

# Annual report for state-owned enterprises 2017



# Contents

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## Government's management

Significant events in 2017	1
Foreword	2
Performance in 2017	4
Value performance	6
Case studies	
– <i>Multidimensional value creation</i>	8
– <i>Digitalisation</i>	10

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## Strategy and targets

Active ownership	13
Financial targets	18
Public policy assignments	21
Public policy targets	22
Tracking targets	24
Strategic targets for sustainable business	26
– <i>2030 Agenda</i>	28
Gender balance	30
Sustainable pay levels and terms of employment	31

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## Financial statements

Financial results in 2017	33
Dividends and appropriations	34
Divestments and dividends	35
Risk management	36

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## Company overviews

State-owned enterprises A-Ö	39
Other companies and operations	86
Companies wound up	87

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## Additional information

State ownership in modern times	89
Accounting principles	92
Company reporting dates	93
List of government bills	94
State's Ownership Policy 2017	96
– <i>Guidelines for external reporting in state-owned enterprises</i>	103
– <i>Guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises</i>	105
Addresses	107
Definitions and abbreviations	109

## The State is a significant company owner in Sweden

The state company portfolio contains 47 wholly and partially owned companies, of which two are listed. The State has a substantial responsibility to be an active and professional owner.

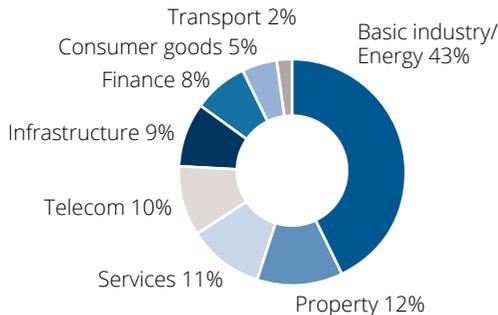
The Government's overall objective is for the companies to create value and, where applicable, to ensure that specifically adopted public policy assignments are performed well.

# Portfolio overview

The state's company portfolio contains 47 companies and it is weighted towards the basic industry/energy sectors. Most companies are for-profit enterprises. 23 companies have specifically adopted public policy assignments.

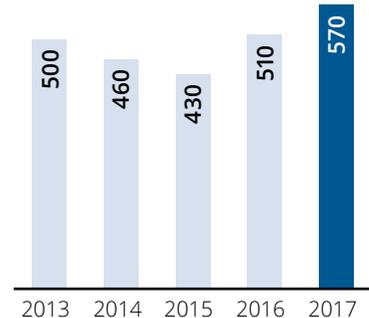
## Portfolio value

Per sector



## State's company portfolio<sup>1</sup>

Estimated value, SEK bn



Dividends, SEK bn

20.2

Dividend yield

3.6%

Number of employees<sup>2</sup>

135 000

Gender distribution<sup>3</sup>

Board chairs and directors, proportion of women/men

49%/51%

Board chairs, proportion of women/men

48%/52%

Total number of board chairs and directors

294

Net sales for the portfolio

Excluding associates, SEK bn

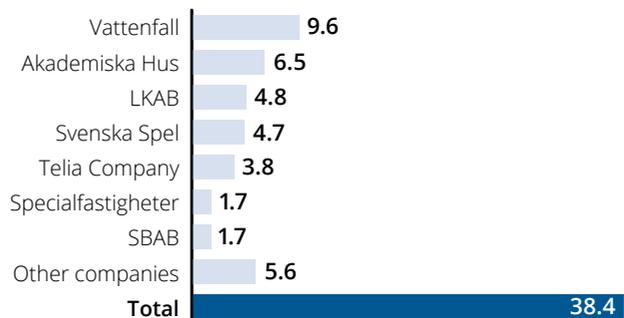
324

Including associates, SEK bn

355

Profit after tax

Jan-Dec 2017. Companies with greatest effect on net profit, SEK bn



1) Portfolio value adjusted for transactions.

2) Around 135 000 people are employed by state-owned enterprises, including associates.

3) Gender distribution refers to wholly and partially state-owned enterprises.

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

Company (holding, %)	Share of sales <sup>1</sup> , %	Number of employees	Net sales, SEK m Jan-Dec 2017	Operating profit, SEK m Jan-Dec 2017
Vattenfall (100%)	38.1	20 041	135 295	18 644
PostNord (60%)	10.5	31 350	37 079	-124
Telia Company (37%)	8.4	24 468	79 867	13 690
Systembolaget (100%)	8.3	3 611	29 355	263
LKAB (100%)	6.6	4 118	23 492	6 024
Apoteket (100%)	5.6	3 113	19 871	667
SJ (100%)	2.2	3 680	7 780	666

1) Share of net sales including associates (SEK 355bn).

...the remaining companies<sup>2</sup> account for 20 per cent of net sales, including associates.

Company (holding, %)	Net sales SEK m Jan-Dec 2017	Operating profit, SEK m Jan-Dec 2017	Company (holding, %)	Net sales SEK m Jan-Dec 2017	Operating profit, SEK m Jan-Dec 2017
Akademiska Hus (100%)	5 806	8 499	SEK, Svensk Exportkredit (100%)	1 553	1 007
Almi Företagspartner (100%)	1 061	229	SOS Alarm (50%)	1 082	95
APL, Apotek Produktion & Laboratorier (100%)	1 433	-26	Specialfastigheter (100%)	2 028	2 238
Arlandabanan Infrastructure (100%)	66	0	SSC, Svenska rymdaktiebolaget (100%)	935	-14
Bilprovningen (100%)	677	49	Statens Bostadsomvandling (100%)	22	-17
Bostadsgaranti (50%)	0	-2	Sveaskog (100%)	6 206	1 827
Dramaten (100%)	286	5	Svedab (100%)	11	648
Green Cargo (100%)	4 337	1	Svenska Skeppshypotek (100%)	270	111
Göta kanalbolag (100%)	51	0	Svenska Spel (100%)	7 774	4 705
Infranord (100%)	4 003	174	Svevia (100%)	7 557	204
Jernhusen (100%)	962	947	Swedavia (100%)	5 745	688
Lernia (100%)	3 302	57	Swedesurvey (100%)	8	-5
Metria (100%)	432	20	Swedfund International (100%)	220	50
Miljömärkning Sverige (100%)	61	-2	Teracom Group (100%)	1 974	460
Operan (100%)	573	0	Vasallen (100%)	17	35
Orio (100%)	755	-24	VisitSweden (50%)	227	-2
RISE, Research Institutes of Sweden (100%)	2 696	14	Voksenåsen (100%)	43	-1
Samhall (100%)	7 442	-271			
Saminvest (100%)	3	-157			
SBAB (100%)	3 132	2 228			

2) EUROFIMA, SAS, Stiftelsen Industrifonden, Stiftelsen Norrlandsfonden and Sweden House are not consolidated. Fouriertransform and Inlandsinnovation were transferred to Saminvest on 1 January 2017 as an unconditional shareholder contribution.

# Significant events in 2017

## Rise in dividends

Dividends from state-owned enterprises for financial year 2017 amounted to around SEK 20.2 (13.6) billion. A majority of the companies that proposed to their annual general meeting in 2018 that a dividend be paid to their owner presented a dividend proposal that was either higher or in line with the proposal adopted in the previous year. For the first time since financial year 2012 Vattenfall decided to pay a dividend – of SEK 2 billion on this occasion – and the board of LKAB presented a dividend proposal of SEK 2.9 billion after a couple of years with no dividend.

## Sale of Apoteksgruppen

In November 2017 the Government decided to sell Apoteksgruppen i Sverige Holding AB (AGHAB) to Euroapotheica UAB. The background to the sale was that the Government expressed a will to focus on the development of the state-owned enterprise Apoteket AB since there was no reason for the State to have holdings in two competing businesses. AGHAB was founded in 2010 with the mission of planning and implementing the corporatisation and transaction process for the sale of 150 of Apoteket AB's pharmacies to small business owners and of setting up a service organisation to support the operation of the pharmacies by the small business owners. Since 2014 the company has operated under market conditions without any public policy assignment specifically adopted by the Riksdag (Swedish Parliament). The sales price of the shares in AGHAB was SEK 1 694 million. The transaction was completed at the beginning of 2018 after the Swedish Competition Authority had given its approval.

## PostNord

In October 2017 the Danish and Swedish Governments concluded an agreement making it possible to implement the new production model for PostNord's Danish operations, Post Danmark. Under the agreement both states will inject capital into PostNord.

The Swedish State will contribute SEK 400 million and the Danish State SEK 267 million. In addition, the Danish State will pay PostNord compensation of SEK 1 533 million for costs related to the redundancy of employees with special employment conditions in the company's Danish operations. These injections are being examined by the European Commission.

## New share issue in SAS

In autumn 2017 SAS convened an extraordinary general meeting that authorised its board to make a new issue of ordinary shares deviating from the preferential right of shareholders. The reasons for the new share issue were that the company was going to reinforce its equity in order to obtain better terms for coming financing of aircraft investments and refinancing of maturing loans and to make a potential future redemption of preference shares possible. The Swedish State expressed its support for the proposal and the new share issue was carried out under market conditions. The Swedish State did not subscribe to shares in this new issue, so the State's holding fell from 17.2 per cent to 14.8 per cent. The Swedish State remains the largest single owner of SAS.

## Audit by the Swedish National Audit Office

The Swedish National Audit Office has examined whether the Government's governance of companies with public policy assignments provides good conditions for performing these assignments well. Findings include that the Government should give higher priority to the governance of these companies and that there is a need to develop the reporting and tracking of their public policy assignments. In 2013 the Government began work to specify the public policy assignments of these companies in 'public policy targets'. Up to now 9 of the 23 companies with specifically adopted public policy assignments have been given public policy targets.

■ *Read more on pages 21–25.*



# A company portfolio that strengthens Sweden

State-owned enterprises are a large and important part of Swedish enterprise and these companies are ultimately owned by the Swedish people. The Government, which has a mandate from the Riksdag to be responsible for this portfolio of companies, manages investments in these companies in an active and professional way with the overall objective of long-term value creation.

State-owned enterprises contribute to great public benefit in Sweden in many different ways. They fulfil important functions in society and also make important contributions to central government finances by paying dividends to their owner. These companies also create jobs throughout the country and contribute to a business sector that functions well.

State-owned enterprises are a valuable asset for Sweden, and to ensure that this will benefit both present and future generations the Government requires them to adopt a long-term approach and act and develop in an efficient and profitable way.

## Strong recovery and strong earnings

As we sum up 2017, I can see that the portfolio of state-owned enterprises is reporting its strongest earnings for many years. After some really tough years we are seeing a turnaround from

losses in the billions to profits in the billions. Dividend income is increasing strongly and the estimated value growth of the portfolio outperformed Nasdaq Stockholm. The aggregate value at the end of the year was as much as SEK 570 billion.

## Investments for the future

State-owned enterprises are continuing to perform strongly at the same time as several of them are also planning major investments of importance to society:

- Vattenfall is continuing to press ahead with its transition to renewable energy systems and the emphasis of the company's growth investments in 2018–19 is on wind power, where investments are expected to total SEK 13 billion. Vattenfall is also investing in biomass-fired heating plants and decentralised solutions such as solar energy and charging structures for electric vehicles.
- Vattenfall and LKAB are running the HYBRIT project along with SSAB; this aims to produce steel without coking coal, which would revolutionise steel-making and be able to greatly reduce the world's carbon dioxide emissions.
- SEK is making great efforts to facilitate export deals by Swedish companies thereby contributing to job creation and sustainable growth in Sweden. One example is its latest

initiative of offering financing of system exports, which involve the export of holistic solutions where several Swedish suppliers come together to be able to create a strong offer in areas like smart cities.

- Telia is continuing to play a central role in the digitalisation of Sweden and has invested around SEK 20 billion in Sweden in 2015–2017, half of which has been in fibre.
- SJ and Jernhusen are currently investing large sums in trains and the development of station areas to make rail travel simpler and more attractive in Sweden. SJ is, for example, going to invest SEK 3.5 billion in a total upgrade and modernisation of its X2000 fleet and to make further major investments of SEK five to six billion in new high-speed trains.

## High activity

2017 was a year marked by a high level of activity in the portfolio of state-owned enterprises. New financial targets were adopted for several companies; we reached an agreement with the Danish State that will enable Post-Nord to cope with the essential transformation of its Danish operations; and we obtained the mandate of the Riksdag for divestments including the sale of Apoteksgruppen.

The sale of Apoteksgruppen took place because the State already owns Apoteket and there is no reason for the State to have holdings in two competing businesses.

## Sustainability, gender equality and digitalisation

During the year the investment management organisation carried out two surveys at portfolio level. The first was a geographical review showing

“State-owned enterprises have to take a long-term approach and act and develop in an efficient and profitable way.”

“Sustainable business is essential to enable state owned enterprises to continue to be successful and create value over time.”



that state-owned enterprises are represented and create jobs all over the country to a greater extent than private companies. The second survey showed that there is a high level of activity in the portfolio regarding the enterprises' activities aimed at new arrivals in Sweden and other people who are very detached from the labour market. Since the enterprises are working actively for an inclusive and gender-equal Sweden, this will not only benefit their own operations but will also generate positive effects in the whole of society.

Sustainable business is essential to enable state-owned enterprises to continue to be successful and create value over time. This is why the Government has made clear its expectations of the work done by these enterprises on the 2030 Agenda for Sustainable Development and the Paris Agreement. As of 2017 we are tracking

the work of the enterprises on the Sustainable Development Goals, or Global Goals, and intensive efforts were also made during the year to raise the enterprises' knowledge of the Global Goals.

Digitalisation continued to be a focus area during the year. The ambition of the Government is for Sweden to be among the leading countries in digitalisation, innovation, and research and development. My expectation is that state-owned enterprises will make active use of the possibilities provided by digitalisation in their value creation, while paying attention to the new risks that may arise.

In the wake of #metoo, as the minister responsible for state ownership, I summoned all the board chairs in the portfolio of state-owned enterprises to a meeting at the start of 2018 to discuss their measures to continue

working for gender equality in their enterprises. Even though the portfolio of state-owned enterprises may be the most gender-equal in the world regarding board membership, for instance, it is important that all these enterprises continue to work for equal treatment for all and gender equality in all areas of their organisations.

I am proud of all the hard work and commitment we have seen in all parts of the portfolio of state-owned enterprises in the past year. 2017 was a year of turnaround for state-owned enterprises and that is welcome news for their owners, the Swedish people.

Mikael Damberg  
Minister for Enterprise and Innovation  
Minister responsible for state-owned enterprises

# Performance in 2017

## Sales

Consolidated net sales for the portfolio of state-owned enterprises rose by 1.0 per cent in 2017 year on year, to SEK 324.3 (321.1) billion. Net sales for the full year 2017 including associates<sup>1</sup> rose by 0.5 per cent to SEK 354.7 (353.1) billion.

Higher sales in LKAB, Systembolaget and Samhall are the main reason for the increase in total net sales. The main explanation for LKAB's increase in sales, SEK 7.1 billion, is better outcomes for price and currency hedges. Systembolaget's sales increased as a result of a slightly higher sales volume, partly on account of the population increase and higher tax on alcohol. Samhall's sales increased by SEK 0.5 billion on account of high business growth, which therefore also results in more jobs.

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.

A number of companies posted lower sales, including Vattenfall, Telia Company and SJ. Factors contributing to Vattenfall's lower sales were a decrease in sales on the private customer market in the Netherlands and lower prices obtained and lower volumes sold to the corporate segment in Germany.

Vattenfall accounts for 41.7 (43.4) per cent of net sales in the portfolio of state-owned enterprises, and 38.1 (39.4) per cent if sales in associates are included.

## Profit and dividends

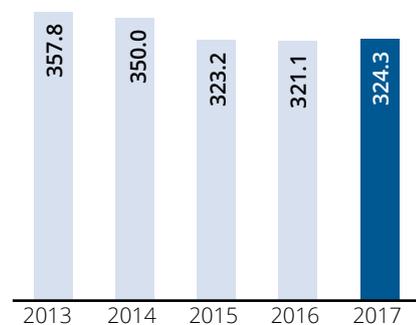
Operating profit for the full year 2017 rose to SEK 53.8 (26.4) billion. This is mainly explained by lower impairment losses and provisions for continuing operations in Vattenfall, whose underlying operating profit also increased

by SEK 1.6 billion. LKAB's better outcome from price and currency hedges and higher market prices for high-grade iron ore products made considerable contributions to the higher operating profit.

Earnings after tax for the full year 2017 rose to SEK 38.4 (-4.7) billion. The largest positive contributions to consolidated earnings after tax came from Vattenfall, Akademiska Hus, LKAB and Svenska Spel. PostNord's earnings after tax for the full year 2017 showed a strong improvement, but with earnings of SEK -0.3 (-1.6) billion this company had the largest negative impact on consolidated earnings. The accelerating growth of e-commerce strengthens the company's performance at the same time as digitalisation is continuing to have a negative impact on letter volumes.

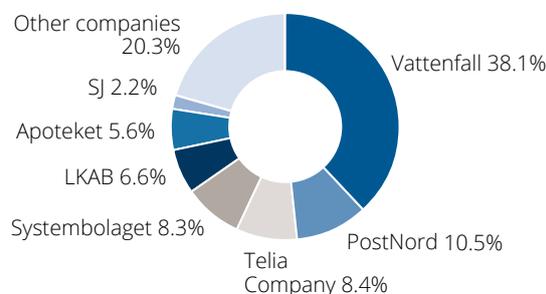
## Net sales

Excluding associates SEK bn



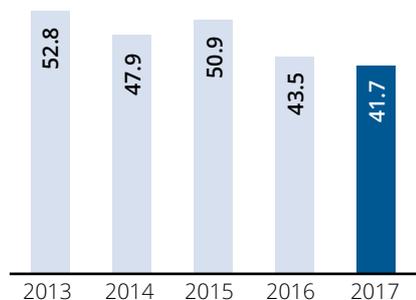
## Distribution of sales

Including associates, Jan-Dec 2017



## Gross investments

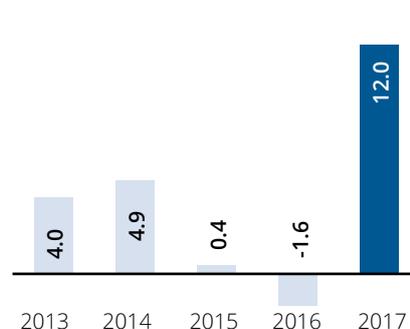
SEK bn



Gross investments decreased by 4.2 per cent to SEK 41.7bn (43.5bn). Vattenfall's gross investments, which accounted for more than half of total gross investments, decreased by 8.2 per cent to SEK 21.2bn (23.1bn).

## Return on equity

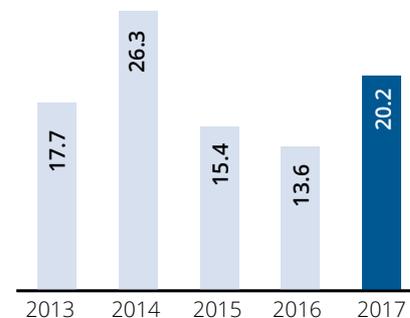
%



Return on equity was 12.0 (-1.6) per cent.

## Dividends

SEK bn



State-owned enterprises make important contributions to central government finances. Dividends paid to the State in financial year 2017 totalled SEK 20.2bn.

Dividends from state-owned enterprises for financial year 2017 amounted to around SEK 20.2 (13.6) billion. The largest dividends come from Svenska Spel, at SEK 4.7 billion, and Telia Company, at SEK 3.7 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 CO<sub>2</sub> equivalents (direct and indirect emissions) was around 25.0 (25.5) million and corresponded to a year-on-year decrease of 2.0 per cent<sup>1</sup>. Vattenfall accounts for around 92 per cent of emissions, and accounts in a group-

ing 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 rose to 6.2 (5.0)<sup>2</sup>. During the year there was no (1) work-related fatal accident in the portfolio of state-owned enterprises.

Total pay and other remuneration to employees (excluding payroll overheads) amounted to SEK 46.7 (46.4) billion. Vattenfall and companies operating in labour-intensive industries, such as PostNord and Samhall, accounted for the largest payments.

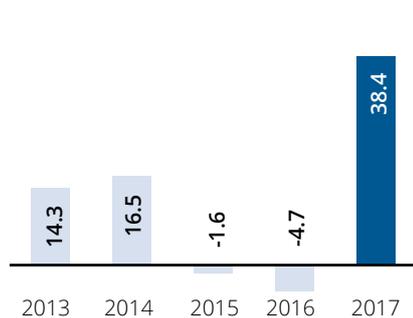
- 1) Based on information reported to the Government Offices and excludes 13 companies where these statistics were not available.  
2) A couple of companies have been excluded because they have reported all work-related accidents, irrespective of whether or not they resulted in sick-listing.

### Tax paid, total<sup>1</sup>

SEK bn	2017	2016
Corporate taxes paid in Sweden	5.7	5.4
Corporate taxes paid in other countries	2.8	1.7 <sup>2</sup>

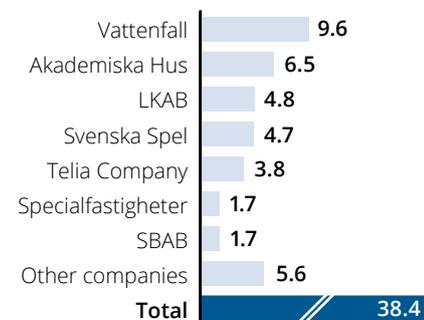
- 1) Refers to the companies' total payments of corporate tax (income tax) during the year irrespective of the state holding. For some companies this also includes the special employer's contribution on pension costs for employees, for example; but this is a small share of the total.  
2) Excludes one large tax refund in Germany for Vattenfall.

### Profit after tax SEK bn



### Profit after tax SEK bn

Companies with greatest effect on net profit, Jan–Dec 2017



### State-owned enterprises, total<sup>1,2</sup>

SEK bn	2017	2016	2015	2014	2013
Net sales (including appropriation, if any)	324.3	321.1	323.2	350.0	357.8
Net sales including associates (including appropriation, if any)	354.7	353.1	356.0	389.0	405.4
Profit/loss before changes in value	47.9	20.8	11.3	23.0	24.9
Changes in value	5.8	5.6	5.2	5.1	2.1
Operating profit/loss (EBIT)	53.8	26.4	16.5	28.1	27.0
Profit before tax	47.8	20.1	10.7	20.6	17.3
Profit/loss after tax	38.4	-4.7	-1.6	16.5	14.3
Gross investments	41.7	43.5	50.9	47.9	52.8
Cash flow from operating activities (excluding SEK and SBAB)	50.7	46.5	61.7	65.2	65.0
Total equity	342.6	312.9	339.2	363.8	358.7
Total assets	1 495.6	1 469.0	1 488.9	1 540.3	1 489.0
Number of employees excluding associates (thousands)	110	111	120	124	129
Number of employees including associates (thousands)	135	137	146	163	169
Dividend	20.2	13.6	15.4	26.3	17.7
Estimated value <sup>3</sup>	570	510	430	460	500
Return on equity (%)	12.0	-1.6	0.4	4.9	4.0
Equity/assets ratio (%)	22.9	21.3	22.8	23.6	24.1
Dividend yield (%)	3.6	2.8	3.6	5.5	3.3

- 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. Apoteksgruppen is not included in the consolidated overview for 2017. The values for earlier years have not been adjusted.  
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.

# Higher market value

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, services and telecom.

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. The majority 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.

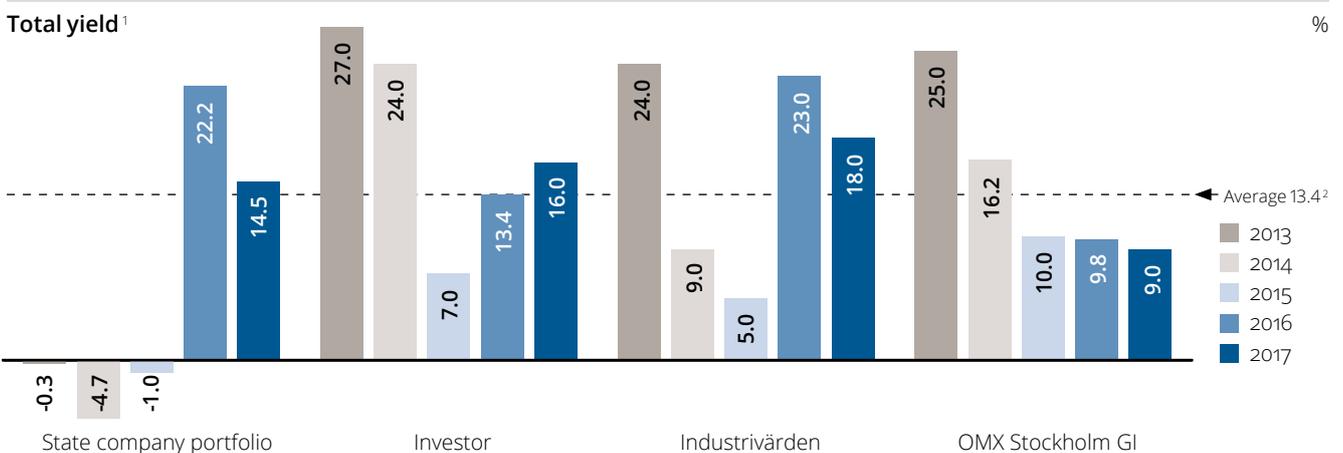
**Value performance 2013 to 2017**  
At year-end 2017, the value of the state company portfolio was estimated at SEK 570 billion. Adjusted

for executed transactions, this is an increase of about SEK 70 billion, or about 14 per cent, since 2013, when the portfolio was valued at around SEK 500 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 70 billion is primarily attributable to changes in value 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 2013 holdings in the basic industry/energy sector have increased in value from around SEK 200 billion to around SEK 240 billion. As a result of this value performance, adjusted for transactions, the sector's share of the total state company portfolio increased to more than 40 per cent of the value at year-end 2017. The lowest figures were observed in 2014–2015.

Adjusted for transactions, the value of the state company portfolio excluding the basic industry/energy sector grew by some SEK 30 billion to around SEK 330 billion, in the same period. This corresponds to an average growth of just over 2 per cent per year between 2013 and 2017. During the same period, Nasdaq Stockholm grew in value by an average of 7.5 per cent per year.



Source: FactSet and website of each company.

- 1) Total yield reflects annual value performance including dividends executed. The calculated total yield on the state company portfolio is adjusted for divestments during the period.
- 2) The average refers to the mean of all observations during the period.

The telecom and services sectors have shown a negative performance since 2013. The decline in value totalling about SEK 45 billion for these sectors is mainly attributable to the performance of shares in Telia Company and the fact that, since 2015, the valuation of Svenska Spel includes an assumption that its exemption from gaming and corporate tax will be withdrawn.<sup>1</sup>

The main sectors in the state company portfolio that have performed well since 2013 are property, consumer goods, finance and infrastructure. The increase in the consumer goods sector is mainly attributable to favourable value growth in Apoteket, whose underlying profitability has improved. The increase in the finance sector is mainly attributable to SBAB, which has benefited from the development of the Swedish housing market. 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, for example, has performed well on account of good passenger growth. 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 2017 the sector accounted for about 9 per cent of portfolio value.

### Value performance in 2017

In 2017 the value of the state company portfolio rose by around SEK 60 billion, or just under 12 per cent, year-on-year. By comparison, Nasdaq Stockholm rose by around 6.5 per cent over the same period. Dividends paid to the State in 2016 amounted to just over SEK 13.6 billion, corresponding to a total yield of just under 14.5 per cent in 2017, compared with 22.2 per cent in 2016. Dividends to the State in 2018 have shown a strong year-on-year increase. 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 infrastructure 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 just over SEK 45 billion.

Holdings in the basic industry/energy sector were valued at year-end 2017 at around SEK 240 billion, an increase of about SEK 35 billion, or just over 17 per cent, year on year. The main reasons for the increase in the estimated value are a higher valuation of Vattenfall, driven by lower assessed risk and higher electricity prices and a higher valuation of LKAB, which has benefitted from rising iron ore prices.

At the end of 2017 the value of the infrastructure sector was just under SEK 50 SEK billion, which is an

increase of SEK 10 billion, or 25 per cent, year on year. Part of the increase is attributable to the value growth of Svedab's assets.

The value of the property sector was assessed at SEK 67 billion at year-end 2017, an increase of around SEK 7 billion, or 12 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 211 billion at the end of 2017, which is an increase of SEK 7 billion. One contributing factor was that Apoteksgruppen was valued at the end of 2017 at transaction price instead of the book value of equity.

