, minority interests	59	50
Net debt	-563	-283
Operating capital	428	698
Key indicators		
Operating margin, %	1.1	0.5
ROE, Return on equity (average), %	1.1	2.8
ROOC, Return on operating capital (average), %	6.1	2.3
Net debt/equity ratio	-0.5	-0.3
Equity/assets ratio, %	32.3	38.9
Gross investments, SEK m	277	188
Appropriation, SEK m	659	537
Dividend, SEK m	0	0
Average no of employees	2 224	2 041

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

Priority Global Goals

Priority Global Goals have not yet been identified.

Gender distribution, %



1) Elected for 2019/2020



As part of Swedish labour market policy, Samhall Aktiebolag produces goods and services for which there is demand, thereby creating meaningful and enriching jobs for people with disabilities that entail reduced work capacity. The company holds a leading position in Sweden when it comes to work-based development for people with disabilities. Samhall has some 25 000 employees in around 600 places in Sweden. The owner sees Samhall as an effective labour market tool that creates jobs in accordance with its assignment. The number of employees in sheltered employment in the company's core assignment has been increased in both 2018 and 2019. Samhall offers employees work in a number of different areas including workplace and property service, warehousing and logistics, cleaning and laundry, manufacturing and services for older people.

Significant events in 2018

- The company achieved all its labour market policy targets for 2018, despite higher requirements.
- High business growth meaning that more and more people can be offered jobs. A total of 8 246 people were given an employment or work placement at Samhall in 2018.
- Major initiatives in IT and digitalisation. Renewal of IT systems for more efficient and appropriate activities.

Targets and tracking

Financial targets

- **Profitability:** Return on equity to be 7 per cent. The outcome was 8 per cent, and this is mainly explained by an adjustment of compensation for additional costs and strong gross profit growth.
- **Capital structure:** Equity/assets ratio to be at least 30 per cent. The equity/assets ratio rose to 36 per cent as a result of the positive earnings.
- **Dividend:** The company does not have a dividend target. The profit generated is carried forward to promote the company's continued operations.

Sustainable business targets

- **Employees in work (EIW):** Long-term factor 2.5. In 2018 the target was a reduction from 3.1 to 3.0. The target was achieved as the outcome was 3.0.
- **Engaged employees:** The Engaged Employee Index was to increase from the preceding year. The outcome was +2 per cent, so the target for 2018 was achieved.

- **Increased degree of self-financing:** The target for 2018 was for the degree of self-financing to be 32 per cent. The target was achieved with an outcome of 32 per cent.
- **Willingness to recommend:** New customers enable growth and good workplaces. The long-term target of 8 was not reached during the year; the outcome was 7.3. The target is calculated as a weighted average according to the principle one company – one vote.
- **Environmental impact:** The target is to reduce the number of litres of fossil fuels per krona of sales. In 2018 consumption decreased by 0.041/kSEK, and the target was achieved.

Public policy assignment

Has a specifically adopted public policy assignment. The assignments from the owner for 2018 comprised:

- The number of jobs for people with disabilities to equal at least 30.2 million paid hours.
- Share of recruitment from prioritised groups to be at least 40 per cent.
- At least 1 500 individuals to transition to other employers from jobs in the core assignment and development jobs.
- Samhall also has a special assignment to offer at least 2 500 individuals developmental jobs during the year. Developmental jobs ("wage subsidy for development positions") are temporary positions that can be offered to people with disabilities who have been out of work for long periods.

All public policy targets stated in the owner instruction were met for 2018. Targets according to the public policy targets process have not yet been developed.

Financial targets and tracking



State holding: 100%



Chair: Cecilia Schelin Seidegård



CEO: Monica Lingegård

Board and auditor elected for 2019/2020

Chair: New election of Cecilia Schelin Seidegård at AGM 2019, with Erik Strand stepping down. **Directors:** Dario Aganovic, Bertil Carlsén, Hillevi Engström, Angelica Frithiof, Helen Fasth Gillstedt and Leif Ljungqvist. New election of Lars Engström and Ylva Thörn at AGM 2019, with Maria Nilsson stepping down. **Employee reps:** Ann-Christin Andersson, Hans Abrahamsson, Pia Litbo. **Employee alternates:** Kenneth Hasselberg, Marcus Merilä, Maria Sköld. **Auditor:** Anneli Pihl (Deloitte)

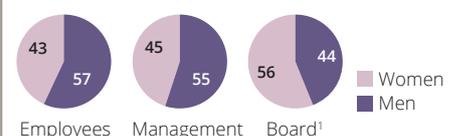
The fee paid to board chair is SEK 320 (315) thousand. The fee paid to directors elected by the AGM is SEK 155 (150) thousand. No fee is paid to directors employed by the Government Offices.

	2018	2017
Income statement, SEK m		
Net sales	8 312	7 442
Operating profit	104	-271
Profit before tax	91	-237
Net profit	93	-237
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	3 544	3 378
Non-current assets	186	117
Equity	1 274	1 181
- of which, minority interests	0	0
Net debt	-2 556	-2 409
Operating capital	-1 282	-1 227
Key indicators		
Operating margin, %	1.3	-3.6
ROE, Return on equity (average), %	7.6	-18.2
ROOC, Return on operating capital (average), %	-8.3	22.2
Net debt/equity ratio	-2.0	-2.0
Equity/assets ratio, %	35.9	35.0
Gross investments, SEK m	82	31
Appropriation, SEK m	4 975	4 405
Dividend, SEK m	0	0
Average no of employees	19 893	19 459
Reports in compliance with GRI	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

Priority Global Goals



Gender distribution, %



¹) Elected for 2019/2020



Saminvest AB was formed in 2016 and finances innovative enterprises with high growth potential through indirect investments (in investment funds). The funds have to be privately managed, primarily by new teams on the venture capital market, and Saminvest invests in the funds along with private capital. Saminvest is also charged with the responsible management and exit from previously made investments in its subsidiaries Inlandsinnovation and Fouriertransform. Saminvest's investments in funds are financed by capital from the state-owned enterprises Inlandsinnovation and Fouriertransform, which were transferred to Saminvest on 1 January 2017 as subsidiaries. The subsidiaries, which primarily made direct investments in unlisted companies, have stopped making new investments and Saminvest is responsible for winding up the businesses. Saminvest was given an owner instruction for its main assignment at an EGM on 13 January 2017.

Significant events in 2018

- During the year Saminvest has developed a new indirect financial arrangement, called microfunds, to strengthen the financing of companies in development phases and to engage business angels. This initiative strengthens the financial system around Sweden's foremost incubators.
- During the year it was decided to invest up to SEK 150m in three microfunds linked to the incubators Stockholm Innovation and Growth, Startupphuset in Malmö and Arctic Business Incubator in Luleå.
- A total of 56 investments in individual companies have been made by the funds and microfunds that Saminvest has invested in, with 47 being made in 2018.
- During the year 17 of the subsidiaries' holdings were sold and the total exit payments corresponded to SEK 1 073m.

Targets and tracking

Financial targets

Saminvest has been in existence as a group since the start of 2017 and financial targets have not yet been formulated.

Sustainable business targets

Saminvest's strategy for promoting sustainable growth is fully integrated into the company's business strategy, focusing on the following three areas:

- Being a respected actor in the risk capital market: Targets in this area are to conduct active fund operations so as to engage the whole of Saminvest's capital within a ten-year period; to conduct operations so that the capital base is maintained; to divest portfolio companies responsibly in direct investment operations according to the company's mission; and to stimulate private capital. The outcome for private capital in 2018 was 35 per cent, i.e. around a third of the funds' capital comes from Saminvest and two-thirds comes from other investors.

- Creating vigorous companies: Targets in this area are to act as responsible investors on the basis of Saminvest's criteria and to support competent venture capital (VC) teams on the basis of Saminvest's criteria. One metric for tracking the latter target is the share of women in the fund investments' VC teams. The outcome for 2018 is that two of the three VC teams consist of one quarter women, while one VC team consists solely of men. This means that the share of women is just over 17 per cent. Saminvest wants to see a higher share of women in the future.
- Demonstrating stability and predictability: Targets in this area are to communicate requirements and evaluation criteria concerning funds in a transparent and structured way and to clearly report results from operations and maintain an ongoing stakeholder dialogue, an open and regular dialogue with those who influence and are influenced by Saminvest's activities.

Public policy assignment

Saminvest's investments are to complement the market, meaning that, at the time when Saminvest's investment was made, sufficient private capital was not available. The purpose of Saminvest is to develop and renew Swedish business and create more growing companies throughout Sweden. As Saminvest's investments stimulate private capital to invest in new segments and mainly in new teams, Saminvest will contribute to the development of the venture capital market and the ecosystem for the financing of innovative companies with high growth potential. When investing in 'seed funds', Saminvest is able to waive the requirement for private co-financing. Targets according to the public policy targets process have not yet been developed.

State holding: 100%



Chair: Niklas Johansson **CEO:** Peder Hasslev

Board and auditor elected for 2019/2020

Chair: Niklas Johansson **Directors:** Patric Eriksson, Alexandra Nilsson, Ulrika Nordström and Anders Wiger. New election of Mengmeng Du at AGM 2019, with Björn Fröling and Eva Färnstrand stepping down **Auditor:** Magnus Svensson Henrysson (PwC)

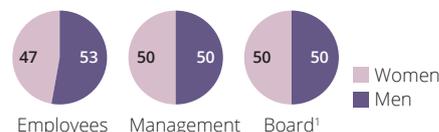
The fee paid to the board chair is SEK 415 (400) thousand. The fee paid to directors elected by the AGM is SEK 207 (200) thousand. No fee is paid to directors employed by the Government Offices.

	2018	2017
Income statement, SEK m		
Net sales	0	0
Operating profit	-42	-157
Profit before tax	6	-82
Net profit	2	-75
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	5 023	5 229
Non-current assets	1 142	1 996
Equity	4 992	5 190
- of which, minority interests	0	0
Net debt	-27	-386
Operating capital	4 966	4 805
Key indicators		
ROE, Return on equity, %	0.0	-1.4
ROOC, Return on operating capital, %	-0.8	-3.3
Net debt/equity ratio	0.0	-0.1
Equity/assets ratio, %	99.4	99.3
Gross investments, SEK m	98	167
Appropriation, SEK m	0	0
Dividend, SEK m	0	200
Average no of employees	21	27
Reports in compliance with GRI	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020



SAS AB is the leading airline in Scandinavia. SAS was formed in 1946 when the national airlines of Sweden, Norway and Denmark agreed to operate as a consortium. To enable SAS to operate under the same conditions as other airlines in the international market, its holding structure was changed in 2001. Shares in the national companies were exchanged for shares in a new single parent company, SAS AB. After the sale of shares corresponding to 4.2 percentage points in autumn 2016 and the new share issue in autumn 2017, the Swedish State owns 14.8 per cent of votes in SAS. In financial year 2017/18 SAS flew a total of 30 million passengers to 125 destinations. SAS is part of Star Alliance. SAS is listed in Stockholm, Copenhagen and Oslo. SAS's strategic priorities are to: 1) Be the first choice of Scandinavian frequent flyers 2) Create efficient and sustainable operating platforms 3) Secure the right capabilities.

Significant events in 2017/2018

- Sustainability is at the centre of SAS's work and a new target has been set of reducing total carbon dioxide emissions by 25 percent by the year 2030 compared with 2005. About half of this reduction will be achieved by renewing the fleet and half by a transition to biofuel. SAS signed a letter of intent with Preem on the delivery of 200 000 m³ of renewable aviation fuel as of 2022.
- The new SAS Ireland production platform has been established with bases in London and Malaga.
- The Norwegian State sold its shareholding of 9.9 per cent in SAS.
- Nine Airbus A320neo aircrafts were brought into service. SAS has placed an order for 50 additional Airbus A320neo aircrafts, and will have a uniform fleet by 2023.
- Decision to redeem all preference shares for a total redemption cost of SEK 2.6bn.

- Financial preparedness: Cash and cash equivalents and available credit facilities to exceed 25 per cent of fixed costs. The outcome was 42 per cent.

Sustainable business targets

- Reduce carbon dioxide emissions per passenger km by 20 per cent by 2020 compared with 2010. Carbon dioxide emissions per passenger km decreased by 1.4 per cent in the financial year. Since 2010 total carbon dioxide emissions have decreased by 13.3 per cent.
- Reduce take-off noise by 15 per cent by 2020 compared with 2010. Take-off noise increased by 1.6 per cent on account of the use of larger aircrafts on shorter routes.
- Make regular use of renewable aviation fuel. A total of 100 tonnes of renewable jet fuel was used during the financial year, in line with the previous year.
- SAS targets for 2030 include:
 - Reducing total carbon dioxide emissions by 25 per cent compared with 2005.
 - Using 17 per cent biofuel corresponding to all domestic traffic.
 - Reducing noise by 50 per cent compared with 2010.

Public policy assignment

No specifically adopted public policy assignment.

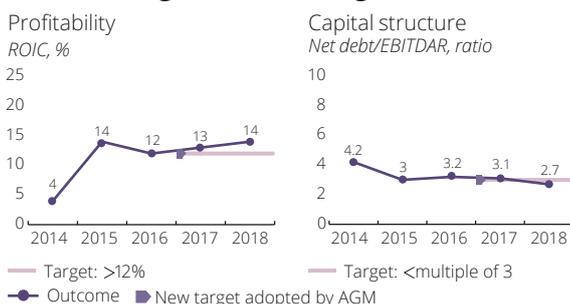
Targets and tracking

Financial targets

No financial targets have been adopted by the owners. The board has adopted the following financial targets:

- Profitability:** ROIC above 12 per cent over a business cycle. The outcome was 14 per cent.
- Capital structure:** Net debt/EBITDAR below 3.0 as multiple. The outcome was 2.7.

Financial targets and tracking



State share of votes: 14.8%



Chair: Carsten Dilling **CEO:** Rickard Gustafson

Board and auditor elected for 2019/2020

Chair: Carsten Dilling **Directors:** Monica Caneman, Lars-Johan Jarnheimer, Dag Mejdell, Sanna Suvanto-Harsaae, Oscar Stege Unger and Liv Fiksdahl. New election of Kay Kratky at AGM 2019 **Employee reps:** Endre Røros, Cecilia van der Meulen, Janne Wegeberg **Auditor:** Tomas Gerhardsson (KPMG)

The fee paid to board chair is SEK 630 (585), and the fee paid to first and second vice chairs is SEK 420 (390) thousand. The fee paid to directors elected by the AGM is SEK 320 (295) thousand.

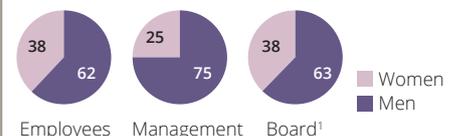
(Nov-Oct)	2018	2017
Income statement, SEK m		
Net sales	44 718	42 654
Operating profit	2 521	2,187
Profit before tax	2 041	1 725
Net profit	1 589	1 149
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	34 199	32 555
Non-current assets	21 127	20 252
Equity	7 268	8 058
- of which, minority interests	0	0
Net debt	-2 432	-2 799
Operating capital	4 836	5 259
Key indicators		
Operating margin, %	5.6	5.1
ROE, Return on equity (average), %	20.7	16.3
ROOC, Return on operating capital (average), %	49.9	43.2
Net debt/equity ratio	-0.3	-0.3
Equity/assets ratio, %	21.3	24.8
Gross investments, SEK m	6 840	7 315
Appropriation, SEK m	0	0
Dividend, SEK m	0	0
Average no of employees	10 146	10 324

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

SBAB!

SBAB Bank AB (publ) offers loans and savings to private individuals, housing cooperative associations and property companies in Sweden. SBAB is one of the largest niche banks in Sweden, and since autumn 2014 the bank's strategy is to focus on its core product, mortgage loans, supplemented with a savings account. The strategy has been successful so far and the bank has won market shares in the consumer segment.

Significant events in 2018

- Launch of green mortgages, which are offered to customers living in energy-efficient housing in energy class A, B or C according to Boverket's energy classification system.
- The annual survey of customer satisfaction in housing finance performed by Svenskt Kvalitetsindex (SKI), placed SBAB first for housing finance to corporates and third for housing finance to retail customers.
- SBAB's share of net growth in the residential mortgage market during the year was 17 per cent according to Statistics Sweden.

Targets and tracking

Targets were reviewed in 2017 and new targets were set and are being tracked as of 2018. However, the financial targets are unchanged.

Financial targets

- **Profitability:** Return on equity of at least 10 per cent. Return was 12.1 per cent.
- **Capital structure:** Total capital ratio under normal circumstances to be at least 0.6 percentage points above the capital requirement communicated by Finansinspektionen. Common equity Tier 1 capital ratio (CET1) under normal circumstances to be at least 0.6 percentage points above the CET1 requirement communicated by Finansinspektionen. The targets for both the total capital ratio and CET1 were exceeded, by 2.5 and 4.0 per cent respectively. Buffer levels have been adjusted as a result of a change in the method of applying the risk weight floor for Swedish mortgages.
- **Dividend:** At least 40 per cent of profit for the year after tax. The dividend for 2018 is equal to 40 per cent of the profit.

Financial targets and tracking



Sustainable business targets

The following targets apply to 2018:

- **Sound finances:** Correspond to the financial targets adopted by the AGM.
- **Responsibility and transparency:**
 - Target 1 – Responsibility:** SBAB's ranking in Sustainable Brand Index: Top 5. Actual ranking was top 5.
 - Target 2 – Transparency:** Proportion of customers who find SBAB's offering straightforward and easy to understand: 84 per cent. The outcome was 85 per cent.
 - Target 3 – Customer satisfaction:** Sweden's most satisfied housing mortgage and property loan customers according to Swedish Quality Index: 1st and 1st. The outcome was 3rd and 1st.
- **Attractive workplace:**
 - Target 1 – Gender equality & diversity:** Equality between women/men in management positions (within the range): 45–55 per cent. Actual outcome: 44/56 per cent.
 - Target 2 – Employee satisfaction:** Percentage of employees who consider SBAB a great place to work: 82 per cent. The outcome was 85 per cent.
 - Target 3 – Employee experience:** Total Trust Index: 77 per cent. The outcome was 81 per cent.

Public policy assignment

No specifically adopted public policy assignment.

State holding: 100%



Chair: Jan Sinclair



CEO: Klas Danielsson

Board and auditor elected for 2019/2020

Chair: Jan Sinclair was appointed chair in May 2019, formerly director, when Bo Magnusson stepped down. **Directors:** Lars Börjesson, Daniel Kristiansson, Jane Lundgren-Ericsson and Karin Moberg. New election of Inga-Lill Carlberg and Synnöve Trygg at AGM 2019, with Carl-Henrik Borg and Eva Gidlöf stepping down. **Employee reps:** Anders Heder, Margareta Naumburg. **Employee alternates:** Kristina Ljung, David Larsson. **Auditor:** Patrick Honeth (Deloitte)

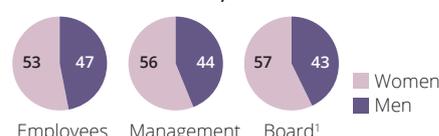
Fee paid to the board chair is SEK 475 (460) thousand. Fee paid to directors elected by the AGM is SEK 230 (219) thousand. No fee is paid to directors employed by the Government Offices. Fee paid to chair and directors of subsidiary SCBC, if not employed by the company, is SEK 180 (180) thousand and SEK 130 (130) thousand respectively.

	2018	2017
Income statement, SEK m		
Net interest income	3 362	3 149
Net commission income	-49	-5
Net income		
Financial items	-65	-12
Other operating income	32	31
Total income	3 280	3 163
Operating profit	2 241	2 228
Profit before tax	2 241	2 228
Net profit	1 726	1 709
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	448 355	416 787
Lending to the public	367 062	336 978
Equity	17 236	15 810
- of which, minority interests	0	0
Key indicators		
Level of loan losses, %	0.0	0.0
ROE, Return on equity (average), %	12.1	12.5
Common equity		
Tier 1 capital ratio, %	12.5	32.2
Total capital ratio, %	18.1	47.6
Dividend, SEK m	690	684
Average no of employees	620	533
Reports in compliance with GRI	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

SEK

Aktiebolaget Svensk Exportkredit (SEK) has the assignment of conducting lending operations on commercial and sustainable terms to promote Swedish exports. SEK is to complement the market and endeavour to cooperate with other state export promoters and with banks and other financial institutions. Administering the Swedish CIRR (Commercial Interest Reference Rate) system for government supported export credits is a specifically adopted public policy assignment.

Significant events in 2018

- New lending of SEK 57bn.
- The number of customers increased by 12 per cent and was 153 at the end of 2018. Work on reaching out to medium-sized enterprises with SEK's offering continued to progress well.
- Strong capitalisation and good liquidity.
- Intensified cooperation with other promotion actors in Team Sweden, at both national and regional level. Regional export centres have led to SEK working more closely with regional actors than before.

Targets and tracking

Financial targets

- **Profitability:** Return on equity of at least 6 per cent. The return on equity in 2018 was 3.6 per cent. In the past three years the resolution fee, which was SEK 266m (193m) in 2018, has been a charge booked against earnings.
- **Capital structure:** The total capital ratio under normal circumstances to be between 1 and 3 percentage points above Finansinspektionen's requirement, which was 16.4 per cent at the end of 2018. The outcome was 20.1 per cent.
- **Dividend:** 30 per cent of net profit, taking account of the capital structure target, future capital requirements and investments. Dividend for 2018 in line with policy.

Sustainable business targets

- **Green financing:** The target for green loans was SEK 3bn. SEK lent SEK 2bn in green loans in 2018. The number of green loans was 14. The target for lending to sustainable urban development was SEK 1bn, and that target was achieved.

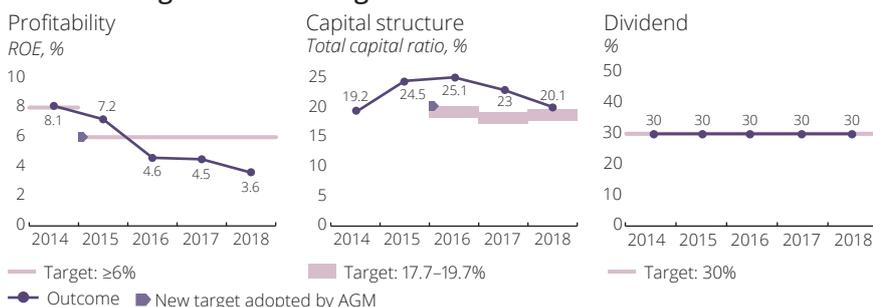
- **Sustainable workplace:** The targets were 40/60 per cent women/men in managerial positions and the share of employees with a foreign background to exceed 25 per cent. The outcome was 41/59 per cent women/men in managerial positions and 33 per cent of employees with a foreign background.

Public policy assignment and targets

Administering the Swedish CIRR (Commercial Interest Reference Rate) system is a public policy assignment specifically adopted by the Riksdag. The benefit to the Swedish economy of performing the assignment is assessed through (a) measurement of the value added by SEK as regards export credits (where CIRR is one part) and (b) through completion of a stakeholder dialogue by the company. The target is for SEK's export credits to help strengthen the competitiveness of Swedish export companies and for customers to feel that SEK meets their expectations and also for the Swedish export credit system to be as competitive as the systems in the most important competitor countries.

- The customer survey, which is conducted every two years, was last held in 2018 and showed that 73 per cent (target > 60 per cent) of customers who engaged SEK regarding export credits feel that credits from SEK contributed (very) significantly to the completion of their export deals. 66 per cent report that cooperation with SEK exceeded their expectations and 73 per cent consider that the Swedish export credit system is better than the systems in important competitor countries.
- Ongoing stakeholder dialogues have been conducted during the year, for instance SEK and EKN held a common stakeholder dialogue with the participation of NGOs and owner representatives.

Financial targets and tracking



State holding: 100%



Chair: Lars Linder-Aronson



CEO: Catrin Fransson

Board and auditor elected for 2019/2020

Chair: Lars Linder-Aronson **Directors:** Cecilia Ardström, Anna Brandt, Reinhold Geijer, Hans Larsson, Eva Nilsagård and Ulla Nilsson. New election of Hanna Lagercrantz at AGM 2019, with Héléne Westholm stepping down

Auditor: Peter Nyllinge (PwC)

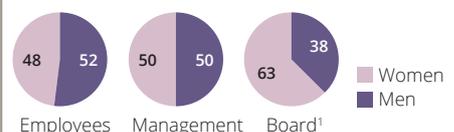
The fee paid to the board chair is SEK 460 (440) thousand. The fee paid to directors elected by the AGM is SEK 215 (205) thousand. No fee is paid to directors employed by the Government Offices.

	2018	2017
Income statement, SEK m		
Net interest income	1 442	1 683
Net commission income	-32	-28
Net income		
Financial items	19	-102
Other operating income	-2	0
Total income	1 427	1 553
Operating profit	852	1 007
Profit before tax	852	1 007
Net profit	648	772
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	302 033	264 392
Lending to the public	225 600	205 434
Equity	18 239	17 574
- of which, minority interests	0	0
Key indicators		
Level of loan losses, %	0.0	0.0
ROE, Return on equity (average), %	3.6	4.5
Common equity Tier 1 capital ratio, %	20.1	20.6
Total capital ratio, %	20.1	23.0
Dividend, SEK m	194	232
Average no of employees	243	252
Reports in compliance with GRI	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020



SJ AB was formed in 2001 in conjunction with the corporatisation of Statens Järnvägar, a public enterprise. SJ is the largest operator of rail passenger services in Sweden. Rail services in the Group are chiefly provided in the parent company, SJ AB, and in its subsidiary SJ Götalandståg. SJ mainly operates in the market for regional or long-distance travel. The company operates two types of traffic services: commercial services and contracted services (which are contracted competitively by the Swedish Transport Administration or regional transport services authorities). SJ operates both commercial services and contracted services on a commercial basis in competition with other train operators as well as car, air and bus travel. Sustainable business is a natural and integral part of SJ's business model. On the basis of its vision, business model and core values, the company ensures social, environmental and economic responsibility through measurement and tracking of six control areas. Working to improve punctuality is one of the targets.

Significant events in 2018

- In 2018 almost 32 million journeys were made on SJ tickets, which was a new travel record.
- During the year the Swedish Transport Administration carried out extensive track maintenance work, which resulted – in combination with extreme weather conditions – in service disruptions and therefore higher costs and lower income for SJ.
- The Swedish Transport Administration decided to make a direct award of the contract for the Stockholm-Östersund-Åre-Duved night-train services to SJ.
- An agreement signed with Mälardalen region until the end of December 2021.
- SJ was named Sweden's most digital travel company by the BearingPoint company in its measurement of Digital Leaders in Sweden 2019.

Sustainable business targets

- Punctuality: 95 per cent by 2020. Punctuality for SJ's long-distance trains was 77 per cent. The target for 2018 was 91 per cent. Punctuality for medium-distance trains was 88 per cent. The target for 2018 was 93 per cent. Punctuality for short-distance trains was 92 per cent. The target for 2018 was 93 per cent.
- Sickness absence: The target for 2018 was 5.2 per cent. The outcome was 5.2 per cent.
- Diversity, share of employees with foreign backgrounds according to Statistics Sweden's definition: The target for 2018 was 15 per cent and the outcome was 17 per cent.
- SJ Volunteer – An opportunity for employees to engage in voluntary work during working hours, target for 2018: 2 000 hours. The outcome was 752 hours. Activities are under way to encourage more employees to engage in voluntary work.