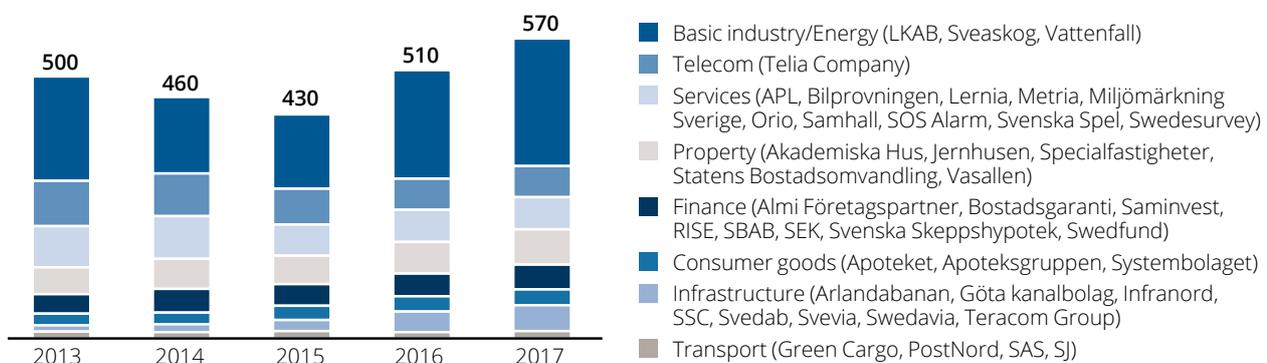
### Share price performance of listed holdings

In 2017 the value of holdings in Telia Company decreased by 0.4 per cent. The value of holdings in SAS increased by 52.7 per cent. As a whole, the value of listed holdings increased by 0.3 per cent or SEK 158 million.

1) If Svenska Spel is required to pay gaming and corporate taxes in the future, revenues to central government will consist of dividends and taxes instead of dividends only as is now the case. In valuation terms, however, the value of the company would be lower in that scenario.

Value performance 2013–2017 by sector (adjusted for transactions)<sup>3,4</sup>

SEK bn



Source: Ministry of Enterprise and Innovation.

3) In addition to the reported sectors, the "Other" sector (Dramaten, ESS, Operan and VisitSweden) is included for 2015; the amount being SEK 1 bn.

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 for 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.



## Welcome App and SBAB in cooperation for integration

Since 2016 Welcome App has brought together about 10 000 new arrivals and private individuals in Sweden via the Welcome platform and application. Welcome App sees that many questions from new arrivals are about how the housing market works in Sweden, but they are often also looking for answers as to how the town or city they are in works. Many people who have been in Sweden for a few years also feel that it is difficult to make contact with companies.

So the company concept "Welcome App at work" was launched at the end of 2017; it is intended to bring together new arrivals and staff at workplaces. SBAB, a state-owned enterprise, was first to open up the possibility for its employees to chat with new arrivals. This involvement on the part of staff members is completely voluntary, but the number of participants was large. So far almost 500 people in Sweden have been in touch with SBAB staff.

## Specialfastigheter has issued the company's first green bonds

Specialfastigheter has issued the company's first green bonds. There was very great interest and the bonds were oversubscribed. The bond loans are of SEK 500 million with a maturity of five years and SEK 750 million with a maturity of seven years. The loans are intended to finance environmentally certified buildings such as the new district court building in Lund, energy efficiency projects, renewable energy, sustainable forestry and water projects. The green bonds have been issued under Specialfas-



tigheter's medium term note (MTN) programme. An investor report to be published annually will report the allocation to various projects and compliance with the terms of

the green framework. Both Sveaskog and SBAB issued their second green bonds during the year and both were oversubscribed quickly.

## Miljömärkning Sverige inspiration for a sustainable lifestyle

The Swan is a well-established environmental label in the Nordic countries. But markets, customer expectations and marketing change at a rapid pace and a modern environmental label must adapt to this. Since the Swan is a Nordic environmental label, the various Nordic organisations that manage the environmental label in their countries must also work together.

In 2017 Miljömärkning Sverige has therefore developed a new Nordic brand strategy along with its Nordic counterparts. This means that all the

Nordic countries will communicate the Swan brand in the same way and have a common model for product development based on market conditions. The strategy is intended to develop the brand to make it more emotional so that the brand does not just guide consumers to more sustainable products and services but also inspires them to have a sustainable lifestyle. Its communication will therefore be more geared to target groups so as to engage and involve companies and consumers to a greater extent. Digital communication will be an important part of this work.



## SSAB, LKAB and Vattenfall in collaboration for fossil-free steel-making

In 2017 SSAB, LKAB and Vattenfall formed a joint venture company to continue moving the HYBRIT initiative forward. The companies each own a third of the new company, which is working on finding a manufacturing process for steel that emits water instead of carbon dioxide. The aim is to have a completely fossil-free process for steel-making by 2035.

The HYBRIT initiative is divided into three phases. A pre-feasibility study,

conducted in 2016–2017, charted all the requirements for fossil-free steel-making. This is being followed by a pilot study running from 2018 to 2024. Finally trials will be held in a demonstration plant between 2025 and 2035.

This initiative can reduce Sweden's total emissions of carbon dioxide by 10 per cent and has been described as crucial in enabling Sweden to meet the goals in the Paris Agree-



ment. Sweden has unique conditions for an initiative of this kind. It has a specialised, innovative steel industry, access to climate-smart and renewable electricity and Europe's highest-quality iron ore.

## State-owned enterprises given high marks for digitalisation, sustainability and service

Several state-owned enterprises received important awards in 2017, and this is a good assessment that they are acting "in a manner that generates public confidence" – one of the requirements in the state ownership policy.

To mention a few examples, with its annual report for 2016 SEK won the first prize in the "Best reporting of sustainability" competition held by

FAR, the Institute for the Accountancy Profession in Sweden.

For the eighth time Differ, a branding company, has examined "Sweden's greenest brand" and for the sixth successive year SJ was ranked highest of the 86 brands studied in eight different industries. In 2017 SJ shared first place with Änglamark. SJ was also give a top-ten ranking on the "Digital leaders in Sweden

2017" list, where BearingPoint, an IT company, examined 80 Swedish companies to see which were best at digitalisation. Telia and SAS, two other state-owned enterprises, also took top-ten places.

Systembolaget has the highest confidence ranking among Swedes in the Confidence Barometer for 2017 and has been rated as Sweden's best service company for five straight years in the Service Score survey. Apoteket was also among the top ten companies in Service Score 2017, taking seventh place.

# 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.

In 2017 the owner 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 digitalisation 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. Moreover, the investment management organisation has carried out a portfolio-wide temperature check of the enterprises' digital

maturity and created scope to discuss digitalisation issues during owner dialogues. The investment management organisation has also invested time in internal professional development in the form of study visits and seminars on matters including digitalisation in board work.

## SJ – a digital and fresh-thinking company

In 2017 SJ continued to develop the company's mobile app, introducing the Swish payment service for payments in SJ's own channels. At the end of the year Swish was used in more than half of digital purchases. SJ's systematic way of working, by involving interested travellers in testing and evaluating ideas in their development app SJ Labs, continues to be successful. The digital

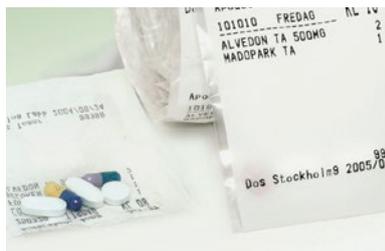
function "Where should I stand on the platform" is one result of this cooperation. This simplifies embarking for passengers, making punctual departures more likely.

SJ has also started work on making its trains smarter, and sensors will enable trains to send signals when something is about to break down or it is time for service. By digitalis-

ing vehicle maintenance, SJ achieves more robust trains, more punctual services and faster and clear information to travellers. Moreover, SJ is the first travel company in the world to offer its passengers the option of using a chip implant for ticket inspection. This trial has attracted a great deal of attention in Sweden and elsewhere.

## Apodos

Exactly the right medication at exactly the right time. Every day Apoteket produces more than 300 000 drug dispenser packs, Apodos, for its customers. Each pack contains exactly the right medication that the customer has to take at one and the same time and is individually marked with personal data and contents.



Apodos packs are produced in wholly automated machinery in Örebro and distributed from that location to customers. Every Apodos pack is photographed individually to ensure that the right drugs are in the bag and that no pill has been damaged. The photographs are analysed digitally and only 0.1 per cent are examined and corrected manually. The production environment provides exact and reliable high-speed distribution of over 1 million pills per day.

Three million people in Sweden are living with a chronic disease and take medicine every day. Medicine-related problems lead to major

costs for society and result in great human suffering. Apodos is an important assistive device for people who need to take their medication in the right way and thereby achieve compliance. Compliance problems are everyday obstacles that result in people not following their prescription as intended by their doctor. They are often purely human obstacles such as the customer forgetting to take their medicine, having deficient information about their medicine or not seeing any clear effect of their medicine. Apodos helps to improve prescribed drug treatment, reduces the cost to society and improves quality of life for many people.

## Culture fostering innovation at Systembolaget

With the objective of increasing innovative capacity and "intrapreneurial" spirit Systembolaget started work on "incubators" in the whole of the company in 2017. At Systembolaget an incubator is an iterative

test with the aim of affirming creativity and making a quick, simple and cheap test of an idea or solution. In the incubator it is also possible for everyone to follow developments in real time. The incubator ends with a

recommendation of next steps. So far around 10 incubators have been started and they are used for tests of technical support from artificial intelligence/robotics as well as for reviews of internal ways of working and assistive devices in the whole of the company.



Systembolaget is also continuing established cooperation and networking to exchange experience in the area of innovation. One example is cooperation with the Swedish Retail and Wholesale Council where Systembolaget and four other actors from business are testing a new form of cooperation along with five higher education institutions so as to do research on challenges for the customer offers of the future in retailing.

## Hackathon

A cohesive offer of services that is at the forefront requires operations capable of fresh thinking. SOS Alarm can be taken as an example. At the end of last year they hosted a hackathon in the form of a competition between teams from Sweden's universities of technology. The aim was to think out and make prototypes of new services for a more secure Sweden for all. The winning entry was a bot that uses artificial intelligence to make suggestions to SOS operators as to what resources should be dispatched, based on how SOS operators have acted in similar situations in the past. When fully developed, this kind of function can save

important seconds or even minutes in acute emergencies. SOS Alarm is going to examine all the competition entries to see whether they can help to dispatch assistance in a safer and more effective way in the future. The

Hackathon is an innovative way for SOS Alarm to find future colleagues at the same time as the competition helps to bring the alarm service of the future into being.



# 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 8 partially owned companies with a total value of SEK 570 billion. Together, state-owned enterprises and their subsidiaries employ about 110 000 people and around 135 000 when associates are also included.

State-owned enterprises represent strong brands and play an important role in Swedish society. Several of the enterprises started out as public enterprises, commercial operations within government agencies or state monopolies. Today, most of these enterprises 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.

Some twenty state-owned enterprises have been given specifically adopted

public policy assignments 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 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 companies 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 strategies; 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.

### 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"> <li>• Companies Act</li> <li>• State Ownership Policy</li> <li>• Rules for issuers<sup>1</sup></li> <li>• Swedish Corporate Governance Code</li> </ul>	<ul style="list-style-type: none"> <li>• Operations paragraph of articles of association</li> <li>• Owner instruction<sup>2</sup></li> </ul>	Annual General Meeting (AGM)
Listed companies	<ul style="list-style-type: none"> <li>• Swedish Companies Act</li> <li>• Rules for issuers</li> <li>• Swedish Corporate Governance Code</li> </ul>	<ul style="list-style-type: none"> <li>• Operations paragraph of articles of association</li> </ul>	Annual General Meeting (AGM)
Government agencies	<ul style="list-style-type: none"> <li>• Government Agencies Ordinance</li> <li>• Ordinances containing instructions for specific agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Appropriation directions</li> <li>• Special government decisions on assignments</li> </ul>	Agency head/board or governing board

1) Applies to external reporting.

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

## Responsible ministries

### Ministry of Enterprise and Innovation

Akademiska Hus  
 Almi Företagspartner  
 Apoteket  
 Arlandabanan Infrastructure  
 Bilprovingen  
 Bostadsgaranti  
 EUROFIMA  
 Green Cargo  
 Göta kanalbolag  
 Infranord  
 Jernhusen  
 Lernia  
 LKAB  
 Metria  
 Orio  
 PostNord  
 RISE, Research Institutes of Sweden  
 Samhall  
 Saminvest  
 SAS  
 SBAB  
 SEK, Svensk Exportkredit  
 SJ  
 SOS Alarm  
 Specialfastigheter  
 SSC, Svenska rymdaktiebolaget  
 Statens Bostadsomvandling  
 Stiftelsen Industrifonden  
 Stiftelsen Norrlandsfonden  
 Sveaskog  
 Svedab  
 Svenska Skeppshypotek  
 Svenska Spel  
 Svevia  
 Swedavia  
 Swedesurvey  
 Swedfund International  
 Telia Company  
 Teracom Group  
 Vasallen  
 Vattenfall  
 VisitSweden

### Ministry of Finance

Miljömärkning Sverige

### Ministry of Culture

Kungliga Dramatiska teatern  
 Kungliga Operan  
 Voksenåsen

### Ministry of Health and Social Affairs

APL, Apotek Produktion & Laboratorier  
 Systembolaget

### Ministry for Foreign Affairs

Sweden House



### 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 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 state ownership policy is applied in all companies where the State is a majority owner. In partially 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 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 organisation

The Minister for Enterprise 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 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 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 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 teams 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. 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 investments/holdings they manage, 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 about their company, the markets in which it operates and the important issues and challenges the company is facing. The expertise of investment directors contributes to the knowledge that the investment teams have of their companies, which facilitates, for example, the preparation and planning of analyses and owner dialogues at the Government Offices. 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, every 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 performed.

In order to clearly integrate sustainable business in the company's business

### Active ownership

Active ownership within the framework of state ownership policy



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*

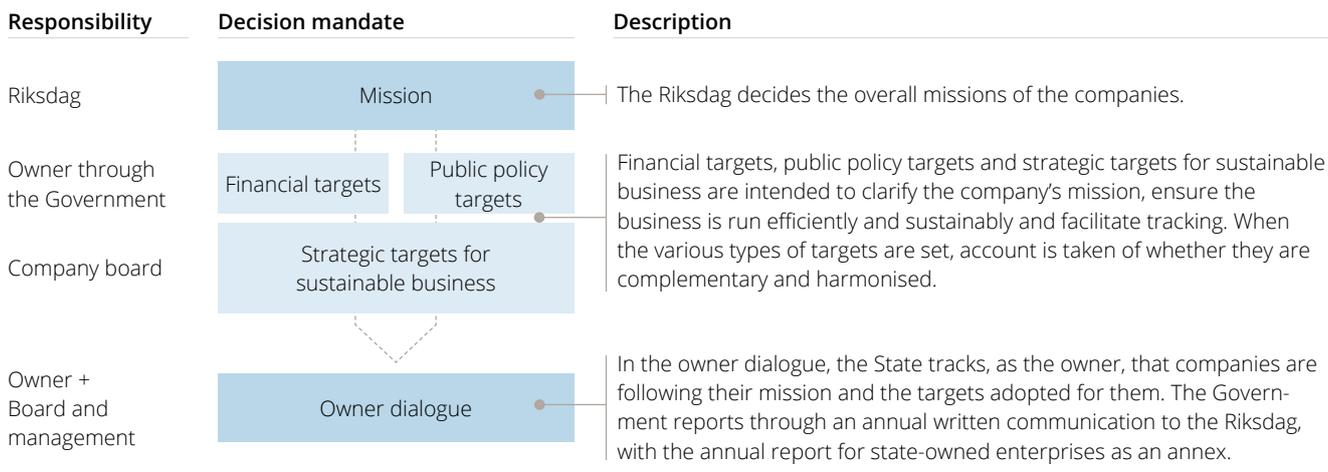
The Ministry of Enterprise and Innovation has administrative responsibility for the majority of the state-owned enterprises. Other ministries with administrative responsibility are the Ministry of Finance, the Ministry of Culture, the Ministry of Health and Social Affairs and the Ministry for Foreign Affairs, see the table on page 14. The ministers and political leadership of the various ministries regularly meet with the board chairs and management of state-owned enterprises at "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 companies whose shares are admitted to trading on a regulated market in Sweden.

### 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.



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.

#### Costs

In 2017 the cost of the investment organisation at the Ministry of Enterprise and Innovation was SEK 33.2 (38.9) 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 25.2 (14.5) million. The costs of the investment 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.

#### Changes in the portfolio

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

In autumn 2017 SAS made a new issue of ordinary shares deviating from the preferential right of shareholders. The Swedish State did not subscribe to shares in this new issue, so the State’s holding fell from 17.2 per cent to 14.8 per cent.

Since 1 July 2016 Saminvest, a wholly owned company, has been part of the portfolio of state-owned enterprises. As of 2017 Saminvest is the parent company of the previously wholly state-owned companies Inlandsinnovation and Fouriertransform.

#### Authorisations to change state ownership

In Government Bill 2016/17:181, “State-owned enterprises in transformation” [Statligt ägda bolag i omvandling] which was submitted to the Riksdag on 20 April 2017, the Government proposed divestment of the State’s holdings in Apoteksgruppen i Sverige Holding AB and Metria AB. The Government also proposed winding up and voluntarily 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).

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
Bostadsgaranti	50	0	Govt Bill 2012/13:1, Com. Rep. 2012/13:NU1, Riksdag Comm. 2012/13:103
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	15	0	Govt Bill 2009/10:121, Com. Rep. 2009/10:FIU35, Riksdag Comm. 2009/10:220

## Board nomination process

The investment 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.<sup>1</sup>

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 profile requirement 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 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 chairmen 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.

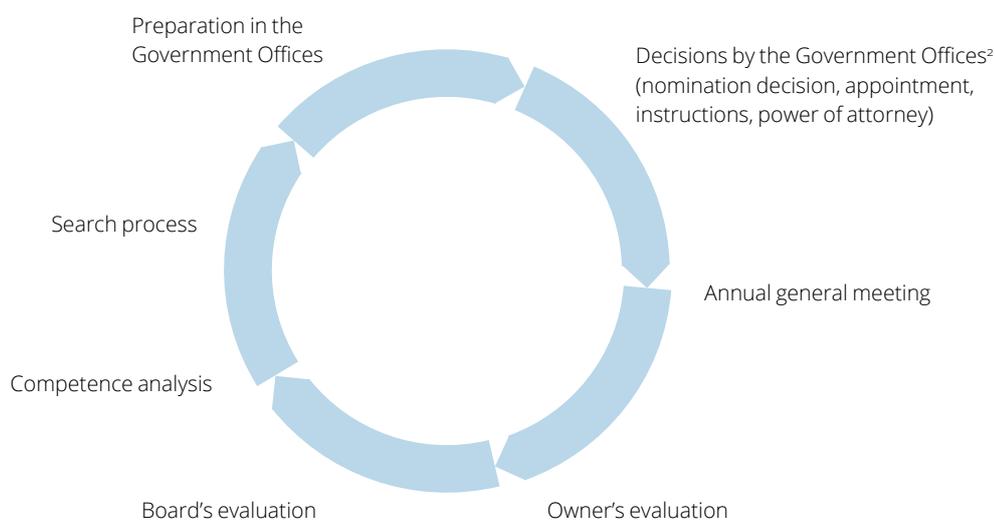
The gathering of political support, i.e. the preparation of the decisions, is an ongoing process during the autumn and winter. Consideration is given to which chairs and directors should be re-elected and which replaced, and proposals are prepared for new chairs and other new directors. The minister 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 (the 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 keep financial risk at a reasonable level and to ensure that the businesses are run as efficiently as possible and to safeguard value creation. 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 the 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 creation 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 analy-

sis. 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.

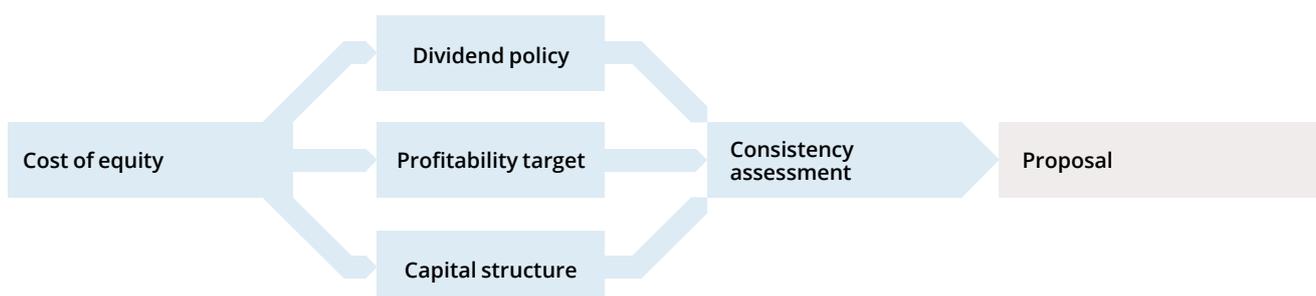
#### Efficient capital structure

Then a capital structure target is set 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 for the company's debt/equity ratio.

#### 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 compensa-

### Method of setting financial targets





In 2017 new financial targets were adopted for LKAB. The company's targets for its capital structure and dividend were modified.

tion 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 an 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. Taken together, this means that

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 starts from. 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 macro-economic 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 2017 new financial targets were adopted for LKAB, Swedavia and Vattenfall. Read about the development of Vattenfall's new targets on the next page.

## Vattenfall – new financial targets

The energy market is undergoing a paradigm shift. Several energy companies are working to put in place sustainable production portfolios with a shift in investment plans from fossil power to renewables such as wind and solar. There is, at the same time, a strong focus on 'decentralised customer solutions' in which the energy industry moves from a production to a customer focus and offers climate-smart solutions. Electricity prices are still at low levels even though there has been a recovery from previous bottom levels. In the midst of all this, the industry is being digitalised. Overall, 2017 was judged to be a suitable point in time to review the financial targets that Vattenfall has been working towards since 2012.

### An important governing tool

The owner initiated a discussion with the board of Vattenfall about a review of the company's financial targets, which was then decided formally. That decision marks the starting point of a comprehensive target project that was conducted in 2017, alongside a sustainability analysis, run in close cooperation between the owner, board and management.

The adoption and tracking of financial targets is one of the most important tools of the investment organisation. Regular tracking of Vattenfall's performance in relation to the targets adopted increases understanding of the owner's expectations and the State is able, as the owner, to contribute to the evaluation and development of the

company and to clearer and more effective corporate governance.

### Result of the target project

The target project led to a slightly lower yield requirement, which is chiefly a result of transformation in the company's product mix (less fossil power in favour of more renewable power) and changes in market conditions in the wake of considerable market maturity in renewable energy. The risks are now lower and the return is therefore more stable.

The new targets make an acceleration possible in renewable forms of energy and contribute to Vattenfall's long-term target of being fossil-free "within a generation". The analysis pointed to difficulties in reaching the old investment target without increasing risk in the portfolio, given current electricity prices and market conditions.

Over time a more stable Vattenfall should be able to make steadier dividends possible, and this is reflected in a slightly higher dividend policy. The new financial targets were adopted at an extraordinary general meeting in December 2017.

### The new targets

- Return on capital employed  $\geq 8\%$  (9%).
- FFO/adjusted net debt = 22–27% (22–30%).
- Dividend policy = 40–70% of net profit for the year after tax (40–60%).
- The target for the net debt/equity ratio has been removed.

“The close cooperation between the owner, board and management ensured relevant aims for the company, and the process has also been valuable as a learning exercise. Both the company and the owner gained better insight into one another's perspectives and expectations.”

Lars G Nordström  
Board Chair



2012	<p><b>November</b> Previous targets adopted at an extraordinary general meeting. Electricity prices continue to fall and reach historically low levels in 2015/16, partly as a result of an increase in renewable electricity in the energy balance, lower CO<sub>2</sub> prices and low demand. Large impairment losses in the energy industry in the period 2012–16.</p>
2013	<p><b>July</b> Vattenfall divides up its operations into a Nordic and a continental European part to respond to developments in the difficult European energy market. Cost reductions and ongoing efficiency measures are accelerated in response to ever tougher market prospects.</p>
2014	<p><b>March</b> Vattenfall announces that the company intends to make record investments in the Swedish electricity grid and takes a special initiative to increase delivery security in northern Sweden and make preparations to connect more wind power.</p> <p><b>October</b> Magnus Hall takes up the post of CEO on 1 October.</p>
2015	<p><b>January</b> New organisation and group management presented. New strategy that includes customer offers moving towards more sustainable solutions and a further focus on emission-effective or emission-free production.</p> <p><b>October</b> Decision made to end operations at the Ringhals 2 and 1 nuclear power stations in 2019 and 2020 respectively.</p>
2016	<p><b>June</b> Parliamentary energy agreement reached. It is a common road map for a controlled transition to a completely renewable electricity system with the target of 100 per cent renewable electricity production in 2040. The system of electricity certificates for wind power is extended. Tax on hydro and nuclear power production is reduced.</p> <p><b>September</b> After a long period of investigation of ownership and confirmation of state backing for the decision, Vattenfall completes the sale of its German lignite operations.</p> <p><b>November</b> Vattenfall wins tender process to build the largest sea-based wind farm in the Nordic region, in the Kriegers Flak area.</p>
2017	<p><b>November</b> Historically large wind power order. The company orders turbines for three new wind farms in Denmark. The order is the largest for turbines for sea-based wind power in 2017.</p> <p><b>December</b> Vattenfall's new financial targets adopted at an extraordinary general meeting in December 2017.</p>

# 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 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 example, 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 aim 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.

## 23 companies with specifically adopted public policy assignments

Almi Företagspartner  
 APL, Apotek Produktion & Laboratorier  
 Arlandabanan Infrastructure  
 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

The portfolio of state-owned enterprises contains 23 companies that have specifically adopted public policy assignments, see the table above.

## Swedish National Audit Office's audit of Government's governance of companies with public policy assignments

In 2017 the Swedish National Audit Office (SNAO) audited whether the Government's governance of companies with public policy assignments provides good conditions for performing these assignments well. The audit results were published in the report *The Government's corporate governance of state-owned enterprises with a public policy assignment [Statligt ägda bolag med samhällsuppdrag – regeringens styrning]* (RiR 2017:37). The audit showed that the Government's monitoring and reporting can be improved in areas including conflicts between targets

and the financing of public policy assignments. The SNAO's assessment is that the systematic governance and monitoring of public policy assignments needs to be developed.

The SNAO recommends that the Government accelerate the process of giving public policy targets to companies with public policy assignments. According to the SNAO, the Government should also supplement the annual communication to the Riksdag about state-owned enterprises with a unified report on the public policy assignments and

work to ensure that companies with public policy assignments develop their reporting of work on these assignments.

In spring 2018 the Government has presented its assessment of the SNAO's observations and recommendations in a communication to the Riksdag (Govt Comm. 2017/18:172), and the investment organisation at the Government Offices has started to implement some of the SNAO recommendations.

# Public policy targets clarify non-financial values

Several state-owned enterprises have public policy assignments specifically adopted by the Riksdag. For these enterprises 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.

## 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 bearing on the company's

financial conditions and what financial targets can be set.

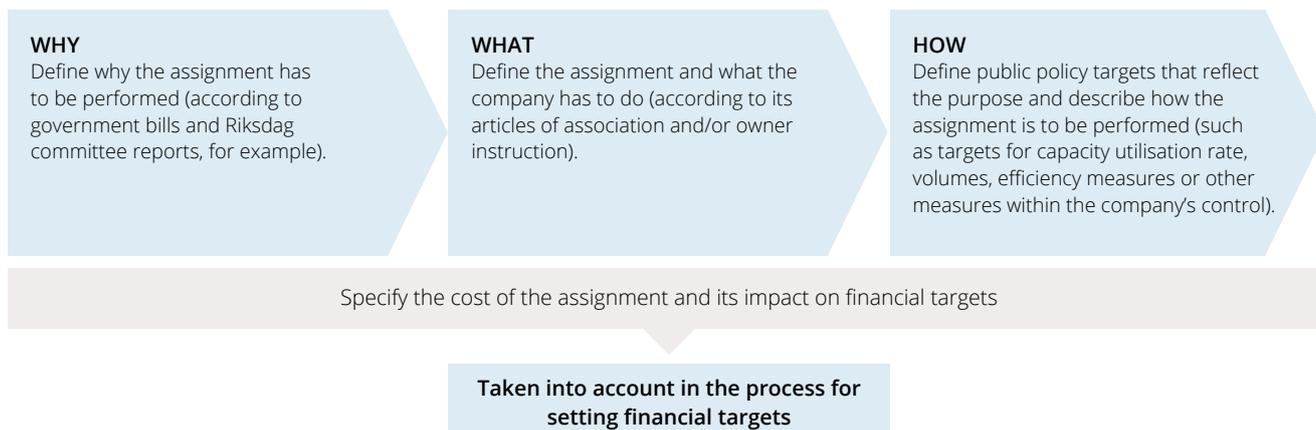
Some companies with specifically adopted public policy assignments receive appropriations from the central government budget. A cost estimate for the specifically adopted public policy assignments make it easier for the Government and the Riksdag to set priorities for the use of taxpayers' money.