Public policy assignment

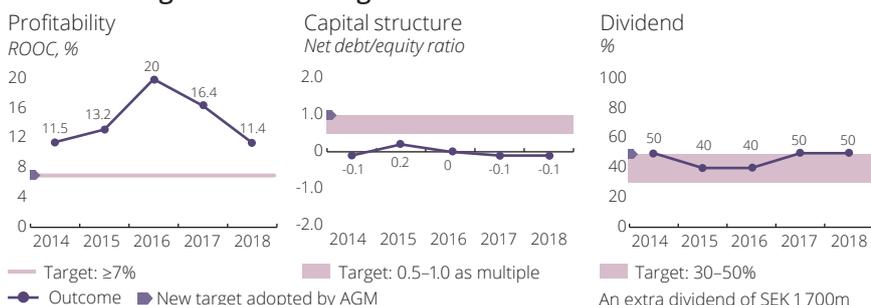
No specifically adopted public policy assignment.

Targets and tracking

Financial targets

- **Profitability:** Return on operating capital to be at least 7 per cent on average. The outcome was 11.4 per cent.
- **Capital structure:** Net debt/equity ratio of 0.5–1.0 as multiple in the long term. The outcome was -0.14.
- **Dividend:** To be between 30 and 50 per cent of net profit in the long term. The dividend for financial year 2018 corresponded to 50 per cent of the net profit.

Financial targets and tracking



An extra dividend of SEK 1 700m was approved at an EGM in September 2015.

State holding: 100%



Chair: Siv Svensson

CEO: Crister Fritzon

Board and auditor elected for 2019/2020

Chair: Siv Svensson **Directors:** Ulrika Dellby, Kersti Strandqvist, Lennart Käll, Per Matses and Ulrika Nordström. New election of Klas Wåhlberg at AGM 2019, with Mikael Stöhr stepping down **Employee reps:** Per Hammarqvist, Hans Pilgaard, Stefan Zetterlund **Auditor:** Hans Warén (Deloitte)

The fee paid to board chair is SEK 420 (410) thousand. The fee paid to directors elected by the AGM is SEK 180 (170) thousand. No fee is paid to directors employed by the Government Offices.

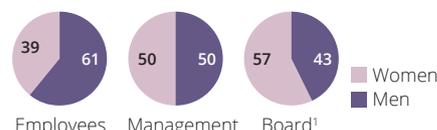
	2018	2017
Income statement, SEK m		
Net sales	7 874	7 780
Operating profit	468	666
Profit before tax	457	664
Net profit	389	523
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	8 035	8 078
Non-current assets	5 544	5 655
Equity	4 740	4 615
- of which, minority interests	0	0
Net debt	-659	-465
Operating capital	4 081	4 073
Key indicators		
Operating margin, %	5.9	8.5
ROE, Return on equity (average), %	8.3	11.7
ROOC, Return on operating capital (average), %	11.4	16.4
Net debt/equity ratio	-0.1	-0.1
Equity/assets ratio, %	59.0	57.1
Gross investments, SEK m	566	596
Appropriation, SEK m	0	0
Dividend, SEK m	194	269
Average no of employees	3 756	3 680

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020



SOS Alarm Sverige AB's main task is to be responsible, as an assignment from the State, for the emergency response (SOS) service in Sweden by receiving and forwarding alerts to the 112 emergency number and offering municipalities and county councils the routing and prioritisation of ambulance, fire and other services. SOS Alarm's central role in connection with emergencies is an important link in public emergency preparedness. The company also provides other types of customised security and out-of-hours services that can be combined with the emergency response (SOS) service.

Significant events in 2018

- Continued positive development despite major challenges due to the hot summer with high pressure on the 112 emergency number.
- The 112 Inquiry presented its final report to the Government.
- Increased sales but lower profit on account of higher staff costs and higher rate of delivery of planned development action than previously.

Targets and tracking

Financial targets

- Profitability:** Group operating margin to be at least 2 per cent. The outcome was 6.9 per cent.
- Capital structure:** Group equity/assets ratio to be 25–35 per cent with a benchmark of 30 per cent. The outcome was 47.6 per cent.
- Dividend:** Over the long term, ordinary dividends to correspond to at least 50 per cent of profit after tax, taking account of capital structure target, strategy and investment needs. In 2018 the financial targets were achieved; the dividend for the year was SEK 33m.

Sustainable business targets

- Confidence index – the target of 81 was exceeded.
- Improved customer relationships is measured via the CSI for the entire business – the target of 70 was not met.
- Motivated employees is measured via – ambassadorship, outcome -16 (no target set for 2108) (measurement method changed in 2018 from previous CSI). – employee turnover, target 16 per cent, outcome 15.5; the target was met.

Financial targets and tracking

Profitability

Operating margin, %



— Target: ≥2.0%

— Outcome — New target adopted by AGM

Capital structure

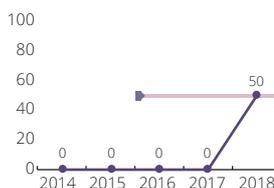
Equity/assets ratio, %



— Target: 25-35%

Dividend

%



— Target: ≥50%

- Reduced environmental load – the target of reducing carbon dioxide emissions per employee due to business travel was not met. (For 2019 the target is being replaced by a sustainable business target that measures the general public's view of SOS Alarm's sustainability.)

Public policy assignment and targets

The company has a specifically adopted public policy assignment to receive and forward calls to the 112 emergency number. There are targets for response times.

- Response time 112:
 - Average response time of no more than 8 seconds.
 - Average response time for 92 per cent of calls of no more than 15 seconds.
 - Maximum response time of 30 seconds.
- Time to identify need of assistance:
 - Time from when the call by the person seeking assistance reaches the call queue for 112 to when the operator indexes the 112 case (need of assistance identified) to be no more than 40 seconds on average by 2019.
- Customer satisfaction in public policy assignment:
 - Customer Satisfaction Index (CSI) to be a minimum of 68 in the area of Emergency Calls and Response. The target was achieved, outcome 68.
 - Public confidence index to be at least 70. The target was achieved, outcome 82.

The public policy targets for response times were not met but performance has improved. The average response time was 11.6 seconds; 92 per cent of calls were answered within 30 seconds and 78 per cent within 15 seconds.

State holding: 50%



Chair: Ulrika Messing



CEO: Maria Khorsand

Board and auditor elected for 2019/2020

Chair: New election of Ulrika Messing at AGM 2019, with Eva Fernvall stepping down **Directors:** Vesna Jovic, Alf Jönsson, Inge Lindberg, Maria Nilsson, Erik Tranaeus and Marie Ygge. New election of Peter Olofsson and Hampus Magnusson at AGM 2019, with Ingrid Lennerwald and Johnny Magnusson stepping down **Employee reps:** Mats Lundgren, Lars Thomsen **Employee alternates:** Johan Magnusson, Eva Lundmark **Auditor:** Marine Geisen (KPMG)

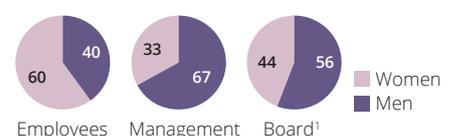
The fee paid to board chair is SEK 205 (180) thousand. The fee paid to directors elected by the AGM is SEK 96 (85) thousand. No fee is paid to directors employed by the Government Offices or to employee representatives.

	2018	2017
Income statement, SEK m		
Net sales	1 214	1 082
Operating profit	84	95
Profit before tax	85	96
Net profit	67	74
- of which, minority interests	2	1
Balance sheet, SEK m		
Total assets	715	597
Non-current assets	331	275
Equity	340	275
- of which, minority interests	5	4
Net debt	-365	-349
Operating capital	-25	-74
Key indicators		
Operating margin, %	6.9	8.8
ROE, Return on equity (average), %	21.6	31.1
ROOC, Return on operating capital (average), %	-170.4	-248.5
Net debt/equity ratio	-1.1	-1.3
Equity/assets ratio, %	47.6	46.1
Gross investments, SEK m	85	72
Appropriation, SEK m	330	264
Dividend, SEK m	33	0
Average no of employees	1 023	1 003
Reports in compliance with GRI	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020



Specialfastigheter Sverige Aktiefbolag owns, develops and manages properties in Sweden with strict security requirements and is the market leader in the high-security properties segment. Operations are conducted in three business areas: prison and probation services, defence and justice, institutional care and other special operations. Its largest customers are the Prison and Probation Service, the National Police Board, the National Board of Institutional Care (SiS), the Armed Forces and the Swedish Defence Materiel Administration (FMV). Its main target group is Swedish central government customers, but the company also caters for other customers with security requirements. Customers, and the company's some 150 employees, are located all around the country. The company's head office is split between Linköping and Stockholm. Specialfastigheter's operations are conducted on a long-term, commercial basis and are characterised by long leases, which creates stability in financial performance.

Significant events in 2018

- Net profit increase mainly on account of higher rental income and higher unrealised changes in value of properties.
- The market value of the company's properties increased by 9 per cent to SEK 27bn.
- Increased demand for high-security properties, e.g. the Prison and Probation Service's need for more places in prisons and remand prisons.

Targets and tracking

Financial targets

- **Profitability:** Return on equity to be 8 per cent, based on profit after tax and after reversal of changes in value and deferred tax. Return on equity was 13.0 per cent, which is above the target.
- **Capital structure:** Equity/assets ratio of 25–35 per cent. The equity/assets ratio was 38.3 per cent.
- **Dividend:** 50 per cent of net profit after tax and after reversal of changes in value for the year and associated deferred tax, taking account of future investment needs and financial position. The ordinary dividend for 2018 is proposed to be in line with policy, equal to SEK 555m (560m).

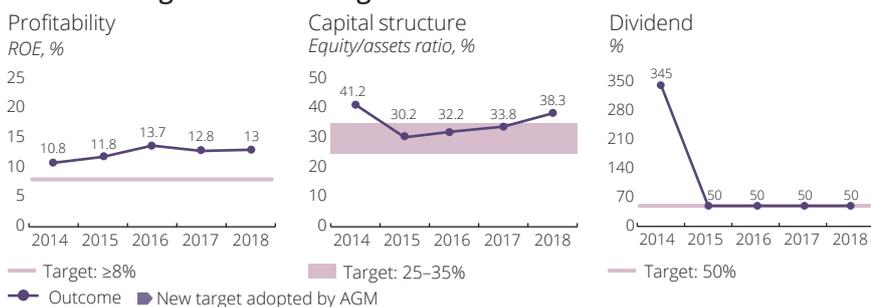
Sustainable business targets

- Increase proportion of employees with foreign backgrounds, target for 2018: 12 per cent. Proportion of employees with foreign backgrounds was 10 (10) per cent.
- No form of corruption or giving or taking of bribes, measured as number of instances. No (0) form of corruption or giving or taking of bribes identified.
- Satisfied customers, the Customer Satisfaction Index target for 2018 was 67 per cent; the outcome was 65 per cent.
- Reduce carbon dioxide emissions from purchased energy by 75 per cent between 2012 and 2030. Target for 2018: 52 per cent. Outcome in 2018: 55 per cent.

Public policy assignment

No specifically adopted public policy assignment.

Financial targets and tracking



State ownership: 100%



Chair: Eva Landén

CEO: Åsa Hedenberg

Board and auditor elected for 2019/2020

Chair: Eva Landén **Directors:** Carin Götblad, Mikael Lundström, Erik Tranaeus, Maj-Charlotte Wallin and Åsa Wirén. New election of Pierre Olofsson at AGM 2019, with Jan Berg stepping down
Employee reps: Tomas Edström, Erik Ydreborg
Employee alternates: Kajsa Marsk Rives, Roger Törngren **Auditor:** Mikael Ikonen (EY)

The fee paid to board chair is SEK 270 (260) thousand. The fee paid to directors elected by the AGM is SEK 130 (125) thousand. No fee is paid to directors employed by the Government Offices.

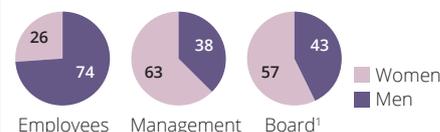
	2018	2017
Income statement, SEK m		
Net sales	2 138	2 028
Changes in value	1 414	814
Operating profit	2 935	2 283
Profit before tax	2 825	2 165
Net profit	2 423	1 719
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	28 558	26 842
Non-current assets	28 322	26 189
Equity	10 929	9 066
- of which, minority interests	0	0
Net debt	12 399	12 202
Operating capital	23 328	21 268
Key indicators		
Operating margin, %	137.3	112.6
ROE, Return on equity (average), %	13.0	12.8
ROOC, Return on operating capital (average), %	13.2	11.1
Net debt/equity ratio	1.1	1.3
Equity/assets ratio, %	38.3	33.8
Gross investments, SEK m	882	1 398
Appropriation, SEK m	0	0
Dividend, SEK m	555	560
Average no of employees	144	144

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020



Svenska Rymdaktiebolaget (Swedish Space Corporation, SSC) is responsible for the operation of the Esrange Space Center (Esrange) and provides advanced space services to the global space market. SSC is a global Group, with some 500 employees in nine countries. Its operations are conducted in three divisions:

- **Science Services** offers launching services for sounding rockets and stratosphere balloons with scientific or technical instruments for research and technical development as well as development of experiments and commercial payloads. This Division manages SSC's public policy assignment of handling the operation and development of Esrange Space Center.
- **Satellite Management Services (SaMS)** sells services in satellite communication and satellite control. SSC is the owner of one of the world's largest networks of ground stations for satellite communication.
- **Engineering Services** provides engineering services for space organisations such as the European Space Agency (ESA) and the German Aerospace Center (DLR).

Significant events in 2018

- A new space strategy was launched by the Government in May. In the strategy the Government states that Esrange should be used in a strategic holistic perspective, mainly in international cooperation.
- The Government decided in July to invest SEK 60m in a Test-Bed at Esrange. This decision includes the development of reusable launch technology for small and large rockets and the development of more environment-friendly motors, flight tests and satellite technology.

- SSC to comply with environmental and safety laws and to always strive to achieve zero tolerance of non-compliance with internal environmental and safety requirements (focusing on new Esrange).
- The sustainability targets are judged to have partly been met for 2018. The work to link the 2030 Agenda to measurable targets will be conducted in 2019. SSC's "Sustainable Business Model Procurement" has been implemented in its sales process; the Model is being implemented for its purchasing process in 2019.

Public policy assignment and targets

- For Science Services: 1. Capacity utilisation rate at the Esrange Space Center. 2. Quality index regarding the Esrange Space Center and related services.
- For SSC: The company is to ensure with the aid of a special stakeholder dialogue that operations are designed to promote Swedish interests in the best way possible.
- In 2018 the capacity utilisation rate at the Esrange Space Center was 104 per cent, target at least 70.
- In 2018 measurements were carried out on one occasion to assess quality of delivery; an overall quality index of 89 per cent was achieved, target: at least 80 per cent.

Targets and tracking

Financial targets

- **Profitability:** Return on operating capital of at least 6 per cent.
- **Capital structure:** Net debt/equity ratio of 0.3–0.5 with stable earnings.
- **Dividend:** At least 30 per cent of profit after tax.

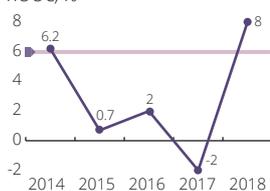
The board proposed that no dividend be paid for 2018.

Sustainable business targets

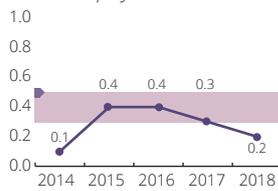
- The Sustainable Business Analysis model to be applied to all potential business deals.
- Link the 2030 Agenda to SSC's strategy through measurable targets.
- Implement a supplier database globally in SSC.
- SSC's key suppliers/partners to be analysed through SSC's Sustainable Business Model Procurement.

Financial targets and tracking

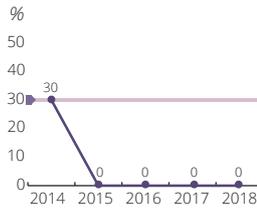
Profitability
ROOC, %



Capital structure
Net debt/equity ratio



Dividend
%



— Target: ≥6.0% — Target: 0.3–0.5 as multiple
● Outcome ■ New target adopted by AGM

State holding: 100%



Chair: Monica Lingegård CEO: Stefan Gardefjord

Board and auditor elected for 2019/2020

Chair: Monica Lingegård **Directors:** Fredrik Brunell, Anne Gynnerstedt, Anna Kinberg Batra, Per Lundkvist, Olle Norberg, John Paffett, Maria Palm and Håkan Syrén **Employee reps:** Petrus Hyvönen, Alf Vaerneus **Employee alternates:** Maria Snäll, Mariann Tapani **Auditor:** Camilla Samuelsson, for the companies in Sweden (PwC)

The fee paid to board chair is SEK 270 (260) thousand. The fee paid to directors elected by the AGM is SEK 135 (130) thousand. No fee is paid to directors employed by the Government Offices.

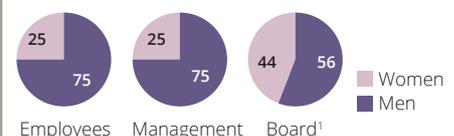
	2018	2017
Income statement, SEK m		
Net sales	945	935
Operating profit	47	-14
Profit before tax	38	-38
Net profit	17	-47
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	1 168	1 120
Non-current assets	674	725
Equity	464	458
- of which, minority interests	0	0
Net debt	80	148
Operating capital	544	606
Key indicators		
Operating margin, %	5.0	-1.5
ROE, Return on equity (average), %	3.7	-9.9
ROOC, Return on operating capital (average), %	8.2	-2.1
Net debt/equity ratio	0.2	0.3
Equity/assets ratio, %	39.7	40.9
Gross investments, SEK m	54	44
Appropriation, SEK m	0	0
Dividend, SEK m	0	0
Average no of employees	478	465

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

Sbo

Statens Bostadsomvandling AB

Statens Bostadsomvandling AB SBO (Sbo) acquires, develops, owns and winds down properties taken over from municipalities or municipal housing companies. The focus is on assisted living and housing for older people. Sbo has a public policy assignment to provide practical assistance in the restructuring process needed to achieve balance in the housing market in communities with a declining population. These communities often have a great need of housing that is accessible and adapted to older people. The restructuring process contributes to lower costs for care of older people and generates chains of moves in the housing market. Once the local housing market is in balance, the properties are sold on market terms in the open market.

Significant events in 2018

- One-time income and lower impairments raised the profit.
- Three properties were sold and two acquired during the year.
- Agreements have been signed for a large number of new projects that will result in substantial investments in 2019.

Targets and tracking

Financial targets

Sbo's financial targets have been set by the company, but not by the AGM.

- **Profitability:** At least 37 per cent of aggregate project costs to be recovered when projects are completed. The assessment is that approximately 54 per cent of project costs (including impairments) have been recovered.
- Restructuring of the properties has to be completed in at least 80 per cent of projects, and they should be sold within eight years on market terms in the open market. In 2010–2018 Sbo sold 22 different types of properties in ten communities. Most of the properties Sbo currently owns and manages were acquired in 2007 or later.
- **Dividend:** The company is not to pay a dividend to the owner.

Sustainable business targets

In its action for more sustainable development, Sbo is to offer more people a good residential environment in modern and accessible homes in cooperation with the municipality concerned by:

- Transforming properties and bringing at least 300 modern homes for seniors to weak housing markets by 2022. Up until today just under 1 000 new homes and modern premises for preschool services have been delivered in some 30 municipalities. Ongoing dialogues are assessed to be able to provide an additional 150–200 new modern homes in 2019–2021.
- To achieve, after rehabilitation, an estimated average annual energy consumption of 85 and 80 kWh/sq.m. and year for housing and premises respectively. For the most recently completed properties, an average estimated annual energy consumption of 78 kWh/sq.m. and year was achieved with an average reduction of 50 per cent after the implementation of rehabilitation measures.
- The company achieves a net operating margin of at least 62 per cent. The outcome was 62 per cent.

Public policy assignment

Has a specifically adopted public policy assignment to provide practical assistance in achieving housing market balance in communities where the population is declining. The public policy assignment is tracked by the owner in owner dialogues with the company and by reviewing the company's official reports. In 2018 Sbo continued to convert properties into modern and accessible flats, primarily for elderly and senior housing in communities with a weak housing market. Additional properties were developed and completed during the year. Total investments in development projects decreased in 2018 but are expected to rise sharply in 2019–20. Overall, Sbo is considered to have fulfilled its public policy assignment satisfactorily in 2018. Targets according to the public policy targets process have not yet been developed.

Financial targets and tracking

Profitability

Project costs recovered, %



— Target: ≥37%

● Outcome ■ New target adopted by AGM

State ownership: 100%



Chair: Christel Wiman **CEO:** Ann Eriksson

Board and auditor elected for 2019/2020

Chair: Christel Wiman **Directors:** Brita Saxton, Håkan Steinbüchel and Jan-Ove Östbrink. New election of Lars Erik Fredriksson at AGM 2019, with Leif Ljungqvist stepping down **Auditor:** Lars Magnusson (Deloitte)

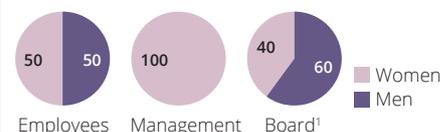
The fee paid to board chair is SEK 99 (90) thousand. The fee paid to directors elected by the AGM is SEK 49.5 (45) thousand. No fee is paid to directors employed by the Government Offices.

	2018	2017
Income statement, SEK m		
Net sales	22	22
Operating profit	14	-17
Profit before tax	15	-16
Net profit	48	-18
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	517	488
Non-current assets	258	256
Equity	507	458
- of which, minority interests	0	0
Net debt	-237	-218
Operating capital	270	240
Key indicators		
Operating margin, %	63.0	-80.1
ROE, Return on equity (average), %	10.0	-3.8
ROOC, Return on operating capital (average), %	5.3	-7.1
Net debt/equity ratio	-0.5	-0.5
Equity/assets ratio, %	98.0	93.9
Gross investments, SEK m	8	24
Appropriation, SEK m	0	0
Dividend, SEK m	0	0
Average no of employees	2	2
Reports in compliance with GRI	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

SVEASKOG

Sveaskog AB is Sweden's largest forest-owner, managing a total of 4m hectares of land. The company's forest holdings are spread throughout Sweden but are concentrated in the north. Sveaskog is to be an independent actor in the timber market whose core business is forestry, and its operations are to be run on a commercial basis. Sveaskog manages 3.1m hectares of productive forest land, which accounts for 14 per cent of all forest land in Sweden. Forests are an important raw material for the forest industry, promote climate benefits and create employment and recreational opportunities. Sveaskog mainly sells timber, pulpwood and biofuel. The company conducts long-term sustainable forestry, and as part of this it sets aside 20 per cent of the productive forest land as nature conservation land. In this context the company has also established a total of 37 eco-parks around Sweden.

Significant events in 2018

- Strong price growth of forest raw materials.
- Sveaskog's operating profit was its highest ever.
- Sveaskog is continuing to develop sustainable forestry.
- Per-Olof Wedin announced that he is stepping down as CEO, Hannele Arvonen will become the new CEO in 2019.

Targets and tracking

Financial targets

- **Profitability:** Dividend yield of at least 4.5 per cent. For 2018 the dividend yield increased to 5.4 per cent, partly as a result of strong economic development for forest products with rising prices.
- **Capital structure:** Debt/equity ratio of 0.3–0.6 as multiple. For 2018 the debt/equity ratio decreased slightly to 0.30 (0.36).
- **Dividend:** 65–90 per cent of profit after tax, excluding changes in value not affecting cash flow. The dividend proposed to the AGM 2019 is SEK 1 100m (900m), which is within the target range.

Sustainable business targets

- To be the most profitable forestry company over the long and short term, while maintaining good ethical standards: The dividend yield target was met for 2018. The Confidence Index is to be 80 in 2022; the outcome for 2018 fell to 74 (78).

- The first choice for employees and contractors, good leadership and employee-ship: Gender distribution of at least 30/70 by 2021 and more employees with foreign backgrounds. The proportion of women was unchanged at 24 per cent in 2018. The target is a Supplier Satisfaction Index of 70 in 2022. In 2018 this Index was 70.
- Leader in innovation and efficiency: Greater efficiency – the target is to increase total productivity by 2 per cent per year by 2022. In 2018 productivity increased by 2.2 per cent.
- Leader in sustainable forestry: Target to achieve, by 2020, 99 per cent of environmental values in forestry without major impact, which is measured by the Consideration Index. Emissions of carbon dioxide to decrease by at least 30 per cent between 2010 and 2020. Carbon dioxide emissions per tonne/delivered km³ under bark to be reduced by 10 tonnes per year. For 2018 the reduction was 10.5. Sveaskog's Consideration Index was 98 (95).

Public policy assignment

Sveaskog has a public policy assignment regarding its land sale programme with the objective of selling 10 per cent of productive forest land with 2002 as the baseline year. This target has not been developed according to the public policy targets process. The company sold 18 681 hectares of land in 2018 in its land sale programme. At year-end Sveaskog had sold a total of 8.78 per cent of its forest holdings under its land sales programme.

State holding: 100%



Chair: Eva Färnstrand



CEO: Hannele Arvonen (incoming)

Board and auditor elected for 2019/2020

Chair: Eva Färnstrand **Directors:** Leif Ljungqvist, Annika Nordin and Sven Wird. New election of Marie Berglund, Johan Kuylenstierna and Kerstin Lindberg Göransson at AGM 2019, with Thomas Hahn and Anna-Stina Nordmark-Nilsson stepping down **Employee reps:** Kenneth Andersson, Sara Östh **Employee alternates:** Lars Djerf, Thomas Esbjörnsson **Auditor:** Hans Warén (Deloitte)

The fee paid to the board chair is SEK 470 (455) thousand. The fee paid to directors elected by the AGM is SEK 185 (180) thousand. No fee is paid to directors employed by the Government Offices.

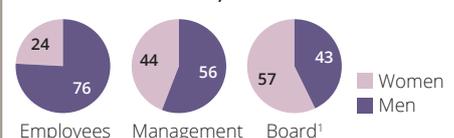
	2018	2017
Income statement, SEK m		
Net sales	6 971	6 206
Changes in value	1 697	200
Operating profit	3 504	1 877
Profit before tax	3 363	1 744
Net profit	3 168	1 384
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	40 751	39 592
Non-current assets	37 466	35 709
Equity	23 110	20 816
- of which, minority interests	0	0
Net debt	7 858	9 086
Operating capital	30 968	29 902
Key indicators		
Operating margin, %	50.3	30.2
ROE, Return on equity (average), %	14.4	6.7
ROOC, Return on operating capital (average), %	12.0	6.6
Net debt/equity ratio	0.3	0.4
Equity/assets ratio, %	56.7	52.6
Gross investments, SEK m	238	220
Appropriation, SEK m	0	0
Dividend, SEK m	1 100	900
Average no of employees	840	846

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

Priority Global Goals



Gender distribution, %

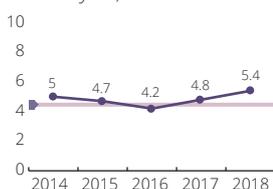


1) Elected for 2019/2020

Financial targets and tracking

Profitability

Dividend yield, %



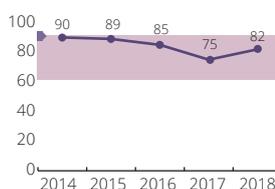
Capital structure

Net debt/equity ratio



Dividend

%



— Target: ≥4.5%

■ Target: 0.3–0.6 as multiple

■ Target: 65–90%

● Outcome ■ New target adopted by AGM



Svedab (Svensk-Danska Broförbindelsen SVEDAB AB) owns and manages the 50 per cent Swedish interest in the Öresund Bridge through its partnership in the Øresund Bridge Consortium. The Consortium owns the 16 km toll-financed coast-to-coast link that includes both road and rail traffic. Svedab also owns and manages the Swedish land connections to the bridge, 10 km of motorway and 20 km of railway.

Significant events in 2018

- Net profit decreased on account of a decrease in the Øresund Bridge Consortium's profit as an effect of a realised loss on index-related instruments.

Targets and tracking

Financial targets

- The company's loans with the Swedish National Debt Office are to be repaid by 2050.
- Capital structure:** Equity of at least SEK 500m.
- Dividend:** The ordinary dividend is to correspond to at least 50 per cent of the profit after tax over the long term.
- The company is to use distributable funds adopted by the general meeting that may be held by the company in the following order:
 - phase out claim for conditional shareholder contributions;
 - phase out interest claim for conditional shareholder contributions;
 - place at the disposal of the general meeting through proposed dividend to the shareholder.

All these points are to be carried out while taking account of the dividend policy adopted by the general meeting. Point c) is to be carried out after the company's loans with the Swedish National Debt Office have been repaid in full.

Sustainable business targets

- Svedab is to contribute to a cohesive Øresund Region. Over the years Svedab has therefore participated in a number of initiatives all intended to develop, adapt and make the facility available as new needs arise.
- 100 per cent of energy consumption is to be renewable. During the year Svedab invested in a solar cell plant along with the Øresund

Bridge Consortium. As of 2014 all energy consumption has been renewable.

- Svedab is to reduce its energy consumption in the long term. Energy consumption increased by 17 per cent during the year. The increase is, however, a result of a measurement error that applied during 2016 and 2017 and the true consumption cannot be measured retrospectively. The change is therefore the change from the incorrect value registered for 2017.
- Svedab wishes to engage suppliers that share the values expressed in the company's Code of Conduct. No new suppliers were contracted during the year.
- Zero tolerance of bribes and corruption. No incidents that can be linked to corruption in 2018.
- No deaths or serious injuries to occur on Svedab's facilities, and none did occur during the year either. In 2018 a special study was made of questions concerning child safety.
- The company is responsive to views about facilities management. All views and questions are to be welcomed and replied to. As of 2016, it is possible to use the company's website to communicate views about Svedab and the operation and maintenance of its facility.

Public policy assignment and targets

- Has a specifically adopted public policy assignment. Operations that are financed by appropriations in the central government budget within the framework of the public policy assignment are tracked. The following public policy targets apply to the part of the company's operations relating to rail and road links to the Øresund Link as set out above:
 - road: target value 100 per cent accessibility.
 - rail: at least 99.6 per cent accessibility excluding track works.

State ownership: 100%



Chair: Bo Lundgren

CEO: Ulf Lundin

Board and auditor elected for 2019/2020

Chair: Bo Lundgren **Directors:** Kerstin Hessius and Malin Sundvall. New election of Lars Erik Fredriksson at AGM 2019, with Jan Olson and Kristina Ekengren stepping down **Auditor:** Carl Fogelberg (PwC)

The fee paid to board chair is SEK 136 (136) thousand. The fee paid to directors elected by the AGM is SEK 68 (68) thousand. No fee is paid to directors employed by the Government Offices.

	2018	2017
Income statement, SEK m		
Net sales	11	10
Operating profit	489	648
Profit before tax	447	603
Net profit	347	470
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	6 012	7 047
Non-current assets	5 954	6 986
Equity	996	1 378
- of which, minority interests	0	0
Net debt	3 124	3 005
Operating capital	4 120	4 384
Key indicators		
Operating margin, %	4 842.7	6 818.9
ROE, Return on equity (average), %	29.3	42.1
ROOC, Return on operating capital (average), %	11.5	15.8
Net debt/equity ratio	3.1	2.2
Equity/assets ratio, %	16.6	19.6
Gross investments, SEK m	-889	804
Appropriation, SEK m	0	0
Dividend, SEK m	325	793
Average no of employees	3	3

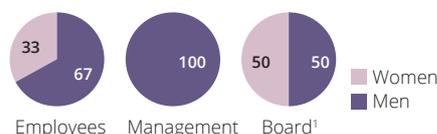
Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	No ¹

1) Svedab applies BFNAR 2012:1 Annual and consolidated accounts (K3) while the Øresund Bridge Consortium, which is an important part of its operations, applies IFRS when preparing its annual accounts.

Priority Global Goals



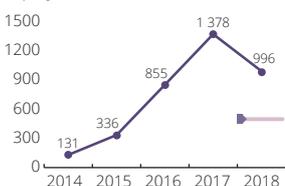
Gender distribution, %



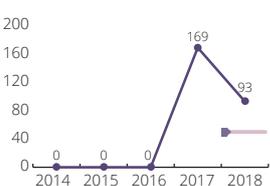
1) Elected for 2019/2020

Financial targets and tracking

Capital structure
Equity, SEK m



Dividend
%



— Target: ≥SEK 500m — Target: ≥50%
● Outcome ■ New target adopted by AGM

SVENSKA SKEPPSHYPOTEK

Svenska Skeppshypotekskassan (Swedish Ships Mortgage Bank, Skeppshypotek) was founded in 1929 with the task of making financing easier for Swedish shipping companies and assisting in the rejuvenation of the Swedish merchant fleet. Skeppshypotek is not a limited company, but is instead a unique form of association under public law. Its operations are regulated in the Swedish Ships Mortgage Bank Act (1980:1097). The task of Skeppshypotek is to assist in the rejuvenation and modernisation of the Swedish merchant fleet. Skeppshypotek finances Swedish-owned shipping operations or foreign-owned operations with substantial Swedish interests and mainly provides long-term loans, solely against collateral in Swedish or foreign vessels. On behalf of the Swedish Transport Administration, Skeppshypotek also administers the Board for Shipping Support.

Significant events in 2018

- New lending amounted to SEK 2.340m (2.231m) during the year.
- Net interest income fell slightly from its record level in 2017, partly on account of lower interest income.
- During the year Skeppshypotek decided to recognize an impairment of SEK 50m on outstanding loans.

Targets and tracking

Financial restrictions

The Swedish Ships Mortgage Bank Act (1980:1097) does not contain any financial targets. However, the board of directors has set restrictions for its operations regarding:

- Equity/assets ratio, at least 10 per cent. The equity ratio was 22.4 (24.1) per cent.
- Total capital ratio, at least 12 per cent. The total capital ratio was 22.6 (23.7) per cent.

Sustainable business targets

- Sustainable ship financing: Skeppshypotek is to evaluate and manage the sustainability risks that arise in connection with lending to the shipping sector and work at the same time to finance projects that contribute to more environment friendly shipping.
- Business ethics and anti-corruption: Skeppshypotek is to meet international standards in the areas of business ethics, environmental and social responsibility and preventing corruption and other financial crime.
- Own environmental impact: Skeppshypotek is to reduce its own environmental impact, with the target being to maintain CO₂ emissions at a low level. A high level of employee engagement is important in relation to own environmental impact. If Skeppshypotek does not act responsibly, it is difficult to impose external demands.

- Outcome for sustainable ship financing: Skeppshypotek's work starts from the classification "Turn down", "Influence" and "Select" depending on the operations of the shipping company applying for credit.
- Outcome for business ethics and anti-corruption: Skeppshypotek's staff have been trained in anti-corruption and anti-money laundering and will be given supplementary training in these areas as needed. A system for screening of sustainability risks such as politically exposed individuals and sanction lists has been introduced. When required, these issues can also be partly controlled by an external party.
- Outcome for own environmental impact: Since 2010 the company has offset the carbon dioxide emissions it generates. Whenever practicable, the company chooses environmentally certified products ahead of others.

Public policy assignment

Operations are governed by the Swedish Ships Mortgage Bank Act (1980:1097).

State holding: 100%



Chair: Michael Zell



CEO: Lars Johanson

Board and auditors elected for 2018/2019

Chair: Michael Zell **Directors:** Tomas Abrahamsson, Lars Höglund, Elizabeth Kihlbom, Anders Källsson, Rolf Mählkvist and Anna Öberg

Alternates: Kenny Reinhold, Anders Thyberg, Ann-Catrine Zetterdahl **Auditors:** Harald Jagner (Deloitte), Henrik Nilsson (Deloitte)

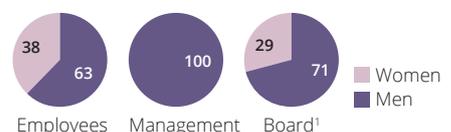
The fee paid to board chair is SEK 140 (140) thousand. The fee paid to directors is SEK 55 (55) thousand.

	2018	2017
Income statement, SEK m		
Net sales	340	270
Operating profit	53	111
Profit before tax	53	111
Net profit	53	111
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	9 610	8 713
Non-current assets	9 171	8 245
Equity	2 153	2 100
- of which, minority interests	0	0
Net debt	-2 175	-2 100
Operating capital	-22	-1
Key indicators		
Operating margin, %	15.7	41.1
ROE, Return on equity (average), %	2.5	5.4
ROOC, Return on operating capital (average), %	-461.5	-1 899.1
Net debt/equity ratio	-1.0	-1.0
Equity/assets ratio, %	22.4	24.1
Gross investments, SEK m	1	0
Appropriation, SEK m	0	0
Dividend, SEK m	0	0
Average no of employees	8	7
Reports in compliance with GRI	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

Priority Global Goals

Priority Global Goals have not yet been identified.

Gender distribution, %



1) Elected for 2018/2019

SVENSKA SPEL

Up to the end of 2018 AB Svenska Spel's assignment from the State has been to arrange gambling and lotteries in a socially responsible manner. Svenska Spel's operations were based in 2018 on four permits issued by the Government for: lotteries and betting on sporting events, slot machines, casino games and online poker. Its public policy assignment until and including 2018 was to do with safeguarding social protection interests and meeting demand for gambling in controlled forms; in other words, promoting a sound and secure gambling market. On 11 December 2018 the general meeting adopted a new owner instruction for AB Svenska Spel with a new public policy assignment for parts of the Group that applies as of 1 January 2019. According to the Swedish Gambling Board, the company's market share is 37 (40) per cent of the whole known Swedish gambling market, a market that grew by 1 per cent in 2018. Its online market share is put at 22 (22) per cent, which can be regarded as strong in view of the strong competition and the fact that Svenska Spel did not have the biggest product, an online casino, in 2018.

Significant events in 2018

- Patrik Hofbauer became the new CEO on 1 December.
- Ahead of the re-regulation of the gambling market on 1 January 2019 Svenska Spel divided up its gambling operations into three different business areas.
- Competition in the gambling market is driving increased media investments. In 2018, SEK 7.4bn was spent on gambling advertising aimed at the Swedish market: Svenska Spel's share was 8 per cent.
- SEK 50m was paid to sport associations' activities for young people through Grass Roots.
- Norsk Tipping signed an agreement with Svenska Spel for the right to continue using the Playscan responsible gambling tool. The agreement runs for six years.

Targets and tracking

Financial targets

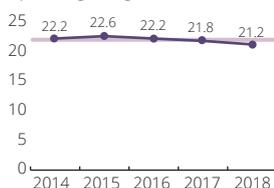
- **Profitability:** Operating margin of at least 22 per cent over a business cycle (5–7 years). The outcome was 21.2 per cent.

Sustainable business targets

- More of the company's customers to be aware of their gambling and make choices on that basis. Fewer of the company's customers to have gambling problem or develop gambling addictions. Playscan Index outcome: 84 (84).
- 100 per cent of employees in the Group to complete training in the company's work on countering money laundering and financing of terrorism. Outcome: 90 per cent in the parent company. In Casino Cosmopol 100 per cent complete the training within

Financial targets and tracking

Profitability
Operating margin, %



— Target: ≥22%

● Outcome ■ New target adopted by AGM

three months of the start of their employment.

- Proportion of employees with foreign backgrounds in the Group to be at least 30 per cent. Outcome: 34 (30) per cent.
- Gender balance among managers to be in the 45–55 per cent range. Outcome: 39 (35) per cent.

Public policy assignment (new assignment in 2019)

Has a specifically adopted public policy assignment until and including 2018. Svenska Spel is to: a) meet consumer demand for attractive gambling activities; b) provide gambling forms that are deemed to entail risks of a social nature, within the framework of social responsibility, when this is believed to be able to curb illegal gambling in uncontrolled forms; c) provide a credible but also attractive alternative primarily to uncontrolled gambling operations; d) take into account social protection considerations, fraud risks and consumer interests when gambling forms are being developed and in all other aspects of operations; e) endeavour to provide a well-developed service in both urban and rural areas; and f) focus on social responsibility in its marketing so as to avoid being perceived as excessively intrusive.

The following applies to tracking:

Ahead of its annual general meeting the company has to submit a report to the Government Offices setting out the company's measures in response to points a), b), c), d) and f) and the company's accessibility under point e). The company has submitted that report, and the part of its assignment for which the company has received permits is considered to have been fulfilled. Since it does not have certain permits, the company considers that it is unable to fully meet its assignment under points a), b) and c).

State ownership: 100%



Chair: Erik Strand



CEO: Patrik Hofbauer

Board and auditor elected for 2019/2020

Chair: Erik Strand **Directors:** Eivor Andersson, Eva-Britt Gustafsson, Lars Nilsson, Johan Strid and Fredrik Åhlberg. New election of Jens Schlyter at AGM 2019, with Hélène Westholm stepping down
Employee reps: Martina Ravn, Laila Hawaszadeh, Peter Andersson **Employee alternates:** Mikael Gustafsson, Urban Sahlin, David James **Auditor:** Jonas Ståhlberg (Deloitte)

The fee paid to board chair is SEK 360 (355) thousand. The fee paid to directors elected by the AGM is SEK 165 (160) thousand. No fee is paid to directors employed by the Government Offices.

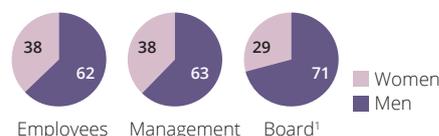
	2018	2017
Income statement, SEK m		
Net sales	7 780	7 774
Operating profit	4 525	4 705
Profit before tax	4 522	4 705
Net profit	4 522	4 709
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	8 185	8 431
Non-current assets	2 325	2 518
Equity	4 583	4 752
- of which, minority interests	0	0
Net debt	-3 864	-4 055
Operating capital	719	697
Key indicators		
Operating margin, %	21.2	21.8
ROE, Return on equity (average), %	96.9	97.9
ROOC, Return on operating capital (average), %	639.3	-
Net debt/equity ratio	-0.8	-0.9
Equity/assets ratio, %	56.0	56.4
Gross investments, SEK m	329	354
Appropriation, SEK m	0	0
Dividend, SEK m	4 478	4 691
Average no of employees	1 683	1 694

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

The new gambling landscape

A new gambling market

The new gambling regulations that entered into force on 1 January 2019 meant major changes of the Swedish gambling market. The sole right for certain games has ceased, a new licence system has been introduced and new tax rules apply. The licence is also accompanied by greater consumer and gambling responsibility in areas including customer registration, marketing, bonuses and gambling limits. Under the new regulations, gambling operations have to be appropriate from the public perspective and conducted in a sound and secure manner under public control. There are requirements for strong consumer protection, and the negative consequences of gambling have to be restricted.

The new Act divides the gambling market up into a part subject to full competition, which mainly covers online games and betting; a part reserved for games for public purposes, which mainly covers lotteries and bingo; and a part reserved for the State, which covers the state casinos and gambling on slot machines. A licence issued by a newly formed government agency, the Swedish Gambling Authority, is required to arrange gambling. This means that all companies that provide gambling for customers in Sweden are now covered by the same rules and supervision. As on 18 April 2019, 80 companies had been granted licenses.

Svenska Spel's reorganisation

The competitive situation changed fundamentally in conjunction with the re-regulation of the gambling market. Svenska Spel's market offer was also changed. The company was given a licence in areas that had previously been closed, such as online casino and horse racing.

For Svenska Spel, 2018 has very much been characterised by adjustment ahead of the re-regulation. Svenska Spel is still a single group with group-wide functions, but to adapt the company to the new gambling regulations, its gambling operations have been divided up into different companies and business areas with separate gambling accounts and customer databases. The Luck business area covers number games and lotteries; the Sport & Casino business area offers sport games, online casinos, online poker and online bingo. Gambling at land-based casinos and slot machines have been brought together in the business area of Cosmopol & Vegas.

The company's work on responsible gambling

Svenska Spel has long worked on responsible gambling so as to protect its customers from exaggerated gambling. Some of the company's responsible gambling measures are: responsible gambling training for employees, suppliers, gambling agents and associations. Compulsory registration of all gambling (with the exception of lottery tickets sold in shops and gambling at Casino Cosmopol), gambling history, warning signs in the event of an elevated risk of developing gambling problems and being suspended from all gambling. In developing new games the company carries out a risk analysis of the game using the GamGard risk assessment tool. Svenska Spel holds proactive conversations at the company's four land-based casinos with individuals who have shown elevated risk behaviour in their gambling and calls players in Luck, Vegas and Sport & Casino. Through its Research Council the company distributes SEK 5 million per year to research on gambling addiction and also

contributes SEK 2.5 million per year to a professorship in gambling addiction at Lund University. To counter match-fixing Svenska Spel has a restrictive range of subjects for gambling, live control of all gambling and betting limits.

Svenska Spel is certified according to the European Lotteries (EL) and World Lottery Association (WLA) and Casino Cosmopol is certified according to the European Casino Association (ECA). The company states that it follows the standard of the Swedish Gambling Association (Sper) for responsible gambling.

Svenska Spel's new assignment

In the part of the gambling market that is reserved for the State, Svenska Spel has been given the assignment of offering a) gambling operations at physical casinos; b) gambling on slot machines at places other than casinos. These operations are placed in the Casino Cosmopol & Vegas business area and are the company's only remaining public policy assignment.

The company has been given an owner instruction for its new public policy assignment, which was adopted at a general meeting in December 2018. The instruction states that the following applies to these forms of gambling (physical casinos and slot machines): (i) "particularly moderate" marketing and (ii) a duty of care over and above what is required according to the gambling regulations. These special requirements form part of the reasons why these two forms of gambling will continue to be reserved for the State.

The gambling company that makes history

1897

Svenska Penninglotteriet established.

Some private individuals were seeking funding for Stockholmsmässan (what is now Stockholm International Fairs and Congress Centre) and proposed a lottery. The application received a licence and Lotteriexpeditionen was formed.



1934

Tipstjänst formed.

Illegal betting was widespread and the State decided that gambling should be conducted in more secure forms. Tipstjänst was given the sole right to arrange pools.



1997

Svenska Spel born!

Penninglotteriet + Tipstjänst = Svenska Spel.



2001

Sweden's first international casino

was opened in Sundsvall. Within two years Casino Cosmopol opened in Malmö, Gothenburg and Stockholm.



2007

Svenska Spel strengthens responsible gambling.

The "Gamble safely" concept was launched in order to get customers to reflect on their gambling.



2018

Gambling operations are divided up

into three separate business areas. Tur (number games and lotteries), Sport & Casino (sport games and online casino) and Casino Cosmopol and Vegas.





Svevia AB was formed in 2009 when the National Roads Administration’s production unit, Vägverket Produktion, was corporatised. The main reasons for corporatisation were to improve the conditions for competitive neutrality, eliminate the basis for suspicions of cross-subsidisation and increase productivity in the market. Svevia conducts contracting, service and leasing operations in the area of traffic, land, construction and civil engineering. The Swedish infrastructure market is valued at over SEK 100 billion, with new construction and reconstruction accounting for around SEK 92 billion and repairs, maintenance and operation for the remainder. Half the market is private, while public investments account for the other half. Svevia is the market leader in road operation and maintenance. In surfacing its offer covers ballast, asphalt manufacture and spreading and road marking. Civil Engineering offers road construction and improvement, foundation, land and rock and concrete work and soil decontamination. The Swedish Transport Administration is Svevia’s largest customer, accounting for just over half its sales.

Significant events in 2018

- Net sales increased compared with the preceding year and were SEK 8 324m.
- Order bookings increased from the preceding year and were SEK 8 594m (7 838m). At the end of December the order stock was SEK 7 716m (7 447m).
- The full-year profit has been reduced by impairments in the Civil Engineering Division and contains capital gains from property sales.
- As part of Svevia’s strategic direction an updated strategic plan was adopted in 2018.

Targets and tracking

Financial targets

- **Profitability:** Return on equity to be at least 20 per cent. The outcome was 31.9 per cent.
- **Capital structure:** Equity/assets ratio to be at least 20–30 per cent. The equity/assets ratio was 33.5 per cent.
- **Dividend:** Ordinary dividend to be equal to at least 50 per cent of profit after tax, but with account taken of the Group’s future capital requirements and any investment and acquisition plans. A dividend of SEK 335m was paid, which is in line with policy.

Sustainable business targets

See the table below.

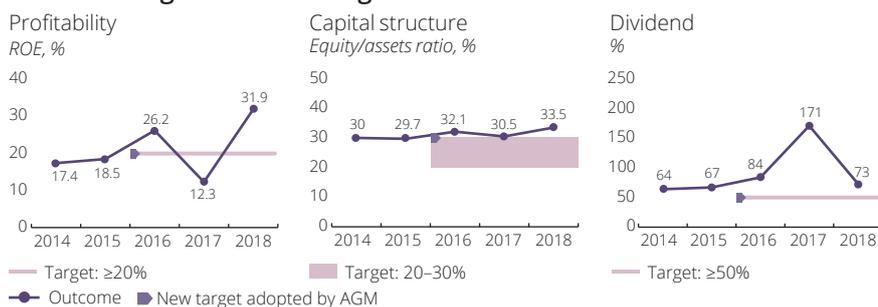
Public policy assignment

No specifically adopted public policy assignment.

Sustainability targets

	Target area	Outcome 2018	Outcome 2017	Objectives for 2023
Environment	Manufacturing: CO ₂ kg/tonne manufactured	14.5	16.1	8.0
	Transport: CO ₂ kg/SEK m in sales	3.2	3.4	2.6
Sound business	Image (ethics, scale 1-5)	4.1	3.8	Industry best
	Contract adherence	68%	72%	85%
Attractive employer	employee Net Promoter Score (eNPS)	+16	+9	20
Safety	Work injury rate	7.7	4.2	<3.5 and industry best

Financial targets and tracking



State ownership: 100%



Chair: Olle Ehrlén

CEO: Anders Gustafsson

Board and auditor elected for 2019/2020

Chair: Olle Ehrlén **Directors:** Charlotte Bergman, Petter Eiken, Lars Erik Fredriksson, Carina Olson, Anna-Stina Nordmark Nilsson and Andreas Regnell, with Anna-Jeanette Larnelius stepping down at AGM 2019 **Employee reps:** Moody Israelsson, Tommy Lovened **Employee alternate:** Thomas Skoog **Auditor:** Peter Ekberg (Deloitte)

The fee paid to board chair is SEK 420 (410) thousand. The fee paid to directors elected by the AGM is SEK 210 (204) thousand. No fee is paid to directors employed by the Government Offices.

	2018	2017
Income statement, SEK m		
Net sales	8 324	7 557
Operating profit	494	204
Profit before tax	514	227
Net profit	459	175
- of which, minority interests	0	0

	2018	2017
Balance sheet, SEK m		
Total assets	4 495	4 496
Non-current assets	2 326	2 190
Equity	1 508	1 372
- of which, minority interests	0	0
Net debt	-1 421	-1 564
Operating capital	87	-192

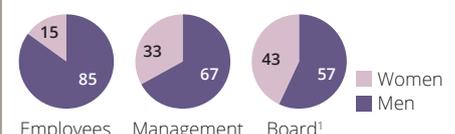
	2018	2017
Key indicators		
Operating margin, %	5.9	2.7
ROE, Return on equity (average), %	31.9	12.3
ROOC, Return on operating capital (average), %	-841.0	-85.2
Net debt/equity ratio	-0.9	-1.1
Equity/assets ratio, %	33.5	30.5
Gross investments, SEK m	651	626
Appropriation, SEK m	0	0
Dividend, SEK m	335	299
Average no of employees	1 908	1 833

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020



Swedavia AB operates and develops ten airports across Sweden, which the Government has determined make up Sweden's national basic infrastructure of airports. In addition to its airport operations, Swedavia conducts property operations whose task is to own, manage and develop properties and developable land at and around the airports. The company also has an assignment to participate actively, on a commercial basis, in the development of the Swedish transport sector and to contribute to the transport policy objectives adopted by the Riksdag.

Significant events in 2018

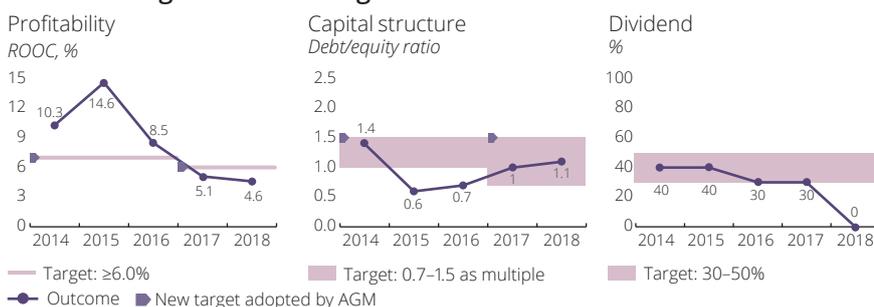
- Declining traffic growth, but more than 42 million passengers to or from Swedavia's airports was the highest annual figure up to now.
- Continued high rate of investments at several airports, including an expanded departure hall at Bromma, continued terminal building expansion at Landvetter and capacity improvements at Visby Airport. At Arlanda a new operational area has been erected.
- Operations at Visby Airport became wholly fossil-free during the year.
- Swedavia was one of the few actors to receive deliveries of aviation biofuel during the year.

Targets and tracking

Financial targets

- Profitability:** Return on operating capital to be at least 6 per cent. Outcome: 4.6 per cent.
- Capital structure:** Debt/equity ratio of 0.7–1.5 as multiple. Outcome: 1.1.
- Dividend:** The ordinary dividend is to be 30–50 per cent of net profit excluding capital gains from property sales, changes in value and attributable tax. No dividend is being paid for 2018. A new dividend policy with the following wording was adopted at the AGM in 2019: The ordinary dividend shall be between 10 and 50 per cent of the profit after tax. The annual dividend decisions shall take account of the company's operations, the implementation of its strategy and the financial position. In making this evaluation, particular account shall be taken of the assessment of the company's ability to achieve its capital structure target in the future.