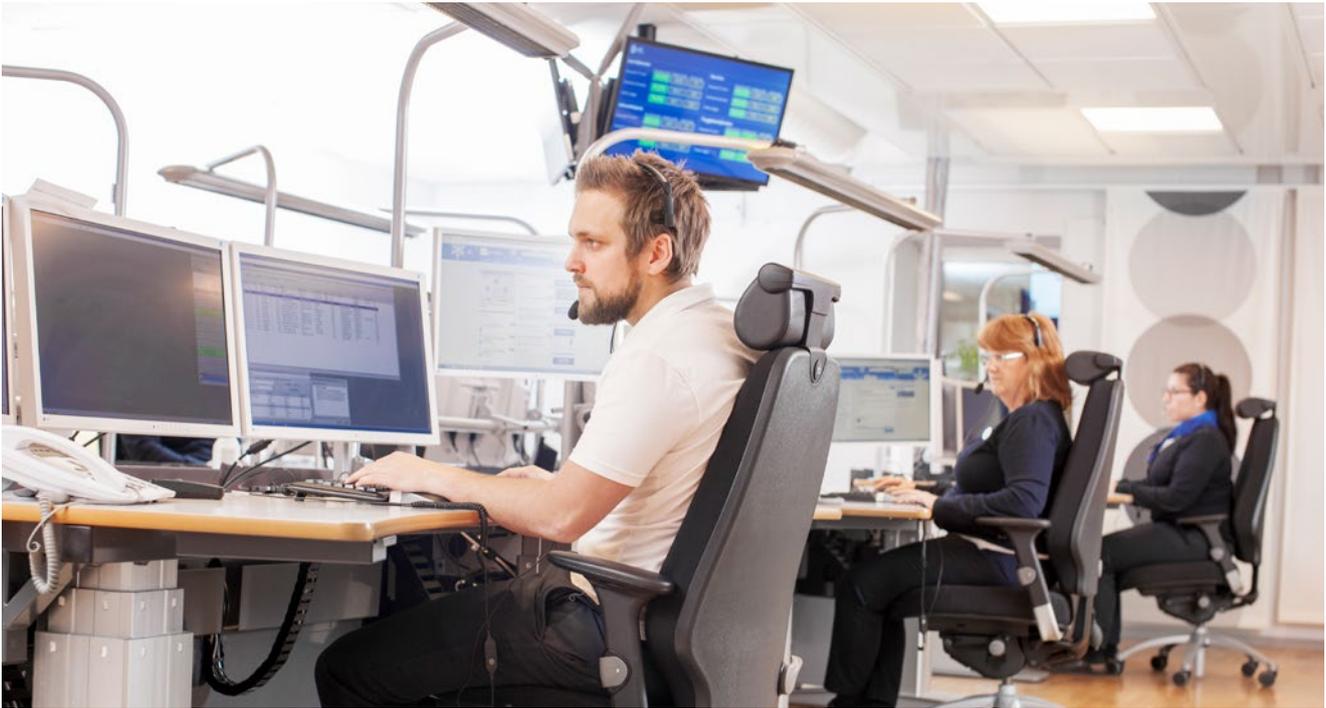
## Method of setting public policy targets

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

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

## Method of setting public policy targets





SOS Alarm is one of the companies for which public policy targets have already been set. These targets include response times.

■ For more information see page 65.

The description of a company's operations in its articles of association often sets out the 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 committee reports must be reviewed to determine the public benefit.

Uniform public policy targets are set by defining categories of various purposes or public benefits. Standard targets are developed for these categories. One example is infrastructure, where the standard targets are the capacity utilisation rate and a quality index. The higher the capacity utilisation rate, the greater the public ben-

efit 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.

The portfolio of state-owned enterprises contains nine companies with specifically adopted public policy targets, see the table on the right.

#### Tracking and evaluation

Public policy assignments are tracked on an ongoing basis and are a standing item on the agenda of the regular owner dialogues between representatives of the owner and the company. If there is a material change in the company's conditions, the public policy assignments can be reviewed and revised.

#### Companies already given specifically adopted public policy targets

Almi Företagspartner  
Göta kanalbolag  
SEK, Svensk Exportkredit  
SOS Alarm  
SSC, Svenska rymdaktiebolaget  
Svedab<sup>1</sup>  
Swedavia  
Swedfund International  
Systembolaget

1) Public policy targets according to the process were adopted at the company's AGM in 2018.

# 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 2017

% , unless otherwise stated	Profitability Return on equity, unless otherwise stated		Capital structure Equity/assets ratio, unless otherwise stated		Approved dividend based on profit for 2017, unless otherwise stated	
	Target	Outcome 2017	Target	Outcome 2017	Target	Outcome 2017
Akademiska Hus	≥6.5 <sup>1</sup>	5.9 <sup>1</sup>	30–40	43.3	40–60	60
APL	>8	-0.1	40–50	27.2	≥50	-
Apoteket	≥3 <sup>2</sup>	3.4 <sup>2</sup>	40–80 <sup>3</sup>	34.0 <sup>3</sup>	40–60 <sup>4</sup>	59 <sup>4</sup>
Bilprovningen	≥8 <sup>2</sup>	7.3 <sup>2</sup>	30–40	49.8	≥80	-
Green Cargo	≥10 <sup>6</sup>	0 <sup>6</sup>	0.6–0.9 <sup>3</sup>	1.9 <sup>3</sup>	50	-
Göta kanalbolag	≥0 <sup>7</sup>	0.0 <sup>7</sup>	-10–50 <sup>3</sup>	-103.0 <sup>3</sup>	-	-
Infranord	≥16	16.7	>33	40.9	50–75	50
Jernhusen	≥12	9.0	35–45	43.8	33	33
Lernia	≥20	11.2	30–50	33.0	≥50	50
LKAB	>12	14.4	0–30 <sup>3</sup>	-6.6 <sup>3</sup>	40–60	60
Metria	≥10 <sup>5</sup>	8.5 <sup>5</sup>	≥30	49.4	≥30	30
PostNord	10.5 <sup>6</sup>	-1.6 <sup>6</sup>	10–50 <sup>3</sup>	3.0 <sup>3</sup>	40–60	-
Samhall	7	-18.2	≥30	35.0	-	-
SAS	>12 <sup>16</sup>	13.0 <sup>16</sup>	<3 <sup>8</sup>	3.1 <sup>8</sup>	-	-
SJ	≥7 <sup>6</sup>	16.4 <sup>6</sup>	0.5–1.0 <sup>3</sup>	-0.1 <sup>3</sup>	30–50	50
SOS Alarm	≥2 <sup>2</sup>	8.8 <sup>2</sup>	25–35	46.1	≥50	-
Specialfastigheter	8 <sup>9</sup>	13.2 <sup>9</sup>	25–35	33.8	50	50
SSC	6 <sup>6</sup>	-2.0 <sup>6</sup>	0.3–0.5 <sup>3</sup>	0.3 <sup>3</sup>	≥30	-
Sveaskog	4.5 <sup>10</sup>	4.6 <sup>10</sup>	0.3–0.6 <sup>3</sup>	0.4 <sup>3</sup>	65–90	75
Svenska Spel	≥22 <sup>2</sup>	21.8 <sup>2</sup>	-	-	-	100
Svevia	≥20	12.3	20–30	30.5	≥50	171
Swedavia	≥6 <sup>6</sup>	5.1 <sup>6</sup>	0.7–1.5 <sup>3</sup>	1.0 <sup>3</sup>	30–50	30
Swedesurvey	≥5 <sup>2</sup>	-65.1 <sup>2</sup>	>10–15 <sup>11</sup>	3.2 <sup>11</sup>	50–100	-
Swedfund	positive <sup>12</sup>	50.1 <sup>12</sup>	-	-	-	-
Systembolaget	risk free (rf)+7	17.2	20–30	27.8	80–100	100
Telia Company	-	-	A- to BBB+ <sup>13</sup>	A- to BBB+ <sup>13</sup>	2 <sup>13</sup>	2.3 <sup>13</sup>
Teracom Group	17	13	30	79.0	40–60	60
Vasallen	risk free (rf)+4	4.3	≥50	82.0	30–50	544
Vattenfall	≥8 <sup>14</sup>	7.7 <sup>14</sup>	22–27 <sup>15</sup>	21.5 <sup>15</sup>	40–70	24

1) Return on operating capital excluding changes in value. 2) Operating margin. 3) Debt/equity ratio, % or ratio. 4) Share of net profit for 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 of at least SEK 10–15 million. 12) EBIT to be positive, regardless of accounting standard, outcome in SEK m. 13) Solid long-term credit rating and minimum dividend of SEK 2 per share. 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 2017, unless otherwise stated	
	Target	Outcome 2017	Total capital ratio		Common equity Tier 1 capital ratio		Target	Outcome 2017
	Target	Outcome 2017	Target	Outcome 2017	Target	Outcome 2017	Target	Outcome 2017
SBAB	≥10	12.5	≥1.5 <sup>17</sup>	47.6 <sup>17</sup>	≥1.5 <sup>17</sup>	32.2 <sup>17</sup>	≥40	40
SEK	≥6	4.5	1–3 <sup>18</sup>	23.0 <sup>18</sup>	-	-	30	30

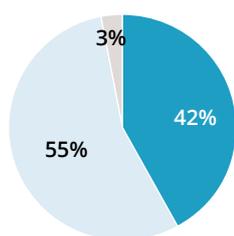
17) Total capital ratio and Common Equity Tier 1 capital ratio under normal circumstances to be at least 1.5 percentage points above the requirement communicated by Finansinspektionen, which corresponds to a target of 37.7% for the total capital ratio and 27.3% for the common equity Tier 1 capital ratio.

18) Total capital ratio under normal circumstances to be between 1 and 3 percentage points above the capital requirement communicated by Finansinspektionen: 17.2–19.2%.

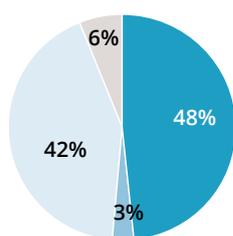
## Achievement of financial targets for 2017

At portfolio level

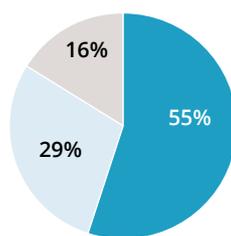
### Profitability



### Capital structure



### Dividend



- Target achieved
- Target partly achieved<sup>1</sup>
- Target not achieved
- No target adopted

1) Company has several relevant targets, some of which have been achieved.

## Public policy targets and outcomes in 2017

Public policy targets are intended to clarify the companies' public policy assignments. The public policy assignments and targets are described on pages 21–23. The public policy assignments, public policy targets and outcomes of each company are presented in the company overviews on pages 39–85.

Companies with public policy assignments	Public policy targets adopted	Outcomes
<b>Ministry of Enterprise and Innovation</b>		
Almi Företagspartner	Yes	See page 40
Arlandabanan Infrastructure	No <sup>1</sup>	N/A
Göta kanalbolag	Yes	See page 48
RISE	<sup>2</sup>	N/A
Samhall	<sup>3</sup>	N/A
Saminvest	<sup>3</sup>	N/A
Statens Bostadsomvandling	<sup>3</sup>	N/A
SEK	Yes	See page 63
SOS Alarm	Yes	See page 65
SSC	Yes	See page 67
Sveaskog	<sup>3</sup>	N/A
Svedab	Yes <sup>4</sup>	N/A <sup>4</sup>
Svenska Spel	<sup>3</sup>	N/A
Swedavia	Yes	See page 74
Swedfund	Yes	See page 77
Teracom Group	<sup>3</sup>	N/A
VisitSweden	<sup>3</sup>	N/A
<b>Ministry of Finance</b>		
Miljömärkning Sverige	<sup>3</sup>	N/A
<b>Ministry of Culture</b>		
Dramaten	<sup>3</sup>	N/A
Operan	<sup>3</sup>	N/A
Voksenåsen	<sup>3</sup>	N/A
<b>Ministry of Health and Social Affairs</b>		
APL	<sup>3</sup>	N/A
Systembolaget	Yes	See page 78

1) Target not set on account of special character of business.

2) Process for setting public policy targets ongoing and targets expected to be adopted in 2018.

3) Public policy targets not yet set.

4) Public policy targets according to the process adopted at the company's AGM for 2018.

# Strategic targets for sustainable business

Sustainable business is integrated in corporate governance in order to promote long-term sustainable value growth. State-owned enterprises should 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 should 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 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 should 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. The companies have to work to comply with

international guidelines such as the UN Global Compact, the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises.

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 goals. The

tracking of strategic targets for sustainable business set by company boards of directors is one aspect of the work of the investment organisation.

## Formulation of targets and strategies

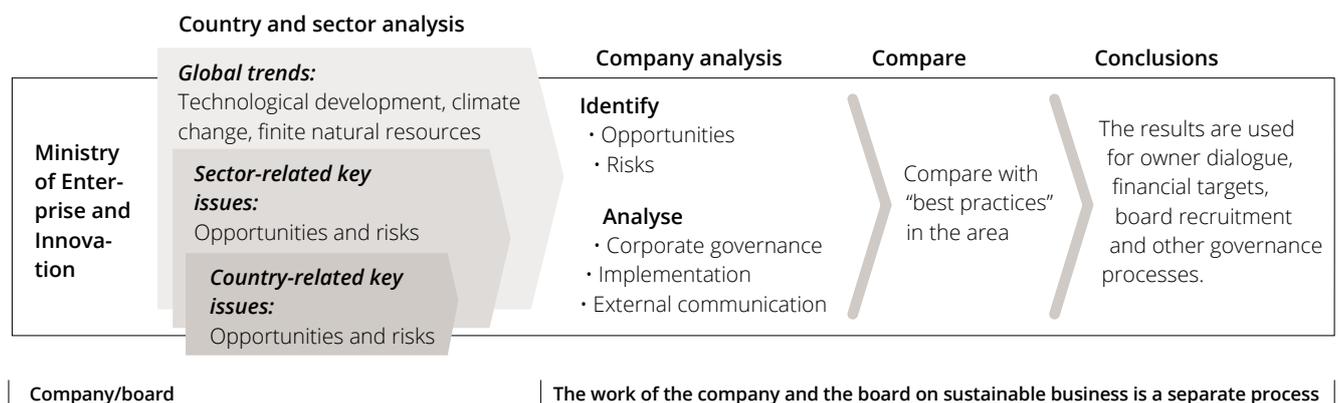
The Government has defined a number of quality criteria for the strategic targets for sustainable business. The targets have to be:

- 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 organisation carries out company-specific sustainability analyses to evaluate the companies' work on sustainable business. This analysis is based on broad busi-

### Sustainability analysis process



ness intelligence that takes into account global trends, risks and opportunities linked to the value chain in which the company operates.

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 the 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.



#### Stronger focus on human rights in the Government's corporate governance

Sustainable business including human rights is a prioritised and integrated part of corporate governance. As part of this work and to fulfil its responsibility as a business owner (see figure on page 28), the Government has, in recent years, strengthened the focus on human rights in the governance of state-owned enterprises, mainly through clearer requirements in the state ownership policy, skill-enhancing measures and greater tracking of the companies' work on the UN Guiding Principles on Business and Human Rights.

The state ownership policy from 2017 states that it is particularly important that state-owned enterprises foster respect for human rights. In various contexts the UN Working Group on Business and

Human Rights has also highlighted Swedish corporate governance as a positive example concerning work for human rights.

#### Measures to increase knowledge

To increase knowledge about the UN Guiding Principles on Business and Human Rights and to facilitate knowledge transfer between companies the investment organisation held a number of workshops in 2015–2017 along with the state-owned enterprises on various themes including impact analyses and human rights and children's law principles for companies. Human rights have also been given more space in the owner's tracking of the work of the companies, including through the sustainability analyses carried out by the investment organisation and in connection with owner dialogues.

#### Tracking and the way ahead

In spring 2017 the investment organisation carried out a study of how well state-owned enterprises communicate their work on human rights.<sup>1</sup> This analysis has been presented to the state-owned enterprises and is being used to enable both the investment organisation and the companies to continue to strengthen their work on human rights in line with the UN Guiding Principles. One result is that, working along with human rights specialists, the investment organisation has developed 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. Work on increasing knowledge about human rights and strengthening the work of the companies in this area is continuing in 2018.

1) Presented in the annual report for 2016.

“For the companies, the responsibility to take account of human rights in business decisions can be seen as yet another burden in a constantly growing flora of regulatory requirements. Doing a risk analysis of the impact on human rights in unfamiliar environments with cultural differences is a complex undertaking.

But, on balance, the positive aspects carry much more weight. The risk analyses provide early insights into unsatisfactory conditions and potential problems. The result of the improvement measures that need to be taken can make a substantial contribution to better living conditions for the people affected by the company's operations. Ultimately, this is good for communities, people, brands, attractiveness and company value.”



Anne Gynnerstedt,  
General Counsel, Vattenfall AB  
and board member, SSC  
(Svenska rymdaktiebolaget).

**The duty 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		
<b>Protect</b>	<b>Respect</b>	<b>Remedy</b>
The State Duty to Protect Human Rights	The Corporate Responsibility to Respect Human Rights	Access to 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

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 therefore 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 companies have to analyse the Global Goals and identify the goals that each company affects and contributes to through their

operations. 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 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 a well-attended workshop on the theme of the 2030 Agenda was held with repre-

sentatives of the companies. The Global Goals were also the theme of the Ministry of Enterprise and Innovation's annual seminar for the companies. This seminar was attended by external speakers with a good knowledge of the area and the companies' board representatives and CEOs. The further work of the companies will be

tracked as part of the ongoing owner dialogue 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 present in their annual report or on their website.

## Integration and employment

Swedavia's sustainability perspective is linked to UN Sustainable Development Goal 10 of Reduced Inequal-



ities. The company is working proactively to contribute to a positive development. The Entry Hub and Jobbsprånget enable people to more quickly become part of the Swedish labour market and Swedish society. In 2017 the world's first Entry Hub was opened in Umeå in cooperation between We Link Sweden and Swedavia as well as Umebygdens etableringscentrum (UBEC), Randstad, Antenn and Unionen.

Entry Hub offers a platform where new arrivals and business can meet and build networks. Jobbsprånget is being run by the Royal Swedish

Academy of Engineering Sciences (IVA) and is a four-month internship programme for newcomer academics. Since autumn 2017 Swedavia has received four qualified newcomer academics for internships every term. The internship establishes new contacts and creates conditions for the validation of skills and provides the possibility of filling real skills needs at Swedavia with new resources. The internship is run in English, and Swedavia offers Swedish language training to further enhance the employability of the individual. All four interns from autumn 2017 have obtained employment at Swedavia.

## Green loans for sustainable properties

Skanska is building office properties in the US financed by green loans from SEK.

SEK's green loans are financing new properties built by Skanska with "LEED Gold" certification and targeting "LEED Platinum". The loan is for a total of USD 100 million and matures in 2024. The first building that the loan was used for is an environmentally efficient office located in Boston's seaport district. The building has many technical innovations, including high efficiency waste water systems and rain reclamation. The elliptical shape of the property is intended to increase the efficiency

of the design. A second building is under construction in Houston, Texas. This office property will be the first project in Houston to achieve LEED Platinum, version 4, certification. Its energy use will be about 25 per cent lower than in normal office properties. SEK assesses that Skanska's sustainable buildings contribute to at least two of the UN's global SDGs: reduced emissions of greenhouse gases (SDG 13) and a sustainable urban environment (SDG 11).



# 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). On 1 May 2018 women accounted for 49 per cent and men for 51 per cent of directors of state-owned enterprises (limited companies whose registered offices are in Sweden) elected by the annual general meeting. This can be compared with the boards of listed companies, where the figures were 34 per cent women and 66 per cent men.<sup>1</sup>

Gender parity on the board of each company has to follow the “staircase”, 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 97.) Gender balance was achieved in all 42 state-owned enter-

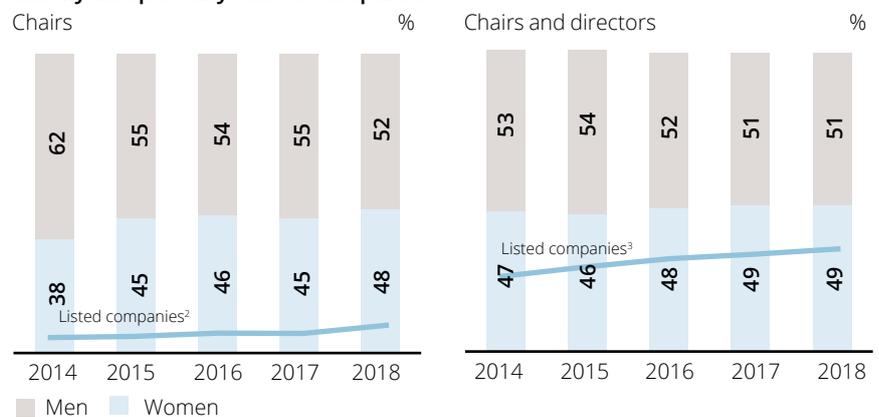
prises included in the statistics this year, compared with 2017 when 3 of the 44 companies did not reach the target. Men were overrepresented in two of these companies and women were overrepresented in one. The proportion of women chairs of

companies wholly and partially owned by the State has increased from 38 per cent in 2014 to 48 per cent in 2018, which can be compared with 9 per cent in listed companies.<sup>1</sup>

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

## Gender distribution

### Wholly and partially owned companies



2) Proportion of women chairs of listed companies.

3) Proportion of women chairs and directors of listed companies.

## Gender distribution – CEOs and executive management team<sup>4</sup>

Women (W), Men (M)	2017					2016		2015		2014	
	W, no	M, no	Total	W, %	M, %						
CEOs	16	29	45	36	64	36	64	32	68	32	68
Executive management <sup>5</sup>	143	171	314	46	54	43	57	43	57	39	61

4) There were 48 companies at year-end. The evaluation for 2017 does not include Apoteksgruppen, EUROFIMA and Sweden House.

5) Management team excluding the CEO.

## Gender distribution – directors appointed by AGM

Women (W), Men (M)	2018					2017		2016		2015		2014	
	W, no	M, no	Total	W, %	M, %								
<b>Wholly and partially owned companies</b>													
Chairs	20	22	42	48	52	45	55	46	54	45	55	38	62
Directors	124	128	252	49	51	49	51	49	51	46	54	48	52
<b>Total chairs and directors appointed by the AGM</b>	<b>144</b>	<b>150</b>	<b>294</b>	<b>49</b>	<b>51</b>	<b>49</b>	<b>51</b>	<b>48</b>	<b>52</b>	<b>46</b>	<b>54</b>	<b>47</b>	<b>53</b>
<b>Wholly owned companies</b>													
Chairs	17	20	37	46	54	45	55	44	56	46	54	41	59
Directors	107	110	217	49	51	50	50	51	49	49	51	51	49
<b>Total chairs and directors appointed by the AGM</b>	<b>124</b>	<b>130</b>	<b>254</b>	<b>49</b>	<b>51</b>	<b>49</b>	<b>51</b>	<b>50</b>	<b>50</b>	<b>49</b>	<b>51</b>	<b>50</b>	<b>50</b>

The calculation covers limited companies whose registered offices are in Sweden. The report does not include EUROFIMA, Svenska Skeppshypotekskassan, Sweden House or Voksenåsen. Bostadsgaranti is not included in the statistics for 2018 since its AGM in 2018 decided that the company will be wound up by going into voluntary dissolution.

# Sustainable pay 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 remunerations 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 the Government 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.

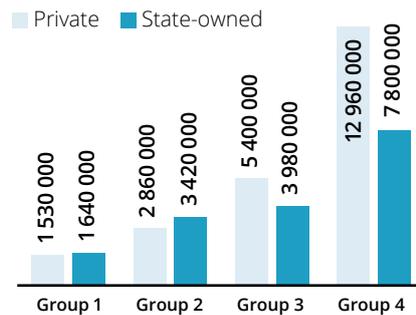
According to the remuneration principles in the Government's guidelines, total remuneration to senior executives should be reasonable and carefully considered. It should also be competitive, have a set ceiling and be appropriate, while fostering sound ethics and a good corporate culture. The remuneration 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 remunerations to other employees.

## Tracking and compliance

The Government Offices have commissioned a consulting company to examine compliance with the present guidelines in state-owned enterprises in 2017, and a comparison has also been made of remuneration levels in the companies with market data from privately owned companies. A total of

## Total cash remuneration

### CEO, median



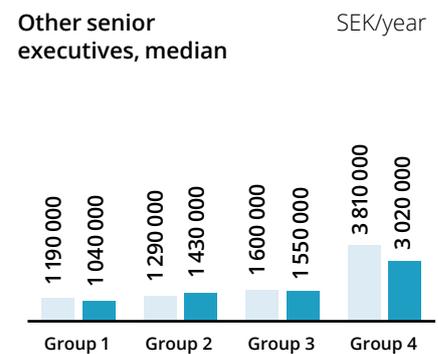
**Group 1:** Companies with annual sales below or equal to SEK 850m, **Group 2:** Companies with annual sales of SEK 851–3 300m, **Group 3:** Companies with annual sales of SEK 3 301–14 000m, **Group 4:** Companies with annual sales greater than or equal to SEK 14 001m.

122 representative market peers were identified and included in the survey. The starting point for the survey 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 2017 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 proportion of CEOs with defined benefit pension plans has decreased. In 2017, 14 per cent of all CEOs and 40 per cent of other senior executives had defined benefit pension plans. This is mainly based on applicable collective agreements and is therefore not in conflict with the guidelines. One case involves an old agreement that has yet to be renegotiated. 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. No new employ-

### Other senior executives, median



ment contracts with a retirement age below 65 have been entered into. Only three senior executives in one company have historically agreed retirement ages below 65; two of them are below 62.

According to the government 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 must limit severance pay to a maximum of twelve months' salary. In 2017, 49 senior executive had severance pay of 18 months' salary. These referred to old contracts and are therefore not in conflict with the guidelines.

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. Median remuneration to other senior executives in state-owned enterprises is in line with the market median.

# Financial statements



# Financial results in 2017

General information about the accounts

The full-portfolio presentation for 2017 does not include Apoteksgruppen i Sverige Holding since the company has been sold and no longer reports financial information to the

Government Offices. However, Apoteksgruppen i Sverige Holding is still included in the comparative figures for 2016.

Since the start of 2017 Saminvest is the parent company of the previ-

ously wholly state-owned companies Inlandsinnovation and Fouriertransform. SAS is not included in consolidated profit/loss for 2017 or 2016 because the State's share of equity is now below 20 per cent.

## Income Statement

SEK m	2017	2016
Net sales (including appropriation, if any)	324 310	321 089
Other income	5 138	5 663
Expenses	-286 697	-307 988
Profit from investments in associates	5 186	2 017
Changes in value	5 846	5 602
<b>Operating profit/loss (EBIT)</b>	<b>53 782</b>	<b>26 384</b>
Financial income	3 754	3 423
Financial expenses	-9 777	-9 701
<b>Profit/loss before tax</b>	<b>47 759</b>	<b>20 106</b>
Tax	-9 437	-1 956
Profit/loss from discontinued operations	22	-23 074
<b>Net profit/loss for the year</b>	<b>38 373</b>	<b>-4 700</b>
Attributable to owners of the parent	37 218	-5 076
Attributable to owners of minority interests	1 155	375
<b>Total</b>	<b>38 373</b>	<b>-4 700</b>

## Sales

Consolidated sales for state-owned enterprises rose by 1.0 per cent in 2017, year-on-year, to SEK 324.3 (321.1) billion. Total sales including the state holding in associates rose by 0.5 per cent in 2017.

## Operating profit

The consolidated operating profit for 2017 was SEK 53.8 (26.4) billion.

## Balance sheet

SEK m	2017	2016
<b>Assets</b>		
Property, plant and equipment	458 432	437 380
Intangible assets	23 430	22 364
Financial assets	832 067	818 671
Current assets	181 660	190 558
<b>Total assets</b>	<b>1 495 589</b>	<b>1 468 972</b>

## Equity, provisions and liabilities

Equity attributable to owners of the parent	323 865	293 888
Equity attributable to owners of minority interests	18 725	19 034
<b>Total equity</b>	<b>342 590</b>	<b>312 922</b>
<b>Total liabilities and equity</b>	<b>1 495 589</b>	<b>1 468 972</b>

## Equity

Equity increased by SEK 29.7 billion in 2017 mainly on account of positive earnings after tax for 2017 of SEK 38.4 billion.