Financial targets and tracking



Sustainable business targets

- 85 per cent satisfied customers in 2025. Outcome: 74 per cent.
- 75 per cent manager and employee engagement in 2025. Outcome: 65 per cent.
- Zero (0) fossil-based carbon dioxide emissions from own operations in 2020. Swedavia's own emissions decreased during the year to 1 305 tonnes, which means that the yearly targets for reaching zero emissions in 2020 are still being exceeded.

Public policy assignment and targets

According to its articles of association, Swedavia is to participate actively, on a commercial basis, in the development of the Swedish transport sector and to contribute to the achievement of the transport policy objectives adopted by the Riksdag. Within the framework of the functional and consideration objectives of the transport policy, the company has to measure and report outcomes for the following six public policy targets:

Tracking of public policy targets	2018	2017
Satisfied travellers, %	74	75
Number of passengers, domestic flights, millions	13.5	14.0
Number of passengers, international flights, millions	28.5	27.9
Number of international destinations	324	313
Number of accidents or serious incidents	3	3
Carbon dioxide footprint, kilotonnes ¹	528	524

1) Footprint per airport, which includes land transport and air traffic. The carbon dioxide footprint attributable to air traffic was 346 (352), to land transport was 181 (170) and to Swedavia's own operations was 1.3 (1.9).

State holding: 100%



Chair: Åke Svensson



CEO: Jonas Abrahamsson

Board and auditor elected for 2019/2020

Chair: Åke Svensson **Directors:** Lars Backemar, Lottie Knutson, Lotta Mellström, Lars Mydland, Mikael Norman and Lottie Svedenstedt. Adine Grate-Axén stepped down at AGM 2019

Employee reps: Agne Lindbom, Robert Olsson

Employee alternates: Conny Moholi, Mikael Nordenståhl **Auditor:** Tomas Gerhardsson (KPMG)

The fee paid to board chair is SEK 450 (440) thousand. The fee paid to directors elected by the AGM is SEK 225 (220) thousand. No fee is paid to directors employed by the Government Offices.

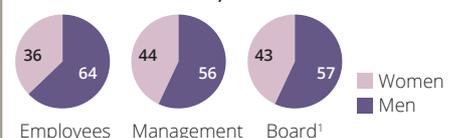
	2018	2017
Income statement, SEK m		
Net sales	5 922	5 745
Operating profit	735	688
Profit before tax	642	575
Net profit	517	407
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	19 725	17 587
Non-current assets	18 225	16 447
Equity	8 066	7 665
- of which, minority interests	0	0
Net debt	9 195	7 290
Operating capital	17 261	14 955
Key indicators		
Operating margin, %	12.4	12.0
ROE, Return on equity (average), %	6.6	5.4
ROOC, Return on operating capital (average), %	4.6	5.1
Net debt/equity ratio	1.1	1.0
Equity/assets ratio, %	40.9	43.6
Gross investments, SEK m	3 195	3 866
Appropriation, SEK m	0	0
Dividend, SEK m	0	122
Average no of employees	3 217	3 074

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

Sweden House

AO Dom Shvetsii (“Sweden House”) manages the “Sweden House” in St Petersburg, which has official, cultural and commercial functions. The Ministry for Foreign Affairs rents premises in the building for the Consulate General of Sweden. The remaining premises are leased to enterprises with connections to Sweden and to Swedish and foreign companies. When it was established, a Sweden House in central St Petersburg was regarded as an aspect of developing relations between Sweden and Russia. It was considered important to give Swedish government agencies and Swedish business a natural base for their operations in St Petersburg. The project was to be implemented on commercial terms and have the long-term objective of independent financial viability. Since 2016 the company pays a dividend to shareholders. The company was formed through a tripartite agreement between the Swedish Government, the City of St Petersburg and Skanska. Skanska sold its 49 per cent interest in the then AO Dom Shvetsii to CA Fastigheter in autumn of 2008. Sweden House is a Russian limited company owned 49 per cent by Ladoga Holding AB (a subsidiary of CA Fastigheter), 36 per cent by the Swedish State and 15 per cent by the City of St Petersburg. Sweden House has the right to use the “Sweden House” complex, which contains around 4 400 sq.m. of lettable floor area, and the land for 49 years. Sweden House is in the centre of St Petersburg close to the main street, Nevsky Prospect. The favourable location, historical origin and design of the property make it attractive to potential tenants.

Significant events in 2018

- Extensive renovation of several offices and apartments during the year has led to successful letting of these premises. Renovation work will continue in 2019 and will then include the reception and common areas.
- At the end of 2018 all premises were leased (total of 4 406 sq.m.). Previously the company normally set rents in USD, which led to the rent level in the property being high for the area on account of the falling rouble exchange rate. To retain tenants, Sweden House has changed the currency in the bulk of its leases to roubles and also reduced rents to bring them into line with the present market level.
- As more and more of the premises and common areas are renovated, the company is able to offer better and more competitive business premises and apartments, as a result of which the vacancy rate is expected to remain low in the future.

Tracking

Competition has increased with the construction of new properties and renovation of the existing stock. In the next few years other construction projects in the city may lead to more office space coming on to the market.

State holding: 36%



Chair: Jan Borekull

CEO: A management company performs the duties of the CEO.

Board and auditor elected for 2019/2020

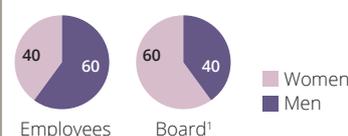
Chair: Jan Borekull **Directors:** Lars Grundberg, Ludmila Evgenievna Kostrukova and Lena Wedén. New election of Sofya Kiseleva at AGM 2019, with Fredrik Alvarsson stepping down

Auditor: Dimitry Mikhaylov (KBM Limited)

The fee paid to the board chair is USD 0 (0). The fee paid to directors elected by the AGM is USD 4 500 (4 500). No fee is paid to directors employed by the Government Offices.

	2018	2017
Income statement, SEK m		
Net sales	12	12
Operating profit	6	4
Profit before tax	7	5
Net profit	6	4
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	27	25
Non-current assets	10	10
Equity	25	22
- of which, minority interests	0	0
Net debt	-17	-14
Operating capital	8	7
Key indicators		
Operating margin, %	47	36
ROE, Return on equity (average), %	24	15
ROOC, Return on operating capital (average), %	60	60
Net debt/equity ratio	-0.7	-0.7
Equity/assets ratio, %	91	88
Gross investments, SEK m	-	-
Appropriation, SEK m	0	0
Dividend, SEK m	5	3
Average no of employees	5	3
Reports in compliance with GRI	No	
Externally assured GRI report	No	
Reports in compliance with IFRS	No	

Gender distribution, %



1) Elected for 2019/2020



Swedfund International AB, Swedfund, is a development funder and development assistance actor tasked with helping to reduce poverty through sustainable business. Swedfund contributes venture capital, start-up support and know-how for investments in low- and middle-income countries. Together with its strategic partners, Swedfund establishes viable and commercially operated companies, mainly through direct investment in the form of equity or loans, but also indirectly through investments in funds. Investments are made in countries that qualify for development financing under the OECD/DAC's definition and contribute to attaining the objectives of Sweden's Policy for Global Development (PGD) and Swedish international development assistance. At the end of 2018 Swedfund was active in 23 countries and had 58 investments; the majority of its portfolio was in Sub-Saharan Africa.

Significant events in 2018

- Government decision to make a capital injection of SEK 600m for 2018.

Targets and tracking

Financial targets

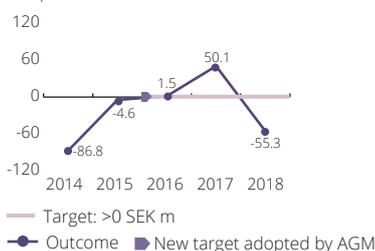
- Profitability:** C/I to be a maximum of 0.9 within a three-year period starting in 2016 and EBIT – irrespective of accounting standard – to be positive.
- The target regarding C/I (0.88) was achieved in 2018. The target regarding EBIT (SEK -55.3m) was not achieved, largely on account of a one-time impairment when changing over to IFRS. Adjusted for this item, EBIT was SEK -11.1m.

Sustainable business targets

- Social development:** ILO's core conventions and ILO's basic terms and conditions of employment to be complied with in every investment within three years from the date of financing. Average number of jobs in portfolio companies to increase year-on-year.
- Sustainability:** Management system for sustainability issues to be implemented in portfolio companies no later than three years from the date of financing.
- Anti-corruption:** Management system to handle anti-corruption issues to be implemented in portfolio companies no later than three years from the date of financing.
- The net increase in the number of jobs was 8 per cent. For other results, see the table on the right.

Financial targets and tracking

Profitability
EBIT, SEK m



Share meeting target	Period held		
	≤3 years	>3 years	Exit phase
Compliance with ILO core conventions	88%	77%	50%
Implementation of management system for sustainability issues	94%	68%	60%
Implementation of management system for anti-corruption issues	78%	64%	50%

Public policy assignment and targets

The following public policy targets were adopted at an EGM in December 2016; the results are reported in Swedfund's annual report.

- Measure sales and profitability per investment, with the target level of an increase during a five-year period from the investment year as a baseline year.
- Measure carbon dioxide per investment where the relevant target level is evaluated within three years.
- Every three years, starting in 2017, Swedfund is to analyse how climate and environmental risks are affecting Swedfund's investments and how this might, in turn, affect Swedfund's financial position. This analysis is also to include the most serious environmental risks in its portfolio companies and how Swedfund is managing them.
- Key indicators that measure corporate tax per investment (in SEK) according to data presented in each company's annual reports, with the relevant target level being evaluated within three years.
- Key indicators that measure the proportion of men and women in senior management positions per investment, where the target level is that the proportion of men/women should show a positive trend/come closer to each other during a five-year period, with the investment year as the baseline year.
- Key indicators that measure the number of investments not assessed as feasible with commercial financing, where the target level is 100 per cent.
- Total effect/benefit per investment (economic/environmental and climate and social effects) to show positive development over time.
- Total cost per investment, to be tracked using 2016 as the base year.

State ownership: 100%



Chair: Göran Barsby



CEO: Maria Håkansson

Board and auditor elected for 2019/2020

Chair: Göran Barsby **Directors:** Fredrik Arp, Kerstin Borglin, Torgny Holmgren and Mikael Sandström. New election of Daniel Kristiansson at AGM 2019, with Hanna Lagercrantz, Charlotte Salford and Björn Börjesson stepping down

Auditor: Jennifer Rock-Baley (EY)

The fee paid to board chair is SEK 220 (210) thousand. The fee paid to directors elected by the AGM is SEK 110 (105) thousand. No fee is paid to directors employed by the Government Offices.

	2018	2017
Income statement, SEK m		
Net sales	222	322
Changes in value	-92	-82
Operating profit	-55	50
Profit before tax	-65	35
Net profit	-65	26
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	6 551	5 966
Non-current assets	2 723	2 368
Equity	5 028	4 571
- of which, minority interests	0	0
Net debt	-3 695	-3 509
Operating capital	1 333	1 062
Key indicators		
Operating margin, %	-24.9	15.6
ROE, Return on equity (average), %	-1.4	0.6
ROOC, Return on operating capital (average), %	-4.6	5.0
Net debt/equity ratio	-0.7	-0.8
Equity/assets ratio, %	76.8	76.6
Gross investments, SEK m	854	231
Appropriation, SEK m	27	13
Dividend, SEK m	0	0
Average no of employees	41	39

Reports in compliance with GRI Yes

Externally assured GRI report Yes

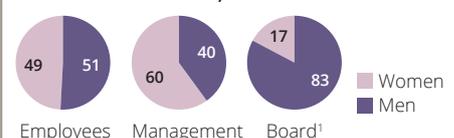
Reports in compliance with IFRS Yes¹

¹ Financial reporting has been converted from BFNAR 2012:1 Annual and consolidated accounts (K3) to IFRS (RFR2) as of 2018.

Priority Global Goals



Gender distribution, %



¹ Elected for 2019/2020



Systembolaget Aktiebolag has the sole right to conduct retail sales of strong beer, wine and spirits to the public in Sweden. Its assignment is to sell responsibly, provide good service and inform people about the harm caused by alcohol. The aim is to improve public health by excluding private profit interests in connection with retail sales and by restricting access. Systembolaget restricts access to alcohol by controlling shop openings and opening hours and by ensuring that alcoholic drinks are not sold to people who are under the age of 20 or are noticeably intoxicated, or when there is cause to assume that the customer intends to sell the alcohol illegally. Systembolaget is to be a modern, effective retailer and to communicate a good drinking culture. The company's operations are to be run in a way that ensures high quality in the performance of its assignment.

Significant events in 2018

- The Nordic alcohol monopolies adopted common sustainability strategies for environment and social responsibility for 2018–2022.
- Systembolaget had the highest confidence ranking in Medicakademins Confidence Barometer for 2018.
- Despite higher sales, the company's profit and return were lower than in previous years. Costs have been higher, partly on account of investments for future digital customer meetings and future efficiencies.

Targets and tracking

Financial targets

- Profitability:** Return on equity to be the ten-year government bond rate plus 7 percentage points over the long term. The target was exceeded.
- Cost efficiency:** The ratio between total costs and sold volume to be ≤ 2.3. The outcome was 2.3.
- Capital structure:** Equity/assets ratio of 20–30 per cent. The equity/assets ratio was in the target interval.
- Dividend:** 80–100 per cent of profit for the year. Dividend paid in line with policy.

Sustainable business targets

- Reduced climate impact:** Climate impact of own business, tonnes CO₂e (equivalents); the target is to be climate neutral in 2023. The outcome was 2 591 tonnes of CO₂e in 2018 (3 583 tonnes).
- The alcohol index:** this measure of people's attitudes towards alcohol in various situations should show a positive trend over time. A high score indicates a restrictive attitude. The alcohol index was 61.4 (62.0), indicating a slight shift to a more permissive attitude to drinking for intoxication.
- Systembolaget has to check that sellers make sure that the recipient is at least 20 years of age.** The age check rate was unchanged at 96 per cent in 2018.

Public policy assignment and targets

- Systembolaget's public policy assignment is to have the sole right to sell spirits, wine and strong beer and to do so responsibly, provide good service and inform the public about the harm caused by alcohol.
- Customer Satisfaction Index (CSI)** not to be under 80 over time. The CSI was 84.6, which is a record.
 - Alcohol consumption in Sweden:** Systembolaget is to report total consumption and the percentage of the total volume purchased from Systembolaget. No target has been set for this assignment. Alcohol consumption was 9.0 (9.0) litres per person. Systembolaget's share of consumption was 65.6 per cent in 2018.
 - Alcohol index,** see sustainable business targets.

Financial targets and tracking



State holding: 100%



Chair: Kenneth Bengtsson **CEO:** Magdalena Gerger

Board and auditor elected for 2019/2020

Chair: Kenneth Bengtsson **Directors:** Viveca Bergstedt Sten, Robert Damberg, Cecilia Halle, Barbro Holmberg, Frida Johansson Metso and Håkan Leifman. New election of Anders Ehrling and Ulrika Eriksson at AGM 2019, with Crister Fritzon and Kerstin Wigzell stepping down **Employee reps:** Robert Adrell, Maria Nilsson **Employee alternates:** Karin Larsson, Nils Undall-Behrend **Auditors:** Didrik Roos (Deloitte)

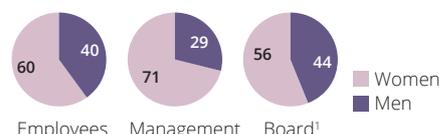
The fee paid to board chair is SEK 308 (280) thousand. The fee paid to directors elected by the AGM is SEK 154 (140) thousand. No fee is paid to directors employed by the Government Offices or employee representatives.

	2018	2017
Income statement, SEK m		
Net sales	30 907	29 355
Operating profit	183	263
Profit before tax	225	328
Net profit	180	282
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	5 931	5 863
Non-current assets	3 665	3 439
Equity	1 503	1 605
- of which, minority interests	0	0
Net debt	-4 087	-3 908
Operating capital	-2 585	-2 303
Key indicators		
Operating margin, %	0.7	0.9
ROE, Return on equity (average), %	11.4	17.2
ROOC, Return on operating capital (average), %	-7.5	-11.7
Net debt/equity ratio	-2.7	-2.4
Equity/assets ratio, %	25.7	27.8
Gross investments, SEK m	2 455	1 944
Appropriation, SEK m	0	0
Dividend, SEK m	180	282
Average no of employees	3 496	3 359
Reports in compliance with GRI	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020



Telia Company AB offers telecom services through fixed and mobile telephony and internet and data communications. Telia Company is one of the leading telecom companies in the Nordic and Baltic regions.

Significant events in 2018

- Telia Company has now completed the divestment of its businesses in Eurasia in all essential respects through its sales of Ucell (Uzbekistan) and Kcell (Kazakhstan).
- Announced acquisition of the Norwegian cable company Get and the media company Bonnier Broadcasting (TV4, C More and MTV).
- Announced a three-year share buy-back programme of SEK 15bn (5bn per year).

Targets and tracking

Financial targets

No financial targets have been adopted by the owners. The board has adopted the following financial targets:

- **Capital structure:** Solid long-term credit rating (A- to BBB+). The long-term credit rating was solid (A- to BBB+) in line with the target. The company is aiming at a debt/equity ratio corresponding to net loan debt as a proportion of adjusted EBITDA of 2 +/- 0.5 as a multiple. As a proportion of adjusted EBITDA, net loan debt was 2.07, which is within the range.
- **Dividend:** 80 per cent of free cash flow, excluding licences, from remaining operations to be distributed. Dividend of SEK 2.36 per share corresponds to 85 per cent of free cash flow and is in line with the target.

Sustainable business targets

Telia Company has prioritised targets in the following areas:

- Anti-corruption
- Freedom of expression and integrity
- Customer privacy
- Children's rights
- Responsible purchasing
- Environmental responsibility
- Work environment, health and safety.

In order to link sustainability work more clearly to its overall strategy, which was revised during the year, new long-term ambitions and targets were developed for focus areas in Responsible Business. The ambitions and the quantitative and qualitative targets extend to 2022 and are set out in Telia Company's annual report.

Previous ambitions and targets that extended from 2016 to 2018 have, where relevant, been incorporated in the new ambitions and targets. In March 2019 Telia Company announced that the company will be completely carbon dioxide-neutral by 2030 and not generate any waste either. This aim covers not only the company's operations but the whole of its value chain.

Public policy assignment

No specifically adopted public policy assignment.

State ownership: 37.3%



Chair: Marie Ehrling

CEO: Johan Dannelind

Board and auditors elected for 2019/2020

Chair: Marie Ehrling **Directors:** Olli-Pekka Kallasvuo, Nina Linander, Jimmy Maymann, Anna Settmann, Olaf Swantee and Martin Tivéus. New election of Rickard Gustafsson at AGM 2019, Susanna Campbell having stepped down in January 2019 **Employee reps:** Agneta Ahlström, Stefan Carlsson, Hans Gustavsson

Auditor: Jan Nilsson (Deloitte)

The fee paid to board chair is SEK 1 825 (1 740) thousand and the fee paid to vice chair is SEK 860 (820) thousand. The fee paid to directors elected by the AGM is SEK 610 (580) thousand.

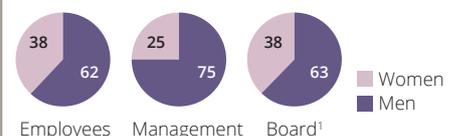
	2018	2017
Income statement, SEK m		
Net sales	83 559	79 790
Operating profit	13 238	13 768
Profit before tax	10 986	9 554
Net profit	3 090	10 243
- of which, minority interests	-89	538
Balance sheet, SEK m		
Total assets	248 592	245 367
Non-current assets	201 021	176 003
Equity	102 394	106 517
- of which, minority interests	5 050	5 291
Net debt	60 480	39 862
Operating capital	162 874	146 379
Key indicators		
Operating margin, %	15.8	17.3
ROE, Return on equity (average), %	3.0	10.2
ROOC, Return on operating capital (average), %	8.6	9.4
Net debt/equity ratio	0.6	0.4
Equity/assets ratio, %	41.2	43.4
Gross investments, SEK m	53 843	20 280
Appropriation, SEK m	0	0
Dividend, SEK m	9 985	9 959
Average no of employees	23 814	24 468

Reports in compliance with GRI	No
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

Telia has now completed the divestment of its businesses in Eurasia

Focus on home markets

Telia has now completed the divestment of its businesses in Eurasia in all essential respects. Telia's primary focus in recent years has increasingly been on the company's operations in the Nordic and Baltic regions, and the sales of its businesses in Eurasia in the fourth quarter of 2018 mean that Telia Company is now fully focused, in strategic and operational terms, on its home markets.

Background

In March 2014, Telia Company was notified by US and Dutch authorities that investigations had been opened regarding the com-

pany's earlier transactions in Uzbekistan and its deals with Takilant Ltd, which was Telia Company's local partner when it established operations in the Uzbek market in 2007.

Since the decision was taken in September 2015 to leave Eurasia, Telia Company has changed substantially. The divestment of its assets in Eurasia (including the Russian company MegaFon and parts of the Turkish company Turkcell) has meant that Telia really is a Nordic/Baltic company.

On 21 September 2017, Telia Company reached a global settlement with US and

Dutch authorities regarding the investigations in Uzbekistan. As part of the settlement, Telia Company accepted paying fines and disgorgement totalling USD 965m.

In the fourth quarter of 2018 Telia Company sold its holding in Ucell in Uzbekistan. Telia Company has therefore fulfilled all its commitments in accordance with its settlement with the US Department of Justice.

Swedish State as owner

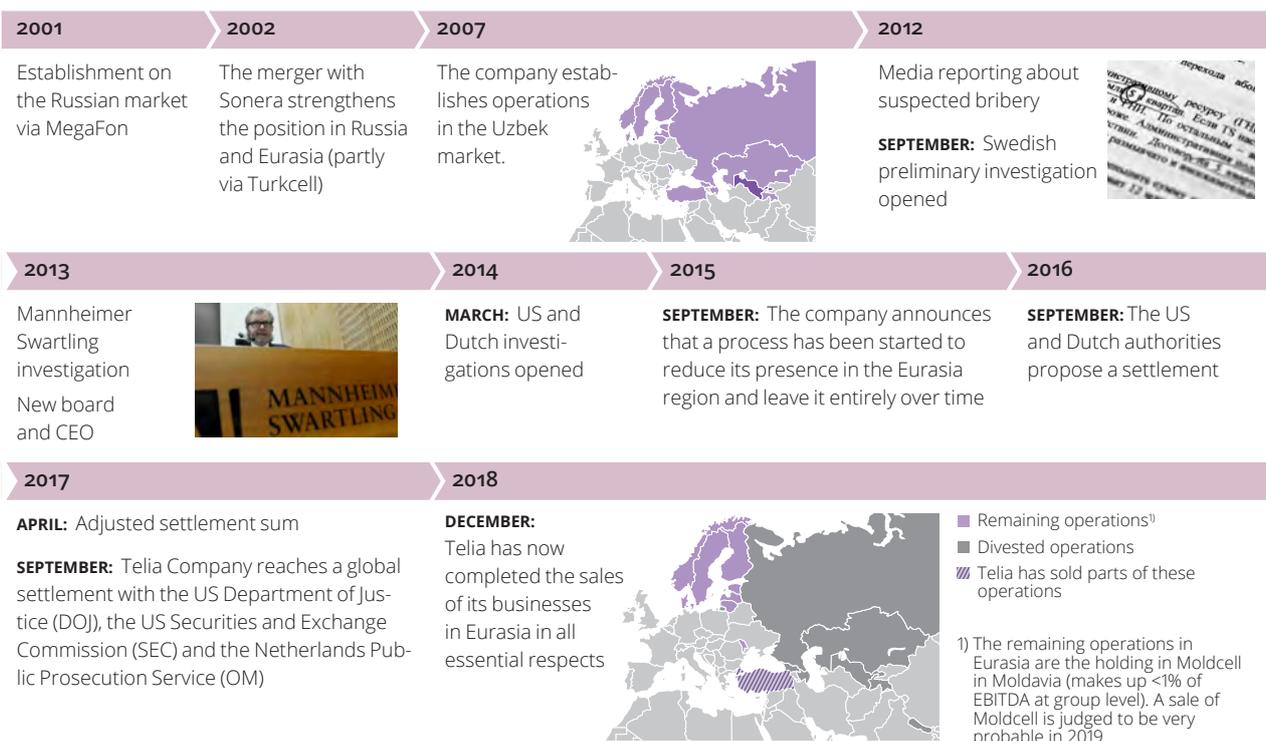
The Government has given its backing to the work started by Telia's board and senior management focusing on handling the challenges there have been in the company's operations in Eurasia and supports the company's decision to leave these markets completely in the long term.

As the largest owner, the Swedish State conducts an active dialogue with the company about the importance of Telia handling its exit from these markets in a responsible way. This includes preparing the local companies for new owners and managing the risks in connection with the transaction. The Swedish State has also recommended that the company clarify in what way relevant sustainability aspects are being integrated in the divestment process.

Divestments completed in Eurasia

Date	Company	Valuation, SEK m
December 2015	Ncell	9 100
April 2017	Tcell	238
May 2017	Turkcell	4 426
September 2017	Turkcell	4 127
October 2017	MegaFon	3 200
October 2017	MegaFon	8 600
January 2018	Geocell	700
March 2018	Azercell	1 600
December 2018	Ucell	1 950
December 2018	Kcell	7 000

Establishment in Uzbekistan and repercussions



TERACOM GROUP

At the start of 2018, Teracom Group AB distributed radio and TV and offered communication solutions in Sweden and Denmark. During the year the Danish operations have been sold, and now Teracom Group AB only has operations in Sweden. Demand for linear terrestrial TV is declining over time in pace with broadband expansion, but is still strong and will remain so for a number of years. The focus for Teracom Group is to continue to generate business based on its infrastructure, as was done in 2018.

Significant events in 2018

- Income reduction attributable to TV transmission and IT deliveries and financial penalties attributable to winding up of operations.
- However, a lower level of costs and depreciation resulted in a profit increase.
- The Kaknäs Tower in Stockholm was closed to the public.

Targets and tracking

Financial targets

- **Profitability:** Return on equity to be 17 per cent. The return on equity was 11 per cent. The profit for 2018 for remaining operations was higher than in 2017, but rising equity reduces the return.
- **Capital structure:** Equity/assets ratio of 30 per cent. The equity/assets ratio was 82 per cent. The Government had previously announced that the company's financial targets will be reviewed. The review is awaiting a decision on the body to be responsible for a future public network.
- **Dividend:** 40–60 per cent of net profit. The dividend was SEK 206m, corresponding to 60 per cent of the net profit.

Sustainable business targets

- **Responsible employer:** At least 40 per cent representation of each gender. In 2018, 31 per cent of managers and 19 per cent of all employees were women.
- **Responsibility for the environment and climate:** 3 per cent annual decrease of carbon dioxide equivalents. In 2018 Teracom Group increased its greenhouse gas emissions by 2.5 per cent. The company compensates these emissions. As of 2019 the Teracom Group primarily steers on the basis of energy use.