## Cash flow

SEK m	2017	2016
Cash flow from operating activities	50 670	46 549
Cash flow from investing activities	-37 177	-33 860
Cash flow from financing activities	-24 335	3 034

## Cash flow from operating activities

Cash flow from operating activities increased by 8.9 per cent in 2017 compared with 2016, from SEK 46.5 billion to 50.7 billion.

## Cash flow from investing activities

Cash flow from investing activities increased by 9.8 per cent in 2017 compared with 2016, from SEK -33.9 billion to -37.2 billion.

## Cash flow from financing activities

Cash flow from financing activities decreased to SEK -24.3 (3.0) billion for financial year 2017.

## Total remuneration paid by state-owned enterprises to auditors in 2017

SEK m	Audit income	Other consultant services	Total	Audit share, %	Share of total audit fees, %
BDO	0.7	0.2	0.9	77.4	0.5
Deloitte	61.1	37.3	98.4	62.1	40.6
EY	47.9	28.6	76.5	62.7	31.8
KPMG	19.3	5.8	25.2	76.9	12.8
PwC	21.4	41.1	62.5	34.3	14.2
Others	0.3	0.3	0.5	49.1	0.2
<b>Total excl. Swedish National Audit Office</b>	<b>150.8</b>	<b>113.2</b>	<b>264.0</b>	<b>57.1</b>	<b>100.0</b>
Swedish National Audit Office	1.1	0.0	1.1	100.0	0.7
<b>Total incl. Swedish National Audit Office</b>	<b>151.9</b>	<b>113.2</b>	<b>265.1</b>	<b>57.3</b>	<b>100.7</b>

# 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 47 companies in the state company portfolio, 24 decided to pay dividends for financial year 2017. In total, these companies paid SEK 20.2 billion to the State. The largest dividends for 2017 come from Svenska Spel (SEK 4 691m), Telia Company (SEK 3 713m), LKAB (SEK 2 882m), Vattenfall (SEK

2 000m) and Akademiska Hus (SEK 1 630m). Their combined dividends correspond to around 75 per cent of total dividends resolved for 2017.

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 appropriation Samhall received in 2017 for

sheltered jobs in its core assignment was SEK 4 405 million, corresponding to 63 per cent of total appropriations. 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 6 957 in appropriations in 2017.

## Dividends, state share

SEK m	Holding, %	2017	2016
Akademiska Hus	100	1 630	1 393
Apoteket	100	300	300
Bilprovningen	100	0	67
Bostadsgaranti	50	0	32
Infranord	100	67	84
Jernhusen	100	179	178
Lernia	100	21	14
LKAB	100	2 882	0
Metria	100	4	2
Orio	100	50	125
Saminvest	100	200	0
SBAB	100	684	628
SEK	100	232	234
SJ	100	269	260
Specialfastigheter	100	560	497
Sveaskog	100	900	800
Svedab	100	793	0
Swedavia	100	122	143
Sweden House	36	1	2
Svenska Spel	100	4 691	4 823
Svevia	100	299	299
Systembolaget	100	282	289
Telia Company	37	3 713	3 229
Teracom Group	100	214	210
Vasallen	100	125	0
Vattenfall	100	2 000	0
<b>Total</b>		<b>20 219</b>	<b>13 609</b>

## Appropriation/total income for 2017

SEK m	Appropriation 2017	Total income 2017	Share of financing via appropriation, %
Almi Företagspartner	316	1 061	30
Dramaten	231	293	79
Göta kanalbolag	11 <sup>1</sup>	51	22
Miljömärkning Sverige	4	61	7
Operan	466	573	81
PostNord	22	37 403	0
RISE	537 <sup>2</sup>	2 712	20
Samhall	4 405	8 281	53
SOS Alarm	264	1 082	24
Teracom Group	7	1 987	0
VisitSweden	133	227	58
Voksenåsen	12	56	22
<b>Total</b>	<b>6 957<sup>3</sup></b>	<b>53 776</b>	<b>13</b>

1) Including appropriations recognised in the balance sheet.

2) Excluding appropriation funding that RISE allocates to its associate Swerea.

3) In addition, Swedfund received a capital injection during the year of SEK 400 (400) million via the development cooperation budget. This corresponds to just under half of the company's approved investment decisions in 2017 totalling almost SEK 850 million.

## Divestments and dividends – how they affect central government finances

In 2017 the Government decided to sell Apoteksgruppen i Sverige Holding. The sales price of the shares was SEK 1.7 billion. Dividends to the State from state-owned enterprises are expected to be SEK 20.2 billion for financial year 2017.

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 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 2007 central

government has received a total of SEK 165.4 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 2007 a total of SEK 260.2 billion has been paid to the State in the form of dividends.

Central government net lending – the net investment of funds in the form of financial assets less financial liabilities – increases when the companies pay dividends, as long as the dividends

correspond 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 2007

SEK bn	Year	Income, SEK bn	Holding in company, %
Telia Company	2007	18.0	8
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
<b>Total</b>		<b>165.4</b>	

### Total dividends from state-owned enterprises

Year	SEK bn
2007	31.3
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
<b>Total</b>	<b>260.6</b>

### How central government finances are affected by divestment income and dividends

	Income from divestments of companies	Dividends equal to profit for the year in the companies	Dividends exceeding 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 a 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 is 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 one of the tools used by the investment organisation to track and govern the 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. Telia Company has announced that it intends to end its presence in Eurasia; the company has

already reduced its presence in the region through sales of holdings in Ncell, Tcell, Geocell and Azercell. The nature of the markets in Eurasia, including potential government interventions, combined with the fact that the assets are not wholly owned and that the company is subject to commitments and obligations in various shareholder agreements mean that Telia Company's sales process is highly complex and that there are great uncertainties regarding the expected outcome.

Another example of a commercial risk in the state company portfolio is the ongoing urban transformation in Kiruna and Malmberget. 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 profitability for many years to come.

Digitalisation is opening up many new opportunities, but can also entail risks for existing market actors as new business models with a rapid impact are established. One example is the pharmacy market, where the state-owned Apoteket operates and where new e-commerce firms are lowering prices by means of efficient logistics solutions and are offering new digital services.

## 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. 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. It is likely that a rapid and sharp downturn in house prices combined with an economic downturn would 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 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.

# Company overviews

39	Akademiska Hus	64	SJ
40	Almi Företagspartner	65	SOS Alarm
41	APL, Apotek Produktion & Laboratorier	66	Specialfastigheter
42	Apoteket	67	SSC, Svenska rymdaktiebolaget
43	Arlandabanan Infrastructure	68	Statens Bostadsomvandling
44	Bilprovningen	69	Sveaskog
45	Bostadsgaranti	70	Svedab
46	Dramaten	71	Svenska Skeppshypotek
47	Green Cargo	72	Svenska Spel
48	Göta kanalbolag	73	Svevia
49	Infranord	74	Swedavia
50	Jernhusen	75	Sweden House
51	Lernia	76	Swedesurvey
52	LKAB	77	Swedfund International
53	Metria	78	Systembolaget
54	Miljömärkning Sverige	79	Telia Company
55	Operan	80	Teracom Group
56	Orio	81	Vasallen
57	PostNord	82	Vattenfall
58	RISE, Research Institutes of Sweden	84	VisitSweden
59	Samhall	85	Voksenåsen
60	Saminvest		
61	SAS	86	Other companies and operations
62	SBAB		
63	SEK, Svensk Exportkredit	87	Companies wound up





AKADEMISKA HUS

Akademiska Hus Aktiebolag owns, develops and manages properties for Swedish higher education institutions and its main focus is 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 increasing the supply of researcher and student housing.

#### Significant events in 2017

- At the start of 2017 Akademiska Hus received the highest short-term rating Prime1 (P-1) from Moody's.
- In September Akademiska Hus became one of nine partners in a five-year EU project about open data and testing climate-smart solutions for energy and sustainable transport.
- The development of the property market led to the largest value change in the history of Akademiska Hus, around SEK 5bn.

#### Targets and tracking

##### Financial targets

- **Profitability:** Return on operating capital excluding changes in value of at least 6.5 per cent. Return on operating capital decreased to 5.9 per cent. The decline is mainly explained by an increase in property value while there was a weak, positive change in operating surplus.
- **Capital structure:** Equity/assets ratio of 30–40%. The equity/assets ratio rose to 43.3 per cent, slightly above the target range.
- **Dividend:** 40–60 per cent of profit for the year 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.

#### Sustainable business targets

- **Energy purchases:** Reduce quantity of purchased energy by 50 per cent from 2000 to 2025. The quantity of purchased energy was reduced by 1.6 per cent during the year.
- **Carbon dioxide footprint:** Eliminate carbon dioxide footprint from operations. The emissions intensity from the properties was reduced to 7.0 kg of CO<sub>2</sub>/m<sup>2</sup> during the year. The total reduction of indirect emissions of greenhouse gases was just over 2.3 per cent.
- **Zero workplace accidents:** Activities were carried out according to the action plan, focusing mainly on the management organisation. Training and aids in the form of system support and information material have been developed and implemented to strengthen employees' knowledge and increase awareness of the safe workplace. The industry organisation "Håll Nollan" was formed in 2017 with Akademiska Hus as one of the initiative-takers. Here participants in the building industry are cooperating to create safer building sites together.
- **Increase Customer Satisfaction Index (CSI):** This year's CSI continues to show low customer satisfaction at 60 (61) and is below the company's level of ambition. In 2018 more focus will be placed on the customer with several strategic and operational activities to strengthen the customer experience.

#### Public policy assignment

No specifically adopted public policy assignment.

#### Financial targets and tracking

##### Profitability

ROOC, %

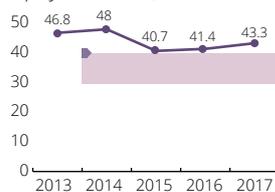


— Target: ≥6.5%

● Outcome ■ New target adopted by AGM

##### Capital structure

Equity/assets ratio, %



— Target: 30–40%

■ New target adopted by AGM

##### Dividend

%



— Target: 40–60%

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

#### State holding: 100%



Chair: Anitra Steen



CEO: Kerstin Lindberg Göransson

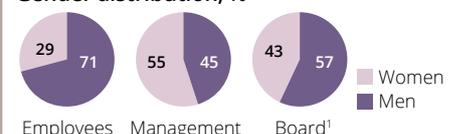
#### Board and auditor elected for 2018/2019

**Chair:** Anitra Steen **Directors:** Britta Burreau, Peter Gudmundson, Christer Nerlich, Ingemar Ziegler and Örjan Wikfors. New election of Anna Magnusson at the 2018 AGM, with Caroline Arehult, Kristina Ekengren and Gunnar Svedberg stepping down. **Employee reps:** Thomas Jennlinger, Anders Larsson **Auditor:** Helena Ehrenborg (PwC)

The fee paid to the board chair is SEK 320 (305) 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.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	5 806	5 666
Changes in value	4 737	3 440
Operating profit	8 499	7 022
Profit before tax	8 311	6 714
Net profit	6 453	5 148
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	90 557	82 430
Non-current assets	81 714	75 420
Equity	39 186	34 152
- of which, minority interests	0	0
Net debt	27 569	25 904
Operating capital	66 755	60 056
<b>Key indicators</b>		
Operating margin, %	146.4	123.9
ROE, Return on equity (average), %	17.6	16.0
ROOC, Return on operating capital (average), %	5.9	6.2
Net debt/equity ratio	0.7	0.8
Equity/assets ratio, %	43.3	41.4
Gross investments, SEK m	2 556	2 764
Appropriation, SEK m	0	0
Dividend, SEK m	1 630	1 393
Average no of employees	449	440
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

#### Gender distribution, %



1) Elected for 2018/2019



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 business growth among new entrepreneurs and existing SMEs, either via 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 businesses and business owners 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, of which EU funding accounts for half. Almi's services must be available throughout the country, but the range offered may vary due to regional conditions.

**Significant events in 2017**

- New lending decreased to SEK 2.6bn (3.3bn) distributed among 4 208 (4 681) loans. The decrease in the total loan amount granted was in line with Almi's plan for financial year 2017 to achieve long-term stability in net lending.
- Agreement with Svensk Exportkredit (SEK) for a credit limit of SEK 500m to strengthen Almi's lending capacity to exporting companies.
- Risk capital investments in 155 (157) companies at a value of SEK 181m (172m). In total, risk capital operations shows a positive result of SEK 121m (-51m), mainly driven by successful divestments.
- Almi's Greentech fund executed its first investment.

**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 (the same as the public policy target below).
- Almi is to work for good business ethics, counter the financing of fraudulent customer activities and ensure high customer confidentiality and information security. Key indicators for the target have not yet been set. The target has resulted in a number of activities, such as procedures and tracking of transaction patterns.

- Almi is to be an attractive employer with high customer and employee satisfaction. The target level has not been set. The Customer Satisfaction Survey shows that 95 per cent of customers are (very) satisfied. The Employee Satisfaction Survey shows that employees have above-benchmark scores in areas including engagement, team effectiveness and leadership.

*Public policy assignment and targets*

Almi is to strengthen the development of Swedish business and promote sustainable growth by contributing to the development and financing of small and medium-sized enterprises by offering market-complementary advisory and financing services.

- Almi is to work for sustainable growth. The target is for companies accessing Almi's services to outperform a control group. Companies that received services from Almi in 2012 increased their sales up to the end of 2016 by 47 (control group – 27) per cent and value added by 48 (30) per cent.
- Almi is to operate only as a complement to the market. In a market survey conducted in 2016/2017, 96 per cent of respondents saw Almi as a market-complementary actor. The survey polled partners, customers, co-investors and potential co-investors.
- Almi is to focus on companies in the early stages in terms of life cycle or expansion phases. Women and people from foreign background are to be overrepresented among those who receive Almi services. In 2016, early stages companies made up the bulk of Almi's customers. People from foreign background were overrepresented. Women as business owners were overrepresented, except regarding action in business start-up loans and advisory services to new entrepreneurs, where women were marginally under-represented compared with the share of women who start businesses in Sweden.

**State holding: 100%**



**Chair:** Birgitta Böhlin **CEO:** Göran Lundwall

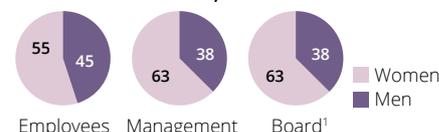
**Board and auditor elected for 2018/2019**

**Chair:** Birgitta Böhlin **Directors:** Anders Byström, Nicolas Hassbjer, Åke Hedén, Pia Sandvik and Anna Söderblom. New election of Hanna Lagercrantz and Ulrika Geeraedts at the 2018 AGM, with Agneta Mårdsjö stepping down. Katarina Green stepped down during 2017 **Employee reps:** Andreas Schroff, Christina Wahlman **Employee alter-nate:** Henrick Pettersson **Auditor:** Jonas Ståhlberg (Deloitte)

The fee paid to the board chair is SEK 215 (200) thousand. The fee paid to directors elected by the AGM is SEK 105 (100) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	1 061	958
Operating profit	229	11
Profit before tax	241	137
Net profit	241	137
- of which, minority interests	6	5
<b>Balance sheet, SEK m</b>		
Total assets	8 509	8 170
Non-current assets	6 404	6 261
Equity	7 457	7 216
- of which, minority interests	192	187
Net debt	-5 581	-5 465
Operating capital	1 876	1 751
<b>Key indicators</b>		
Operating margin, %	21.6	1.1
ROE, Return on equity (average), %	3.3	1.9
ROOC, Return on operating capital (average), %	12.6	1.2
Net debt/equity ratio	-0.7	-0.8
Equity/assets ratio, %	87.6	88.3
Gross investments, SEK m	2 512	3 139
Appropriation, SEK m	316	286
Dividend, SEK m	0	0
Average no of employees	487	477
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

**Gender distribution, %**



1) Elected for 2018/2019



Apotek Produktion & Laboratorier AB (APL) 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 2017

- Positive sales growth for both business areas.
- Lower earnings on account of increased overheads for consolidation of operations and a higher level of costs generally.
- The prosecutor decided to close the preliminary investigation concerning a workplace accident in Umeå in 2016.
- Stockholm County Council decided to award another actor the preparation service contract. APL's contract expires in 2018 and the annual sales for the deal are SEK 360m.

#### Targets and tracking

##### Financial targets

- **Profitability:** Return on equity exceeding 8 per cent per year. Return on equity was negative, -0.1 per cent.
- **Capital structure:** Equity/assets ratio of 40–50%. Equity/assets ratio was 27.2 per cent.
- **Dividend:** At least 50 per cent of profit after tax for the year, taking account of the capital structure target and implementation of the Group's strategy/investment needs. No dividend is being paid for 2017.

The owner's targets were not achieved in 2017. The targets are long-term and are assessed over a business cycle, around five to seven years.

##### Sustainable business targets

Targets for 2017 compared with baseline year of 2014:

- Reduce energy consumption. In 2017 energy consumption decreased by 0.9 per cent and district heating use increased by 8.1 per cent compared with 2014.
- Reduce CO<sub>2</sub> emissions by 20 per cent within district heating, transport and business

travel. Carbon dioxide emissions were 28 per cent lower than in 2014. The largest contribution was made by a decrease of 28 per cent in business travel.

- Increase the share of waste going to recycling to 55 per cent. The outcome was 48 per cent in 2017.
- Reduce the share of risk suppliers to 3 per cent. The share decreased to 4 per cent.
- Continuously develop operations on the basis of APL's gender equality and diversity plan. Sickness absence is regarded as high and new procedures for sickness absence/rehabilitation have been developed and a preventive health council has been set up.

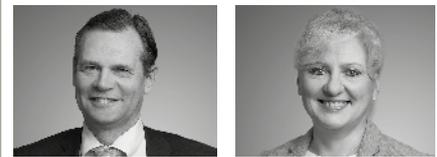
##### Public policy assignment

APL is to:

- in close cooperation with specialists and prescribers, government agencies and other stakeholders develop and supply a medically appropriate and quality-assured range of extemporaneous pharmaceuticals and stock preparations;
- 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 outpatient 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.

#### State holding: 100%



**Chair:** Johan Assarsson **CEO:** Eva Sjökvist Saers

#### Board and auditor elected for 2018/2019

**Chair:** Johan Assarsson **Directors:** Malin Forkman, Britt Hansson, Eugen Steiner and Ulf Tossman

**Employee reps:** Susann Danielsson, Daniela Renner

**Employee alternate:** Astrid Holdt

**Auditor:** Ingrid Hornberg Román (KPMG)

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

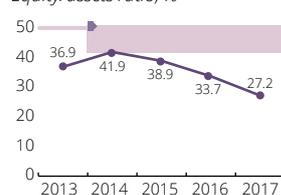
	2017	2016
<b>Income statement, SEK m</b>		
Net sales	1 433	1 301
Operating profit	-26	2
Profit before tax	-28	0
Net profit	-25	0
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	712	650
Non-current assets	308	308
Equity	193	219
- of which, minority interests	0	0
Net debt	268	239
Operating capital	461	458
<b>Key indicators</b>		
Operating margin, %	-1.8	0.1
ROE, Return on equity (average), %	-0.1	0.1
ROOC, Return on operating capital (average), %	-5.6	0.4
Net debt/equity ratio	1.4	1.1
Equity/assets ratio, %	27.2	33.7
Gross investments, SEK m	57	70
Appropriation, SEK m	0	0
Dividend, SEK m	0	0
Average no of employees	507	481
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

#### Financial targets and tracking

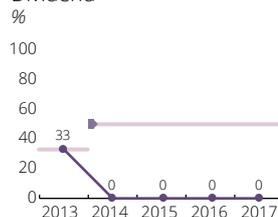
##### Profitability



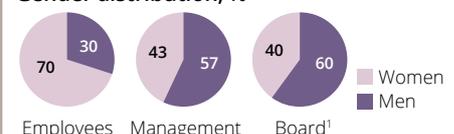
##### Capital structure



##### Dividend



#### Gender distribution, %



1) Elected for 2018/2019



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

**Significant events in 2017**

- The company continued to develop its work on sustainability and equitable health.
- Continued modernisation of the pharmacy net and investments in e-commerce.
- County council agreements that expired according to plan had a negative impact on sales and earnings.

**Targets and tracking**

*Financial targets*

- **Profitability:** Operating margin to be at least 3 per cent. For 2017 the operating margin of 3.4 per cent was retained. This target was therefore achieved.
- **Capital structure:** Debt/equity ratio of 40–80 per cent of pension-adjusted equity. At the end of 2017 the debt/equity ratio was 34 per cent and therefore slightly under the target interval.
- **Dividend:** 40–60 per cent of net profit for the year adjusted for earnings and tax related to pension assets and pension commitments. The dividend prosed to the 2018 AGM is SEK 330m, which is 59 per cent of the adjusted profit.

*Sustainable business targets*

- In the Health Target the Customer Satisfaction Index (CSI) has to be at least 80. For 2017 the CSI was 84 (84) and therefore exceeded the target.

- The product range target is expressed as an increase in the number of suppliers that have signed Apoteket's Code of Conduct. The long-term target is 100 per cent. 78 per cent of Apoteket's largest suppliers of non-prescription medicines and other products have accepted the Code of Conduct. This is a slight decrease, partly because of the addition of several new suppliers.
- 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 showed that 48 per cent returned pharmaceuticals.
- The employee target is that the share of motivated employees should be at least 80 per cent. This share increased to 78 (75) per cent. Diversity in the company is seen as an important component in being able to improve the 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. At the end of the year Apoteket AB had 628 pharmacy agents across Sweden and was assessed as having performed the assignment well in 2017.

**State holding: 100%**



**Chair:** Gert Karnberger **CEO:** Ann Carlsson

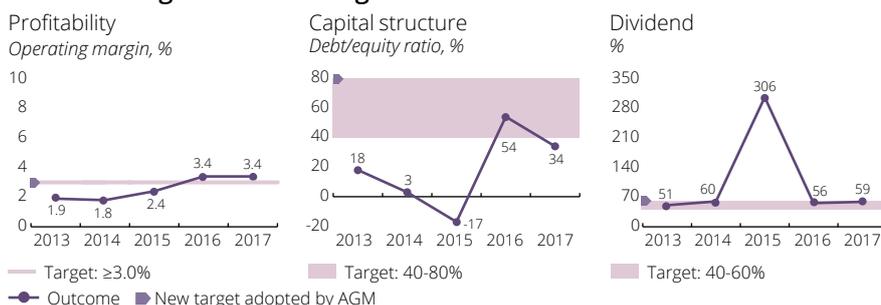
**Board and auditor elected for 2018/2019**

**Chair:** Gert Karnberger **Directors:** Leif Ljungqvist, Pia Gideon and Inger Andersson. New election of Barbro Fridén and Lars Nilsson at the 2018 AGM, with Maria Curman and Kristina Schauman stepping down **Employee rep:** Lisa Ekstrand **Employee alternates:** Ingela Brindell-Lindberg, Hanna Ottosson, Lena Rhodin **Auditor:** Ingrid Hornberg Román (KPMG)

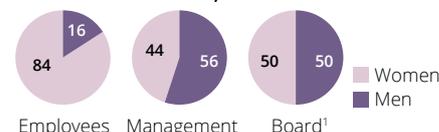
The fee paid to board chair is SEK 345 (320) thousand. The fee paid to directors elected by the AGM is SEK 160 (150) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	19 871	20 325
Operating profit	667	687
Profit before tax	731	818
Net profit	566	637
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	8 648	8 353
Non-current assets	4 075	3 766
Equity	4 748	4 200
- of which, minority interests	0	0
Net debt	800	916
Operating capital	5 548	5 116
<b>Key indicators</b>		
Operating margin, %	3.4	3.4
ROE, Return on equity (average), %	12.5	14.8
ROOC, Return on operating capital (average), %	12.5	13.9
Net debt/equity ratio	0.2	0.2
Equity/assets ratio, %	54.9	50.3
Gross investments, SEK m	172	212
Appropriation, SEK m	0	0
Dividend, SEK m	300	300
Average no of employees	3 113	3 235
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

**Financial targets and tracking**



**Gender distribution, %**



1) Elected for 2018/2019



Arlandabanan Infrastructure AB, AIAB, owns and administers the Arlandabanan 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. Arlandabanan Infrastructure manages contracts associated with the Arlandabanan line and is responsible for ensuring that the government'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 contracts give A-Train AB the right to use Arlandabanan Infrastructure's traffic rights on the state-owned rail network and the right to use Arlandabanan 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 2017

- The number of passengers on Arlanda Express increased by 1.5 per cent.
- The number of passengers in other rail companies increased by 6.4 per cent.
- The market share for rail travel on the route has continued to decline.

#### 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. Outcome was 6 million trips in 2017, which was 214 000 trips below target for the year.
- Financial commitments and earnings: Repay SEK 1.9 billion in conditional loans. Royalty payments are estimated at SEK 4.2bn up until 2040. The royalty received in 2017 was SEK 43.4 million.
- Reduce emissions of greenhouse gases: -182 000 tonnes net by 2040. Greenhouse gases -109 000 tonnes net until and including 2017.
- Better diversity and gender equality: More than 40 per cent of each gender. Outcome: 39% women on the boards of directors of relevant companies.

- Impact on our neighbours: Comprehensive and detailed development plans. Outcome: Comprehensive and detailed development plans consistent with AIAB requirements.
- 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 died.
- Satisfied customers: 100% satisfied customers. Outcome: 86% satisfied passengers/rail companies, CSI for infrastructure service = 73.

##### Public policy assignment

Has 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. It has not been possible to develop targets according to the public policy targets process due to the special nature of the company.

#### State holding: 100%



Chair: Jan Olson

CEO: Ulf Lundin

#### Board and auditor elected for 2018/2019

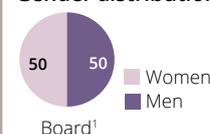
**Chair:** Jan Olson **Directors:** Britta Dalunde, Malin Sundvall and Lars Erik Fredriksson

**Auditor:** Jenny Jansson (KPMG)

The fee to the board chair is SEK 130 (122) thousand. The fee paid to directors elected by the AGM is SEK 66 (66) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	66	68
Operating profit	0	0
Profit before tax	0	0
Net profit	0	0
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	1 288	1 342
Non-current assets	1 268	1 325
Equity	10	10
- of which, minority interests	0	0
Net debt	-11	-10
Operating capital	-1	0
<b>Key indicators</b>		
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	-1.0
Equity/assets ratio, %	0.8	0.7
Gross investments, SEK m	0	0
Appropriation, SEK m	0	0
Dividend, SEK m	0	0
Average no of employees	0	1
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

#### Gender distribution, %



1) Elected for 2018/2019

# BILPROVNINGEN

Aktiebolaget Svensk Bilprovning (Bilprovningen) provides advice and inspections of vehicle safety, environmental impact and cost of ownership. Since 2013, Bilprovningen conducts commercial operations in a deregulated market. With 98 stations and 592 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 2017 Bilprovningen performed about 1.7 million inspections.

### Significant events in 2017

- Bilprovningen continues to be the market leader and had a market share of 28 per cent at the end of the year.
- Bilprovningen approved Sweden's first electric truck for an electric road. The registration inspection was performed at the station in Rosersberg and was conducted as part of the eRoad-Arlanda development project.
- Three new stations opened in Eskilstuna and Greater Stockholm. One station closed in Sollentuna. A new station in Gothenburg was decided, as was an expansion of the station in Malmö-Fosie for heavy vehicles.

### Sustainable business targets

- **Increased traffic safety:** Bilprovningen's contribution to greater traffic safety to be 76 per cent in 2019. Outcome: 76 per cent.
- **Attractive employer:** Employee turnover rate of 7 per cent or less, at least 12 per cent women inspection technicians, at least 14 per cent employees of foreign background and share of approved certifications of at least 92 per cent. Outcome: Employee turnover 9.4 per cent (9.2), women technicians 10.0 per cent (9.8), employees from foreign background 14.5 (14.5) per cent and approved certifications 92 per cent.
- **Reduced climate impact:** Climate impact to be reduced by 80 per cent (2006–2030); cost-effective renewable electricity to be 100 per cent. Outcome: 100 per cent achieved for renewable electricity. Outcome of climate impact being analysed.

### Targets and tracking

#### Financial targets

- **Profitability:** Operating margin of at least 8 per cent. The operating margin for the financial year 2017 was 7.3 per cent.
- **Capital structure:** Equity/assets ratio of 30–40 per cent. The equity/assets ratio was 49.8 per cent.
- **Dividend:** At least 80 per cent of profit for the year after tax. The dividend for financial year 2017 was SEK 0m.

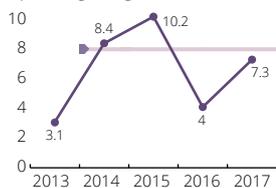
#### Public policy assignment

No specifically adopted public policy assignment.

### Financial targets and tracking

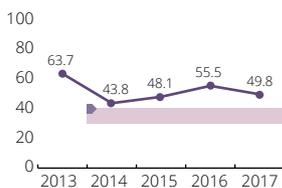
#### Profitability

Operating margin, %



#### Capital structure

Equity/assets ratio, %



#### Dividend

%



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

### State holding: 100%



**Chair:** Karin Strömberg    **CEO:** Benny Örnfors

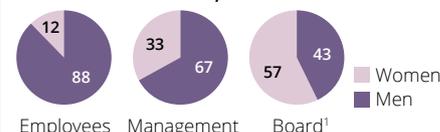
### Board and auditor elected for 2018/2019

**Chair:** Karin Strömberg **Directors:** Gunnar Malm, Anna Nilsson-Ehle, Kristina Patek, Johan Ekessiö and Hélène Westholm. New election of Ludvig Nauckhoff at AGM 2018, with Hans Krondahl stepping down **Employee reps:** Bengt Lindblom, Joakim Rönnlund **Employee alternates:** Göran Lund, Jonas Nilsson **Auditor:** Jonas Ståhlberg (Deloitte)

The fee paid to the board chair is SEK 190 (180) thousand. The fee paid to directors elected by the AGM is SEK 90 (85) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	67	654
Operating profit	49	26
Profit before tax	49	72
Net profit	30	67
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	271	294
Non-current assets	63	112
Equity	100	137
- of which, minority interests	0	0
Net debt	0	0
Operating capital	100	137
<b>Key indicators</b>		
Operating margin, %	7.3	4.0
ROE, Return on equity (average), %	19.8	42.6
ROOC, Return on operating capital (average), %	41.6	18.1
Net debt/equity ratio	0.0	0.0
Equity/assets ratio, %	49.8	55.5
Gross investments, SEK m	16	29
Appropriation, SEK m	0	0
Dividend, SEK m	0	67
Average no of employees	592	607
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

### Gender distribution, %



1) Elected for 2018/2019

# AB BOSTADS GARANTI

Aktiebolaget Bostadsgaranti works on consumer protection in housing construction. Bostadsgaranti is 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. The plan is to wind up the company through voluntary dissolution in 2018.

## Significant events in 2017

- The winding up of previously pledged security is continuing according to plan.
- At an EGM held on 21 November 2017 the general meeting approved a distribution of profits, an "additional dividend", totalling SEK 64m to shareholders.

## Targets and tracking

### Financial targets

- **Profitability:** Return on equity be equal to the interest rate on five-year government bonds plus 3 percentage points
- **Dividend:** At least one third of profit for the year after tax.

The targets were set assuming continuing operations. As the company is under voluntary dissolution, the targets are not being tracked.

### Sustainable business targets

No strategic sustainability targets have been formulated for the company.

### Public policy assignment

No specifically adopted public policy assignment.

## State holding: 50%



CEO: Kåre Eriksson

## Liquidator and auditor elected for 2018/2019

**Liquidator:** Odd Swarting (Calissendorff Swarting)

**Auditor:** Gunilla Wernelind (KPMG)

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	0	0
Operating profit	-2	-2
Profit before tax	0	-10
Net profit	17	-5
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	21	89
Non-current assets	0	0
Equity	19	66
- of which, minority interests	0	0
Net debt	-21	-89
Operating capital	-3	-23
<b>Key indicators</b>		
Operating margin, %	0.0	0.0
ROE, Return on equity (average), %	40.3	-6.7
ROOC, Return on operating capital (average), %	12.2	5.0
Net debt/equity ratio	-1.2	-1.4
Equity/assets ratio, %	86.4	73.8
Gross investments, SEK m	0	0
Appropriation, SEK m	0	0
Dividend, SEK m	0	64
Average no of employees	1	1
Reported in compliance with GRI guidelines	No	
Externally assured GRI report	No	
Reports in compliance with IFRS	No	

# DRAMATEN

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

## Significant events in 2017

- In the wake of #metoo, #tystnadtagning and #backstage a great deal of work has been started to address sexual harassment. A number of measures have been taken and changes made in the theatre’s organisation and ways of working.
- 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 in the Thalia building in 2019 and work on a new production centre along with the Royal Swedish Opera.
- The process of change prepared at the end of 2016 and start of 2017 was implemented in the spring and results include a larger number of productions and other events. Ticket revenue in 2017 was SEK 56.4m, the highest ever level.

## Targets and tracking

### Financial targets

Dramaten is to have equity that provides a solid financial foundation for its operations. Earnings for 2017 were SEK 5.4m (-10.5m), resulting in an increase in equity to SEK 32.9m (27.5m). This is a clear improvement compared with previous years.

### Sustainable business targets

- To manage, enrich, develop and renew artistic quality, intellectual thought and values through the repertoire and other activities: The repertoire is varied and offers both newly written and classic dramatic works, with artistic breadth in the inflow of authors.
- Increase the proportion of first-time visitors by 12 per cent by 2017. The target was already met in 2016, but the target of continuously increasing first-time visitors and tracking return visit frequency remains in place.

- Increase the proportion of the audience reached through digital channels. The aim is to reach over 600 000 people per year, starting in 2017; this includes digital transmissions and followers on all social platforms. The target was almost achieved: 580 000 were reached, including people who visited Dramaten Play and saw videos/listened to podcasts via Dramaten’s social media channels.
- Achieve gender balance among authors of original artistic works. The aim is to achieve by 2017 gender balance (following the 60/40 principle) regarding directors, set designers, costume designers and dramatists over a running three year period: In 2017 there was gender balance among set designers. Women accounted for 21 per cent of dramatists and 29 per cent of directors. There were fewer women directors and dramatists than in the preceding year.

### 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 is international exchange that include guest performances and tours. 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: Eirik Stubø

### Board and auditor elected for 2018/2019

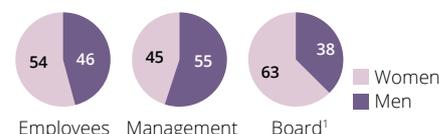
**Chair:** Ulrika Årehed Kågström **Directors:** Sara Danius, Raoul Grünthal, Eva Hamilton, Biljana Pehrsson and Tasso Staffilidis. New election of Jesús Azpeitia Seron and Amanda Lundeteg at 2018 AGM; Pontus Braunerhjelm stepped down.

**Employee reps:** Rebecka Hemse, Jens Thiman **Employee alternates:** Hannes Meidal, Mimmi Lindell **Auditor:** Didrik Roos (Deloitte)

The fee paid to the board chair is SEK 71.4 (70) thousand. The fee paid to directors elected by the AGM is SEK 35.7 (35) thousand.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	286	274
Operating profit	5	-16
Profit before tax	5	-15
Net profit	5	-11
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	90	79
Non-current assets	29	23
Equity	33	28
- of which, minority interests	0	0
Net debt	-44	-39
Operating capital	-11	-11
<b>Key indicators</b>		
Operating margin, %	1.6	-5.8
ROE, Return on equity (average), %	17.9	-32.1
ROOC, Return on operating capital (average), %	-41.6	71.2
Net debt/equity ratio	-1.3	-1.4
Equity/assets ratio, %	36.5	35.0
Gross investments, SEK m	11	10
Appropriation, SEK m	231	229
Dividend, SEK m	0	0
Average no of employees	282	295
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

## Gender distribution, %



1) Elected for 2018/2019



Green Cargo AB is Sweden's largest rail freight operator and its focus is 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 2017

- Continued efficiency measures implemented, which contributed to lower costs and better earnings during the year.
- Organisational change and move of head office to increase the company's competitiveness.
- Green Cargo decided to leave the co-owned company DB Cargo Scandinavia.

#### Targets and tracking

##### Financial targets

- Profitability:** Return on operating capital of 10% by 2017. Return on operating capital was 0 (negative for 2016). Operating profit was improved through measures to increase efficiency and reduce costs. Adjusted for items affecting comparability, operating profit improved by SEK 44m.
- Capital structure:** Net debt/equity ratio, multiple of 0.6–0.9. This ratio was 1.9 at year-end 2017. The deterioration of the net debt/equity ratio is mainly explained by the impairment loss for the operations of the associate in Denmark.
- Dividend:** 50 per cent of profit for the year after tax taking account of the net debt/equity ratio. The company did not pay a dividend in 2017.

#### Sustainable business targets

Most of the targets are long-term and aimed at 2020, with 2013 as the baseline year:

- Idle controls to be installed on all diesel locomotives (2020). The system, which is a start/stop function, is installed in 62 Td locomotives with the result that idling decreased by 63 per cent in 2017.
- New rules for idling of diesel locomotives to be produced and all drivers to be trained (2015). 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.
- Engine drivers to be trained in ECO driving (2020). ECO driving training is available for an older locomotive type. The plan is to adapt the training programme to the company's modern diesel locomotives and make it interactive in order to efficiently reach all engine drivers. The training is planned for the first half of 2018.
- Number of accidents to be halved (2020). The outcome for 2017 was a reduction of 13 per cent compared with the baseline year, 2013. The company's safety programme, "Safe Habits", is expected to further reduce the number of accidents.
- Sickness absence to be below 4 per cent in the long term (2020). Work to reduce sickness absence continued in 2017. The outcome for sickness absence was 4.6 per cent, which is lower than for 2016.
- Proportion of women in senior positions to increase by 50 per cent (2020) (from 17 per cent in 2013). The outcome for 2017 was 16 per cent women in senior positions.

#### Public policy assignment

No specifically adopted public policy assignment.

#### State holding: 100%



Chair: Jan Sundling



CEO: Jan Kilström

#### Board and auditor elected for 2018/2019

**Chair:** New election of Jan Sundling at 2018 AGM, with Lennart Pihl stepping down **Directors:** Margareta Alestig Johnson, Anna Elgh, Ann-Christine Hvittfeldt and Ingvar Nilsson. New election of Henrik Höjsgaard and Michael Thorén at 2018 AGM, with Tryggve Stehn and Erik Tranaeus stepping down

**Employee reps:** Donny Sjöberg, Jonas Blomqvist

**Employee alternates:** Jerker Liljeberg, Anders

Gustavsson **Auditor:** Jenny Jansson (KPMG)

The fee to the board chair is SEK 410 (300) thousand. The fee paid to directors elected by the AGM is SEK 160 (150) thousand. No fee is paid to directors employed by the Government Offices.

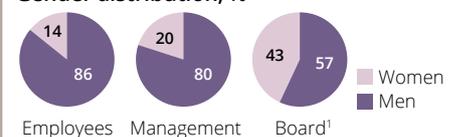
	2017	2016
<b>Income statement, SEK m</b>		
Net sales	4 337	4 208
Operating profit	1	-78
Profit before tax	-32	-111
Net profit	-105	-225
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	3 067	3 320
Non-current assets	2 062	2 548
Equity	755	851
- of which, minority interests	0	0
Net debt	1 411	1 546
Operating capital	2 166	2 505
<b>Key indicators</b>		
Operating margin, %	0.0	-2.0
ROE, Return on equity (average), %	-13.1	-23.2
ROOC, Return on operating capital (average), %	0.0	-3.3
Net debt/equity ratio	1.9	1.8
Equity/assets ratio, %	24.6	25.6
Gross investments, SEK m	85	74
Appropriation, SEK m	0	0
Dividend, SEK m	0	0
Average no of employees	1 827	1 866

Reported in compliance with GRI guidelines Yes

Externally assured GRI report Yes

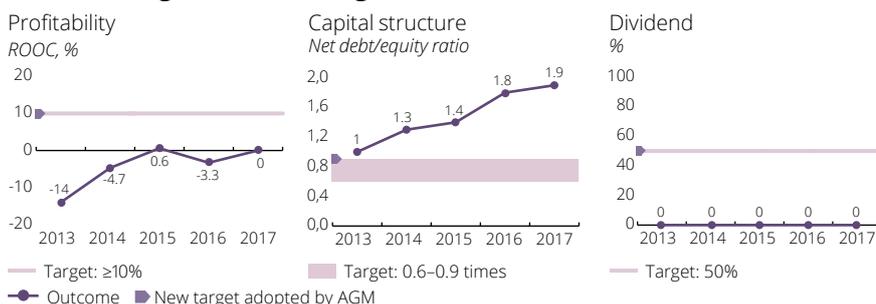
Reports in compliance with IFRS Yes

#### Gender distribution, %



1) Elected for 2018/2019

#### Financial targets and tracking





AB Göta kanalbolag's assignment is to operate and manage 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/hospitality industry with about three million visitors every year. The canal is mainly navigated by leisure and passenger boats. The company also conducts extensive maintenance and upgrading of the canal and adjacent properties. For this the company 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 the company's forestry business.

### Significant events in 2017

- The challenge of low water levels for boat traffic. The outcome has a negative financial impact, including lower revenue from passenger boats.
- Continuing focus on systematic maintenance.
- High rate of delivery of the Göta kanal 2.0 renovation project continues in the winter seasons.
- Clearer strategic direction through new business plan.

### Targets and tracking

#### Financial targets

- **Profitability:** The total EBT margin to be at least 0 per cent. The outcome was 0 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. Net debt/equity ratio was -103 per cent and is explained by delay to a project in Göta kanal 2.0 when a procurement was appealed.

#### Sustainable business targets

In its new business plan the company is continuing to work with three overall objectives, a revenue 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. Targets and activities will be decided for these objectives and goals and will begin to be measured in 2018.

#### 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 has operated along the entire canal and the number of leisure boats was 1 876, exceeding the target of 1 700, with 21 per cent in the booking season compared with the target of 25 per cent.
- The canal was navigable 88 per cent of the time during the canal season (a new measurement method has been introduced) and no incidents occurred. Of the preserved lock-keeper and bridge master's homes, 94 per cent of the houses are of year-round standard.
- The target is a minimum score of 4.0 out of a possible 5.0. The target was met for land visitors (4.6), leisure boats (4.4) and corporate members of Official Partners (4.1), while the outcome for the cruise lines was 3.6. The cruise lines are price-sensitive and have pointed to problems with deep draught in the canal, which are being addressed in the Göta kanal 2.0 project.
- 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 207 trees were planted during the year. Working to establish a continuous cycle path alongside Göta canal is a target for 2020.

### Financial targets and tracking



### State holding: 100%



Chair: Elisabeth Nilsson CEO: Roger Altsäter

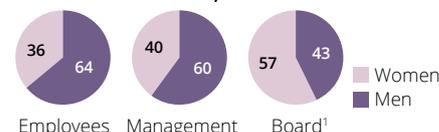
#### Board and auditor elected for 2018/2019

**Chair:** Elisabeth Nilsson **Directors:** Gunilla Asker, Göran Carlberg, Anna Ernestam, Bengt-Olov Gunnarson, Jenny Lahrin and Mikael Lundström **Employee reps:** Anna Adolfsson, Joakim Fornander **Employee alternates:** Karin Nybrolin, Björn Reinholdsson **Auditor:** Joakim Mårbring (Grant Thornton)

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

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	51	47
Operating profit	0	0
Profit before tax	0	0
Net profit	0	0
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	103	66
Non-current assets	56	57
Equity	39	39
- of which, minority interests	0	0
Net debt	-41	3
Operating capital	-1	43
<b>Key indicators</b>		
Operating margin, %	0.3	0.2
ROE, Return on equity (average), %	0.1	0.0
ROOC, Return on operating capital (average), %	0.7	0.2
Net debt/equity ratio	-1.0	0.1
Equity/assets ratio, %	38.0	59.9
Gross investments, SEK m	1	10
Appropriation, SEK m	11	11
Dividend, SEK m	0	0
Average no of employees	39	38
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

### Gender distribution, %



1) Elected for 2018/2019

# 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 two regions, North and South, and in the Surveying and Components units, in addition to the staff functions. The outlook for the Nordic railway market remains good. There is general acceptance of the need for additional funding to maintain and develop railways. In both Sweden and Norway a higher level of ambition has been presented regarding both railway maintenance and new development, which will strengthen the market in the coming years.

## Significant events in 2017

- After a weak first half, earnings recovered in the second half of the year and sales for 2017 were the highest for several years.
- Infranord signed two major business contracts: one for the performance of basic maintenance on the southern main line and one for the Marma-verken – Söderhamn section.
- Infranord's new strategy for contributing to ensure the best effect in the rail area was adopted during the year.

## Targets and tracking

### Financial targets

- **Profitability:** Return on equity to be at least 16 per cent. Return on equity was 16.7 per cent.
- **Equity/assets ratio:** At least 33 per cent. Equity/assets ratio was 40.9 per cent. Improvements in profits contributing to stronger equity/ assets ratio.
- **Dividend:** 50–75 per cent of profit after tax. Proposed dividend of SEK 67m (83.5m) equal to 50 per cent of profit after tax.

### Sustainable business targets

- Develop offer to customers: Business result (coverage ratio 2) to be at least SEK 625m and Customer Satisfaction Index (CSI) to be at least 69 in 2022. Infranord is to contribute to public benefit and ensure growth in its

business by developing its offer along with its customers and partners. Coverage ratio 2 was SEK 494m (517m) and the CSI was 59 (not measured).

- **Attractive workplace:** Employee Satisfaction Index (ESI) of at least 75 in 2022. This work is focusing on creating a sustainable and inspiring company culture, building a strong brand as an employer and increasing the attractiveness of the industry along with other organisations. The ESI outcome for 2017 was 66 (61).
- **Strengthen safety culture:** The accident rate target is no more than 4.9 in 2022, 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 working on strengthening its internal safety culture. The overall target is for the number of serious accidents to be zero. To achieve that target Infranord is taking action in areas including training, procedures and safety systems. The outcome for 2017 was 5.0 (6.9).
- **Internal efficiency:** Administrative expenses as a percentage of sales; the target for 2022 is 7.3. The company's ambition is to continuously and systematically improve its operations. The outcome for 2017 was 8.0 (7.7) per cent.

### Public policy assignment

No specifically adopted public policy assignment.

## State holding: 100%



**Chair:** Eva Färnstrand

**CEO:** Helene Biström

## Board and auditor elected for 2018/2019

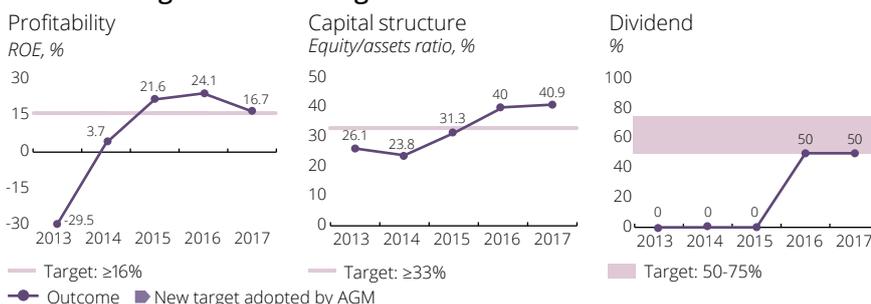
**Chair:** Eva Färnstrand **Directors:** Kristina Ekengren, Magnus Jonasson, Agneta Kores, Johan Skoglund, Gunilla Spongh and Per Westerberg

**Employee reps:** Håkan Englund, Jörgen Lundström **Employee alternates:** Lars-Erik Mott, Henrik Eneroth **Auditor:** Peter Ekberg (Deloitte)

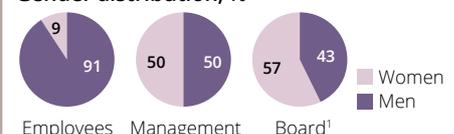
The fee paid to the board chair is SEK 385 (380) thousand. The fee paid to directors elected by the AGM is SEK 190 (190) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	4 003	3 911
Operating profit	174	217
Profit before tax	173	218
Net profit	134	167
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	2 012	1 940
Non-current assets	744	727
Equity	823	776
- of which, minority interests	0	0
Net debt	176	76
Operating capital	999	852
<b>Key indicators</b>		
Operating margin, %	4.4	5.6
ROE, Return on equity (average), %	16.7	24.1
ROOC, Return on operating capital (average), %	18.8	27.9
Net debt/equity ratio	0.2	0.1
Equity/assets ratio, %	40.9	40.0
Gross investments, SEK m	97	39
Appropriation, SEK m	0	0
Dividend, SEK m	67	84
Average no of employees	1 825	1 846
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

## Financial targets and tracking



## Gender distribution, %



1) Elected for 2018/2019



Jernhusen AB owns, develops and manages stations, rail yards, maintenance depots and freight and inter-modal 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 2017

- Increase in rental revenue from completed investments.
- The change in value of the property stock was 1.2 per cent and was driven by lower direct yield requirements and progress in development projects. The market value of the properties was SEK 16 234m.
- The company's official rating is published via the rating institute Standard & Poor's and is A/A1 with a stable outlook.
- In Malmö construction was started on 700 workplaces in locations close to stations and housing construction rights corresponding to 80 flats were sold. In Stockholm the move of commuter rail traffic to the new-built City Line means that capacity has been released in the present rail yard and a time window has arisen that can be used to build a deck on top of the tracks and create a new urban district above them.
- Stockholm Central Station received environmental certification under BREEAM-In-Use.

one third of the profit before tax excluding changes in value. The dividend for 2017 is in line with the target.

Sustainable business targets

Sustainable properties:

- Halve the use of purchased energy in properties by 2030 compared with 2008. Energy consumption decreased by 3.1 per cent.
- All built properties to be given environmental classification or certification by 2020. No new buildings classified/certified.
- Zero instances of soil contamination with a negative impact on human health or the environment by 2025. Inventory made of 168 properties.

Sustainable transport:

- More new groups to be attracted to travel by public transport by developing secure and pleasant station areas. 500 000 m<sup>2</sup> of gross area/floorspace to be created in locations close to stations by 2030. During the year no new areas/floorspace has been created. Traveller Satisfaction Index (TSI) to be above 75 and no station to be below 70 in 2020. The TSI was 69 in 2016.
- 500 000 units to be handled in Jernhusen's intermodal terminals in 2026. 229 000 units were handled in 2017.

Sustainable business:

- 80 per cent of purchases to be quality assured for sustainability through supplier tracking in 2018. 38 per cent were quality assured in 2017.
- All new or renegotiated rental leases to be green no later than 2018. 22 per cent green leases signed in 2017.
- Top 3 in Nyckeltalsinstitutet's Attractive Employer Index in 2020. Placed fourth of 202 participating organisations in 2017.
- Result > 1 above average in Employee Net Promoter Score (eNPS). Scored 3 i eNPS in 2017, 5 below average.

Public policy assignment

No specifically adopted public policy assignment.

Targets and tracking

Financial targets

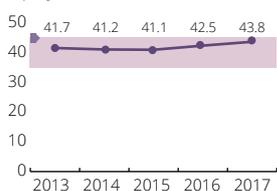
- **Profitability:** Average return on equity of at least 12 per cent over a business cycle. The outcome was 9.0 per cent. The lower level is explained by lower unrealised changes in value in the property holdings. The average return in the past five years is 12.8 per cent.
- **Capital structure:** Equity/assets ratio of 35–45 per cent. The outcome was 43.8 per cent. Interest coverage ratio, minimum multiple of 2.0. The outcome was 4.4.
- **Dividend:** All capital not needed in operations to be distributed, while taking account of financial and strategic targets. Normally

Financial targets and tracking

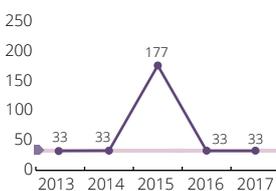
Profitability  
ROE, %



Capital structure  
Equity/assets ratio, %



Dividend  
%



— Target: ≥12.0% — Target: 35-45% — Outcome — New target adopted by AGM

State holding: 100%



Chair: Kjell Hassler

CEO: Kerstin Gillsbro

Board and auditor elected for 2018/2019

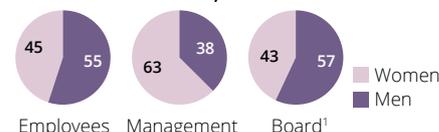
**Chair:** Kjell Hassler **Directors:** Anette Asklin, Anders Kupsu, Lotta Mellström and Ingerd Simonsson. New election of Kjell-Åke Averstad and Jakob Grinbaum at 2018 AGM with Christel Wiman stepping down **Employee reps:** Charlotte Mattsson **Employee alternate:** Ann Lindberg **Auditor:** Helena Ehrenborg (PwC)

The fee paid to board chair is SEK 250 (240) thousand. The fee paid to directors elected by the AGM is SEK 120 (120) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	962	898
Changes in value	256	993
Operating profit	947	1 641
Profit before tax	793	1 527
Net profit	649	1 259
- of which, minority interests	-8	42
<b>Balance sheet, SEK m</b>		
Total assets	16 950	16 358
Non-current assets	16 331	15 645
Equity	7 427	6 956
- of which, minority interests	204	212
Net debt	7 729	7 879
Operating capital	15 156	14 835
<b>Key indicators</b>		
Operating margin, %	98.4	182.6
ROE, Return on equity (average), %	9.0	19.2
ROOC, Return on operating capital (average), %	6.3	11.6
Net debt/equity ratio	1.0	1.1
Equity/assets ratio, %	43.8	42.5
Interest coverage ratio, multiple	4.4	7.0
Gross investments, SEK m	663	622
Appropriation, SEK m	0	0
Dividend, SEK m	179	178
Average no of employees	182	190

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

Gender distribution, %



1) Elected for 2018/2019



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 target individuals and customers in the private and the public sectors. Lernia's market share of the total staffing market was 8.5 (8.1) per cent in the most recent measurement, making Lernia the fourth largest staffing company overall in Sweden and the largest in the segment of staffing of "blue-collar" consultants. In December 2012 the Riksdag authorised the Government to sell the State's shares in Lernia.

#### Significant events in 2017

- Increase in income and earnings on account of strong demand for Lernia's staffing services.
- Lower volumes in training services had a negative impact on earnings.
- In mid-December the CEO left the company and the CFO was appointed acting CEO. Anders Uddfors is the new permanent CEO since May 2018.

#### Targets and tracking

##### Financial targets

- **Profitability:** Lernia's return 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 operating profit of SEK 57m gave a return on equity of 11 per cent. The company's equity/assets ratio was 33 per cent, which is in line with the target. The proposed dividend for 2017 is SEK 21m, which corresponds to 50 per cent of the profit for the year.

##### 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 competencies. At least 40 per cent of each gender among employees. No unwarranted pay differences linked to gender.
- Outcome for self-support: Proportion in training procured by Arbetsförmedlingen who have employment 90 days after training: 37 (33) per cent. Proportion in higher vocational education programmes who have employment 6 months after programme: 71 (89) per cent. Proportion in support and matching programmes who have employment 120 days after training: 21 (18) per cent.
- Outcome for business ethics: 0 (0) corruption incidents.
- Outcome for diversity: Total of 32 (33) per cent women, women's pay as a percentage of men's pay: 98 (99) per cent.

##### Public policy assignment

No specifically adopted public policy assignment.

#### State holding: 100%



Chair: Kjell Hasslert

CEO: Anders Uddfors

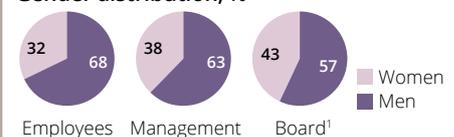
#### Board and auditor elected for 2018/2019

**Chair:** New election of Kjell Hasslert at 2018 AGM, with Birgitta Böhlin stepping down **Directors:** Anna Klingspor, Joakim Mörnefält, Ola Salmén and Karin Strömberg. New election of Lisa Lindström and Michael Thorén at 2018 AGM, with Richard Reinius stepping down **Employee reps:** Olle Eriksson, Björn Tegström **Employee alternates:** Per Svärhd, Fadime Falk **Auditor:** Ann-Christine Hägglund (PwC)

The fee paid to board chair is SEK 280 (260) thousand. The fee paid to directors elected by the AGM is SEK 130 (120) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	3 302	3 114
Operating profit	57	35
Profit before tax	56	35
Net profit	41	28
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	1 180	1 068
Non-current assets	172	151
Equity	384	354
- of which, minority interests	0	0
Net debt	52	99
Operating capital	436	453
<b>Key indicators</b>		
Operating margin, %	1.7	1.1
ROE, Return on equity (average), %	11.2	7.0
ROOC, Return on operating capital (average), %	12.8	9.3
Net debt/equity ratio	0.1	0.3
Equity/assets ratio, %	32.5	33.1
Gross investments, SEK m	42	57
Appropriation, SEK m	0	0
Dividend, SEK m	21	14
Average no of employees	5 470	5 051
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

#### Gender distribution, %



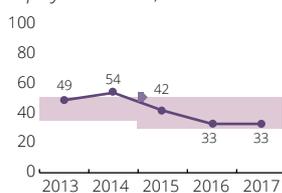
1) Elected for 2018/2019

#### Financial targets and tracking

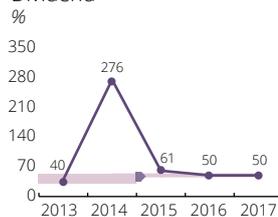
##### Profitability



##### Capital structure



##### Dividend



— Target: ≥20% — Target: 30-50% — Outcome — New target adopted by AGM



Luossavaara-Kiirunavaara Aktiebolag, LKAB, is an international high-tech 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 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 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 2017**

- Demand for high-grade iron ore products remained stable and the price of iron ore strengthened during the year.
- Production and delivery volumes increased, with the highest production of pellets since 1974.
- During the year HYBRIT, a company owned jointly by SSAB, LKAB and Vattenfall, was set up to develop fossil-free steel making, in which direct reduction by hydrogen replaces carbon in the blast furnace.
- One of two steel towers in Malmberget was replaced.