Public policy assignment

Teracom has a specifically adopted public policy assignment to operate broadcasting and transmission of radio and television programmes and conduct related business. The company is to offer programming companies broadcasting and transmission services on equal terms in Sweden. If there is demand from programming companies, the company is to provide basic infrastructure across all or parts of Sweden. This applies provided that the programming companies are required by their broadcasting licences to broadcast or transmit with the reach demanded in a terrestrial network. With these starting points and its regulatory context, the company is to operate solely on a commercial basis. Its public policy assignment is tracked in the Government Offices. Targets according to the public policy targets process have not yet been developed.

State ownership: 100%



Chair: Anitra Steen

CEO: Åsa Sundberg

Board and auditors elected for 2019/2020

Chair: New election of Anitra Steen at AGM 2019, with Eva Gidlöf stepping down **Directors:** Johan Hedensjö, Annika Viklund and Fredrik Robertsson. New election of Cecilia Ardström, Anders Danielsson and Leif Ljungqvist at AGM 2019, with Kristina Ekengren and Ola Salmén stepping down **Employee reps:** Martin Litnäs, Anders Segerros **Employee alternates:** Mats Dahlin, Jan Ossfeldt **Auditor:** Helena Nilsson (KPMG)

The fee paid to board chair is SEK 295 (280) thousand. The fee paid to directors elected by the AGM is SEK 140 (135) thousand. No fee is paid to directors employed by the Government Offices.

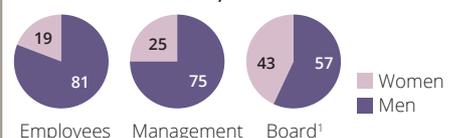
	2018	2017
Income statement, SEK m		
Net sales	1 581	1 616
Operating profit	485	382
Profit before tax	430	358
Net profit	387	451
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	4 603	4 530
Non-current assets	1 525	2 601
Equity	3 765	3 575
- of which, minority interests	0	0
Net debt	-2 706	-1 567
Operating capital	1 059	2 008
Key indicators		
Operating margin, %	30.7	23.6
ROE, Return on equity (average), %	10.5	13.1
ROOC, Return on operating capital (average), %	31.6	19.6
Net debt/equity ratio	-0.7	-0.4
Equity/assets ratio, %	81.8	78.9
Gross investments, SEK m	249	292
Appropriation, SEK m	0	0
Dividend, SEK m	206	214
Average no of employees	485	524

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

Financial targets and tracking

Profitability



— Target: 17%

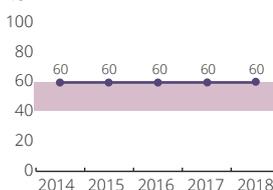
● Outcome ● New target adopted by AGM

Capital structure



— Target: 30%

Dividend



— Target: 40–60%



Vasallen AB was formed in 1997 with the assignment of transforming former defence facilities. Since its start, the company has worked with a total of 1 280 000 sq.m. of non-residential floor area, of which 1 266 000 sq.m. is now finished and sold. During the year the final housing project was started: the Marketenteriet housing cooperative association on Rindö. After the sale of the bulk of the property stock in 2017, the plan is now to wind up the company in the coming years.

Significant events in 2018

- The final housing project, the Marketenteriet housing cooperative association on Rindö, was started during the year.
- The Vasallen project is now nearing completion.
- Group rental income fell further compared with the previous year. The main reason is sales of property stock.

Targets and tracking

Financial targets

- **Profitability:** Return on average equity over a development cycle should be equal to the risk-free rate plus 4 percentage points. The return was negative in 2018, and the average return for the past five years is 1.3 per cent. The average return target for the past five years is 4.9 per cent. So the target was not met, and the main explanation is strongly negative earnings in 2016 and 2018. The return for all of Vasallen's financial years, totalling 21 years, is 6.6 per cent on average. A recalculated average target for the whole 21-year period is 6.6 per cent.
- **Capital structure:** Equity/assets ratio of at least 50 per cent and interest coverage ratio above 2. The equity/assets ratio was above 50 per cent. The interest coverage ratio was 117, so that target was met.
- **Dividend:** 30–50 per cent of profit after tax. No dividend has been decided for 2018.

Sustainable business targets

- Customer Satisfaction Index (CSI) of at least 80. No CSI survey was done in 2017–18 as the customer base is too small. The CSI survey for 2016 gave a score of 85, which is above target.
- Sickness absence not to be above 3 per cent. Sickness absence was 1.7 per cent, so the target was met.
- Energy consumption below 100 kWh/m² and year. Energy consumption for 2018 was 100 (108) kWh, which is lower than in the preceding year. So the target of 100 kWh/m² was met. The figures have been adjusted to make them comparable between years since there have also been changes in the warm areas in the stock, i.e. the areas where Vasallen pays for consumption. Energy declarations have been made for all buildings for which this is required.

Public policy assignment

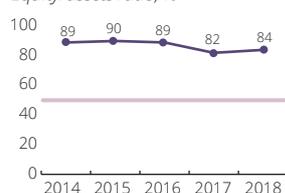
No specifically adopted public policy assignment.

Financial targets and tracking

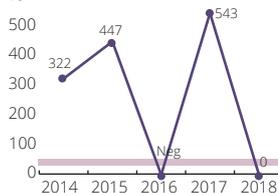
Profitability
ROE, %



Capital structure
Equity/assets ratio, %



Dividend
%



— Target: >risk free+4% — Target: ≥50%
● Outcome ■ New target adopted by AGM

The dividend share is negative in 2016 since the company reported a loss for the year.

State holding: 100%



Chair: Charlotte Axelsson



CEO: Leif Rytter

Board and auditor elected for 2019/2020

Chair: Charlotte Axelsson **Directors:** Agneta Kores, Tomas Werngren and Susanna Widaeus. New election of Lars Erik Fredriksson at AGM 2019, with Daniel Kristiansson stepping down
Auditor: Gunilla Andersson (EY)

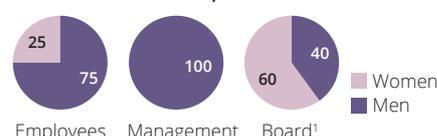
The fee paid to board chair is SEK 160 (150) thousand. The fee paid to directors elected by the AGM is SEK 80 (75) thousand. No fee is paid to directors employed by the Government Offices.

	2018	2017
Income statement, SEK m		
Net sales	7	17
Changes in value	1	66
Operating profit	-26	35
Profit before tax	-26	34
Net profit	-17	23
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	488	669
Non-current assets	193	541
Equity	409	551
- of which, minority interests	0	0
Net debt	-261	-105
Operating capital	148	446
Key indicators		
Operating margin, %	-371.4	205.9
ROE, Return on equity (average), %	-3.5	4.3
ROOC, Return on operating capital (average), %	-8.8	7.4
Net debt/equity ratio	-0.6	-0.2
Equity/assets ratio, %	83.8	82.4
Gross investments, SEK m	231	211
Appropriation, SEK m	0	0
Dividend, SEK m	0	125
Average no of employees	4	8
Reports in compliance with GRI	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

VATTENFALL

Vattenfall AB is an energy company mainly operating in Sweden, Germany, the Netherlands, Denmark and the UK. Vattenfall wants to make fossil-free living possible within one generation. This is why the company is driving the transition to a sustainable energy system by investing in renewable production and climate-smart solutions for its customers. The period profit for 2018 was SEK 12bn, which is an increase of SEK 2.5bn. The underlying operating profit decreased by SEK 3.3bn to SEK 19.9bn. Despite higher electricity prices, increased sales, a production record for nuclear power and higher contributions from wind power, the profit decreased mainly as a result of higher costs for fuel and emission rights (which affected heating operations) and running price hedging.

Significant events in 2018

- Production record for nuclear power.
- The City of Hamburg is using its option to buy back Vattenfall's share of its district heating system.
- Investment programme of SEK 3.5bn in Uppsala's heating plant operations.
- Continued customer growth, mainly driven by the German market.
- Record spending on electricity grids in 2018.
- Important progress in renewable energy with new installed capacity and continued advances for investment projects such as completion of Aberdeen Bay (97 MW) and winning offers for Hollandse Kust Zuid 1 & 2 (about 700 MW).

Targets and tracking

Financial targets

- **Profitability:** Return on capital employed (ROCE) to be 8 per cent. The outcome was 7.0 per cent.
- **Capital structure:** Funds from operations (FFO)/adjusted net debt to be 22–27 per cent. The outcome was lower than in 2017 at 20.7 per cent. Funds from operations decreased as a result of a lower EBITDA, which was countered by lower interest

expenses. The adjusted net debt decreased as a result of a strong operating cash flow, which was partly countered by currency effects, dividends and major investments.

- **Dividend:** 40–70 per cent of net profit after tax. A discretionary dividend of SEK 2bn is being paid for 2018.

Sustainable business targets

- Customer loyalty, which is measured using the Net Promoter Score (NPS), to be positive in absolute terms and +2 in comparison with Vattenfall's competitors. For 2018 NPS was +1.
- Commissioned new renewables capacity to be at least 2 300 MW, cumulative from 2016 to 2020. So far, 752 MW has been installed, including a total of 101 MW in 2018.
- Absolute carbon dioxide emissions to be at most 21m tonnes in 2020. The emissions for 2018 were 22.0m tonnes.
- Lost Time Injury Frequency (LTIF), expressed as the number of accidents per 1 million hours worked, to be at most 1.25. For 2018 LTIF was 1.9.
- Employee engagement index to be at least 70 per cent. For 2018, this index was 64 per cent.

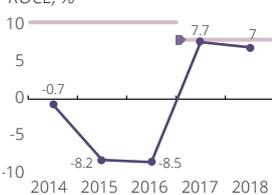
Public policy assignment

No specifically adopted public policy assignment.

Financial targets and tracking

Profitability

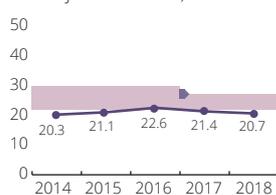
ROCE, %



— Target: ≥8%
● Outcome ■ New target adopted by AGM

Capital structure

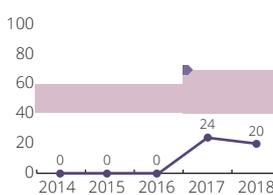
FFO/adjusted net debt, %



— Target: 22-27%

Dividend

%



— Target: 40-70%

State ownership: 100%



Chair: Lars G Nordström



CEO: Magnus Hall

Board and auditor elected for 2019/2020

Chair: Lars G Nordström **Directors:** Fredrik Arp, Viktoria Bergman, Håkan Erixon, Tomas Kåberger, Jenny Lahrin, Fredrik Rystedt and Åsa Söderström Winberg. New election of Ann Carlsson at AGM 2019 **Employee reps:** Robert Lönnqvist, Rolf Ohlsson, Jeanette Regin **Employee alternates:** Lennart Bengtsson, Anders Bohlin, Christer Gustafsson **Auditor:** Staffan Landén (EY)

The fee paid to board chair is SEK 790 (740) thousand. The fee paid to directors elected by the AGM is SEK 370 (350) thousand. No fee is paid to directors employed by the Government Offices or employee representatives.

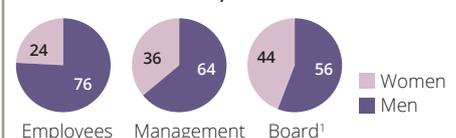
	2018	2017
Income statement, SEK m		
Net sales	156 824	135 114
Operating profit	17 619	18 524
Profit before tax	14 003	12 769
Net profit	12 007	9 484
- of which, minority interests	1 850	1 151
Balance sheet, SEK m		
Total assets	462 608	409 132
Non-current assets	335 961	318 692
Equity	103 597	92 332
- of which, minority interests	15 501	15 247
Adjusted net debt	112 324	124 360
Operating capital	215 921	216 692
Key indicators		
Operating margin, %	11.2	13.7
ROE, Return on equity (average), %	11.9	11.1
ROOC, Return on operating capital (average), %	8.1	8.7
Net debt/equity ratio	0.5	0.6
Equity/assets ratio, %	22.4	22.6
Gross investments, SEK m	21 913	21 294
Appropriation, SEK m	0	0
Dividend, SEK m	2 000	2 000
Average no of employees	19 910	20 041

Reports in compliance with GRI	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

Vattenfall's performance in relation to the EU 2020 targets

When Vattenfall's mission was clarified in 2010, the Riksdag Committee on Industry and Trade¹ raised the importance of the Government providing the Riksdag with regular information about the performance and operations of Vattenfall with the EU 2020 targets as a reference point. This report is therefore given each year in this annual report.

Vattenfall has defined its aim as "Power Climate Smarter Living" with the objective of offering all its customers climate-smart energy and making a fossil-free life possible within one generation.

1) Riksdag Com. Report 2009/10:NU23



	Objective	Strategy	Development in 2018										
Carbon dioxide emissions	Implement the action plan for reduced emissions of carbon dioxide so as to be fossil-free within one generation and climate-neutral in the Nordic region by 2030. Strategic target to reach absolute emissions of 21 million tonnes in 2020.	Vattenfall has produced an action plan for reducing carbon dioxide emissions with the targets of: <ul style="list-style-type: none"> • being fossil-free within one generation; • working for emissions reductions in dialogue with its suppliers; • enabling customers to reach their climate targets; and • developing fossil-free solutions for energy-intensive industry and transport through electrification. 	Carbon dioxide emissions in 2018 of 22.0m (22.6m) tonnes was slightly lower than in 2017. In Berlin the target of halving carbon dioxide emissions by 2020 has been achieved three years early. <div style="text-align: right;"> Carbon dioxide emissions <table border="1"> <tr><th>Year</th><td>2016</td><td>2017</td><td>2018</td><td>2020</td></tr> <tr><th>Carbon dioxide, m tonnes (excl. lignite operations)</th><td>23.2</td><td>22.6</td><td>22.0</td><td>21.0</td></tr> </table> </div>	Year	2016	2017	2018	2020	Carbon dioxide, m tonnes (excl. lignite operations)	23.2	22.6	22.0	21.0
Year	2016	2017	2018	2020									
Carbon dioxide, m tonnes (excl. lignite operations)	23.2	22.6	22.0	21.0									
Renewables	Vattenfall's target is to be a leading developer and operator of wind power in north-west Europe, with the target of achieving at least 2 300 MW in new renewable capacity accumulated over 2016–2020.	Vattenfall is to be a leader in the development, construction and operation of land- and sea-based wind power. This will be achieved by: <ul style="list-style-type: none"> • continuing to strengthen its pipeline for projects; • becoming a leader in Levelised Energy Costs (LEC); • being innovative in operation and maintenance and digitalising the value chain; • combining sun, wind and battery technology for renewable hybrid power plants and decoupling the delivery of electricity to a greater extent from actual production. 	A total of 101 MW of renewable capacity was installed in 2018. This capacity consists of the sea-based wind farm Aberdeen Bay (97 MW) in Scotland and 4 MW of solar power. An additional 1.7 GW is under construction and more than 5 GW is in the pipeline for development. <div style="text-align: right;"> New, renewable capacity <table border="1"> <tr><th>Year</th><td>2016</td><td>2017</td><td>2018</td><td>2020</td></tr> <tr><th>New capacity (MW)</th><td>297</td><td>652</td><td>752</td><td>2 300</td></tr> </table> </div>	Year	2016	2017	2018	2020	New capacity (MW)	297	652	752	2 300
Year	2016	2017	2018	2020									
New capacity (MW)	297	652	752	2 300									
Increased energy efficiency	1 000 GWh as internal saving in 2020 compared with 2015.	Vattenfall is working continually to increase energy efficiency by: <ul style="list-style-type: none"> • expanding district heating; • doing energy surveys; • changing/upgrading to more energy efficient components; and • helping customers with energy efficiency. 	In 2018 the company achieved 694 GWh in energy efficiency improvements. This was mainly done by upgrading hydropower plants and distribution grids and by replacing local boilers with district heating. <div style="text-align: right;"> Increase in energy efficiency <table border="1"> <tr><th>Year</th><td>2016</td><td>2017</td><td>2018</td><td>2020</td></tr> <tr><th>Greater efficiency (GWh)</th><td>330</td><td>511</td><td>694</td><td>1 000</td></tr> </table> </div>	Year	2016	2017	2018	2020	Greater efficiency (GWh)	330	511	694	1 000
Year	2016	2017	2018	2020									
Greater efficiency (GWh)	330	511	694	1 000									

Source: Vattenfall's annual report 2018, Vattenfall



V.S. VisitSweden AB has the mission of marketing Swedish destinations and Sweden as a country for tourists. The company is also to contribute to the development of the image of Sweden and to increase the attractiveness of Swedish destinations to foreign visitors. VisitSweden is owned equally by the Swedish State and Svensk Turism. Through its operations VisitSweden contributes to greater international knowledge about and demand for Sweden as a travel destination. The tourism industry offers an important and growing job market in Sweden and the operations of VisitSweden are expected to contribute to this positive development.

Significant events in 2018

- The basic appropriation for VisitSweden was increased from SEK 90m in 2017 to SEK 104.6m for 2018. However, the previously announced appropriation increase for 2019 was not included in the Budget Bill for 2019 approved by the Riksdag.
- In June 2018 it was decided to close the American part-owned company Scandinavian Tourism Inc. The winding up of the company was completed as on 1 November 2018.

Targets and tracking

Financial targets

No financial targets have been adopted by the general meeting.

Sustainable business targets

- Environmental sustainability: VisitSweden's carbon dioxide emissions not to exceed 424 tonnes in 2018. The outcome was 226 (317) tonnes, a decrease of 22 per cent.
- Social sustainability: At least 60 per cent of employees saying that they experience work-life balance. In 2018 the company changed over to a new type of employee survey, and this means that no outcome can be reported. The target will be reformulated for 2019.
- Financial sustainability: Finances in balance over time, with earnings in line with the forecast approved by the board. The profit for 2018 was SEK 72 000, which is more than the forecast of SEK 16 000 approved by the board.

Public policy assignment

VisitSweden has a specifically adopted public policy assignment and operations within the assignment are funded through appropriations. Its public policy assignment is tracked in the Government Offices. Targets according to the public policy targets process have not yet been developed.

State holding: 50%



Chair: Karin Johansson **CEO:** Ewa Lagerqvist

Board and auditor elected for 2019/2020

Chair: Karin Johansson **Directors:** Rickard Törnblom, Jari Virtanen, Susanne Andersson and Jonas Siljhammar. New election of Jenny Lahrin, Mats Hedenström and Mattias Dahl at AGM 2019, with Lotta Boman, Kristina Ekengren and Mats Forslund stepping down

Auditor: Ann-Christine Häggglund (PwC)

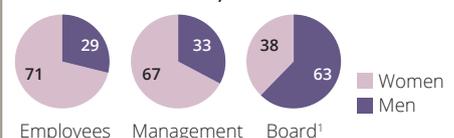
The fee paid to board chair is SEK 150 (140) thousand. The fee paid to directors elected by the AGM is SEK 71 (65) thousand. No fee is paid to directors employed by the Government Offices.

	2018	2017
Income statement, SEK m		
Net sales	224	227
Operating profit	0	-2
Profit before tax	0	-2
Net profit	0	-3
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	55	59
Non-current assets	2	2
Equity	18	18
- of which, minority interests	0	0
Net debt	-9	-26
Operating capital	9	-8
Key indicators		
Operating margin, %	0.2	-1.0
ROE, Return on equity (average), %	0.4	-14.4
ROOC, Return on operating capital (average), %	200.0	14.5
Net debt/equity ratio	-0.5	-1.5
Equity/assets ratio, %	31.9	30.1
Gross investments, SEK m	0	0
Appropriation, SEK m	115	120
Dividend, SEK m	0	0
Average no of employees	78	82
Reports in compliance with GRI	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

Priority Global Goals

Priority Global Goals have not yet been identified.

Gender distribution, %



1) Elected for 2019/2020

Voksenåsen Oslo

Voksenåsen AS is a course and conference centre in Oslo that was Norway's national gift to Sweden as thanks for humanitarian aid during World War II. Its programme activities are intended to foster Swedish-Norwegian cooperation and reflect Sweden and Norway's international involvement.

Significant events in 2018

- Extensive programme activities.
- Current themes: contact-creating Swedish-Norwegian activities in society, language and culture focusing on international and intercultural exchanges, gender equality, and children and young people.
- New marketing strategy for greater visibility among content-creating actors.

Targets and tracking

Financial targets

No financial targets have been adopted by the owner.

Sustainable business targets

- Voksenåsen is to continue to be a leading Nordic course and conference centre, including from an international perspective. A strategy has been developed for the coming years, one purpose being to improve synergies between non-profit activities and commercial operations.
- The unique nature of Voksenåsen makes the institution particularly well suited to be a good arena for development, innovation, conflict resolution and other processes in culture, politics, business and social responsibility. Its programme activities are varied, with an international flavour that include themes relevant to both countries.

Public policy assignment

The national gift of Voksenåsen has a specifically adopted public policy assignment to:

- Reinforce the affinity between Swedes and Norwegians and enhance mutual knowledge about each country's society, language and culture through various forms of activities.
- Be a natural meeting place and a well-used forum for debate on culture and society in Sweden and Norway. Voksenåsen is therefore to host a high proportion of events in partnership with public authorities and organisations in Norway and Sweden and offer a varied programme.
- Offer a competitive living environment and perform well in competition with similar facilities in the Oslo area and achieve good profitability while maintaining respect for Voksenåsen's fundamental purpose.

- *Tracking of the public policy assignment:* The programme activities include themes relevant to both countries, with extensive collaboration between various organisations and institutions in both Norway and Sweden. In 2018 work has continued to live up to the vision of being an arena for the most important Nordic conversations. Other important areas given priority are: history, truth and politics, Voksenåsen's stage and courses in language and music.

Targets according to the public policy targets process have not yet been developed.

State ownership: 100%



Chair: Maria Larsson



CEO: Maria af Klinteberg Herrestahl

Board and auditor elected for 2019/2020

Chair: Marie Larsson **Directors:** Espen Daae, Jan Gulliksen, Helene Larsson Pousette, Ellen Marie Saethre-McGuirk and Mia Käll Spendrup. New election of Kristin Danielsen and Niels Righolt at AGM 2019, with Thomas Fürth and Jörn Holme stepping down **Auditor:** Trine Angell-Hansen (RSM Norge AS)

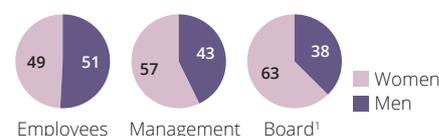
The fee paid to board chair is SEK 59 (56.1) thousand. The fee paid to directors elected by the AGM is SEK 22 (20.4) thousand.

	2018	2017
Income statement, SEK m		
Net sales	41	43
Operating profit	0	-1
Profit before tax	0	-1
Net profit	0	0
- of which, minority interests	0	0
Balance sheet, SEK m		
Total assets	14	16
Non-current assets	9	10
Equity	5	5
- of which, minority interests	0	0
Net debt	2	2
Operating capital	7	8
Key indicators		
Operating margin, %	0.0	-1.2
ROE, Return on equity (average), %	0.0	0.0
ROOC, Return on operating capital (average), %	0.0	-6.3
Net debt/equity ratio	0.4	0.5
Equity/assets ratio, %	34.5	32.8
Gross investments, SEK m	1	0
Appropriation, SEK m	12	12
Dividend, SEK m	0	0
Average no of employees	45	45
Reports in compliance with GRI	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

Priority Global Goals



Gender distribution, %



1) Elected for 2019/2020

Other companies and operations

The European company EUROFIMA and the two foundations, Norrlandsfonden and Industrifonden, are managed in accordance with the state ownership policy.

EUROFIMA

EUROFIMA European Company for the Financing of Railroad Rolling Stock provides financing of rail rolling stock for its shareholders. The shareholders are mainly European rail companies. The company was formed in 1956 on the basis of a treaty between a number of European countries. On account of the changes that have since occurred in Europe, with a gradual liberalisation of the rail market for passenger trains, the company is facing a number of challenges. By taking measures the company can increase its relevance in the future. The Swedish State owns 2 per cent of the share capital. The largest shareholders are Deutsche Bahn (22 per cent), SNCF (22 per cent) and Ferrovie dello Stato Italiane S.p.A. (13 per cent).

Significant events in 2018

- The “Horizon” strategy project was carried out during the year and EUROFIMA amended its statutes to enable regional transport authorities in Europe to be part owners of the company. A first green bond worth EUR 500m was also issued.
- The proportion of non-investment-grade loans continued to decrease and is now down to 1.7 (3.8) per cent.
- In 2018 lending totalled CHF 359m. The main borrowers were Schweizerische Bundesbahnen SBB and SNCB.
- In 2018 EUROFIMA started to pay a dividend again. Sweden’s share was CHF 208 000.

Norrlandsfonden

The Norrlandsfonden foundation was formed in 1961. The foundation capital has been provided by LKAB and the State. The primary purpose of Norrlandsfonden is to promote the development of small and medium-sized enterprises in the counties of

Gävleborg, Västernorrland, Jämtland, Västerbotten and Norrbotten by contributing to their financing. In the long term the foundation’s capital base is to be preserved intact in nominal terms. Norrlandsfonden offers loans, convertible debentures and various types of guarantees to companies in northern Sweden. It is to give particular attention to Norrbotten County and the inland municipalities. Norrlandsfonden is also a partner in several venture capital and incubator companies, such as Partnerinvest Övre Norrland, Norr Sådd and Arctic Business Incubator.

In 2018 the foundation’s capital base was just over SEK 1.3bn. Norrlandsfonden had a total commitment of SEK 952m to a total of 429 customers, of which 81 were new customers (added in 2018). Norrlandsfonden had 14 employees in 2018, 9 women and 5 men. Since 5 March 2018 Katja Lepola is the CEO of Norrlandsfonden. The board of directors and auditors of Norrlandsfonden are appointed by the Government.

The Government has appointed the following directors and auditors for the period of 1 July 2018–30 June 2019: **Chair:** Gunnar Olofsson **Directors:** Erik Bergkvist, Leif Boström, Linda Sundberg, Kajsa Hedberg, Ingemar Nilsson, Per Nordgren, Anna-Caren Säterberg, Carina Östansjö. **Auditors:** Johanna Sällvin, Hans Öystilä (KPMG). The fee paid to the board is set by the Government and totals SEK 450 (425) thousand. No fee is paid to directors employed by the Government Offices.

Industrifonden

The Industrifonden foundation was formed by the State in 1979. The foundation’s purpose is to promote industrial growth and renewal in

Sweden by financing small and medium-sized enterprises on commercial terms. The capital base is to be kept intact in real terms. All surpluses are used for new investments. Industrifonden invests venture capital in companies with a Swedish connection. The foundation is an active minority-share investor that seeks a holding of 15–50 per cent and cooperates with entrepreneurs and other investors. As a rule, its investment horizon is 5–10 years. Industrifonden’s successful investments include Arcam, Oatly and CellaVision.

Industrifonden has 23 employees, 8 women and 15 men. Its capital base on 30 June 2018 was just over SEK 4bn, of which about half is invested in some 70 companies. In financial year 2017/18 the foundation invested SEK 346m: SEK 45m in three new companies and SEK 301m as follow-on investments in existing portfolio companies. In spring 2018 Anders Slettengren stepped down as CEO of Industrifonden. David Sonnek took up the post of CEO on 20 June 2018.