**Targets and tracking**

*Financial targets*

- **Profitability:** Return on equity above 12 per cent. The target was achieved; the return on equity was 14.4 per cent.
- **Capital structure:** Net debt/equity ratio of 0–30 per cent. The target was not achieved; the net debt/equity ratio was -6.6 per cent.
- **Dividend:** 40–60 per cent of profit for the year. The target was achieved. The dividend for 2017 was SEK 2.9bn.

*Sustainable business targets*

- LKAB is to reduce discharges of nitrogen to water by 20 per cent by 2021 compared with 2015. The target for 2017 was not 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 2017 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 2017 was not achieved.
- 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 2017 was not achieved.
- Women are to make up at least 25 per cent of employees and managers at LKAB in 2021. The target for 2017 was 21 per cent. The proportion of women in the company was 21 per cent and the proportion of women managers was 21 per cent at year-end 2017. The target was therefore achieved.
- The rate of accidents resulting in absence is to be no more than 3.5 per million hours worked in 2021. The target for the year was not achieved.
- LKAB is to comply with its Code of Conduct and have a well-functioning dialogue with stakeholders. The target for 2017 was achieved.

*Public policy assignment*

No specifically adopted public policy assignment.

**State holding: 100%**



**Chair:** Göran Persson **CEO:** Jan Moström

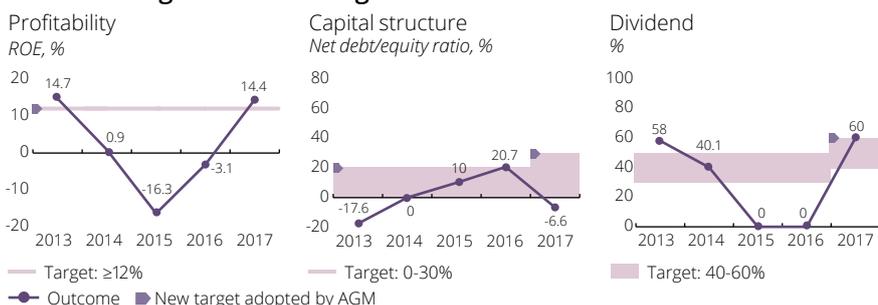
**Board and auditor elected for 2018/2019**

**Chair:** Göran Persson **Directors:** Gunnar Axheim, Eva Hamilton, Bjarne Moltke Hansen, Ola Salmén and Gunilla Saltin. New election of Lotta Mellström and Per-Olof Wedin at AGM 2018, with Leif Darner and Hanna Lagercrantz stepping down **Employee reps:** Dan Hallberg, Tomas Strömberg **Employee alternates:** Pentti Rahkonen, Peter Skoggård, Björn Åström **Auditor:** Peter Ekberg (Deloitte)

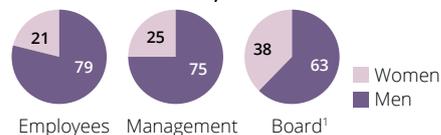
The fee paid to board chair is SEK 640 (615) thousand. The fee paid to directors elected by the AGM is SEK 280 (270) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	23 492	16 343
Operating profit	6 024	-1 677
Profit before tax	6 266	-1 063
Net profit	4 803	-978
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	60 298	57 626
Non-current assets	34 309	35 461
Equity	36 348	30 551
- of which, minority interests	0	0
Net debt	-2 382	6 330
Operating capital	33 965	36 881
<b>Key indicators</b>		
Operating margin, %	25.6	-10.3
ROE, Return on equity (average), %	14.4	-3.1
ROOC, Return on operating capital (average), %	14.8	-4.0
Net debt/equity ratio	-0.1	0.2
Equity/assets ratio, %	60.3	53.0
Gross investments, SEK m	2 008	3 341
Appropriation, SEK m	0	0
Dividend, SEK m	2 882	0
Average no of employees	4 118	4 224
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

**Financial targets and tracking**



**Gender distribution, %**



1) Elected for 2018/2019



Metria AB was formed 1 May 2011 through 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 250 employees and is represented at some 20 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.

### Significant events in 2017

- Increased sales and higher operating margin. The market for geographical information is continuing to grow.
- The increase in sales for the year also benefitted from strong growth for the Planning and Surveying business area. Operating profit in the preceding year was adversely affected by restructuring costs of SEK 9.3m. Excluding them, the EBITDA profit was SEK 40.6m compared with 39.7m in the preceding year.
- Operations for Planning and Surveying in Stockholm have been established, and this forms a basis for continued growth.
- New recruitments to important functions for continued progress towards being a more business-driven and efficient company.
- The Riksdag has given the Government a mandate to sell the State's shares in Metria.

### 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 profit for the year.

All financial targets, apart from the EBITDA margin, were met. The equity/assets ratio was 49.4 per cent and the EBITDA margin was 8.5 per cent. The proposed dividend was SEK 4.5m.

#### Sustainable business targets

- **Attractive employer:** The target is to have a positive trend. The Employer Net Promoter Score was 3 (-1).
- **Increased revenues from products with positive environmental impact:** The outcome for the year was SEK 110m. The target was SEK 105m.
- **Reduced environmental impact from travel:** Vehicle fuel consumption decreased for the year to 0.079 litres/km. The target was 0.072 litres/km.

#### Public policy assignment

No specifically adopted public policy assignment.

### Financial targets and tracking

#### Profitability

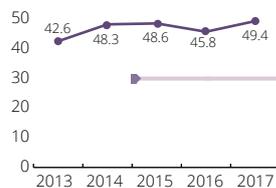
EBITDA margin, %



— Target: ≥10%  
● Outcome ■ New target adopted by AGM

#### Capital structure

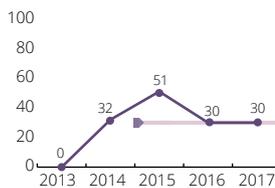
Equity/assets ratio, %



— Target: ≥30%

#### Dividend

%



— Target: ≥30%

### State holding: 100%



Chair: Eva Gidlöf



CEO: Erik Oldmark

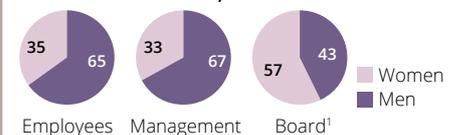
### Board and auditor elected for 2018/2019

**Chair:** Eva Gidlöf **Directors:** Katarina Axelsson, Katarina Burton, Pia Gideon, Anders Hugosson, Michael Thorén and Karl Wistrand **Employee reps:** Per-Åke Jureskog, Henrik Bylund **Employee alternates:** Lars-Erik Johansson, Olle Furberg **Auditor:** Jennifer Rock-Baley (EY)

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

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	432	417
Operating profit	20	15
Profit before tax	19	15
Net profit	15	8
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	241	237
Non-current assets	54	60
Equity	121	109
- of which, minority interests	0	0
Net debt	0	0
Operating capital	121	109
<b>Key indicators</b>		
Operating margin, %	4.5	3.5
ROE, Return on equity (average), %	13.0	7.4
ROOC, Return on operating capital (average), %	17.3	13.5
Net debt/equity ratio	0.0	0.0
Equity/assets ratio, %	49.4	45.8
Gross investments, SEK m	14	19
Appropriation, SEK m	0	0
Dividend, SEK m	4	2
Average no of employees	254	250
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

### Gender distribution, %



1) Elected for 2018/2019



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 can 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 environmentally 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 is rising. Studies show that consumers see ecolabels as the best tool for making sustainable choices.

Significant events in 2017

- The criteria for investment funds with the Swan label were adopted in June and in October 11 funds from 7 different managers could be labelled. The interest has been very great.
- The interest among construction companies for Swan-labelled buildings continued to grow and the product group became the company's largest in 2017.
- A common Nordic brand strategy was developed as part of broader common strategy and development work to ensure the continued relevance of the Swan label.
- The European Commission presented a review of the EU Ecolabel. The overall conclusion was that a clearer strategic approach was needed along with greater equivalence and integration between the EU Ecolabel and national and regional ecolabelling.

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 25m.
- Planet: Half of the company's product groups to be successful, well-established financially and environmentally efficient.
- Outcome for People: Stakeholder satisfaction increased by a total of 0.1 percentage point.
- Outcome for Business: Sales of ecolabelled products were SEK 22.5bn in 2017. The licence revenue from ecolabelled services was SEK 25.3m, so that part of the target was already achieved in the first year of the target.
- Outcome for Planet: The proportion that met the criteria set for target fulfilment was 42 per cent.

Public policy assignment

Has 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 2017 to about 7 per cent of revenues, may be used for grants to the development of ecolabelling 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 2017. Targets according to the public policy targets process have not yet been developed.

State holding: 100%



Chair: Christina Lindbäck

CEO: Ragnar Unge

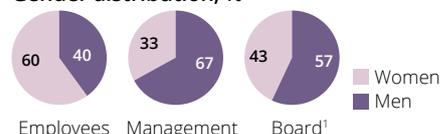
Board and auditor elected for 2018/2019

**Chair:** Christina Lindbäck **Directors:** Jan Peter Bergkvist, Anita Falkenek, Gunilla Jarlbro, Thomas Andersson and Anders Bagge. New election of Jörgen Olofsson at AGM 2018 **Employee reps:** Ulla Sahlberg **Employee alternate:** Ann Strömberg **Auditor:** Thomas Lönnström (EY)

The fee paid to the board chair is SEK 150 (130) thousand. The fee paid to directors elected by the AGM is SEK 50 (40) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	61	57
Operating profit	-2	-1
Profit before tax	-1	-1
Net profit	-1	-1
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	32	28
Non-current assets	19	23
Equity	21	22
- of which, minority interests	0	0
Net debt	-8	-11
Operating capital	14	12
<b>Key indicators</b>		
Operating margin, %	-2.8	-2.1
ROE, Return on equity (average), %	-3.2	-2.2
ROOC, Return on operating capital (average), %	-13.4	-8.3
Net debt/equity ratio	-0.4	-0.5
Equity/assets ratio, %	67.3	78.1
Gross investments, SEK m	0	1
Appropriation, SEK m	4	4
Dividend, SEK m	0	0
Average no of employees	55	52
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

Gender distribution, %



1) Elected for 2018/2019



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

#### Significant events in 2017

- In 2017 Operan continued to work with the National Property Board of Sweden on the *New Opera in Operan* project on the basis of the feasibility study submitted to the Government in May 2015.
- Operan has continued to work, in cooperation with Dramaten, on another large property project – a new production centre – for the establishment of new workshops and studios.
- In view of the #metoo and #visjungerut roll calls in the autumn, Operan has started intensive work on a number of action plans in order to eliminate sexual harassment and discriminatory power structures in the dramatic art industry.
- In 2017 Operan launched Opera-Vision – a digital platform for live streaming – along with 30 opera companies from 18 countries.
- Ticket revenue in 2017 was SEK 80.1m with an audience of over 297 000, the highest ever figure.

#### Targets and tracking

##### Financial targets

- Equity is to provide a stable financial foundation for operations. Earnings for 2017 were negative, SEK -1.3m, resulting in a decrease in equity to SEK 25.1 million.

##### Sustainable business targets

- Increase access to Operan's activities and reach a wider audience, where the strategic target in 2017 has been to produce a strategy for achieving diversity in Operan's audience: In 2017, 21 per cent of visitors were either born abroad or had at least one parent born abroad. In addition, 7 per cent of visitors had a functional variation and the proportion of visitors under 40 increased to 23 per cent (from 15 in 2015 and 2013).
- To be a workplace characterised by transparency, participation and dialogue at all levels of the organisation: Operan conducts ESI (Employee Satisfaction Index) surveys every other year and drafts action plans based on

the results. In 2017 it was decided to review how Operan works with these issues. A new way of working will be decided in 2018, after which targets for the area can be set.

- 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 2 (4), Ballet 1 (1) and Young People at the Opera 1 (1).
- Achieve diversity and gender balance in the productions (artistic teams) and among employees: The strategic focus target in 2017 was artistic teams over a three-year period. The target is 40/60: The gender distribution in the artistic teams in 2017 was 64 per cent men and 36 per cent women. The average gender distribution in 2016–2018 was 66 per cent men and 34 per cent women.<sup>1</sup>

##### 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.

<sup>1</sup>) Artistic teams are contracted several years in advance, so the outcome for 2018 is already available.

#### State holding: 100%



Chair: Lena Olving

CEO: Birgitta Svendén

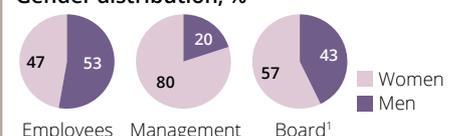
#### Board and auditor elected for 2018/2019

**Chair:** New election of Lena Olving at 2018 AGM with Kristina Rennerstedt stepping down. Örjan Wikforss was elected Vice Chair **Directors:** Olov Carlsson, Eva Halvarsson and Morten Hesseldahl. New election of Chrisoula Faniadis and Maria Naidu at 2018 AGM, with Anna-Karin Celsing and Mira Helenius Martinsson stepping down **Employee reps:** Joakim Adeberg, Mia Nyström **Employee alternates:** Astrid Elander, Jan Sörberg, Martin Säfström (adj.) **Auditor:** Didrik Roos (Deloitte)

The fee paid to the board chair is SEK 71.4 (70) thousand. The fee paid to directors elected by the AGM is SEK 35.7 (35) thousand.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	573	557
Operating profit	0	1
Profit before tax	-1	0
Net profit	-1	0
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	249	253
Non-current assets	167	165
Equity	25	26
- of which, minority interests	0	0
Net debt	-3	-2
Operating capital	22	24
<b>Key indicators</b>		
Operating margin, %	0.0	0.2
ROE, Return on equity (average), %	-5.0	-1.1
ROOC, Return on operating capital (average), %	0.4	11.0
Net debt/equity ratio	-0.1	-0.1
Equity/assets ratio, %	10.1	10.4
Gross investments, SEK m	17	10
Appropriation, SEK m	466	453
Dividend, SEK m	0	0
Average no of employees	525	518
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

#### Gender distribution, %



<sup>1</sup>) Elected for 2018/2019



Orio AB develops, manufactures, acquires and sells vehicle parts and accessories 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's main business is to supply Saab Genuine Parts for the around 700 000 Saab cars in more than 60 markets. 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 other related products. The company's strategy is to develop its existing operations by broadening its customer base and including e-commerce and independent workshops, by broadening its product range with parts of quality equivalent to genuine parts alongside continued supply of Saab Genuine Parts and by providing logistics services.

#### Significant events in 2017

- Sales decreased by 7 per cent compared with 2016.
- Continued positive development of logistics operations.
- Adaptation of cost base and restructuring of operations.

#### Targets and tracking

##### Financial targets

No financial targets have been decided by the owner.

##### Sustainable business targets

- Total carbon dioxide emissions from transport services procured directly by the company to decrease by 20 per cent by 2020 compared with the 2013 level. Total emissions in 2017 decreased by 63 per cent compared with 2013.
- Until 2020 Orio is to have an average annual growth of 6 per cent. The company did not reach its growth target in 2017. The outcome was -7 per cent.
- In 2020, 80 per cent of the company's total sales are to come from new business initiatives. Around 21 per cent of the company's sales in 2017 came from new business initiatives.

##### Public policy assignment

No specifically adopted public policy assignment.

#### State holding: 100%



Chair: Charlotte Hansson



CEO: Jonas Tegström

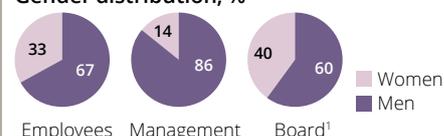
#### Board and auditor elected for 2018/2019

**Chair:** Charlotte Hansson **Directors:** Catrina Ingelstam, Anders Osberg, Gunnar Drotz and Erik Tranaeus. Monica Lingegård stepped down at 2018 AGM **Employee reps:** Jan Jakobsen, Ingemar Sandberg **Auditor:** Martin Johansson (PwC)

The fee paid to the board chair is SEK 220 (210) thousand. The fee paid to directors elected by the AGM is SEK 105 (100) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	755	814
Operating profit	-24	-1
Profit before tax	-27	4
Net profit	-23	-6
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	612	757
Non-current assets	148	148
Equity	450	597
- of which, minority interests	0	0
Net debt	-157	-267
Operating capital	293	330
<b>Key indicators</b>		
Operating margin, %	-3.2	-0.1
ROE, Return on equity (average), %	-4.4	-1.0
ROOC, Return on operating capital (average), %	-7.7	-0.3
Net debt/equity ratio	-0.3	-0.4
Equity/assets ratio, %	73.5	78.9
Gross investments, SEK m	16	8
Appropriation, SEK m	0	0
Dividend, SEK m	50	125
Average no of employees	241	265
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

#### Gender distribution, %



1) Elected for 2018/2019

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 2017 PostNord handled about 5 billion items. 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 6 200 distribution points across the Nordic region.

## Significant events in 2017

- 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 was adopted by the Government in October.
- The Danish and Swedish Governments agreed to inject capital to support the implementation of a new production model in PostNord's Danish operations. The Swedish State is contributing SEK 400 million and the Danish State SEK 267 million. In addition, the Danish State will compensate PostNord SEK 1 533 million for costs related to the redundancy of employees in Denmark with "special redundancy terms".
- The Riksdag authorised the Government to decide on a capital injection of no more than SEK 400m, provided that the European Commission approves the Danish State's capital injection, which is being examined by the Commission.

- Capital structure:** Net debt/equity ratio of 10–50 per cent. The debt/equity ratio was below the target range.
- Dividend:** 40–60 per cent of profit for the year after tax. PostNord did not pay a dividend in 2017.

## 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 2017 the reduction was 32 per cent.
- The Group has a target of having 40 per cent women in managerial positions by 2020. The target was not achieved during the year.
- 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 2017 the proportion was around 71 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 2017 was that 85 per cent of first class letters have to be delivered the next working day and 97 per cent within three days. The delivery quality target for first class letters was attained during the year.

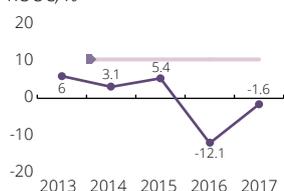
## Targets and tracking

### Financial targets

- Profitability:** Return on operating capital of 10.5 per cent. The profitability target was not achieved during the year.

## Financial targets and tracking

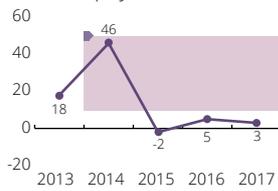
Profitability  
ROOC, %



— Target: 10.5%

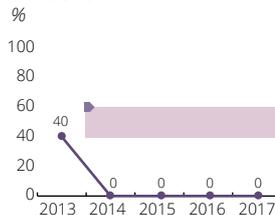
● Outcome ■ New target adopted by AGM

Capital structure  
Net debt/equity ratio, %



■ Target: 10–50%

Dividend  
%



■ Target: 40–60%

## State holding: 60%



Chair: Jens Moberg



CEO: Håkan Ericsson

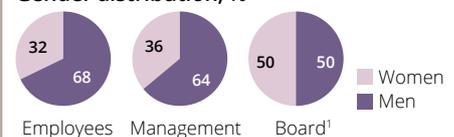
## Board and auditor elected for 2018/2019

**Chair:** Jens Moberg **Directors:** Måns Carlsson, Christian Ellegaard, Peder Lundquist and Anitra Steen. New election of Sonat Burman Olsson, Ulrica Messing and Charlotte Strand at 2018 AGM, with Mats Abrahamsson, Gunnel Duveblad and Jesper Lok stepping down **Employee reps:** Bo Fröström, Sandra Svensk, Johan Lindholm **Employee alternates:** Ulrika Nilsson, Daniel Hansen, Eva Aronsson **Auditor:** Tomas Gerhardsson (KPMG)

The fee paid to board chair is SEK 670 (650) thousand. The fee paid to directors elected by the AGM is SEK 290 (275) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	37 079	38 478
Operating profit	-124	-1 083
Profit before tax	-136	-1 108
Net profit	-337	-1 583
- of which, minority interests	2	2
<b>Balance sheet, SEK m</b>		
Total assets	21 899	22 060
Non-current assets	12 861	13 202
Equity	7 365	7 651
- of which, minority interests	3	3
Net debt	238	354
Operating capital	7 603	8 005
<b>Key indicators</b>		
Operating margin, %	-0.3	-2.8
ROE, Return on equity (average), %	-4.5	-18.8
ROOC, Return on operating capital (average), %	-1.6	-12.1
Net debt/equity ratio	0.03	0.05
Equity/assets ratio, %	33.6	34.7
Gross investments, SEK m	1 196	1 194
Appropriation, SEK m	22	21
Dividend, SEK m	0	0
Average no of employees	31 350	33 278
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

## Gender distribution, %



1) Elected for 2018/2019



On 1 April 2016, Innventia, SP and Swedish ICT were brought together under RISE Research Institutes of Sweden Holding AB to become a stronger research and innovation partner. In international cooperation with the academic world, business and the public sector, the company is contributing to a competitive business sector and a sustainable society. RISE's assignment is set out in the Government Bills on research and innovation. Both the earlier Bill, *Research and innovation for 2013–2016* (Govt Bill 2012/13:30), and the latest Bill for the period 2017–2020, *Collaborating for knowledge - For society's challenges and stronger competitiveness* (Govt Bill 2016/17:50) state that the overall objective of the industry research institutes in the RISE group is to be internationally competitive and work for sustainable growth in Sweden by strengthening competitiveness and renewal in the Swedish business sector. In accordance with what is stated in the latest Bill, RISE's assignment is to be developed. As one step, the Swedish institutional sector is to be made more cohesive. The Bill also advocates a continuing reinforcement of RISE's role as a developer of test and demonstration environments as well as enhanced cooperation with the academic world, business and the public sector. RISE is also to continue to develop leading-edge expertise in areas of strategic importance to industrial transformation and to further develop support to small and medium-sized enterprises.

#### Significant events in 2017

- RISE started work on drafting a proposal for a national research environment in electromobility based in Gothenburg.
- At the end of the year RISE was commissioned by the Government to start a Substitution Centre that would increase knowledge about dangerous substances.
- RISE took a strategic decision to support access to the MAX IV and ESS research facilities.
- In 2017 the Government decided to approve a merger plan for the two companies at the top of the RISE Group, RISE Research Institutes of Sweden Holding AB and RISE Research Institutes of Sweden AB. The merger means that the holding company, which is the present parent company, will merge into its subsidiary RISE Research Institutes of Sweden AB. The subsidiary will retain its name and will be the new parent company of the RISE Group after the merger, simplifying group structure and making corporate governance more effective. The merger is taking place according to the authorisation given by the Riksdag (Govt Bill 2016/17:1, Committee Report 2016/17:NU1, Riksdag Comm. 2016/17:103) as part of the ongoing restructuring of RISE. The merger is expected to be carried out in 2018.

#### Targets and tracking

##### Financial targets

RISE is profit-making but does not pay a dividend. As RISE has become an operational group through the merger, the plan is for financial targets to be drafted in 2018.

##### Sustainable business targets

- Attraction target: In 2020, RISE is to be ranked among the ten most attractive workplaces in Sweden among its most important target groups.
- Business target: In 2020, RISE is to have 10 per cent of its sales generated by sustainability work.
- Responsibility target: In 2020, 100 per cent of all client contracts are to be sustainability assured and linked to one of the global Sustainable Development Goals.

##### Public policy assignment

The owner instruction adopted at the EGM in February 2018 states that the company's assignment is based on its specifically adopted public policy assignment and the reporting requirements made on RISE regarding operations financed with strategic competence funds. RISE made a report to the Government Offices, as instructed, in March 2018 and the report is available on the company's website. Work is currently under way on drafting public policy targets according to the process described on page 22.

#### State holding: 100%



Chair: Jan Wäreby



CEO: Pia Sandvik

#### Board and auditor elected for 2018/2019

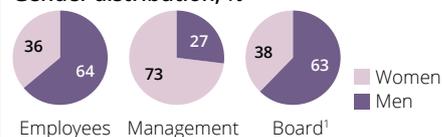
**Chair:** Jan Wäreby **Directors:** Torbjörn Holmström, Anna-Karin Stenberg, Fredrik Winberg and Sven Wird. New election of Klas Bendrik, Hanna Lagercrantz and Sara Mazur at 2018 AGM, with Anna Hultin Stigenberg, Marie Westrin and Richard Reinius stepping down **Employee reps:** Mats Lidbeck, Åsa Rudström, Lazaros Tsantaris

**Employee alternates:** Linda Ikatti, Ewa Lie, Fredrik Lindberg **Auditor:** Ingrid Hornberg Román (KPMG)

The fee paid to the board chair is SEK 350 (120) thousand. The fee paid to directors elected by the AGM is SEK 175 (60) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	2 696	2 470
Operating profit	14	57
Profit before tax	27	59
Net profit	27	52
- of which, minority interests	6	8
<b>Balance sheet, SEK m</b>		
Total assets	2 518	2 570
Non-current assets	1 178	1 105
Equity	980	962
- of which, minority interests	50	46
Net debt	-283	-406
Operating capital	698	555
<b>Key indicators</b>		
Operating margin, %	0.5	2.3
ROE, Return on equity (average), %	2.8	5.4
ROOC, Return on operating capital (average), %	2.3	9.2
Net debt/equity ratio	-0.3	-0.4
Equity/assets ratio, %	38.9	37.4
Gross investments, SEK m	188	128
Appropriation, SEK m	537	463
Dividend, SEK m	0	0
Average no of employees	2 041	2 014
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

#### Gender distribution, %



1) Elected for 2018/2019



As part of Swedish labour market policy, Samhall Aktiebolag is to produce 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 Government has decided to increase the number of employees in sheltered employment in the company's core assignment in 2018 and 2019. Samhall offers employees work in areas including workplace and property service, warehousing and logistics, cleaning and laundry, manufacturing and services for older people.

#### Significant events in 2017

- The company reached all its labour market policy targets for 2017.
- High business growth resulting in more jobs.
- The Riksdag decided, after nine years, to increase compensation to Samhall for additional costs.

#### Targets and tracking

##### Financial targets

- **Profitability:** Return on equity to be 7 per cent. The outcome was -18 per cent, which is mainly explained by annual pay cost increases not being fully offset by an adjustment of compensation for additional costs. The outcome for the past 10 years is 1 per cent.
- **Capital structure:** Equity/assets ratio to be at least 30 per cent. On account of negative earnings the equity/assets ratio fell to 35 per cent.
- **Dividend:** The company does not have a dividend target. The profit generated is carried forward to promote the company's continued operations.

A review of the company's financial targets is planned.

##### Sustainable business targets

- **Recruitment offer:** Develop cooperation with companies that want to recruit from Samhall so that the cooperation generates 75 transitions. The outcome in 2017 was 106 transitions.
- **Employees in work (EIW):** The target was reduction from factor 3.4 to factor 3.1 during

2017. The target was achieved as the outcome was 3.1.

- **Committed employees:** The sub-index for employee commitment was to rise from 66 per cent. The outcome was 68 per cent for 2017.
- **Increased degree of self-financing:** The target for 2017 was to increase the degree of self-financing to 32 per cent. The target was achieved with an outcome of 32 (31) per cent.
- **Lower CO<sub>2</sub> emissions:** The target of reducing the use of fossil fuels in relation to sales (kSEK) was achieved with a fall from 0.55 to 0.53 litres.

##### Public policy assignment

Has specifically adopted public policy assignments. The assignments from the owner for 2017 comprised:

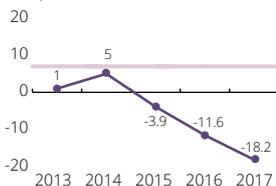
- The number of jobs for people with disabilities should equal at least 29.4 million paid hours.
- Share of recruitment from prioritised groups to be at least 40 per cent.
- At least 1 100 individuals to transition to other employers from jobs within the core assignment and developmental jobs.
- Samhall also has a special assignment to offer at least 3 100 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 2017. Targets according to the public policy targets process have not yet been developed.

#### Financial targets and tracking

##### Profitability

ROE, %

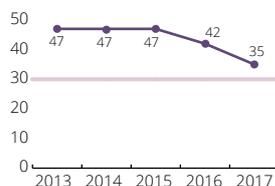


— Target: 7%

● Outcome ■ New target adopted by AGM

##### Capital structure

Equity/assets ratio, %



— Target: ≥30%

#### State holding: 100%



Chair: Erik Strand



CEO: Monica Lingegård

#### Board and auditor elected for 2018/2019

**Chair:** Erik Strand **Directors:** Bertil Carlsén, Hillevi Engström, Angelica Frithiof, Helen Fasth Gillstedt, Leif Ljungqvist, Maria Nilsson and Dario Aganovic

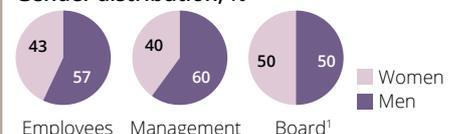
**Employee reps:** Ann-Christin Andersson, Hans Abrahamsson, Pia Litbo **Employee alternates:** Hans Janeman, Anders Lehult, Marcus Merilä

**Auditor:** Anneli Pihl (Deloitte)

The fee paid to the board chair is SEK 315 (310) thousand. The fee paid to directors elected by the AGM is SEK 150 (145) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	7 442	6 911
Operating profit	-271	-209
Profit before tax	-237	-162
Net profit	-237	-175
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	3 378	3 403
Non-current assets	117	122
Equity	1 181	1 418
- of which, minority interests	0	0
Net debt	-2 409	-2 632
Operating capital	-1 227	-1 214
<b>Key indicators</b>		
Operating margin, %	-3.6	-3.0
ROE, Return on equity (average), %	-18.2	-11.6
ROOC, Return on operating capital (average), %	22.2	18.3
Net debt/equity ratio	-2.0	-1.9
Equity/assets ratio, %	35.0	41.7
Gross investments, SEK m	31	31
Appropriation, SEK m	4 405	4 405
Dividend, SEK m	0	0
Average no of employees	19 459	18 628
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

#### Gender distribution, %



1) Elected for 2018/2019



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 2017**

- During the year 13 of the subsidiaries' holdings were sold and the total exit payments corresponded to SEK 365m.
- The subsidiaries made supplementary investments in 16 of their holdings corresponding to SEK 166m.
- In December 2017 Saminvest made its three first fund commitments with venture capital funds, all of which operate in Sweden. The commitments cover actors focusing on life sciences and technology companies close to universities that are in their seed phase. The three fund commitments amount to around SEK 440m.

**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*

In 2017 Saminvest conducted a materiality analysis, including a stakeholder dialogue, and, based on it, the company has identified a number of areas that are judged to have most impact from a sustainability perspective. The three areas are being a respected actor in the market, creating vigorous companies and demonstrating stability and predictability. In 2018 the company also intends to develop relevant sustainability targets. Its subsidiaries Fouriertransform and Inlandsinnovation are continuing to follow the same sustainability targets as the companies had formulated before the merger.

*Fouriertransform:*

- Fouriertransform is to integrate the aspect of sustainability in the exit process. Not fulfilled.

- Fouriertransform is to ensure that all companies are tracked with respect to their sustainability targets. Not fulfilled.
- Topical and relevant themes are to be considered on at least one occasion in conjunction with network meetings with portfolio companies. Fulfilled.
- Fouriertransform is to plan further work with the portfolio companies judged to have the greatest potential of combining commercial and social benefit. Fulfilled.

*Inlandsinnovation:*

- Sustainability issues are to be an agenda item at one portfolio day per year held by Inlandsinnovation. Fulfilled.
- Growth in the portfolio companies is always to be higher than average in small and medium-sized enterprises in the area. Fulfilled.
- Inlandsinnovation's financial target is to keep its equity intact in real terms over time. Not fulfilled.

*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

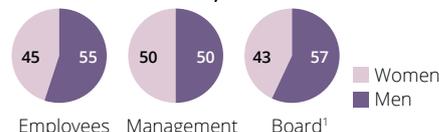
**Board and auditor elected for 2018/2019**

**Chair:** Niklas Johansson **Directors:** Patric Eriksson, Björn Fröling, Eva Färnstrand, Alexandra Nilsson and Anders Wiger. New election of Ulrika Nordström at 2018 AGM, Katarina Green and Sigrun Hjelmquist stepped down in 2017. Kristina Eken-gren was elected in 2017 and stepped down at 2018 AGM **Auditor:** Magnus Svensson Henryson (PwC)

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

	2017
<b>Income statement, SEK m</b>	
Net sales	3
Operating profit	-157
Profit before tax	-82
Net profit	-75
- of which, minority interests	0
<b>Balance sheet, SEK m</b>	
Total assets	5 229
Non-current assets	1 996
Equity	5 190
- of which, minority interests	0
Net debt	-386
Operating capital	4 805
<b>Key indicators</b>	
ROE, Return on equity, %	-1.4
ROOC, Return on operating capital, %	-3.3
Net debt/equity ratio	-0.1
Equity/assets ratio, %	99.3
Gross investments, SEK m	166
Appropriation, SEK m	0
Dividend, SEK m	200
Average no of employees	24
Reported in compliance with GRI guidelines	Yes
Externally assured GRI report	Yes
Reports in compliance with IFRS	Yes

**Gender distribution, %**



1) Elected for 2018/2019



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 ownership 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 ordinary votes in SAS. In financial year 2016/2017 SAS flew a total of 30 million passengers to 123 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 an efficient operational platform. 3) Secure the right competencies.

#### Significant events in 2016/2017

- SAS carried out a directed issue of new shares of SEK 1.3bn and issued an unsecured bond of SEK 1.5bn in November 2017. These measures contributed to a reduction of around SEK 55m in annual financing costs and to a higher credit rating.
- Decision taken to supplement production with a new air transport licence with bases in London and Malaga.
- SAS reported its highest earnings before tax and items affecting comparability for 20 years.
- During the year 11 new A320neo aircrafts were introduced; this model has around 18 per cent lower fuel consumption than its predecessor, A320.

#### 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 2.7 per cent in the financial year. Since 2010 total carbon emissions have decreased by 12.1 per cent.
- Reduce noise at take-off by 15 per cent by 2020 compared with 2010. Noise at take-off was reduced during the financial year by 11.1 per cent compared with 2010.
- Make regular use of renewable jet fuel by 2020. A total of 100 tonnes of renewable jet fuel was used during the financial year, 10 tonnes more than in the previous year.

#### 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 12.8 per cent.
- **Capital structure:** Net debt/EBITDAR ratio below 3.0. The outcome was 3.1.
- **Financial preparedness:** Cash and cash equivalents and available credit facilities to exceed 25 per cent of fixed costs. The outcome was 37 per cent.

#### Financial targets and tracking



#### State share of votes: 14.8%



**Chair:** Carsten Dilling

**CEO:** Rickard Gustafson

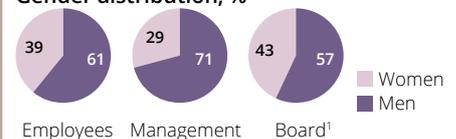
#### Board and auditor elected for 2018/2019

**Chair:** New election of Carsten Dilling at 2018 AGM (already board member), with Fritz H. Schur stepping down. **Directors:** Monica Caneman, Lars-Johan Jarnheimer, Dag Mejdell and Sanna Suvanto-Harsaae. New election of Oscar Stege Unger and Liv Fiksdahl at 2018 AGM. **Employee reps:** Endre Røros, Cecilia van der Meulen, Janne Wegeberg. **Auditor:** Bo Hjalmarsson (PwC)

Fee of SEK 585 (410) thousand is paid to board chair and SEK 390 (242) thousand to first and second vice chairs. The fee paid to directors elected by the AGM is SEK 295 (207) thousand.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	42 654	39 459
Operating profit	2 187	1 892
Profit before tax	1 725	1 431
Net profit	1 149	1 321
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	32 555	31 754
Non-current assets	20 252	19 319
Equity	8 058	6 026
- of which, minority interests	0	0
Net debt	-2 799	-1 166
Operating capital	5 259	4 860
<b>Key indicators</b>		
Operating margin, %	5.1	4.8
ROE, Return on equity (average), %	16.3	21.4
ROOC, Return on operating capital (average), %	43.2	36.1
Net debt/equity ratio	-0.3	-0.2
Equity/assets ratio, %	24.8	19.0
Gross investments, SEK m	7 315	5 960
Appropriation, SEK m	0	0
Dividend, SEK m	0	0
Average no of employees	10 324	10 710
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

#### Gender distribution, %



1) Elected for 2018/2019

# 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 2017**

- Issue of SBAB's second green bond with a nominal value of SEK 1.75bn. Demand for the issue was strong and it was oversubscribed quickly.
- Moody's, the rating institute, raised SBAB's long-term credit rating from A2 (positive outlook) to A1 (stable outlook), partly on account of improved profitability and a better financing structure.
- SBAB's deposit offer continued to attract savings from private individuals and companies. The total volume of deposits exceeded SEK 100bn for the first time.

### 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. The return on equity was 12.5 per cent.
- **Capital structure:** Total capital ratio under normal circumstances to be at least 1.5 percentage points above the requirement communicated by Finansinspektionen. Common equity Tier 1 capital ratio (CET1) under normal circumstances to be at least 1.5 percentage points above the requirement communicated by Finansinspektionen. The targets for both the total capital ratio and CET1 were exceeded, 47.6 and 32.2 per cent respectively.
- **Dividend:** At least 40 per cent of profit for the year after tax. The dividend for 2017 is equal to 40 per cent of the profit.

### 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: 5 of 12. Actual ranking was 6 of 12.
  - Target 2 – Transparency:* Proportion of customers who find SBAB's offering straightforward and easy to understand: 84 per cent. The outcome was 83 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 2nd.
- **Attractive workplace:**
  - Target 1 – Gender equality & diversity:* Equality between women/men in management positions (within the range): 45–55 per cent. The target was achieved.
  - Target 2 – Employee satisfaction:* Percentage of employees who consider SBAB a great place to work: 82 per cent. The outcome was 79 per cent.
  - Target 3 – Employee experience:* Total Trust Index: 77 per cent. The outcome was 74 per cent.

### Public policy assignment

No specifically adopted public policy assignment.

### State holding: 100%



**Chair:** Bo Magnusson **CEO:** Klas Danielsson

### Board and auditor elected for 2018/2019

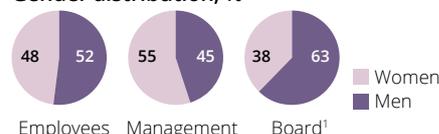
**Chair:** Bo Magnusson **Directors:** Carl-Henrik Borg, Lars Börjesson, Eva Gidlöf, Daniel Kristiansson, Jane Lundgren-Ericsson and Karin Moberg. Jacob Grinbaum stepped down in 2017, Jan Sinclair elected at EGM in 2018. **Employee reps:** Kristina Ljung, Margareta Naumburg **Employee alternates:** Eva-Lotta Lindberg, David Larsson **Auditor:** Patrick Honeth (Deloitte)

Fee paid to the board chair is SEK 460 (450) thousand. Fee paid to directors elected by the AGM is SEK 219 (215) thousand. No fee is paid to directors employed by the Government Offices. Fee paid to chair of subsidiary SCBC not employed by the company is SEK 180 (180) thousand and to directors not employed by the company is SEK 130 (130) thousand.

	2017	2016
<b>Income statement, SEK m</b>		
Net interest income	3 149	2 829
Net commission income	-5	7
Net income		
Financial items	-12	48
Other operating income	31	34
Total income	3 163	2 918
Operating profit	2 228	2 011
Profit before tax	2 228	2 011
Net profit	1 709	1 570
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	416 787	375 156
Lending to the public	336 978	297 641
Equity	15 810	15 282
- of which, minority interests	0	0
<b>Key indicators</b>		
Level of loan losses, %	0.0	0.0
ROE, Return on equity (average), %	12.5	12.3
Common equity Tier 1 capital ratio, %	32.2	32.2
Total capital ratio, %	47.6	51.6
Dividend, SEK m	684	628
Average no of employees	533	484

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

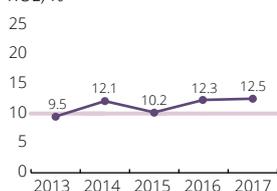
### Gender distribution, %



1) Elected for 2018/2019

### Financial targets and tracking

**Profitability**  
ROE, %



— Target: ≥10%

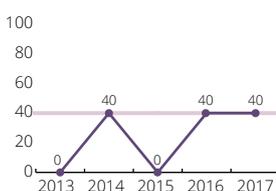
● Outcome ■ New target adopted by AGM

**Capital structure**  
Common equity Tier 1 capital ratio, %



— Target: ≥25.8%

**Dividend**  
%



— Target: ≥40%

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 2017

- New lending of SEK 89bn is among the highest in SEK's history.
- The number of customers increased by 10 per cent and was 137 at the end of 2017. Work on reaching out to medium-sized enterprises with SEK's offering continued to progress well.
- Strong capitalisation and good liquidity.
- Adopted the Equator Principles.

## Targets and tracking

### Financial targets

- **Profitability:** Return on equity of at least 6 per cent. Return on equity was 4.5 per cent. In the past two years the resolution fee of SEK 193m (102m) has been a charge on earnings.
- **Capital structure:** The total capital ratio under normal circumstances to be between 1 and 3 percentage points above the requirement communicated by Finansinspektionen: 17.2–19.2 per cent. The outcome was 23.0 per cent.
- **Dividend:** 30 per cent of profit for the year, taking account of the capital structure target, future capital requirements and investments. Dividend for 2017 in line with policy.

### Sustainable business targets

- **Sustainable society:** Green loans to exceed SEK 3 billion and the external sustainability rating to be gradually increased. The target for 2017 was C+. SEK lent SEK 2.4bn in green loans and its sustainability rating was C.
- **Diversity:** 40–60 per cent women/men in managerial positions and the share of employees of foreign background to exceed 25 per cent. The outcome was 42/58 per cent women/men in managerial positions and 33 per cent of employees from foreign backgrounds.

### 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 for the Swedish export credit system to be as competitive as the systems in the most important competitor countries.

- a) The customer survey, which is conducted every two years, was last held in 2016 and showed that 63 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. 73 per cent report that cooperation with SEK exceeded their expectations and 87 per cent consider that the Swedish export credit system is better than the systems in important competitor countries.
- b) During the year SEK engaged in ongoing stakeholder dialogues and conducted a questionnaire survey about the most important sustainability issues among a sample of the company's stakeholders. SEK adopted the Equator Principles and has worked, along with other actors, to find financing solutions for Swedish exports of environmental technology in areas including sustainable urban development. Continued activity in the Team Sweden Export Strategy Group through regional collaboration and joint seminars.

## State holding: 100%



**Chair:** Lars Linder-Aronson



**CEO:** Catrin Fransson

### Board and auditor elected for 2018/2019

**Chair:** Lars Linder-Aronson **Directors:** Cecilia Ardström, Anna Brandt, Reinhold Geijer, Hans Larsson and Ulla Nilsson. New election of Eva Nilsagård and Héléne Westholm at 2018 AGM, with Susanne Lithander and Lotta Mellström stepping down **Auditor:** Peter Nyllinge (PwC)

The fee paid to the board chair is SEK 440 (425) thousand. The fee paid to directors elected by the AGM is SEK 205 (195) thousand. No fee is paid to directors employed by the Government Offices.

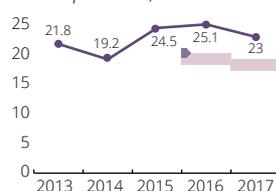
	2017	2016
<b>Income statement, SEK m</b>		
Net interest income	1 683	1 747
Net commission income	-28	-29
Net income		
Financial items	-102	-110
Other operating income	0	0
Total income	1 553	1 608
Operating profit	1 007	1 002
Profit before tax	1 007	1 002
Net profit	772	780
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	264 392	299 442
Lending to the public	205 434	220 321
Equity	17 574	17 136
- of which, minority interests	0	0
<b>Key indicators</b>		
Level of loan losses, %	0.0	0.0
ROE, Return on equity (average), %	4.5	4.6
Common equity Tier 1 capital ratio, %	20.6	22.1
Total capital ratio, %	23.0	25.1
Dividend, SEK m	232	234
Average no of employees	252	260
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

## Financial targets and tracking

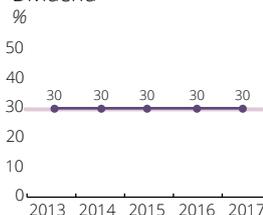
### Profitability



### Capital structure

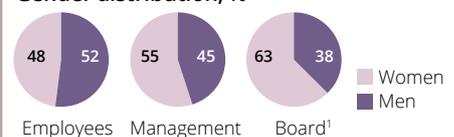


### Dividend



— Target: ≥6%      — Target: 17.2–19.2%  
 ● Outcome      ■ New target adopted by AGM

## Gender distribution, %



1) Elected for 2018/2019



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 subsidiaries Stockholmståg, SJ Norrlandståg and SJ Götalandståg. SJ mainly operates in the market for inter-regional or long-distance travel. The company operates two types of traffic services: commercial services and contracted services (which are procured competitively by the Swedish Transport Administration or regional transport services providers). SJ operates both commercial services and contracted services 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 the company's vision, business model and core values, social, environmental and economic responsibility is assured through measurement and tracking of six control areas. Working to improve punctuality is one of the targets. SJ's work on punctuality resulted in an improvement in punctuality for long-distance trains and overnight trains to 82 (81) per cent, as well as for regional trains to 92 (90) per cent.

Significant events in 2017

- Sales decreased as SJ no longer has the contract to operate commuter rails services in the County of Stockholm, a contract with sales of SEK 1 900m in 2016.
- The Movingo commuter ticket was introduced in Mälardalen.
- Sickness absence decreased to 5.4 (6.6) per cent in 2017; this was the result of focused, long-term work on rehabilitation plans, individual monitoring and close cooperation between the occupational health service and Försäkringskassan [Swedish Social Insurance Agency].
- Over 30 million journeys were made on SJ tickets during the year, compared with 28 million in 2016.
- SJ decided to procure a new fleet of high-speed trains. The investment of SEK 5–6bn is SJ's largest investment for 30 years.
- The company's mission was clarified at the 2018 AGM; its mission includes contributing to the objectives of transport policy.

- **Capital structure:** Net debt/equity ratio of 0.5–1.0 in long term. The outcome was 1.0.
- **Dividend:** To be between 30 and 50 per cent of profit for the year over the long term. The dividend for financial year 2017 corresponded to about 50 per cent of profit for the year.

Sustainable business targets

- **Punctuality:** 95 per cent by 2020. Punctuality for SJ's long-distance trains was 82 per cent. The target for 2017 was 89 per cent. Punctuality for regional trains was 92 per cent. The target for 2017 was 92 per cent.
- **Sickness absence,** target for 2017 was 5.6 per cent. The outcome was 5.4 per cent.
- **Diversity,** percentage from foreign background according to Statistics Sweden. The target for 2017 was 15 per cent and the outcome was 15 per cent.
- **SJ Volunteer – An opportunity for employees to engage in voluntary work during working hours,** target for 2017: 1 750 hours. The outcome was 1 030 hours. Activities are under way to encourage more employees to engage in voluntary work.

Public policy assignment

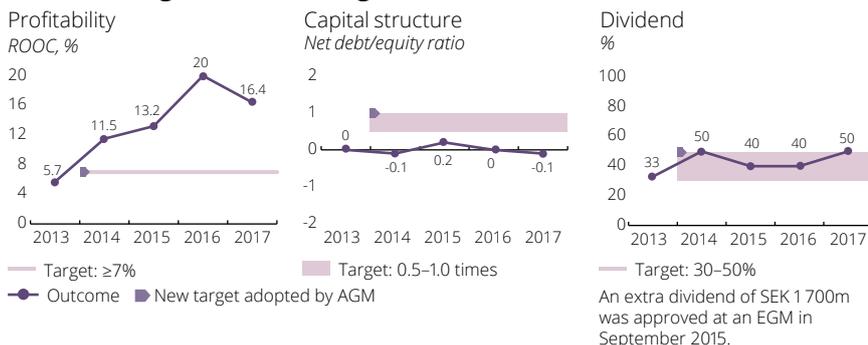
No specifically adopted public policy assignment.

Targets and tracking

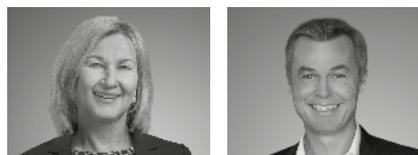
Financial targets

- **Profitability:** Return on operating capital to be at least 7 per cent on average. The outcome was 16.4 per cent.

Financial targets and tracking



State holding: 100%



Chair: Siv Svensson

CEO: Crister Fritzon

Board and auditor elected for 2018/2019

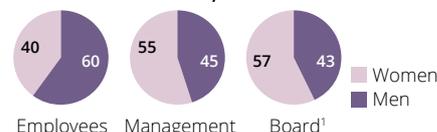
**Chair:** New election of Siv Svensson at 2018 AGM (already board member), with Jan Sundling stepping down **Directors:** Ulrika Dellby, Kersti Strandqvist and Mikael Stöhr. New election of Lennart Käll, Per Matses and Ulrika Nordström at 2018 AGM, with Mikael Staffas and Michael Thorén stepping down **Employee reps:** Per Hammarqvist, Hans Pilgaard, Stefan Zetterlund **Auditor:** Hans Warén (Deloitte)

The fee paid to board chair is SEK 410 (400) 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.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	7 780	9 336
Operating profit	666	837
Profit before tax	664	833
Net profit	523	650
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	8 078	8 264
Non-current assets	5 655	5 825
Equity	4 615	4 337
- of which, minority interests	0	0
Net debt	-465	10
Operating capital	4 073	4 181
<b>Key indicators</b>		
Operating margin, %	8.5	8.9
ROE, Return on equity (average), %	11.7	16.3
ROOC, Return on operating capital (average), %	16.4	20.0
Net debt/equity ratio	-0.1	0.0
Equity/assets ratio, %	57.1	52.5
Gross investments, SEK m	596	390
Appropriation, SEK m	0	0
Dividend, SEK m	269	260
Average no of employees	3 680	4 192

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

Gender distribution, %



1) Elected for 2018/2019



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 emergency number 112 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 service.

### Significant events in 2017

- New payment level adopted for the 112 assignment, leading to full cost recovery as of 2018.
- Work on culture and core values has been carried out and a new single organisation has been set up. The strategic work on change started in 2016 has continued and has resulted in three strategic focus areas for 2018: resource and skills assurance; ability to execute the investment portfolio; and development of service and business on the basis of customer needs.
- The government-appointed 112 Inquiry and Inquiry on municipal rescue services are under way; results to be presented in 2018.
- Higher operating profit on account of renegotiated contracts, lower depreciation/amortisation and understaffing.

### Targets and tracking

#### Financial targets

- **Profitability:** Group operating margin to be at least 2 per cent. The outcome was 8.8 per cent.
- **Capital structure:** Group equity/assets ratio to be 25–35 per cent with a benchmark of 30 per cent. The outcome was 46.1 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 2017 the financial targets were met but no dividend was paid on account of strategic work on change and investment needs.

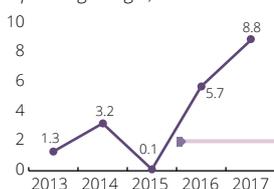
#### Sustainable business targets

- Secure citizens – target exceeded – see public policy targets (confidence index).

### Financial targets and tracking

#### Profitability

Operating margin, %



— Target:  $\geq 2.0\%$

● Outcome ■ New target adopted by AGM

#### Capital structure

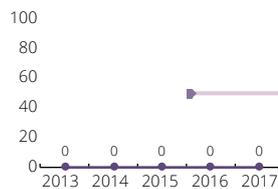
Equity/assets ratio, %



— Target: 25–35%

#### Dividend

%



— Target:  $\geq 50\%$

- Improve customer relationships was measured via the CSI for the entire business – the target of 69 was met.
- Motivated employees is measured via
  - Employee index, target 72; the target was met.
  - Employee turnover, target 14 per cent, outcome 18.6; the target was not met.
- Reduced environmental load – the target of reducing CO<sub>2</sub> emissions per employee from business travel was not met.

#### 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 until the time 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. Public confidence index to be at least 70. Both targets were met with scores of 71 and 82 respectively.

The public policy targets were not met but performance has improved. The average response time was 12.7 seconds; 92 per cent of calls were answered within 30 seconds and 76 per cent within 15 seconds.

### State holding: 50%



Chair: Eva Fernvall

CEO: Maria Khorsand

#### Board and auditor elected for 2018/2019

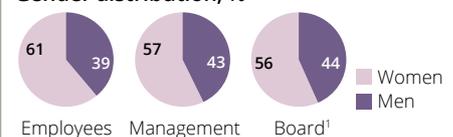
**Chair:** Eva Fernvall **Directors:** Vesna Jovic, Alf Jönsson, Ingrid Lennerwald, Inge Lindberg, Johnny Magnusson and Maria Nilsson. New election of Erik Traneus and Maria Ygge at 2018 AGM, with Lotta Mellström and Ewa Stålldal stepping down  
**Employee reps:** Mats Lundgren, Lars Thomsen  
**Employee alternates:** Johan Magnusson, Hanna Bergdahl **Auditor:** Marine Geisen (KPMG)

The fee paid to board chair is SEK 180 (160) thousand. The fee paid to directors elected by the AGM is SEK 85 (80) thousand. No fee is paid to directors employed by the Government Offices or to employee representatives.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	1 082	1 017
Operating profit	95	58
Profit before tax	96	59
Net profit	74	45
- of which, minority interests	1	1
<b>Balance sheet, SEK m</b>		
Total assets	597	621
Non-current assets	275	233
Equity	275	202
- of which, minority interests	4	4
Net debt	-349	-205
Operating capital	-74	-3
<b>Key indicators</b>		
Operating margin, %	8.8	5.7
ROE, Return on equity (average), %	31.1	25.1
ROOC, Return on operating capital (average), %	-248.5	-273.1
Net debt/equity ratio	-1.3	-1.0
Equity/assets ratio, %	46.1	32.6
Gross investments, SEK m	72	93
Appropriation, SEK m	264	255
Dividend, SEK m	0	0
Average no of employees	1 003	1 021

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

### Gender distribution, %



1) Elected for 2018/2019



Specialfastigheter Sverige Aktiebolag 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 140 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 and commercial basis and are characterised by long leases, which creates stability in financial performance.

- Significant events in 2017**
- Profit for the year increased due to higher rental income.
  - Issue of the company's first green bond with a value of SEK 1.25bn.
  - Market value of the properties increased by 9 per cent to SEK 25bn.
  - The Riksdag decided that the Swedish Transport Administration is to divest eight security properties to Specialfastigheter.

**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 13.2 per cent, which is above the target.
- **Capital structure:** Equity/assets ratio of 25–35 per cent. The equity/assets ratio was 33.8 per cent.
- **Dividend:** 50 per cent of profit for the year 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 proposed for 2017 was according to policy, equal to SEK 560m (497m).

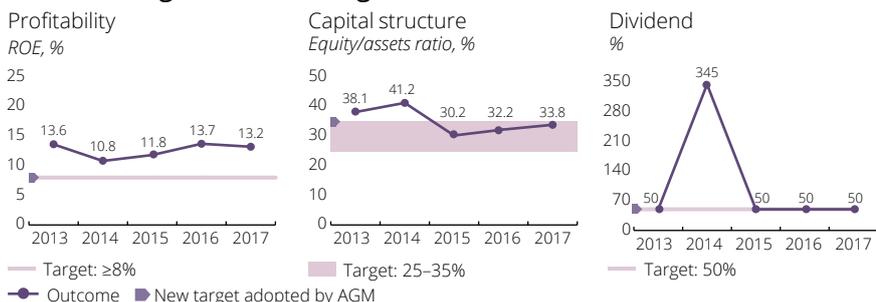
*Sustainable business targets*

- Increase proportion of employees from foreign backgrounds, target for 2017: 10 per cent. Proportion of employees from foreign backgrounds was 10 (9) per cent.
- Zero (0) instances of corruption or the giving or taking of bribes, measured as number. Zero (0) instances of corruption or the giving or taking of bribes identified.
- Contract compliance, proportion of total transactions based on sub-orders placed against central purchasing contracts, to be at least 90 per cent. Contract compliance was 91 (89) per cent.
- Improve energy efficiency, target for 2017: maximum energy consumption of 195.6 kWh/m<sup>2</sup> for property electricity, operational electricity, heating, comfort cooling and hot water. Energy consumption in 2017 was 199.4 (200) kWh/m<sup>2</sup>. A systematic effort is being made to cut energy consumption.
- All rental leases to have green annexes, target for 2017: 95 per cent. The share of leases with green annexes was 87.9 (95) per cent. The decline is due to acquisitions during the year where rental leases did not have green annexes.