The board of directors and auditors of Industrifonden are appointed by the Government. For the period of 1 November 2018–31 October 2019 the Government has appointed the following directors and auditors: **Chair:** Charlotte Brogren **Directors:** Åsa Hedin, Lars Gatenbeck, Daniel Kristiansson, Christer Nilsson, Bo Normark. **Auditors:** Jonas Ståhlberg, Daniel Wassberg (Deloitte). The fee paid to the board chair is SEK 125 (125) thousand. The fee paid to directors is SEK 65 (65) thousand. No fee is paid to directors employed by the Government Offices.

Companies wound up or being wound up

Aktiebolaget Bostadsgaranti

Aktiebolaget Bostadsgaranti worked on consumer protection in housing construction. Bostadsgaranti was owned equally by the State and the Swedish Construction Federation. As a step in the owners' winding-up of the company, Bostadsgaranti completed the sale of the shares in its subsidiary Försäkringsaktiebolaget Bostadsgaranti (FABO) in November 2014. In December 2012 the Riksdag authorised the Government to sell

the State's shares in Bostadsgaranti and in 2014 the Government was authorised to wind up the company as an alternative. The sale of the shares in its wholly owned subsidiary FABO in 2014 was part of the voluntary dissolution of Bostadsgaranti as a whole. The buyer, Columbia Insurance Company, is a wholly owned subsidiary of the US insurance and investment company Berkshire Hathaway.

Following this sale, the remaining operations in Bostadsgaranti consist of the ongoing winding-up of the deposit and advance guarantees. At the AGM of Bostadsgaranti it was resolved on 22 February 2018 to dissolve the company voluntarily. The voluntary dissolution of the company was completed on 19 March 2019.

Swedesurvey Aktiebolag

Swedesurvey Aktiebolag has sold services related to real estate administration and geographical information provision in the international market, in close collaboration with the government agency Lantmäteriet (the Swedish cadastral authority). The purpose was to market Lantmäteriet's services abroad. Swedesurvey mainly worked with public sector organisations in developing countries, and

most of its projects had the character of supporting them in their capacity development through advisory services and training. The services were financed both directly from the customer and through international institutions and development assistance agencies. The company lost most of its sales when the Sida-financed assignments were taken over by Lantmäteriet. In short,

the company's operations shrunk to such an extent that there were no arguments for conducting its operations in corporate form. The Riksdag therefore authorised the Government in June 2017 to wind up Swedesurvey through voluntary dissolution. At an EGM on 19 March 2019 it was resolved to dissolve the company voluntarily. The voluntary dissolution of the company is under way.

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State ownership in modern times

Since 1969 the management of the state-owned enterprises has mainly been centralised in the Government Offices. The reasons for companies being set up or being under state ownership have changed over time. This review briefly summarises the most important events in the portfolio of state-owned enterprises.

1969 The Ministry of Industry is formed and the management of most state-owned enterprises is transferred to that ministry.

1970 The Statsföretag organisation is formed to coordinate the large companies in sectors including mining, steel, forestry, and petrochemicals. Apoteksbolaget is formed.

1974 PK-banken is formed through the merger of Postbanken and Sveriges Kreditbank.

1977 Svenska Varv is formed in conjunction with the state takeover of Salén-Invest's shares in Götaverken. The group also includes Arendal, Cityvarvet, Finnboda Varf, Karlskronavarvet, Uddevallavarvet and Öresundsvarvet. A comprehensive restructuring process is begun.

1978 SSAB, Scandinavia's leading steel producer, is formed in the reorganisation of Sweden's three largest producers of commercial steel. The State and Statsföretag own 75 per cent of SSAB and Gränges 25 per cent.

1979 Kockums is incorporated into Svenska Varv.

1980 SSAB and Statsföretag together account for 20 per cent of Sweden's industrial investment.

1981 The State transfers its half share of ASEA-ATOM to ASEA. The JAS industrial group is formed, with the State as a shareholder through Förenade Fabriksverken (FFV).

1982 Svenska Varv is reorganised. Closures of the large shipyards continue.

1984 Nokia buys 70 per cent of satellite and television manufacturer Luxor, which had been taken over by the state five years previously.

1985 Statsföretag changes its name to Procordia. Procordia is restructured through the sale and purchase of companies.

1986 The wholly owned Sveriges Petroleum (SP) merges with the Swedish oil consumers' association (OK) to form OK Petroleum, OKP, with the Finnish state-owned enterprise Neste as part owner. The first partial privatisation of SSAB is carried out through the purchase of Gränges' shareholding and the sale of one-third of the shares in SSAB to a small number of institutions.

1987 Procordia is listed on the stock exchange in conjunction with a new share issue. The State takes over Grängesbergs Gruvor from SSAB.

1988 Statens Järnvägar (SJ), a public enterprise, is split up. The Swedish Rail Administration is made responsible for the rail network and SJ for train services.

1989 Procordia, Pharmacia and Volvo's food company Provendör merge to form the new Procordia group with Volvo and the Swedish state as the largest owners, each with 42.5 per cent of the votes. SSAB shares are listed on the A List of the Stockholm Stock Exchange.

1990 PK-banken buys Nordbanken. Förvaltningsaktiebolaget Fortia, a holding company, is formed.

1991 The Riksdag decides to wholly or partially privatise 35 companies and to wind up Förvaltningsaktiebolaget Fortia. Celsius Industrier, formerly Svenska Varv reorganises as a defence group when merged with Telub and FFV, becomes a limited company and buys Bofors.

1992 Domänverket (Swedish Forest Service) becomes Domän AB. Statens Vattenfallsverk becomes Vattenfall AB and, in conjunction with this, the national grid and foreign connections are separated to form a new public enterprise – Affärsverket Svenska Kraftnät. A public offering is made of the state's shareholding in SSAB in the form of a rights issue combined with a government bond. SBAB is fully exposed to competition. SAS acquires 50 per cent of Linjeflyg to form a fully integrated domestic airline. Gota Bank goes bankrupt and is acquired by the state. Securum is set up to deal with the problem loans that arose in Nordbanken as a result of the financial crisis.

1993 The National Board of Public Buildings is wound up and government agencies are able to operate freely in the property market. Vasakronan takes over the state's commercial properties. Volvo and the Swedish State agree to work to divide Procordia into two parts. The state becomes the majority shareholder in Pharmacia AB, which focuses on pharmaceuticals, and Volvo becomes the majority owner of AB Procordia, which operates in sectors including food and tobacco. The Government sells 75 per cent of the state's shares in the defence group Celsius but retains the majority of the voting rights and the shares are listed on the

A List of the Stockholm Stock Exchange. Assi AB and Domän AB are merged to form AssiDomän AB, which bids for NCB. Securum contributes SEK 10 billion to save Nordbanken. The National Telecommunications Administration is reorganised as Telia AB. The AMU group is corporatised.

1994 A-Banan projekt AB is formed to build the Arlandabanan rail line. This is the first infrastructure project in Sweden to be co-financed by the state and the business sector. Posten, the postal service, becomes a limited company. The state sells its remaining shareholdings in SSAB, OKP and parts of AssiDomän AB and Pharmacia.

1995 V&S Vin&Sprit's monopoly ends. Pharmacia and the US pharmaceuticals company UpJohn merge.

1996 The state injects SEK 600 million into AmuGruppen (later Lernia) to save the company from bankruptcy.

1997 SBL Vaccin is sold to Active in Malmö. Svenska Penninglotteriet (the national lottery) and Tiptjänst AB merge and take the name of Svenska Spel AB. Merita and Nordbanken announce their intention to merge and form MeritaNordbanken.

1998 The Division for State Ownership is formed at the Ministry of Enterprise, Energy and Communications and is given administrative responsibility for a large part of the state-owned enterprises.

1999 The remaining shareholding in Pharmacia & UpJohn is sold. Sveaskog AB is formed through the transfer of forest assets from AssiDomän. The state sells its shares in SAQ Kontroll (corporatised in 1995 from the Swedish Plant Inspectorate

in conjunction with the abolition of the inspection monopoly) and Värdepapperscentralen (Swedish Securities Register).

2000 The remaining shareholding in Celsius (25 per cent) is sold to the defence group Saab. Telia is listed on the stock exchange. Vattenfall becomes one of Northern Europe's largest energy companies through the acquisitions of the German energy companies VEAG and LAUBAG for SEK 14 billion. Nordea Bank merges with UniDanmark of Denmark and Kreditkassen of Norway, becoming a Nordic bank. The state's ownership in the bank decreases to 18.2 per cent. The public enterprise Swedish State Railways (SJ) is divided up into six different limited liability companies. The new SJ AB is responsible for passenger traffic. The other companies are EuroMaint, Green Cargo, Jernhusen, TraffiCare and Unigrid.

2001 Sveaskog AB acquires AssiDomän AB. The SAS airline group, which was previously owned by three separate national parent companies, is given a single newly-formed parent company, SAS AB, in which previous shareholders receive newly issued shares. After this the Swedish State owns 21.4 per cent of SAS AB.

2002 Telia and the Finnish company Sonera merge to form TeliaSonera, thereby creating the leading telecom operator in the Nordic countries. After this the Swedish State owns 46 per cent of TeliaSonera.

2003 The State's shares in Svenska Skogsplantor are transferred to Sveaskog (also a wholly state-owned company). The State acquires ABB's holding of 35 per cent of Svensk Exportkredit (SEK), becoming the sole owner of SEK after the acquisition.

2005 The State injects SEK 600 million into Green Cargo. The Swedish Code for Corporate Governance (the Code), which is intended to contribute to improved governance of Swedish limited companies, starts to be applied by the Stockholm Stock Exchange and also forms part of the State's Ownership Policy. Innovationsbron is formed with the task of investing in growth companies. The Riksdag expands SBAB's mission to include accepting deposits from the general public.

2006 The State sells its last share in SAKAB AB, a leftover from 1992 when the main responsibility for the handling of hazardous waste was transferred to a private entity.

2007 The State decreases its holding in TeliaSonera (present Telia Company), selling shares for SEK 18 billion. After this the State owns 37.3 per cent of TeliaSonera. The Riksdag decides to give the Government a mandate to sell some of the state-owned enterprises.

2008 The State sells its holding in OMX to Borse Dubai, in Vin&Sprit to French Pernod Ricard and in Vasakronan to AP Fastigheter. These sales provide income equivalent to SEK 81 billion. New capital is injected into to SEK and Almi and, in conjunction with this, the shares in Venantius are transferred to SEK. Fouriertransform is formed to invest in research and development in the automotive cluster. In November the state assumes ownership of Carnegie Investment Bank and Max Matthiesen through the Swedish National Debt Office. The takeover is conducted pursuant to the Act on Support for Banks in Crisis in order to safeguard the stability of the financial sector. The shares are divested in 2009.



In year 2000 the public enterprise Swedish State Railways (SJ) is divided up into six different limited liability companies. The new SJ AB is responsible for passenger traffic.

2009 Svevia and Vectura Consulting are formed from activities previously part of the National Rail Administration and the National Road Administration. The State participates in new share issues in Nordea Bank and SAS. The merger of Posten and Post Danmark is completed and a new company, the present PostNord, is formed. The pharmacy monopoly is wound up and the companies Apoteksgruppen, APL and Apotekens Service are spun off from Apoteket. The State's share in Kasernen Fastighetsaktiebolag is transferred to Vasallen AB.

2010 The sale of 465 pharmacies is completed as a stage in the deregulation of the pharmacy market. In addition, 150 pharmacies are transferred to Apoteksgruppen. Infranord AB is formed from the operations of the Swedish Rail Administration's Production unit, Banverket Produktion. Swedavia AB, a new company, takes over airport operations for ten

nationally strategic airports from the Swedish Civil Aviation Administration. The State participates in a new share issue in SAS. ESS AB is formed with the purpose of planning and building the European Spallation Source in Lund and a data processing centre in Copenhagen. Inlandsinnovation AB is formed with the purpose of conducting financing operations to promote innovation and entrepreneurship in inland northern Sweden.

2011 The investment management of state-owned enterprises is transferred from the Ministry of Enterprise to the Ministry of Finance. The State sells 255 million shares in Nordea Bank for SEK 19 billion, reducing its ownership from 19.9 per cent to 13.5 per cent. Sveaskog distributes the shares in Ersättningsmark i Sverige AB to the state. The company owns 100 000 hectares of productive forest land that will be used as replacement land for high conservation value forests. Metria, which sells analyses,

services and products based on geographical information, is spun off from Lantmäteriet (Swedish cadastral authority). Arbetslivsresurs AR AB (formed in 2005 from Samhall resurs and AMS Arbetslivstjänster) is sold for SEK 145 million.

2012 SAS tackles major profitability problems and, to safeguard the company's liquidity, the Swedish State and the other major owners and a number of banks join to provide a credit facility of SEK 3.5 billion. Bilprovningen completes its partial divestment of the station network by splitting the company into two parts. The minority shareholders take over the network of stations that had been for sale, while the majority shareholder, the State, retains the remainder of Bilprovningen, becoming the 100-per cent owner of that company.

2013 Almi and Innovationsbron merge with the purpose of creating a joint organisation for financing in the

early stages of company formations. The management of Saab Automobile Parts (later Orio), the parts manufacturer that the Swedish National Debt Office took as collateral for a loan to car manufacturer Saab, is moved to the Ministry of Finance. The State winds up its entire remaining shareholding in Nordea Bank (13.4 per cent) by selling shares on two occasions during the year for SEK 41 billion. The State sells Vectura Consulting to engineering consultancy Sweco for slightly less than SEK 1 billion.

2014 SAS terminates the loan commitments provided through a credit facility from the State and others after having improved its profitability and strengthened its financial position through a preferential rights issue on the capital market. Apotekens Service is de-corporatised following the transfer of responsibilities and functions to the new eHealth Agency that was formed on 1 January 2014. Ersättningsmark i Sverige and Svenska Miljöstylningsrådet are placed in voluntary dissolution. In May 2014, an Extraordinary General Meeting of Bostadsgaranti resolved to sell its subsidiary Försäkringsaktiebolaget Bostadsgaranti. The sale is part of the winding up of Bostads-

garanti as a whole. The Government was authorised by the Riksdag to divest assets and liabilities in ESS to a consortium for European research infrastructure and to place the company in voluntary dissolution.

2015 The investment management of the state-owned enterprises is transferred from the Ministry of Finance to the Ministry of Enterprise and Innovation and is assigned management responsibility for a further eight companies and two foundations. The voluntary dissolution of Ersättningsmark is concluded.

2016 The State reduces its holding in SAS in auction proceedings jointly with the Norwegian State. After the sale, the State owns 56.7 million ordinary shares in SAS, corresponding to approximately 17.2 per cent of ordinary shares and about 17.1 per cent of the voting rights in SAS. The State's income from the sale is SEK 213.9 million. Following a decision by the Riksdag a new venture capital firm, called Saminvest, is formed in accordance with the government proposal for a new venture capital structure to investment teams, "venture capital funds", jointly with private capital. The voluntary

dissolution of Miljöstylningsrådet is concluded.

2017 On 1 January the shares of the two state-owned venture capital companies, Fouriertransform and Inlandsinnovation, are transferred to Saminvest. SAS carries out a new issue of ordinary shares; the Swedish State does not subscribe to shares in this new issue, so the State's holding falls from 17.2 per cent to 14.8 per cent. The Danish and Swedish Governments conclude an agreement to support the implementation of the new production model for PostNord's Danish operations (Post Danmark). The Government decides to sell Apoteksgruppen i Sverige Holding AB to Euroapotheca UAB. The voluntary dissolution of European Spallation Source ESS AB is completed.

2018 A decision was taken to wind up the company Bostadsgaranti through voluntary dissolution. Svenska Spel modified its organisation ahead of the new Swedish Gambling Act and Telia Company finalises the exit from Eurasia. The Swedish Transport Administration (Trafikverket) divested the shares in Swedish National Road Consulting AB (SweRoad).

Accounting principles

The consolidated financial statements are a summary of the financial information produced by the companies concerned. Companies included in the consolidated financial statements are the limited companies in which the State's shareholding is managed by the Government Offices of Sweden plus the organisation Svenska Skeppshypotekskassan. Limited companies managed by government agencies other than the Government Offices or by government foundations are not included in the consolidated financial statements. Companies in which the state has an ownership share of less than 20 per cent or are in the process of being wound up are not included in the consolidated financial statements either. Subsidiaries are companies in which the State has an equity share equal to 50 per cent or more. Associated companies, that is, those in which the state has an equity share of less than 50 per cent, but more than 20 per cent, have been included according to percentage of participation in earnings.

As indicated, the consolidated financial statements are based on the financial information produced and reported by each company. These consolidated financial statements cannot be compared with consolidated financial statements for a corporate group. This is because the state-owned enterprises do not constitute a group and therefore do not produce consolidated statements in compliance with a formal regulatory framework. So this summary is intended to provide a clear and unified picture, in financial terms, of the management of state-owned companies in the best possible way. A description is provided here of the basis for this summary to make this possible without applying consolidation methods according to the current regulatory framework.

Reporting to the Government Offices from state-owned companies is based on the established form of presentation applicable in the busi-

ness sector. However, the income statement, balance sheet and cash flow statement have been condensed.

Certain adjustments, for which the Government Offices is responsible, have been made to the data reported for the consolidated financial statements (see below). The company descriptions presenting each company are primarily based on the companies' own information. Due to varying calculation methods, the key indicators reported in the consolidated financial statements may differ from the key indicators presented by the companies themselves (see definitions below).

The following is applicable to the consolidated financial statements.

- The companies included in the summary vary in character and size and apply, to some extent, differing regulatory frameworks when preparing their financial statements. Reporting to the Government Offices is based on a condensed presentation format with features of both IFRS and Swedish accounting principles, with the companies reporting in accordance with the principles applied in their own case. To make the consolidation feasible in practical terms, a number of companies, including financial companies reporting in accordance with the Annual Accounts for Credit Institutions and Securities Act (1995:1559), adjust their reporting to the Government Offices' reporting format. Some companies apply BFNAR 2012:1 Annual and consolidated accounts (K3) issued by the Swedish Accounting Standards Board.
- According to the government guidelines for external reporting of state-owned enterprises, financial statements should be prepared on the basis of the requirements made on companies whose shares are listed on Nasdaq Stockholm. As main rule state-owned enterprises prepare their financial statements in accordance with IFRS.

- Associated companies have been reported in accordance with the equity method. This means that the profit or loss after tax in an associated company corresponding to the share owned by the government has been entered in the consolidated income statement and is included in the operating profit or loss. Similarly, the owner's share of the associated company's equity has been entered in the consolidated balance sheet.
- The income statement and balance sheet have been adjusted for subsidiaries in which there is a minority interest. These adjustments mean that the minority owner's share of the subsidiary's profit or loss is shown as a deduction in connection with the profit or loss from shares in the associated companies. The minority owner's share of the subsidiary's capital is recognised as a separate item in equity in the consolidated balance sheet.
- Intra-group transactions included in the consolidated accounts have not been eliminated. This does not conform with customary consolidation methods for intra-group transactions. The reason for this is that, as explained initially, the companies do not make up a corporate group together. For this reason, the reporting companies do not provide the data required to enable such eliminations to be made either.
- Certain key indicators have not been calculated for the financial companies. The main reason for this is that the working capital that financial companies tie up in their business is of a different character from that of most other companies.

For information about the accounting principles in a particular company, see that company's annual accounts.

Company reporting dates

Company	Annual general meeting	Interim report Jan-Mar	Interim report Jan-Jun	Interim report Jan-Sep	Year-end report Jan-Dec
Akademiska Hus	29 Apr 2019	29 Apr 2019	12 Jul 2019	23 Oct 2019	
Almi Företagspartner	26 Apr 2019	26 Apr 2019	15 Aug 2019	30 Oct 2019	13 Feb 2020
APL (Apotek Produktion & Laboratorier)	26 Apr 2019		15 Aug 2019		15 Feb 2020
Apoteket	24 Apr 2019	25 Apr 2019	19 Jul 2019	28 Oct 2019	
Arlandabanan Infrastructure	26 Feb 2019		15 Aug 2019		
Bilprovningen	24 Apr 2019	24 Apr 2019	15 Aug 2019	24 Oct 2019	13 Feb 2020
Dramaten	25 Apr 2019				
Green Cargo	29 Apr 2019	30 Apr 2019	09 Aug 2019	24 Oct 2019	06 Feb 2020
Göta kanalbolag	26 Apr 2019				
Infranord	29 Apr 2019	30 Apr 2019	02 Aug 2019	25 Oct 2019	14 Feb 2020
Jernhusen	26 Apr 2019	26 Apr 2019	11 Jul 2019	23 Oct 2019	30 Jan 2020
Lernia	24 Apr 2019	24 Apr 2019	16 Jul 2019	28 Oct 2019	
LKAB	25 Apr 2019	25 Apr 2019	15 Aug 2019	25 Oct 2019	12 Feb 2020
Metria	26 Apr 2019	30 Apr 2019	15 Aug 2019	31 Oct 2019	15 Feb 2020
Miljömärkning Sverige	26 Apr 2019				
Operan	24 Apr 2019		23 Aug 2019		
Orio	29 Apr 2019	30 Apr 2019	15 Aug 2019	31 Oct 2019	15 Feb 2020
PostNord	24 Apr 2019	24 Apr 2019	17 Jul 2019	25 Oct 2019	31 Jan 2020
RISE Research Institutes of Sweden	25 Apr 2019	26 Apr 2019	15 Aug 2019	31 Oct 2019	14 Feb 2020
Samhall	26 Apr 2019	29 Apr 2019	15 Aug 2019	25 Oct 2019	07 Feb 2020
Saminvest	26 Apr 2019	26 Apr 2019	15 Jul 2019	25 Oct 2019	15 Feb 2020
SAS	13 Mar 2019	27 Feb 2019	28 May 2019	27 Aug 2019	05 Dec 2019
SBAB	29 Apr 2019	30 Apr 2019	17 Jul 2019	25 Oct 2019	14 Feb 2020
SEK	28 Mar 2019	26 Apr 2019	16 Jul 2019	21 Oct 2019	31 Jan 2020
SJ	25 Apr 2019	25 Apr 2019	18 Jul 2019	23 Oct 2019	12 Feb 2020
SOS Alarm	25 Apr 2019	30 Apr 2019	15 Aug 2019	31 Oct 2019	15 Feb 2020
Specialfastigheter	12 Apr 2019	12 Apr 2019	10 Jul 2019	16 Oct 2019	
SSC (Svenska rymdaktiebolaget)	25 Apr 2019	30 Apr 2019	15 Aug 2019	31 Oct 2019	14 Feb 2020
Statens Bostadsomvandling	29 Apr 2019	30 Apr 2019	15 Aug 2019	31 Oct 2019	15 Feb 2020
Sveaskog	24 Apr 2019	24 Apr 2019	16 Jul 2019	23 Oct 2019	
Svedab	26 Apr 2019	30 Apr 2019	15 Aug 2019	31 Oct 2019	15 Feb 2020
Swedavia	17 Apr 2019	17 Apr 2019	16 Jul 2019	25 Oct 2019	13 Feb 2020
Swedfund International	25 Apr 2019	30 Apr 2019	15 Aug 2019	31 Oct 2019	13 Feb 2020
Svenska Skeppshypotek					
Svenska Spel	25 Apr 2019	25 Apr 2019	19 Jul 2019	24 Oct 2019	
Svevia	25 Apr 2019	26 Apr 2019	13 Aug 2019	25 Oct 2019	13 Feb 2020
Sweden House	21 May 2019				
Systembolaget	11 Apr 2019	18 Apr 2019	15 Jul 2019	28 Oct 2019	11 Feb 2020
Telia Company	10 Apr 2019	25 Apr 2019	18 Jul 2019	17 Oct 2019	29 Jan 2020
Teracom Group	17 Apr 2019	18 Apr 2019	14 Aug 2019	24 Oct 2019	
Vasallen	25 Apr 2019	26 Apr 2019	22 Aug 2019	24 Oct 2019	14 Feb 2020
Vattenfall	11 Apr 2019	25 Apr 2019	19 Jul 2019	29 Oct 2019	05 Feb 2020
VisitSweden	25 Apr 2019	28 May 2019	31 Aug 2019	09 Dec 2019	20 Mar 2020
Voksenåsen	15 May 2019	15 Apr 2019	15 Aug 2019	15 Oct 2019	28 Feb 2020

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<p>SBAB (Govt Bill 1993/94:76, Com. Rep. 1993/94:BoU06, Riksdag Comm. 1993/94:115) (Govt Bill 1993/94:228, Com. Rep. 1993/94:BoU20, Riksdag Comm. 1993/94:374) (Govt Bill 1994/95:219, Com. Rep. 1994/95:BoU20, Riksdag Comm. 1994/95:417) (Govt Bill 2001/02:1 app. 6, exp. area 2, Com. Rep. 2001/02:FIU2, Riksdag Comm. 2001/02:129) (Govt Bill 2005/06:1, Com. Rep. 2005/06:FIU2, Riksdag Comm. 2005/06:126–128) (Govt Bill 2006/07:57, Com. Rep. 2006/07:NU16, Riksdag Comm. 2006/07:217) (Govt Bill 2008/09:104, Com. Rep. 2008/09:FIU39, Riksdag Comm. 2008/09:217) (motion 2010/11:N1, Riksdag Comm. 2010/11:NU7, Riksdag Comm. 2010/11:190)</p> <p>SEK (Govt Bill 1962:125, Com. Rep. 1962:SU110, Com. Rep. 1962:BaU22, Riksdag Comm. 1962:272 & 275) (Govt Bill 1981/82:181, Com. Rep. 1981/82:NU52, Riksdag Comm. 1981/82:427) (Govt Bill 1995/96:141, Com. Rep. 1995/96:NU26, Riksdag Comm. 1995/96:302) (Govt Bill 2002/03:142, 2002/142:NU14, Riksdag Comm. 2002/03:244) (Govt Bill 2008/09:73, Com. Rep. 2008/09:FIU1, Riksdag Comm. 2008/09:47) (Govt Bill 2008/09:86, Com. Rep. 2008/09:NU12, Riksdag Comm. 2008/09:125) (Govt Bill 2015/16:1, exp. area 24, Com. Rep. 2015/16:NU1, Riksdag Comm. 2015/16:89)</p> <p>SJ (Govt Bill 1999/2000:78, Com. Rep. 1999/2000:TU11, Riksdag Comm. 1999/2000:238) (Riksdag Comm. 2001/02:141, Com. Rep. 2001/02:TU14, Riksdag Comm. 2001/02:281) (Govt Bill 2002/03:86, Com. Rep. 2002/03:NU13, Riksdag Comm. 2002/03:343) (Govt Bill 2005/06:160, Com. Rep. 2005/06:TU5, Riksdag Comm. 2005/06:308) (Govt Bill 2008/09:176, Com. Rep. 2008/09:TU18, Riksdag Comm. 2008/09:293)</p> <p>SOS Alarm (Govt Bill 1972:129, Com. Rep. 1972:TU20, Riksdag Comm. 1972:329) (Govt Bill 1990/91:87, Com. Rep. 1990/91:TU28, Riksdag Comm. 1990/91:369) (Govt Bill 1992/93:132, Com. Rep. 1992/93:TU11, Riksdag Comm. 1992/93:152) (Govt Bill 1992/93:200, Com. Rep. 1992/93:TU30, Riksdag Comm. 1992/93:943) (Govt Bill 1993/94:150, Com. Rep. 1993/94:TU38, Riksdag Comm. 1993/94:432)</p> <p>Specialfastigheter (Govt Bill 1991/92:44, Com. Rep. 1991/92:FIU8, Riksdag Comm. 1991/92:107) (Govt Bill 1992/93:37, Com. Rep. 1992/93:FIU8, Riksdag Comm. 1992/93:123) (Govt Bill 1997/98:137, Com. Rep. 1997/98:FIU25, Riksdag Comm. 1997/98:252)</p> <p>SSC (Svenska rymdaktiebolaget) (Govt Bill 1972:48, Com. Rep. 1972:NU37, Riksdag Comm. 1972:216) (Govt Bill 1978/79:142, Com. Rep. 1978/79:NU36, Riksdag Comm. 1978/79:292) (Govt Bill 1985/86:127, Com. Rep. 1985/86:NU21, Riksdag Comm. 1985/86:305)</p> <p>Statens Bostadsomvandling (Govt Bill 1997/98:119, Com. Rep. 1997/98:BoU10, Riksdag Comm. 1997/98:306) (Govt Bill 1997/98:150, Com. Rep. 1997/98:FIU27, Riksdag Comm. 1997/98:317) (Govt Bill 2001/02:4, Com. Rep. 2001/02:NU4, Riksdag Comm. 2001/02:118) (Govt Bill 2001/02:58, Com. Rep. 2001/02:BoU4, Riksdag Comm. 2001/02:160) (Govt Bill 2001/02:100, Com. Rep. 2001/02:FIU21, Riksdag Comm. 2001/02:326) (Com. Rep. 2002/03:BOU10, Riksdag Comm. 2002/03:216) (Govt Bill 2003/04:1, Com. Rep. 2003/04:FIU11, Riksdag Comm. 2003/04:49) (Govt Bill 2003/04:100, Com. Rep. 2003/04:FIU21, Riksdag Comm. 2003/04:273)</p> <p>Sveaskog (Govt Bill 1998/99:1 exp. area 24, Com. Rep. 1998/99:NU1, Riksdag Comm. 1998/99:108) (Govt Bill 1999/2000:1 exp. area 24, Com. Rep. 1999/2000:NU1, Riksdag Comm. 1999/2000:111) (Govt Bill 2001/02:39, Com. Rep. 2001/02:NU7, Riksdag Comm. 2001/02:108) (Govt Bill 2002/03:24, Com. Rep. 2002/03:NU4, Riksdag Comm. 2002/03:107) (Govt Bill 2004/05:1 exp. area 24, Com. Rep. 2004/05:NU1, Riksdag Comm. 2004/05:117) (Govt Bill 2009/10:169, Com. Rep. 2009/10:NU22, Riksdag Comm. 2009/10:384)</p> <p>Svedab (Govt Bill 1990/91:158, Com. Rep. 1990/91:TU31, Riksdag Comm. 1990/91:379) (Govt Bill 1992/93:100 app. 7, Com. Rep. 1994/95:TU2, Riksdag Comm. 1994/95:50) (Govt Bill 1996/97:161, Com. Rep. 1997/98:TU6, Riksdag Comm. 1997/98:32) (Govt Bill 1999/2000:66, Com. Rep. 1999/2000:TU10, Riksdag Comm. 1999/2000:237) (Govt Bill 2001/02:20, Com. Rep. 2001/02:TU2, Riksdag Comm. 2001/02:126) (Govt Bill 2006/07:1, Com. Rep. 2006/07:TU1, Riksdag Comm. 2006/07:35) (Govt Bill 2009/10:1, Com. Rep. 2009/10:TU1, Riksdag Comm. 2009/10:117) (Govt Bill 2010/11:1, Com. Rep. 2010/11:TU1, Riksdag Comm. 2010/11:138)</p> <p>Svenska Spel (Govt Bill 1995/96:169, Com. Rep. 1995/96:FIU14, Riksdag Comm. 1995/96:248) (Govt Bill 2008/09:126, Com. Rep. 2008/09:KrU8, Riksdag Comm. 2008/09:243)</p> <p>Svevia (Govt Bill 2008/09:23, Com. Rep. 2008/09:TU4, Riksdag Comm. 2008/09:76)</p>

Company / Government bill
<p>Swedavia (Govt Bill 2009/10:16, Com. Rep. 2009/10:TU7, Riksdag Comm. 2009/10:114)</p> <p>Sweden House (Govt Bill 1994/95:78, Com. Rep. 1994/95:FIU4, Riksdag Comm. 1994/95:75)</p> <p>Swedesurvey (Govt Bill 1992/93:100 app. 15, Com. Rep. 1992/93:BoU14, Riksdag Comm. 1992/93:217) (Govt Bill 2016/17:181, Com. Rep. 2016/17:NU24, Riksdag Comm. 2016/17:333)</p> <p>Swedfund (Govt Bill 1977/78:135, Com. Rep. 1978/79:UU1, Riksdag Comm. 1978/79:9) (Govt Bill 1991/92:100 app. 4, Com. Rep. 1991/92:UU15, Riksdag Comm. 1991/92:210) (Govt Bill 2008/09:52, Com. Rep. 2008/09:UU9, Riksdag Comm. 2008/09:74)</p> <p>Systembolaget (Govt Bill 1976/77:108, Com. Rep. 1976/77:SkU 40, Riksdag Comm. 1976/77:231) (Govt Bill 1993/94:136, Com. Rep. 1993/94:SoU22, Riksdag Comm. 1993/94:249) (Govt Bill 1994/95:89, Com. Rep. 1994/95:SoU9, Riksdag Comm. 1994/95:106) (Govt Bill 1998/99:134, Com. Rep. 1999/00:SoU4, Riksdag Comm. 1999/00:42) (Govt Bill 2000/01:97, Com. Rep. 2000/01:SoU19, Riksdag Comm. 2000/01:260) (Govt Bill 2002/03:87, Com. Rep. 2002/03:SoU16, Riksdag Comm. 2002/03:152) (Govt Bill 2003/04:161, Com. Rep. 2004/05:SoU6, Riksdag Comm. 2004/05:38) (Govt Bill 2005/06:30, Com. Rep. 2005/06:SoU12, Riksdag Comm. 2005/06:157) (Govt Bill 2007/08:119, Com. Rep. 2007/08:SoU19, Riksdag Comm. 2007/08:209) (Govt Bill 2009/10:125, Com. Rep. 2010/11:SoU4 Riksdag Comm. 2010/11:36)</p> <p>Telia Company (Govt Bill 1992/93:200, Com. Rep. 1992/93:TU30, Riksdag Comm. 1992/93:443) (Govt Bill 1997/98:121, Com. Rep. 1997/98:NU14, Riksdag Comm. 1997/98:308) (Govt Bill 1998/99:99, Com. Rep. 1998/99:NU14, Riksdag Comm. 1998/99:260) (Govt Bill 1999/2000:84, Com. Rep. 1999/2000:NU18, Riksdag Comm. 1999/2000:204) (Com. Rep. 2000/01:NU11, Riksdag Comm. 2000/01:272) (Govt Bill 2006/07:57, Com. Rep. 2006/07:NU16, Riksdag Comm. 2006/07:217) (Com. Rep. 2010/11:NU7, Riksdag Comm. 2010/11:190) (Govt Bill 2018/19:40, Com. Rep. 2018/19:NU9, Riksdag Comm. 2018/19:168)</p> <p>Teracom Group (Govt Bill 1991/92:140, Com. Rep. 1991/92:KrU28, Riksdag Comm. 1991/92:329) (Govt Bill 1996/97:67, Com. Rep. 1996/97:KU17, Riksdag Comm. 1996/97:178) (Govt Bill 1998/99:1, exp. area 17, Com. Rep. 1998/99:KrU1, Riksdag Comm. 1998/99:55) (Govt Bill 2000/01:1, exp. area 17, Com. Rep. 2000/01:KrU1, Riksdag Comm. 2000/01:59) (Govt Bill 2001/02:76, Com. Rep. 2001/02:KrU7, Riksdag Comm. 2001/02:149) (Govt Bill 2002/03:110, Com. Rep. 2002/03:TU6, Riksdag Comm. 2002/03:228) (Govt Bill 2002/03:64, Com. Rep. 2002/03:KrU7, Riksdag Comm. 2002/03:195) (Govt Bill 2002/03:72, Com. Rep. 2002/03:KU33, Riksdag Comm. 2002/03:196) (Govt Bill 2003/04:118, Com. Rep. 2003/04:KU24, Riksdag Comm. 2003/04:231) (Govt Bill 2005/06:1 exp. area 24, Com. Rep. 2005/06:NU1, Riksdag Comm. 2005/06:121) (Govt Bill 2010/11:1 exp. area 24, Com. Rep. 2010/11:NU1, Riksdag Comm. 2010/11:132)</p> <p>Vasallen (Govt Bill 1996/97:4, Com. Rep. 1996/97:FöU1, Riksdag Comm. 1996/97:36) (Govt Bill 1996/97:150, Com. Rep. 1996/97:FIU20, Riksdag Comm. 1996/97:284) (Govt Bill 1999/2000:30, Com. Rep. 1999/2000:FöU2, Riksdag Comm. 1999/2000:168) (Govt Bill 2000/01:100, Com. Rep. 2000/01:FIU20, Riksdag Comm. 2000/01:288) (Govt Bill 2002/03:100, Com. Rep. 2002/03:FIU21, Riksdag Comm. 2002/03:235) (Govt Bill 2004/05:5, Com. Rep. 2004/05:FöU4, FöU5, Riksdag Comm. 2004/05:143) (Govt Bill 2008/09:172, Com. Rep. 2008/09:FIU41, Riksdag Comm. 2008/09:263)</p> <p>VisitSweden (Govt Bill 1994/95:100 app. 13 and Govt Bill 1994/95:177, Com. Rep. 1994/95:KrU28 Riksdag Comm. 1994/95:395) (Govt Bill 2004/05:56, Com. Rep. 2004/05:NU13, Riksdag Comm. 2004/05:295)</p> <p>Vattenfall (Govt Bill 1990/91:87, Com. Rep. 1990/91:NU38, Riksdag Comm. 1990/91:318) (Govt Bill 1991/92:49, Com. Rep. 1991/92:NU10, Riksdag Comm. 1991/92:92) (Govt Bill 1996/97:84, Com. Rep. 1996/97:NU12, Riksdag Comm. 1996/97:272) (Govt Bill 2009/10:179, Com. Rep. 2009/10:NU23, Riksdag Comm. 2009/10:325)</p> <p>Voksenåsen (Govt Bill 1960:88, Com. Rep. 1960:SU78, Riksdag Comm. 1960:205) (Govt Bill 1976/77:25, Com. Rep. 1976/77: KrU27, Riksdag Comm. 1976/77:72) (Govt Bill 1997/98:1, Com. Rep. 1997/98: KrU1, Riksdag Comm. 1997/98:97)</p>

The State's Ownership Policy 2017

The Swedish Government adopted the following ownership policy for state-owned enterprises on 22 December 2016. The policy applies from 1 January 2017 and supersedes the previous ownership policy adopted in 2015. The Government's guidelines for external reporting and guidelines for remuneration and other terms of employment for senior executives are included in the state's ownership policy.

1. Introduction

The state-owned enterprises, which are ultimately owned by the Swedish people, constitute a significant portion of Swedish enterprise.

The Government has a mandate from the Riksdag (the Swedish Parliament) to actively manage state-owned enterprises in order to ensure optimal long-term value performance and, where applicable, that specifically adopted public policy assignments are duly performed. The Government considers it to be of the utmost importance that state-owned enterprises are actively and professionally managed with long-term value generation as an overriding objective.

This implies that state-owned enterprises should take a long-term approach, be efficient and profitable, while being given the capacity to develop. To promote long-term sustainable value growth in state-owned enterprises, sustainable business is integrated into corporate governance. State-owned enterprises should thus serve as role models in the area of sustainable business and otherwise act in a manner that generates public confidence.

The application of good corporate governance by the state is a prerequisite for state-owned enterprises to contribute to economic efficiency and competitiveness throughout the country. The Swedish Government's management principles are mainly compliant with the OECD Guidelines on Corporate Governance of State-Owned Enterprises, which provide a predictable framework for both the state as owner and the state-owned enterprises, while ensuring that the ownership role of the state is clearly separated from its other roles.

State ownership of enterprises in Sweden has come about at various points in time and for various reasons. Many started out as public enterprises under government agencies, as state enterprises (*affärsverk*), or as state monopolies. Today, most of the companies operate in fully competitive markets. Increased globalisation, technological progress and greater exposure to competition has changed conditions for most state-owned enterprises. Consequently, the portfolio of state-owned enterprises has changed considerably over time. Evaluating the rationale for continued state ownership and considering the assignments and objectives of the state-owned enterprises are aspects

of the state's role as an active and professional owner.

The state's continuation as a significant company owner may be justified in the light of the objective of many of the companies' operations and public policy assignments.

In this ownership policy, the Government presents its mandates and objectives, applicable frameworks and positions on key fundamental issues relating to the governance of the state-owned enterprises.

The state's ownership policy must be applied in all companies where the state is a majority owner. In respect of other companies in which the state is a part owner, the state engages in a dialogue with the other owners in an effort to ensure that the ownership policy is applied. Companies administered by public authorities other than the Government Offices must apply the state's ownership policy correspondingly.

The Government submits an annual report on state-owned enterprises to the Riksdag. The report is intended to describe the state's ownership and the value of state-owned enterprises and to provide an account of how the management of state ownership has developed during the year. Furthermore, the annual report includes target achievement by the companies and compliance with the state's ownership policy.

2. The state as a company owner

2.1 The Government's management mandate

According to Chapter 9, Article 8, of the Swedish Instrument of Government (IG), state assets are at the disposal of and to be managed by the Government, subject to certain exceptions. According to Chapter 9, Article 9 of IG, the Riksdag decides on the principles of management and disposal of state assets. The provisions on acquisition and transfer of property, including shares and participation rights in companies, are contained in the Swedish Budget Act (2011:203). According to Chapter 8, Section 3 of the Swedish Budget Act, the Government may not acquire shares or participation rights or in any other way increase the state's share of the voting power or ownership in a company without a mandate from the Riksdag. Nor may the Government provide capital to a company without a mandate from the Riksdag. According to Chapter 8, Section 4, second paragraph of the Swedish Budget Act, the Government may not, by sale or other means, reduce the

state's share of ownership in companies in which the state holds half or more than half of the votes for all shares without first obtaining a mandate from the Riksdag. In addition to these provisions, a mandate from the Riksdag is required for material changes in the objects of the business of the state-owned companies. A Riksdag decision is, however, not required for the payment of dividends, for example, since these form part of ongoing administration.

2.2 Management of state-owned enterprises

2.2.1 Management of state-owned enterprises by the Government Offices of Sweden

State-owned enterprises are managed by the Government Offices or other state agencies. Most of the companies under the management of the Government Offices are managed by a special investment organisation for state-owned enterprises within the Ministry of Enterprise and Innovation. By virtue of Chapter 7, Article 5 of IG, the prime minister may assign to a minister, other than the particular head of the ministry managing a particular state-owned company, responsibility for issues concerning the ownership of state-owned enterprises which require a unified ownership policy. The Government's principles of active management and governance of state-owned enterprises thus cover all state-owned enterprises.

The work within the Government Offices is allocated so that responsibility for sector-specific legislation typically resides with divisions other than those involved in management of state-owned enterprises. This maintains the separation of the roles of the state as owner and regulator. To achieve active and professional management and governance, the Government Offices have developed a number of tools and processes for their work. The Government Offices manages the state-owned companies by e.g. nominating directors, setting targets and monitoring and evaluating the companies' operations.

Similar to privately owned companies, state-owned enterprises are governed by the Swedish Companies Act (2005:551) as the general framework and by the general meeting as the highest governing body of the company. The board of directors of each company is responsible for the company's organisation and for managing its affairs. This includes regularly assessing the company's financial situation and ensuring satisfactory internal control. Company's management is responsible for day-to-day operations.

2.2.2 Board nomination process

Uniform and common principles are applied in a structured board nomination process for state-owned enterprises in order to ensure effective provision of expertise to company boards of directors.

The board nomination process is coordinated by the Ministry of Enterprise and Innovation at the Government Offices. For each company, an analysis of required exper-

tise is performed on the basis of the company's operations, situation and future challenges, board composition and completed board evaluations. The Government Offices' involvement in the board nomination process also includes a separate and ongoing evaluation of the boards of all state-owned enterprises. Any recruitment requirement is then determined, and the recruitment process initiated.

2.2.3 Board composition

To ensure efficiency, the boards of directors should be composed of six to eight directors. The Government's intention is to have only regular directors without alternates. The chairman of the board is elected by the general meeting. When necessary, a vice chairman may be elected by the general meeting. With consideration given to the company's operations, stage of development and other circumstances, the composition of the board must be appropriate, diverse and wide-ranging as regards the competences, experience and background of the directors elected by the general meeting. Aspects of diversity, including ethnic and cultural background, should also be considered in the composition of the boards. As the Government considers it important that the roles of the board and the CEO are separated, the CEO must not serve as a director.

The starting point for any nomination of a director must be the need for expertise relevant to the board. It is important that the board's composition be such that the board always possesses industry knowledge or other expertise directly relevant to the company, including when the company is undergoing development and its business environment is changing. Sustainable business is an important issue for the state as owner and it is essential that the board has the capacity to work strategically in this area.

To be considered for a directorship, the candidate must possess a high level of expertise relevant to the company's business operations, business development, industry expertise, financial matters, sustainable business or other relevant areas. In addition, the candidate must have the time and commitment required for the assignment, as well as the utmost integrity and the ability to safeguard the best interests of the company. All directors must be capable of independently assessing the company's operations.

The Government seeks to achieve gender balance in individual company boards as well as at the portfolio level. The target for the portfolio of state-owned enterprises (wholly and partially owned) is a minimum of 40 per cent board representation for both women and men. The following shall apply to all boards of directors. If the board of directors has:

- up to three directors elected by the general meeting, these must include persons of each gender
- four or five directors elected by the general meeting, these must include at least two persons of each gender
- six to eight directors elected by the general meeting, these must include at least three persons of each gender

- nine directors elected by the general meeting, these must include at least four persons of each gender
- more than nine directors elected by the general meeting, these must include at least 40 per cent of each gender.

Directors are selected from a broad recruitment base in order to utilise the expertise of women and men, as well as individuals of various backgrounds and experiences. Discrimination based on gender, transgender identity or expression, ethnic affiliation, religion or other belief, disability, sexual preference or age is prohibited.

2.2.4 Directors' fees

Directors are compensated for their effort and for the responsibility that the board assignment entails. Fees paid to the board chairman, vice chairman, if any, and other directors must be resolved by the general meeting. Fees paid to directors who serve on specially appointed board committees must also be resolved by the general meeting. For fees to be payable for service on a committee, the work involved must be of a significant extent. Fees paid for committee work may be adjusted in periods of high work load for a limited period. As a rule, employees of the Government Offices who are directors of state-owned enterprises are not paid directors' fees or committee fees by those companies. In exceptional cases, however, a fee may be paid to an employee of the Government Offices following a decision by the general meeting. Fees shall normally not be paid to employee representatives on the board.

If the fee for board or committee service is billed by a director under a business activity approved for Swedish corporate tax (F-tax) in a sole proprietorship or a limited company, statutory social security contributions may be paid to the director's sole proprietorship or limited company, in addition to the approved fee. Any agreement with a director's sole proprietorship or limited company regarding invoicing of directors' or committee fees must be cost-neutral for the company paying those fees.

In preparation for the general meeting's decision on directors' fees, the Government Offices perform an analysis in which the fee levels are compared with the fees paid by comparable companies. The fees must be competitive, but not market-leading.

3. Targets and assignments for state-owned enterprises

3.1 Articles of association

The owner establishes the object of the company's operations and certain other principles in the articles of association. In state-owned enterprises, the objectives of operations are based on the assignment resolved by the Riksdag. The articles of association for state-owned enterprises are based on the rules for companies whose shares are admitted to trading on a regulated market set out in the Swedish

Companies Act the Swedish Corporate Governance Code and this ownership policy.

3.2 Owner instructions

The owner instructs the company's board of directors through owner instructions. In state-owned enterprises, owner instructions are primarily applied when a company has specifically adopted public policy assignments, receives government subsidies, is in the process of restructuring or in the event of deregulations or other material changes. The contents of owner instructions should be relevant, specific and clear and be formalised through a resolution by the general meeting. Where an assignment is conveyed through owner instructions, the instructions must clearly state how the assignment is financed, reported and monitored.

3.3 Financial targets

Financial targets are important instruments in the governance of state-owned enterprises. The owner's purpose in setting financial targets is to

- safeguard the creation of value by ensuring that the board and management work towards long-term, ambitious and realistic goals:
- achieve capital efficiency by clarifying the cost of equity
- keep the companies' financial risk at a reasonable level
- ensure dividend yield for the owner through sustainable and predictable dividends that take the company's future capital requirements and financial position into account, and
- in a structured way to measure, track and evaluate profitability, efficiency and risk level.

The financial targets are defined primarily according to the following categories:

- Profitability targets
- Capital structure targets
- Dividend targets

The owner's cost of equity is an important basis for setting financial targets because this figure ultimately determines whether the state, in its capacity as owner, receives reasonable compensation at market level for the risk-taking involved in company ownership. The cost of equity serves as a floor for the profitability target, since a return that is systematically below the cost of capital entails the destruction of value for the state as owner. The cost of equity also affects the optimal capital structure since it depends on the relationship between the cost of equity and borrowed capital at various levels of debt.

Other key data used in determining targets include analyses of risks and opportunities within sustainable business, of the market in which the company operates, comparisons with other companies and analyses of the company's business plan and history. Finally, stress tests are conducted to assess the targets' sensitivity in terms of various external and internal factors.

The financial targets are resolved by the general meeting and documented in the minutes of the meeting. The financial targets adopted apply until new or changed targets are adopted by a general meeting.

3.4 Sustainable business

3.4.1 Introduction

The fundamental premise of sustainable business is that companies should operate in a manner that promotes sustainable development; that is, development that meets current needs without compromising the ability of future generations to meet their own needs. This must be accomplished by balancing and integrating economically, socially and environmentally sustainable development.

Sustainable business involves acting responsibly and minimising the risk of negative impacts, but also taking advantage of opportunities for sustainable value creation and novel, innovative business models. State-owned enterprises should act as role models within the area of sustainable business and should otherwise behave in a manner that promote public confidence. Exemplary conduct includes working strategically and transparently with a focus on cooperation. These efforts are guided by international guidelines, the 2030 Agenda and global goals for sustainable development. For the state in its capacity as owner, it is particularly important that state-owned enterprises work towards the following.

- A sound and healthy work environment, respect for human rights and good and decent working conditions. The enterprises should be role models in the efforts to achieve gender equality and work actively with gender equality in operations, especially in connection with managerial appointments. The enterprises should also take aspects of diversity into account and foster an inclusive culture.
- Reduced climate and environmental impact through sustainable and toxic-free use of resources, so as to achieve the generational goal adopted by the Riksdag, the adopted environmental quality objectives and the so-called Paris Agreement.
- High standards of business ethics and active prevention of corruption. One way of acting as a role model within the areas of anti-corruption and business ethics is to comply with the Code regarding gifts, rewards and other benefits in business established by the Swedish Anti-Corruption Institute.
- To otherwise ensure that there is no abuse of the special status that being a state-owned enterprise may entail, by means including applying reasonable terms in relation to customers and suppliers with regard, for example, to payment terms.
- Responsible conduct in relation to taxes.

Sustainable business efforts must include policy decisions at the board level, processes for identifying, managing and monitoring relevant areas and transparent reporting with focus on materiality.

3.4.2 International guidelines

State-owned enterprises must act responsibly and work actively to comply with international guidelines regarding environmental consideration, human rights, working conditions, anti-corruption and business ethics. The Government has identified the following international principles and guidelines as essential for state-owned enterprises to follow:

- The Ten Principles of the UN Global Compact
- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises.

These principles and guidelines are based on international conventions and agreements and have been formulated collaboratively by states, businesses, labour organisations and other stakeholders with the purpose of providing the business sector guidance in managing risks and business opportunities in the area of sustainable business. Based on the sectors and markets within which they operate, it is important that state-owned enterprises identify and manage risks and business opportunities in the area of sustainable business.

3.4.3 The 2030 Agenda and global sustainability targets

The countries of the world have agreed a common agenda for sustainable development, including 17 new global goals that apply up to 2030 – the 2030 Agenda. All societal actors are important in the effort to implement the agenda, and business plays a key role. Within the scope of their operations, state-owned enterprises should analyse the global sustainability goals of the 2030 Agenda to identify the goals which each company has an impact on and contributes to through its operations. The enterprises are also expected to identify business opportunities that facilitate attainment of global sustainability goals.

3.4.4 Working strategically

Based on the sectors and markets within which they operate, it is important that state-owned enterprises identify and manage risks and business opportunities so that the business is operated sustainably from the economic, social and environmental perspectives. The board of directors has a duty to integrate sustainable business in the company's business strategy and business development and to set strategic targets for sustainable business. The targets should be few in number, comprehensive, value-creating, relevant to the company's business operations and sustainability challenges and, where applicable, relevant to the company's specifically adopted public policy assignment. The targets should also be long term, challenging and trackable, while being distinct and easy to communicate.

3.4.5 Transparency

By maintaining an open and constructive dialogue with their major stakeholders, state-owned enterprises act transparently with regard to risks and opportunities in the area of sustainable business and with regard to how the companies are working to manage these. Furthermore, state-owned enterprises are required to communicate their

efforts on sustainable business, both externally and internally.

3.4.6 Cooperation

State-owned enterprises are expected to work actively, both in their own operations and in cooperation with business partners, customers, suppliers and other stakeholders, to promote exchange of knowledge and innovative collaboration in the area of sustainable business.

3.5 Specifically adopted public policy assignments

Certain state-owned enterprises have specifically adopted public policy assignments. When the Riksdag commissions a company to conduct operations serving to generate effects other than a financial return for the owner, this constitutes a specifically adopted public policy assignment. In certain cases, operations within the framework of a specifically adopted public policy assignment are financed partly through appropriations in the state budget.

3.6 Public policy targets for companies with specifically adopted public policy assignments

Public policy targets are set where relevant in order to assess and track the performance of specifically adopted public policy assignments. The purpose of setting public policy targets for the companies is to:

- ensure that the specifically adopted public policy assignments are duly performed,
- clarify the cost of performing the specifically adopted public policy assignments
- enable monitoring and reporting to the Riksdag and other stakeholders, and to
- clarify the conditions for the financial targets.

When determining public policy targets, items to consider include objects of the company and the purpose of the company's operations; that is, the desired effects of the company's operations.

As a company's prerequisites to perform a specifically adopted public policy assignment and to generate financial return may be mutually dependent, public policy targets and financial targets are normally prepared as an integrated project. In an integrated project, the level of ambition regarding the public policy targets can be weighed against the cost in terms of the effects on risk and financial return implied by a certain level for a public policy target.

Public policy targets are resolved by the general meeting through an owner instruction to the company.

3.7 Monitoring of targets

Monitoring of public policy targets and financial targets are accomplished by means of an owner dialogue between representatives of the owner and the chairman of the board, whereby outcomes in relation to the targets are discussed, along with any measures planned for achieving the targets. The strategic targets set by the board in the area of sustainable business are also tracked within the owner dialogue. The targets may be revised if there is a material change in circumstances.

4. Corporate governance in state-owned enterprises

4.1 Framework

4.1.1 Legislation

State-owned enterprises are governed by the same laws as those applying to privately owned companies, including the Swedish Companies Act, the Swedish Annual Accounts Act, the Swedish Competition Act, the Swedish Bookkeeping Act and legislation related to securities trading and insider trading.¹ In addition to Swedish law, state-owned enterprises may also be subject to directly applicable EU regulations, such as the Market Abuse Regulation (MAR)² and the General Data Protection Regulation.³

Like privately owned companies, state-owned enterprises that operate in a particular sector may also be subject to sector-specific legislation.

EU regulations concerning state aid apply to all subsidies granted by the state to both state-owned enterprises and privately owned companies. The purpose of the rules is to ensure that no member state can distort competition through subsidies that strengthen the competitiveness of domestic industry at the expense of companies in another member state. According to EU regulations, the MEIP (Market Economy Investor Principle) or MEO (Market Economy Operator) applies, among other things, to capital infusions in state-owned enterprises. The MEIP is usually met if capital infusions are provided subject to conditions and terms that would have been accepted by a private investor.

4.1.2 Application of the Swedish Corporate Governance Code

In companies whose shares are admitted to trading on a regulated market in Sweden, the Swedish Corporate Governance Code (the "Code") must be applied in its entirety. In companies where the state owns a controlling interest but whose shares are not admitted for trade on a regulated market, the Code must be applied except for the rules on

¹ The Swedish Companies Act (2005:551), the Swedish Annual Accounts Act (1995:1554), the Swedish Competition Act (2008:579), the Swedish Bookkeeping Act (1999:1078) and the Swedish securities and insider-related legislation, including the Swedish Securities Market Act (2007:528), the Swedish Financial Instruments Trading Act (1991:980), the Swedish Act (2000:1087) concerning Reporting Obligations for Certain Holdings of Financial Instruments and the Swedish Act (2005:377) on Penalties for Market Abuse involving Trade with Financial Instruments.

² Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

³ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), which applies from 25 May 2018.

nomination committees and the rules on the election of directors and auditors. Nor are such companies required to establish a remuneration committee in accordance with the rules set out in the Code, but may choose to do so. In respect of companies in which the state owns a minority interest and whose shares are not admitted to trading on a regulated market, the state engages in dialogue with other owners to promote compliance with the Code in a corresponding manner. The Code is applied in accordance with the principle of 'comply or explain'.

The principles that must be applied instead of the rules under the Code when electing directors and auditors in state-owned enterprises whose shares are not admitted to trading on a regulated market are set out in sections 4.3 and 4.4.

4.2 General meeting

The general meeting is the company's highest decision-making body and the forum in which the shareholders formally exercise their influence. In preparation for a general meeting in state-owned enterprises whose shares are not admitted to trading on a regulated market, the owner nominates the chairman of the meeting, or, if the owner has not submitted a proposal, the board of directors does so. The nomination of the chairman must be included in the notice to attend the general meeting.

State-owned enterprises must apply the rules set out in the Swedish Companies Act for public limited liability companies with regard to the general meeting. In addition to the provisions of the Swedish Companies Act and the Code, the following principles apply to the general meetings of state-owned enterprises.

Members of the Riksdag are entitled to attend the general meetings of companies in which the state owns at least 50 per cent of the shares, provided that the company or an operating subsidiary has more than 50 employees. It is the responsibility of the board to ensure that a notice of the time and location of the general meeting is sent to the central office of the Riksdag in conjunction with the issuance to shareholders of the official notice to attend the meeting. Members of the Riksdag who wish to attend the general meeting must pre-register their intent with the board and this pre-registration should be received by the board not later than one week prior to the general meeting.

The general public should be invited to attend the general meetings of state-owned enterprises. Advance notice of attendance must be received at least one week prior to the meeting. State-owned enterprises should organise some form of arrangement in conjunction with their AGM Annual General Meeting in which members of the public may ask questions to the board of directors and management.

The annual general meeting of state-owned enterprises must take place before 30 April and any dividend resolved must be distributed no later than two weeks after the annual general meeting.

4.3 Board of directors

4.3.1 Directors

The Government's aim is for boards of directors of state-owned companies to possess a high level of expertise that is well matched to the operations, situation and future challenges of their companies. Directors are expected to be persons of high integrity and good judgement. Directors must also have the time and commitment required to perform the assignment and a high capacity to safeguard the best interests of the company. In the light of this, directors must inform the chairman of the board of any additional assignments they may receive.

In respect of state-owned enterprises whose shares are not admitted to trading on a regulated market, the Government Offices prepare a proposal for the election of directors and for the directors' fees. When the Government Offices' nomination process is complete, the adopted proposal must be published on the company's website and be included in the notice to attend the general meeting, in accordance with the rules set out in the Code. In addition, the information about the proposed directors specified in the Code, except for information about independence, must be published on the company's website. In companies where the state holds a significant ownership interest and whose shares are admitted to trading on a regulated market, the state appoints or nominates one member of the company's nomination committee.

4.3.2 Responsibilities of the board of directors

The board is responsible for ensuring that companies in which the state has an ownership interest are managed in an exemplary manner within the framework provided by legislation, the company's articles of association, owner instructions, if any, and the state's ownership policy. The board of directors is responsible for the organisation of the company and for managing its affairs. This includes assuring effective internal control, risk management and regulatory compliance. According to the Code, the board of directors must annually assess whether internal audit is necessary. The board must ensure that the company attains set targets and practices good stewardship of all resources in the business. The board is responsible for establishing business targets and strategies.

Work aimed at ensuring public confidence in the operations includes establishing relevant policy documents for the business, as well as an annual assessment of relevant policy documents and associated monitoring and compliance processes.

4.3.3 *Directors' independence*

Directors of state-owned enterprises must possess a high level of integrity and are not permitted to be dependent upon the company or its management to such an extent that may question their independence. One deviation from the Code in terms of the independence of company directors is that directors' independence in relation to the state as a major shareholder and in relation to the company and its management is not reported in state-owned enterprises whose shares are not admitted to trading on a regulated market. The reason for this deviation is that the requirements of the Code are primarily aimed at companies with diverse ownership and are mainly intended to protect minority shareholders. In respect of state-owned enterprises whose shares are not admitted to trading on a regulated market, there is thus no reason to report this form of independence.

Situations should be avoided in which directors or alternate directors are engaged as consultants to the company and thereby receive consultancy fees in addition to directors' fees. If this nevertheless occurs, the assignment must be considered by the board in every individual case, be clearly differentiated from ordinary work on the board, apply for a limited time and be governed through a written agreement between the company and the director. Principles for such consultancy fees are to be subject to the annual general meeting's approval of the board's proposed guidelines for remuneration of senior executives.

4.3.4 *Chairman of the board*

The special role of the chairman of the board is governed by in the Code and the Swedish Companies Act. The particular duties of the chairman of the board are regulated in the formal board procedures.

In state-owned enterprises, 'coordination responsibility' is one such particular duty. Whenever the company is faced with particularly important decisions, the board of directors must, through the chairman, coordinate in writing its view with that of the representatives of the owner. It is incumbent upon the board to decide the cases in which such coordination via the chairman is required ahead of a particular board decision.

4.3.5 *Board procedures*

It is the responsibility of every board to assess the need to appoint special committees. Should a committee be appointed, its activities are to be guided by the principles of the Code and written instructions must be prepared that define the allocation of duties between the board and the committee. Other aspects of the board procedures are also to be guided by the principles of the Code. Boards of directors of state-owned enterprises must annually adopt written procedures for their work. In state-owned enterprises, the right to sign on behalf of the company should be exercised exclusively by two or more persons jointly, of whom at least one person must be a director or the CEO.

4.3.6 *Decisions concerning the CEO*

A chief executive officer must be appointed for all state-owned enterprises. One of the principal tasks of the board is to appoint, evaluate and, when necessary, dismiss the CEO. The board must also adopt a written instruction for the CEO that defines the allocation of duties between the board and the CEO.

4.3.7 *Evaluation of the board*

The chairman of the board must ensure that board performance is evaluated annually. In enterprises wholly-owned by the state, the Government Offices must be informed of the results of the evaluation.

4.4 *The auditor*

The auditor's assignment to independently examine the management of the company by the board of directors and the CEO, as well as the company's annual accounts and accounting records, is of principal interest of the state as owner. The owner is always responsible for appointing auditors and auditors are elected at the annual general meeting. A proposal concerning appointment of auditors and auditors' fees in state-owned enterprises must be submitted by the board and prepared by the company by applying the rules concerning procurement and appointment of auditors that apply to companies whose shares are admitted to trading on a regulated market, in accordance with the EU Audit Regulation.⁴ In companies that do not have an audit committee, the board of directors must assume the responsibilities and undertake the measures for procurement of auditors assigned to the audit committee under the Audit Regulation.

Proposals for the appointment of auditors must be published on the company's website, including information on the recommendation by the board of directors or the audit committee upon which the proposal is based, and must be included in the notice to attend the general meeting, in accordance with the rules set out in the Code.

Auditors elected by the annual general meeting must be appointed for a term of one year. In state-owned enterprises, the rules of the Audit Regulation concerning rotation of audit firms must also be applied, which means that an audit firm may not be reappointed for a period of more than 20 years, and that a complete procurement of audit services must be made at least every ten years.

In addition to an auditor appointed by the general meeting, the Swedish National Audit Office is entitled to appoint auditors for the companies in which the state has a controlling influence and for whose which operations are subject to statutory regulation.⁵

4) Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

5) See section 2, paragraph 4 of the Swedish Act on Audit of State Activities, etc. (2002:1022).

Guidelines for external reporting in state-owned enterprises

The Swedish Government adopted the following guidelines for external reporting by state-owned enterprises on 22 December 2016. The guidelines supersede the previous guidelines adopted in 2007 and must be applied to financial reports issued for the financial year commencing on or after 1 January 2017. The guidelines are incorporated in the state's ownership policy.

1. Introduction

The state-owned enterprises, which are ultimately owned by the Swedish people, constitute a significant portion of Swedish enterprise. This entails high standards for transparent and professional communication of information by state-owned enterprises.

The Government monitors compliance with these guidelines and its observations are included in the submission communication to the Riksdag with the report annual on state-owned enterprises.

2. Scope of application

These guidelines must be applied in state-owned enterprises where the state is a majority owner. These guidelines complement current reporting legislation and generally accepted accounting principles. In respect of other companies in which the state is a part owner, the state engages in a dialogue with the other owners in an effort to ensure that the guidelines are applied. The boards of state-owned enterprises are responsible for ensuring that the companies' accounting and reporting comply with applicable regulations and these guidelines.

The guidelines must be applied according to the 'comply or explain' principle, which means that a company may deviate from the guidelines if a clear explanation and justification of the deviation is provided in the company's annual report. The board is also required to describe in the annual report how the guidelines were applied during the foregoing financial year.

3. Disclosure of information

3.1 Regulations

State-owned enterprises are subject to the same laws as privately owned companies, including the Swedish Companies Act (2005:551), the Swedish Bookkeeping Act (1999:1078) and the Swedish Annual Accounts Act (1995:1554). In addition to applicable accounting law and generally accepted accounting principles state-owned enterprises must also, in applicable parts, prepare their annual reports, interim reports, year-end reports and corporate governance statements in accordance with Nasdaq Stockholm's rule book for issuers. This also means that state-owned enterprises must report in accordance with the Swedish Corporate Governance Code and the rules set out in, among other, the Swedish Annual Accounts Act and the Swedish Securities Market Act (2007:528) that apply to companies whose shares are admitted to trading on a regulated market.

Special rules on reporting of financial links pursuant to the Swedish Act on Insight into Certain Financial Arrangements and Related Matters (the Transparency Act; 2005:590)

apply to companies that reach a certain level of net sales per year and companies which receive funds or other benefits from the state. State-owned enterprises that are covered by the Transparency Act must transparently report funds provided to the company and how the funds were used.

Additional reporting rules applicable to, for example, companies that conduct operations in certain sectors are found in the Reporting of Payments to Authorities Act (2015:812). Operations of monopoly companies and other companies with similar special status are also subject to a requirement for separate reporting in cases where such companies also conduct operations that are exposed to competition.

The reporting rules that must be applied by state-owned enterprises are regularly revised and updated. State-owned enterprises are expected to monitor developments and changes in legislation, standards and recommendations as these occur. The board must keep itself informed of developments and promptly decide on relevant measures resulting from these changes.

3.2 Transparency and sustainability

The Government's overriding objective for the management of state-owned enterprises is to ensure optimal long-term value performance and, where applicable, due performance of specifically adopted public policy assignments. External reporting by state-owned enterprises, which includes the annual report, interim reports, the corporate governance statement and the sustainability report, must be as transparent as the reporting of listed companies. This reporting must provide a comprehensive description of the operations, opportunities and challenges of the state-owned enterprises, and constitute basic data for continuous monitoring and evaluation of the companies' operations and established goals.

The Government's stance on the work of state-owned enterprises with sustainable business is highly ambitious, as evident in the state's ownership policy. The Government establishes its requirements for reporting and accounting in this area through these guidelines. Efforts within sustainable business must be communicated both internally and externally. Sustainability reporting is a tool for driving sustainable development activities by working systematically with clear reporting and monitoring, with a focus on transparency. The boards of the state-owned enterprises are responsible for ensuring that the companies present sustainability reports which, together with other financial reports, form an integrated basis for assessment and monitoring.

4. Principles for external reporting

4.1 Annual report

In their annual reports, state-owned enterprises must

provide a fair presentation of the development of the company's operations, financial position and results in accordance with applicable law, standards, recommendations and generally accepted accounting principles.

State-owned enterprises must prepare annual reports and interim reports based on applicable International Financial Reporting Standards (IFRS) as required for companies whose shares are admitted to trading on a regulated market in Sweden. Segment reporting pursuant to IFRS is, however, not required for state-owned enterprises whose shares or other transferable securities are not admitted to trading on a regulated market.

State-owned enterprises must present financial reports in compliance with legislation, the Swedish Corporate Governance Code and IFRS, with the same transparency and clarity as required of companies whose shares are admitted to trading on a regulated market in Sweden. This includes the following areas.

- The most significant external factors that affect the company's operations.
- Business model, strategy, business activities, market, customers, competitors and organisation. If the company has adopted strategic priorities, these must also be presented with a report on the outcomes of the strategic priorities for the preceding year, as well as any changes in strategic priorities in the forthcoming years.
- Risks and risk management, opportunities and threats, sensitivity analysis that describes the main financial risks of the company.
- A description of the company's material risks and significant uncertainty factors that may affect the company's financial results, position and future prospects.

The annual reports of state-owned enterprises must also include reports on the following.

- Adopted financial and non-financial targets, dividend policy, operational targets and attainment of these targets.
- The company's work with sustainability issues including principles and guidelines, how these are put into action, target attainment and effects on the strategic objectives for sustainable business in the forthcoming years.
- The company's work to apply the state's ownership policy, which includes these guidelines for external reporting and guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises.
- The company's public policy targets, if any, and attainment of these targets.

4.2 Sustainability reporting

A sustainability report must be prepared in accordance with Global Reporting Initiative Standards (GRI) or another international framework for sustainability reporting, and published on the company's website in conjunction with the publication of the company's annual report. The sustainability report may either be a separate report or an integrated part of the annual report.

The sustainability report must be quality assured through independent review and assurance by the auditor appointed by the general meeting as the company's statutory auditor.

When preparing sustainability reports, state-owned enterprises must comply with the rules on sustainability reports in the Swedish Annual Accounts Act that apply to large companies. This means, for example, that the sustainability report must contain the information necessary to

understand the company's development, position and results, as well as the consequences of its operations.

In particular, the sustainability report must provide information on matters related to the environment, labour and social conditions, respect for human rights and prevention of corruption where these are judged material to the company or its stakeholders.

A sustainability report should include the following.

- A materiality analysis including a discussion of the sustainability issues that are most material to the company's operations, in the company's value chain and to the company's stakeholders.
- Disclosure of how the company's operations are managed with regard to these issues, which includes but is not limited to key policies, strategic priorities and short-term and long-term targets.
- Clear information about implemented stakeholder analyses and stakeholder dialogues.
- Clear information about activities performed during the year with regard to the material sustainability issues and what has been done to enhance positive impacts and minimise negative impacts.
- Disclosure of relevant quantitative and qualitative performance indicators linked to adopted priorities and targets.

4.3 Interim reports

State-owned enterprises must publish quarterly interim reports prepared in accordance with the requirements that apply to companies whose shares are admitted to trading on a regulated market in Sweden. Segment reporting pursuant to IFRS is, however, not required for state-owned enterprises whose shares or other transferable securities are not admitted to trading on a regulated market.

4.4 Format and dates for disclosure of financial reports

State-owned enterprises whose shares are not admitted to trading on a regulated market must publish interim reports, year-end reports, annual reports and a sustainability report, including a corporate governance report, as PDFs, on the company's website on the dates specified below. The annual report should also be available to the public in printed form at the company's annual general meeting.

- The year-end report (Q4) must be published by 15 February.
- The annual report and sustainability report must be published by 31 March.
- The corporate governance report must be published by 31 March.
- Where applicable, a report of financial arrangements in accordance with the Transparency Act must be published by 31 March.
- The interim report for January–March (Q1) must be published by 30 April.
- Where applicable, a report on payments to authorities must be published by 30 June.
- The half-yearly report (Q2) must be published by 15 August.
- The interim report for January–September (Q3) must be published by 31 October.

Where applicable, reports on financial arrangements pursuant to the Transparency Act and/or reports on payments to authorities must be published as PDFs on the company's website.

All reporting documents, including audit reports, must be available on the company's website for at least ten years.

Guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises

The Swedish Government adopted the following guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises on 22 December 2016. The guidelines supersede the previous guidelines adopted in 2009 and must be applied by each state-owned enterprise as of the 2017 annual general meeting. The guidelines are incorporated in the state's ownership policy.

1. Introduction

The boards of directors of state-owned enterprises must address issues pertaining to remuneration to senior executives in a sober, responsible and transparent manner. They must furthermore ascertain that total remuneration is reasonable, moderate, carefully considered and fosters good ethics and corporate culture.

The Government monitors compliance with these guidelines and its observations are included in the submission to the Riksdag with the annual report on state-owned enterprises.

2. Scope of application

These guidelines must be applied in state-owned enterprises where the state is a majority owner. These enterprises must also ensure that the guidelines are applied by their subsidiaries. In respect of other companies in which the state is a part owner, the state engages in a dialogue with the other owners in an effort to ensure that the guidelines are applied. Existing agreements with senior executives that materially conflict with these guidelines should be renegotiated.

3. The board's area of responsibility

The boards of directors of state-owned enterprises must apply the rules on guidelines for remuneration to senior executives set out in the Swedish Companies Act (2005:551) in the same manner as companies whose shares are admitted to trading on a regulated market in Sweden. The board's proposal to the annual general meeting on guidelines for remuneration and other terms of employment for senior executives must be compliant with these Government guidelines. If the rules on remuneration to senior executives in the Swedish Corporate Governance Code differ from the Government's guidelines, the latter shall apply. The board of director's proposed guidelines must state, among else:

- how the board will ensure that the remuneration is consistent with the guidelines adopted by the company, and
- that there is written documentation showing the cost for the company before any decision on individual remuneration is taken.

The board of directors as a whole is responsible for determining remuneration to the CEO. The board must also ensure that the remuneration to the CEO and other senior executives is within the guidelines resolved by the annual general meeting. The board must also make sure that the CEO ensures that remuneration paid by the company to other employees is based on the remuneration principles laid out in the guidelines adopted by the general meeting.

If there are special reasons to deviate from the Government's remuneration guidelines in an individual case, the board of directors must disclose the reasons. The option to deviate from the guidelines must be applied restrictively, and circumstances that were known or foreseeable when the company's guidelines were adopted should normally not be considered an acceptable reason for deviation.

4. Remuneration principles

The total remuneration payable to senior executives should be reasonable and well considered. It should also be competitive, capped and appropriate, while fostering high ethical standards and a good corporate culture. The remuneration paid should be moderate and not be market-leading in relation to comparable companies. This should also be a guiding principle for total remuneration to other employees.

Variable remuneration is not to be paid to senior executives. Taking the other principles of these guidelines into consideration, it is permissible to pay variable remuneration to other employees.

Premiums for old age and survivors' pensions must be defined contributions that do not exceed 30 per cent of fixed salary, as long as these benefits are not provided through a group pension plan applied to a company. In such case, the contributions are determined by the terms and conditions of the pension plan. Any expansion of a group pension plan above the pay level covered by the plan must be on a defined contribution basis where the maximum contribution is 30 per cent of the portion of salary above the ceiling. The minimum age of retirement stipulated in employment contracts made after these guidelines came into effect is 65 years.

Compensation in connection with incapacity to work due to illness must comply with the terms and conditions for sick pay and disability pension set forth in applicable collective agreements or, if the company is not party to a collective agreement, correspond to levels in effect according to collective agreements applied in the sector. Any expansion of group health insurance above the pay level covered by collective agreement must correspond to customary practices in the market.

If a salary swap scheme is offered to increase pension benefits, such a solution must be cost-neutral to the company.

Should notice to terminate employment be served by the company, the period of notice is not to exceed six months. Severance pay stipulated in employment contracts made after these guidelines came into effect must be limited to a maximum of twelve months' salary. Severance pay is to be paid monthly and consist only of the fixed monthly salary with no supplement for benefits. If the former employee takes new employment or earns income from business activity, remuneration from the terminating company must be reduced by an amount equivalent to the new income during the period when salary for the notice period and severance pay are paid. No severance pay is to be paid if the employee resigns. Severance pay will be paid until no later than the agreed age of retirement and never past the age of 65 years.

5. Reporting

State-owned enterprises must report remuneration to senior executives in accordance with the requirements for companies whose shares are admitted to trading on a regulated market in Sweden. Accordingly, state-owned enterprises are required to comply with the specific rules for reporting remuneration of senior executives that apply to such companies. The applicable rules are found mainly in the Swedish Companies Act and the Swedish Annual Accounts Act (1995:1554). Furthermore, remuneration of each individual senior executive must be reported separately as regards fixed salary, benefits and severance pay.

With application of the rules in the Swedish Companies Act and the Swedish Corporate Governance Code, the board of directors must, prior to the annual general meeting, report and evaluate the company's compliance with the guidelines adopted by the preceding annual general meeting. Furthermore, with application of the rules in

the Swedish Companies Act, the company's auditor must, prior to every annual general meeting, issue an opinion concerning compliance with the guidelines in effect since the preceding annual general meeting. The auditor's opinion must also be published on the company's website.

In addition, the chairman of the board is to provide an oral account at the annual general meeting of the remuneration of the senior executives and how this relates to the guidelines adopted by the annual general meeting.

6. Definitions

- *Benefits*: all forms of remuneration for work provided in a non-cash form, such as pensions and car, housing and other taxable benefits.
- *Defined contribution pension*: (premium-defined pension) means that the pension premium is set at a particular percentage of the current fixed salary.
- *Group pension plan*: A defined-benefit or defined-contribution plan based on a collective agreement (or, if the company is not party to a collective agreement, a company-specific pension plan) that is applied generally to employees of the company. Policies applied by the company concerning alternative ITP, or equivalent policies for collectively agreed plans other than ITP, are also considered group pension plans, provided that the contributions under this policy do not exceed the company's contributions to the traditional plan.
- *ITP*: The Swedish supplemental occupational pension for industry and trade.
- *Premiums and contributions*: Insurance premiums or other allocations that finance a pension benefit.
- *Remuneration*: all remuneration and benefits payable to the employee, such as salary, benefits and severance pay. Remuneration from companies in the same group is also to be included.
- *Senior executives*: the CEO and other individuals in the executive management of the company. This group corresponds to the persons covered by Chapter 8, section 51, of the Swedish Companies Act. It includes, for example, persons who belong to executive management groups or similar bodies and managers who report directly to the CEO.
- *Subsidiaries*: the legal entities referred to in Chapter 1, Section 11, of the Swedish Companies Act.
- *Variable remuneration*, e.g., incentive programmes, bonuses, payments from profit-sharing foundations, commission salary and comparable payments.

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Definitions

Adjusted equity – Equity plus any surplus value in, for example, properties and subsidiaries.

Average number of employees – Recalculated as full-time equivalents.

Capital employed – Interest-bearing liabilities plus equity.

Debt/equity ratio – Interest-bearing liabilities in relation to equity.

Dividend – Dividend data refer to dividends approved by the subsequent annual general meeting.

Equity/assets ratio – Equity including minority share in relation to total assets. In certain cases, the calculation is based on adjusted equity, in which case this is specified.

Funds From Operations (FFO) – Internally injected funds.

Gross investments – Sum total of the company's investments in business acquisitions, property, plant and equipment, intangible assets and financial assets.

Net debt – Interest-bearing liabilities less interest-bearing assets.

Net debt/equity ratio – Interest-bearing net debt in relation to equity. In certain cases, the calculation is based on adjusted equity, in which case this is specified.

Operating capital – Interest-bearing net liabilities plus equity.

Operating margin – Operating profit/loss in relation to net sales.

Operating profit/loss – Net sales (including any budget appropriation) plus other income less costs plus profit from investments in associates plus changes in value.

Return on capital employed (average) – Operating profit/loss plus financial income in relation to average capital employed.

Return on equity (average) – Net profit/loss after tax attributable to shareholders in the parent company as a proportion of average equity attributable to shareholders in the parent company. In certain cases, the calculation is based on adjusted equity, in which case this is specified.

Return on operating capital (average) – Operating profit/loss in relation to average operating capital.

Industry-specific key indicators

Financial companies

Capital adequacy ratio – Capital base as a proportion of the risk-weighted amount.

Common Equity Tier 1 capital ratio – Core Tier 1 capital in relation to risk-weighted amount.

Common Equity Tier 1 capital – Equity less certain deductible items, such as goodwill.

Property companies

Surplus ratio – Net operating income in relation to rental income.

Abbreviations

CSI – Customer Satisfaction Index.

ESI – Employee Satisfaction Index.

GFA – Gross floor area.

GRI – Global Reporting Initiative, international guidelines for sustainability reporting.

IFRS – International Financial Reporting Standards.

(XX) – Figures in brackets following another figure refer to the preceding year.

Investment management organisation

The portfolio of state-owned enterprises is mainly managed at the Ministry of Enterprise and Innovation, under the Minister for Business, Industry and Innovation and within the Department for State-Owned Enterprises.

Responsible minister and state secretary

Minister for Business, Industry and Innovation:
Ibrahim Baylan

State Secretary:
Stina Billinger

Responsible officials

Head of Department for State-Owned Enterprises:
Anna Magnusson

Deputy Heads, Department for State-Owned Enterprises:
Jenny Lahrin, Christine Leandersson,
Per Lundkvist

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