*Public policy assignment*

No specifically adopted public policy assignment.

**Financial targets and tracking**



**State holding: 100%**



**Chair:** Eva Landén

**CEO:** Åsa Hedenberg

**Board and auditor elected for 2018/2019**

**Chair:** New election of Eva Landén at 2018 AGM (already board member), with Bo Lundgren stepping down **Directors:** Jan Berg, Carin Götblad, Mikael Lundström and Maj-Charlotte Wallin. New election of Erik Tranaeus and Åsa Wirén at 2018 EGM, with Ulrika Nordström stepping down

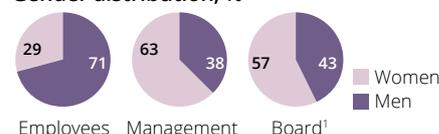
**Employee reps:** Masoomeh Antonsson, Roger Törngren **Employee alternates:** Tomas Edström, Erik Ydreborg **Auditor:** Mikael Ikonen (EY)

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.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	2 028	1 912
Changes in value	769	827
Operating profit	2 238	2 179
Profit before tax	2 165	2 100
Net profit	1 719	1 638
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	26 842	24 372
Non-current assets	26 189	24 060
Equity	9 066	7 844
- of which, minority interests	0	0
Net debt	12 202	11 901
Operating capital	21 268	19 745
<b>Key indicators</b>		
Operating margin, %	110.4	114.0
ROE, Return on equity (average), %	13.2	13.7
ROOC, Return on operating capital (average), %	10.9	11.5
Net debt/equity ratio	1.3	1.5
Equity/assets ratio, %	33.8	32.2
Gross investments, SEK m	1 398	1 288
Appropriation, SEK m	0	0
Dividend, SEK m	560	497
Average no of employees	144	131

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

**Gender distribution, %**



1) Elected for 2018/2019



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:

- The **Science Services** Division offers launching services for sounding rockets and stratosphere balloons with scientific or technical instruments for research and technical development and for the development of experiments and commercial payloads. This Division corresponds to the 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, the SSC Universal Space Network.
- **Engineering Services** provides engineering services for space organisations such as the European Space Agency (ESA) and the German Aerospace Center (DLR).

#### Significant events in 2017

- Operating profit excluding the loss in connection with divestment of a subsidiary improved by SEK 47m compared with the preceding year.
- In cooperation with the Swedish National Space Agency, SSC produced a business plan for commercial satellite launches from Esrange, which is input for a decision on infrastructure expansion at Esrange.
- ECAPS, a subsidiary, was sold.

#### 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 yield target was not met on account of losses in connection with the divestment of ECAPS, so no dividend was paid.

##### Sustainable business targets

- The Sustainable Business Analysis model to be applied to all potential business deals.
- All employees to have completed SSC training regarding the Code of Conduct.
- All new suppliers and partners to sign the SSC Code of Conduct.

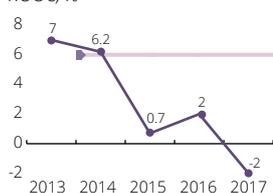
- The SSC Code of Conduct to be addressed with all customers and included in contracts as needed.
- SSC to comply with environmental and security laws and always strive to achieve zero tolerance of non-compliance with internal environmental and security requirements.
- The sustainability targets are mainly considered to have been met for 2017, except for full application of SSC's Sustainable Business Analysis in its international operations. The model was implemented in 2017 in its European and Asian operations for its global business vision, SaMS. In 2018 the focus is on the American operations in SaMS and on the other divisions.

##### 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 2017 the capacity utilisation rate at the Esrange Space Center was 68 per cent, target at least 70.
- In 2017 measurements were carried out on one occasion to assess quality of delivery; an overall quality index of 88 per cent was achieved, target: at least 80 per cent.

#### Financial targets and tracking

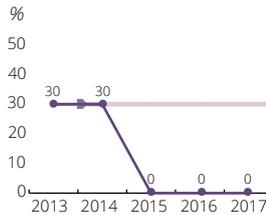
Profitability  
ROOC, %



Capital structure  
Net debt/equity ratio



Dividend  
%



— Target: ≥6.0%      — Target: 0.3–0.5 times  
— Outcome      — New target adopted by AGM

#### State holding: 100%



Chair: Monica  
Lingegård



CEO: Stefan Gardefjord

#### Board and auditor elected for 2018/2019

**Chair:** Monica Lingegård **Directors:** Fredrik Brunell, Anne Gynnerstedt, John Paffett, Maria Palm and Håkan Syrén. New election of Anna Kinberg Batra, Per Lundkvist and Olle Norberg at 2018 AGM, with Hanna Lagercrantz and Lars Leijonborg stepping down **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 260 (246) thousand. The fee paid to directors elected by the AGM is SEK 130 (123) thousand. No fee is paid to directors employed by the Government Offices.

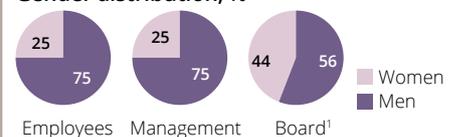
	2017	2016
<b>Income statement, SEK m</b>		
Net sales	935	991
Operating profit	-14	14
Profit before tax	-38	8
Net profit	-47	-18
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	1 120	1 249
Non-current assets	725	794
Equity	458	490
- of which, minority interests	0	0
Net debt	148	211
Operating capital	606	701
<b>Key indicators</b>		
Operating margin, %	-1.5	1.5
ROE, Return on equity (average), %	-9.9	-3.7
ROOC, Return on operating capital (average), %	-2.1	2.1
Net debt/equity ratio	0.3	0.4
Equity/assets ratio, %	40.9	39.3
Gross investments, SEK m	44	86
Appropriation, SEK m	0	0
Dividend, SEK m	0	0
Average no of employees	465	536

Reported in compliance with GRI guidelines Yes

Externally assured GRI report Yes

Reports in compliance with IFRS Yes

#### Gender distribution, %



1) Elected for 2018/2019

# 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 2017

- Increased sales on account of more conversions becoming operational.
- Better net operating income on account of greater rental income.
- Lower investments during the year but more projects to start in 2018.

### 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 67 per cent of project costs (including impairment losses) 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 2010–2017 Sbo sold 19 properties in eight communities. The properties sold were of different types. 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

- 100 per cent of developed properties to be let on completion. The target was met during the year.

- At least 80 per cent flats in properties adapted to older people, to be let; this target was met in 2017.
- 100 per cent of flats and common areas in the properties to be accessible using a rollator or wheelchair, for example. The outcome in 2017 was 100 per cent.
- Increase the proportion of accessible and attractive flats in communities that have access to community services such as food store, health care, public transport within a walking distance of 5–10 minutes, or 300–500 metres, from the developed property. The proportion of flats meeting these criteria increased in 2017.

The company has developed new strategic sustainability targets for 2018.

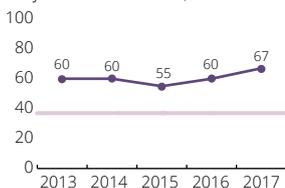
#### Public policy assignment

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 2017 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 2017 but are expected to rise again in 2018. Overall, Sbo is considered to have fulfilled its public policy assignment satisfactorily in 2017. 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 holding: 100%



**Chair:** Christel Wiman

**CEO:** Ann Eriksson

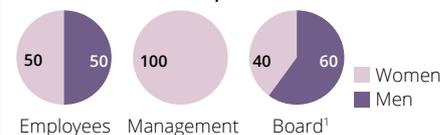
#### Board and auditor elected for 2018/2019

**Chair:** Christel Wiman **Directors:** Leif Ljungqvist, Brita Saxton and Håkan Steinbüchel. New election of Jan-Ove Östbrink at 2018 AGM, with Björn Sundström stepping down **Auditor:** Lars Magnusson (Deloitte)

The fee paid to board chair is SEK 90 (80) thousand. The fee paid to directors elected by the AGM is SEK 45 (40) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	22	19
Operating profit	-17	-22
Profit before tax	-16	-19
Net profit	-18	-21
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	488	509
Non-current assets	256	264
Equity	458	476
- of which, minority interests	0	0
Net debt	-218	-228
Operating capital	240	249
<b>Key indicators</b>		
Operating margin, %	-80.1	-117.6
ROE, Return on equity (average), %	-3.8	-4.2
ROOC, Return on operating capital (average), %	-7.1	-9.6
Net debt/equity ratio	-0.5	-0.5
Equity/assets ratio, %	93.9	93.5
Gross investments, SEK m	24	65
Appropriation, SEK m	0	0
Dividend, SEK m	0	0
Average no of employees	2	3
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

### Gender distribution, %



1) Elected for 2018/2019

# 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 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 ecoparks around Sweden.

## Significant events in 2017

- Good economic situation with rising prices for forest industry products.
- Capital gains and increased productivity have also contributed to higher earnings.
- Sveaskog is continuing to develop sustainable forestry.

## Targets and tracking

### Financial targets

- **Profitability:** Dividend yield of at least 4.5 per cent. For 2017 the dividend yield increased to 4.6 per cent, partly as a result of strong economic development for forest products.
- **Capital structure:** Debt/equity ratio of 0.3–0.6 in long term. The outcome for 2017 was virtually unchanged at 0.36.
- **Dividend:** 65–90 per cent of profit after tax, excluding changes in value not affecting cash flow. The dividend proposed to the 2018 AGM is SEK 900m (800m), which is within the dividend 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 2017. In 2021 the Confidence Index is to be 80; the outcome for 2017 was unchanged at 78.

- The first choice for employees and contractors, good leadership and employee-ship: Gender distribution of at least 30/70 by 2020 and more employees from foreign backgrounds. The proportion of women increased from 22 to 24 per cent in 2017. The target for 2021 for the Motivated Employee Index and the Manager Index is 75. In 2017 the scores were 68 and 70 respectively.
- Leader in innovation and efficiency: Greater efficiency – the target is to increase total productivity by 2 per cent per year until 2021. In 2017 productivity increased by 6.4 per cent.
- Leader in sustainable forestry: The target is to achieve, by 2021, 99 per cent of environmental values in forestry without major impact, which is measured by the Consideration Index. CO<sub>2</sub> emissions to decrease by at least 30 per cent between 2010 and 2020. CO<sub>2</sub> emissions per tonne/delivered km<sup>3</sup> under bark to be reduced by 10 per year. For 2017 the reduction was 11.1. Sveaskog's Consideration Index was 95 (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 13 787 hectares of land in 2017 in its land sale programme. At year-end Sveaskog had sold a total of 8.35 per cent of its forest holdings under its land sales programme.

## State holding: 100%



Chair: Eva Färnstrand

CEO: Per-Olof Wedin

### Board and auditor elected for 2018/2019

**Chair:** Eva Färnstrand **Directors:** Thomas Hahn, Leif Ljungqvist, Annika Nordin, Anna-Stina Nordmark-Nilsson and Sven Wird **Employee reps:** Kenneth Andersson, Sara Östh **Employee alternates:** Lars Djerf, Thomas Esbjörnsson **Auditor:** Hans Warén (Deloitte)

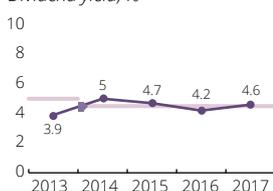
The fee paid to the board chair is SEK 455 (450) thousand. The fee paid to directors elected by the AGM is SEK 180 (175) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	6 206	5 922
Changes in value	200	319
Operating profit	1 827	1 631
Profit before tax	1 719	1 457
Net profit	1 359	1 190
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	39 445	38 594
Non-current assets	35 562	35 422
Equity	20 669	20 081
- of which, minority interests	0	0
Net debt	7 410	7 937
Operating capital	28 169	28 012
<b>Key indicators</b>		
Operating margin, %	29.4	27.5
ROE, Return on equity (average), %	6.7	6.0
ROOC, Return on operating capital (average), %	6.5	5.8
Net debt/equity ratio	0.4	0.4
Equity/assets ratio, %	52.4	52.0
Gross investments, SEK m	220	184
Appropriation, SEK m	0	0
Dividend, SEK m	900	800
Average no of employees	846	844
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

## Financial targets and tracking

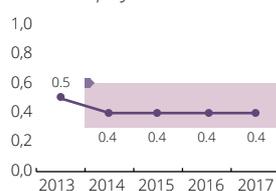
### Profitability

Dividend yield, %



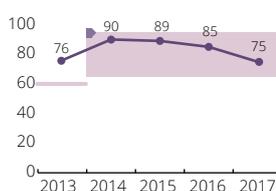
### Capital structure

Net debt/equity ratio



### Dividend

%



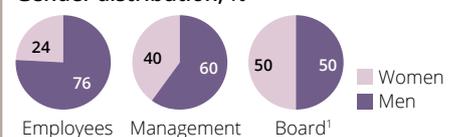
— Target: ≥4.5%

■ Target: 0.3–0.6 times

■ Target: 65–90%

● Outcome ■ New target adopted by AGM

## Gender distribution, %



1) Elected for 2018/2019

# SVEDAB

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 2017

- Celebration in June 2017 to mark that 100 million vehicles have crossed the bridge since it opened in 2000.
- In July two records were broken; both the number of vehicles in a day (about 32 000) and the number in a month (847 100).
- On average 20 631 vehicles per day crossed the bridge in 2017.
- The surplus (before changes in value) rose by DKK 50m to DKK 1 070m as a result of higher road income and lower interest expenses.

### Targets and tracking

#### Financial targets

- The company's loans with the Swedish National Debt Office are to be repaid by 2040. According to the current forecast, the loans are expected to be repaid by about 2033.
- The 2018 AGM adopted new financial targets for the company:
  - **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:
  - a) phase out claim for conditional shareholder contributions;
  - b) phase out interest claim for conditional shareholder contributions;
  - c) 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 National Debt Office have been repaid.

#### Sustainable business targets

- Svedab is to contribute to a cohesive Öresund Region – Svedab is to act as an enabler. Svedab invested SEK 1m in 2017 in ongoing project planning work regarding new noise screens along the Continental Line through Malmö.

- Svedab is to follow laws, ordinances and regulations to ensure sustainable use of resources, as the company has done during the year.
- 100 per cent of energy consumption is to be renewable. As of 2014 all energy consumption has been renewable.
- Svedab is to reduce its energy consumption in the long term. Energy consumption decreased by 2 per cent during the year.
- Svedab wishes to engage suppliers that share the values expressed in the company's Code of Conduct. In 2015 Svedab conducted an in-depth survey of its largest suppliers concerning their sustainable business work. The responses did not lead to any special measures in 2017 but Svedab is following its suppliers' work.
- Zero tolerance of bribes and corruption. Svedab did not have any incidents that can be linked to corruption in 2017.
- No deaths or serious injuries to occur on Svedab's facilities, and none did occur during the year either. In 2017 work was started to look at safety and accessibility for children in Svedab's facilities.
- 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 rail and road links to the Öresund Link:
  - a) road: target value 100 per cent accessibility.
  - b) rail: at least 99.6 per cent accessibility excluding track works.

### State holding: 100%



Chair: Bo Lundgren

CEO: Ulf Lundin

#### Board and auditor elected for 2018/2019

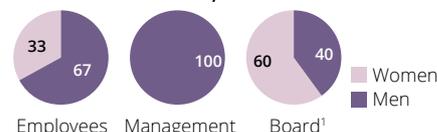
**Chair:** Bo Lundgren **Directors:** Kerstin Hessius, Malin Sundvall and Jan Olson. New election of Kristina Ekengren at 2018 AGM, with Lars Erik Fredriksson stepping down **Auditor:** Carl Fogelberg (PwC)

The fee paid to board chair is SEK 136 (132) 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.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	11	9
Operating profit	648	665
Profit before tax	603	617
Net profit	470	481
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	7 047	6 407
Non-current assets	6 986	6 366
Equity	1 378	855
- of which, minority interests	0	0
Net debt	3 005	2 945
Operating capital	4 384	3 800
<b>Key indicators</b>		
Operating margin, %	5 943.1	7 308.8
ROE, Return on equity (average), %	42.1	80.7
ROOC, Return on operating capital (average), %	15.8	19.0
Net debt/equity ratio	2.2	3.4
Equity/assets ratio, %	19.6	13.3
Gross investments, SEK m	804	815
Appropriation, SEK m	0	0
Dividend, SEK m	793	0
Average no of employees	3	3
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No <sup>1</sup>	

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.

### Gender distribution, %



1) Elected for 2018/2019

# 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 2017

- New lending amounted to SEK 2 231m (876m) during the year.
- Both the size of the loan portfolio and net interest income are at their highest level since the foundation of the business.
- The strong net interest income is mainly due to a strong return on the loan stock.
- Bank exposure to the shipping sector, over and above the most established shipping companies, continued to decrease, strengthening the role of Skeppshypotek as a complement to the market.

## 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 24.1 (23.2) per cent.
- Total capital ratio, at least 12 per cent. The total capital ratio was 23.7 (22.1) 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 CO<sub>2</sub> 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: During the year a screening process for sustainability risks such as politically exposed individuals and sanction lists has been introduced. Skeppshypotek's staff have been trained in anti-corruption and anti-money laundering and will be given supplementary training in these areas as needed.
- Outcome for own environmental impact: Since 2010 the company has offset the CO<sub>2</sub> 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

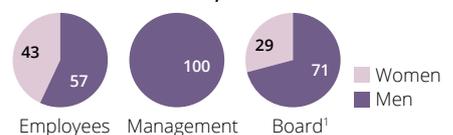
## Board and auditors elected for 2017/2018

**Chair:** Michael Zell **Directors:** Tomas Abrahamsson, Lars Höglund, Elizabeth Kihlbom, Anders Källsson, Jan-Eric Nilsson and Anna Öberg **Alternates:** Rolf Mählkvist, Kenny Reinhold, Ann-Catrine Zetterdahl **Auditors:** Harald Jagner (Deloitte), Henrik Nilsson (Deloitte)

The fee paid to board chair was SEK 140 (125) thousand. The fee paid to directors elected by the AGM was SEK 55 (55) thousand.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	270	215
Operating profit	111	117
Profit before tax	111	117
Net profit	111	117
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	8 713	8 561
Non-current assets	8 245	7 488
Equity	2 100	1 988
- of which, minority interests	0	0
Net debt	-2 100	-2 000
Operating capital	-1	-11
<b>Key indicators</b>		
Operating margin, %	41.1	54.5
ROE, Return on equity (average), %	5.4	6.1
ROOC, Return on operating capital (average), %	-1 899.1	-2 795.2
Net debt/equity ratio	-1.0	-1.0
Equity/assets ratio, %	24.1	23.2
Gross investments, SEK m	0	0
Appropriation, SEK m	0	0
Dividend, SEK m	0	0
Average no of employees	7	7
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

## Gender distribution, %



1) Elected for 2017/2018

# SVENSKA SPEL

AB Svenska Spel's assignment is to arrange gaming and lotteries in a socially responsible manner following the grant of permits by the Government. Svenska Spel's operations are based 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 is to do with safeguarding social protection interests and meeting demand for gaming in controlled forms; in other words, promoting a sound and secure gaming market. According to the National Gaming Board, the company's market share is 40 (41) per cent of the whole known Swedish gaming market, a market that grew by 2 per cent in 2017. Its online market share is put at 21 (22) per cent, which can be regarded as strong in view of the tough competition and the fact that Svenska Spel does not have the biggest product, an online casino. Svenska Spel is certified in accordance with the European Lotteries (EL) and World Lottery Associations (WLA) standards for responsible gaming.

**Significant events in 2017**

- The Gaming Licence Inquiry was presented in March and the year was marked by this process and positioning by gaming companies ahead of reregulation.
- Continued tough competition and further increase in media investments. The company has retained its net gaming income at its 2016 level and showed online growth of 18 per cent, with 49 per cent for mobiles.
- Major projects driven by directives and legislative requirements including new money laundering regulations, the GDPR and reregulation of the gaming market.
- 20 000 customers suspended voluntarily for three months or longer, 21 000 key strokes for a 24-hour stop.
- Cooperation with the Swedish Sports Confederation focusing mainly on exercise for children and young people has been expanded.

### Targets and tracking

#### Financial targets

- Profitability:** Operating margin of at least 22 per cent over a business cycle (5–7 years). The outcome was 21.8 per cent.

#### Sustainable business targets

- More of the company's customers to be aware of their gaming and are making choices on that basis.

### Financial targets and tracking



- Fewer of the company's customers to have gambling problem or developing gambling addictions.
- 100 per cent of employees to complete training in the company's work on countering money laundering and financing of terrorism.
- Proportion of employees from foreign backgrounds in the Group to be at least 28 per cent.
- Gender balance among male and female managers to be in the 45–55 per cent range.
- Playscan Index outcome: 84 (83)
- Customer Satisfaction Index outcome: 68 (68)
- Work Environment Index outcome: 73 (72)
- Proportion (per cent) of women managers outcome: 35 (40)
- Proportion (per cent) of employees from foreign backgrounds outcome: 29.5 (27.5)

#### Public policy assignment

Has a specifically adopted public policy assignment. Targets according to the public policy targets process have not yet been developed. Svenska Spel is to: a) meet consumer demand for attractive gaming activities; b) provide gaming 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 gaming in uncontrolled forms; c) provide a credible but also attractive alternative primarily to uncontrolled gaming operations; d) take into account social protection considerations, fraud risks and consumer interests when gaming 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 meet its assignment under points a), b) and c).

### State holding: 100%



Chair: Erik Strand

CEO: Lennart Käll

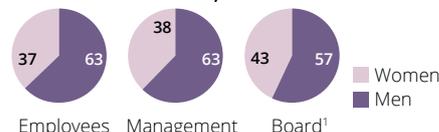
#### Board and auditor elected for 2018/2019

**Chair:** Erik Strand **Directors:** Eivor Andersson, Eva-Britt Gustafsson, Johan Strid, Héléne Westholm and Fredrik Åhlberg. New election of Lars Nilsson at 2018 AGM, with Carina Olsson stepping down  
**Employee reps:** Martina Ravn, Maria Schubert, Lina Vik **Employee alternates:** Peter Andersson, Mikael Gustafsson, Urban Sahlin **Auditor:** Jonas Ståhlberg (Deloitte)

The fee paid to board chair is SEK 355 (350) 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.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	7 774	7 742
Operating profit	4 705	4 851
Profit before tax	4 705	4 866
Net profit	4 709	4 866
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	8 431	8 325
Non-current assets	2 518	2 721
Equity	4 752	4 866
- of which, minority interests	0	0
Net debt	-5 473	-5 550
Operating capital	-720	-684
<b>Key indicators</b>		
Operating margin, %	21.8	22.2
ROE, Return on equity (average), %	97.9	100.6
ROOC, Return on operating capital (average), %	-670.3	-757.7
Net debt/equity ratio	-1.2	-1.1
Equity/assets ratio, %	56.4	58.4
Gross investments, SEK m	354	351
Appropriation, SEK m	0	0
Dividend, SEK m	4 691	4 823
Average no of employees	1 694	1 653
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

### Gender distribution, %



1) Elected for 2018/2019



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 about SEK 100 billion, with new construction and improvement accounting for around SEK 83 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 with a market share of around 30 per cent of the country's road network. In civil engineering (new construction and improvement of roads), Svevia is number four in the market, behind Skanska, Peab and NCC. The Swedish Transport Administration is Svevia's largest customer, accounting for just over half its sales.

### Significant events in 2017

- Net sales increased compared with the previous year and were SEK 7 557m in 2017.
- Order bookings for the year were at the same level as in the preceding year at SEK 7 838m (7 806m). At the end of December the order stock was SEK 7 447m (7 164m).
- Earnings for the full year were reduced by a few large impairment losses in the Civil Engineering Division.
- Anders Gustafsson took up the post of CEO.
- As part of Svevia's strategic direction the company has sold large parts of its property stock for transfer in April 2018.

### Targets and tracking

#### Financial targets

- **Profitability:** Return on equity to be at least 20 per cent. The outcome was 12.3 per cent.
- **Capital structure:** Equity/assets ratio to be at least 20–30 per cent. Equity/assets ratio was 30.5 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 299m 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 2017	Outcome 2016	Targets for 2020
Environment	Production of CO <sub>2</sub> kg/tonne manufactured	16.1	16.6	13.2
	Transport CO <sub>2</sub> kg/SEK m in sales	3.4	3.4	3.1
Sound business	Image (ethics, scale 1–5)	3.8	3.6	Industry best
	Contract adherence	72%	78%	85%
Attractive employer	employee Net Promoter Score (eNPS)	+9	+11	20
Safety	Work injury rate	4.2	3.2	<5.0 and industry best

### Financial targets and tracking

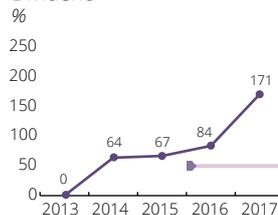
#### Profitability ROE, %



#### Capital structure Equity/assets ratio, %



#### Dividend %



— Target: ≥20%      ■ Target: 20–30%  
— Outcome      ■ New target adopted by AGM

### State holding: 100%



Chair: Olle Ehrlén



CEO: Anders Gustafsson

### Board and auditor elected for 2018/2019

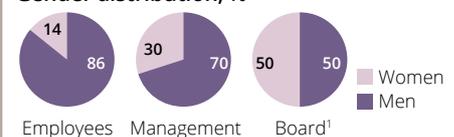
**Chair:** Olle Ehrlén **Directors:** Charlotte Bergman, Petter Eiken, Anna-Jeanette Larnelius, Anna-Stina Nordmark Nilsson and Andreas Regnell. New election of Lars Erik Fredriksson and Carina Olson at 2018 AGM, with Michael Thorén and Marie Hallander Larsson stepping down **Employee reps:** Moody Israelsson, Tommy Lovened **Employee alternates:** Thomas Skoog **Auditor:** Peter Ekberg (Deloitte)

The fee paid to board chair is SEK 410 (400) thousand. The fee paid to directors elected by the AGM is SEK 204 (200) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	7 557	7 105
Operating profit	204	439
Profit before tax	227	458
Net profit	175	358
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	4 496	4 612
Non-current assets	2 190	2 662
Equity	1 372	1 482
- of which, minority interests	0	0
Net debt	-1 564	-1 769
Operating capital	-192	-287
<b>Key indicators</b>		
Operating margin, %	2.7	6.2
ROE, Return on equity (average), %	12.3	26.2
ROOC, Return on operating capital (average), %	-85.2	-128.0
Net debt/equity ratio	-1.1	-1.2
Equity/assets ratio, %	30.5	32.1
Gross investments, SEK m	626	947
Appropriation, SEK m	0	0
Dividend, SEK m	299	299
Average no of employees	1 833	1 791

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

### Gender distribution, %



1) Elected for 2018/2019



Swedavia AB owns, 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 2017**

- Strong passenger growth of 6.1 per cent to 41.9m (39.5m). Passenger records set at seven of Swedavia's ten airports.
- Rate of investment in the development programmes doubled compared with 2016.
- The Government announced that a national tax on air travel will apply as of April 2018.
- Award for the company's consistent and innovative work for renewable aircraft fuel. Swedavia signed the Airports Sustainability Declaration. These airports are working together for sustainable development in the industry and support the UN's SDGs.

**Targets and tracking**

*Financial targets*

- **Profitability:** Return on equity to be at least 6 per cent. Return was 5.1 per cent. Impairments and disposals of SEK 160m had an adverse impact on operating profit while capital gains of SEK 241m had a positive impact on the profit for the preceding year. When these items affecting comparability are excluded, profit showed a slight improvement.
- **Capital structure:** Debt/equity ratio of 0.7–1.5 as multiple. The debt/equity ratio was 1.0.
- **Dividend:** The ordinary dividend is to be 30–50 per cent of profit for the year excluding capital gains from property sales, changes in value and attributable tax. An ordinary dividend was paid in 2017 in line with policy.

*Sustainable business targets*

- 85 per cent satisfied customers in 2025. Outcome: 75 per cent satisfied customers in 2017.
- 75 per cent manager and employee engagement in 2020. Outcome: 67(64) per cent in 2017.
- Zero (0) fossil-based carbon dioxide emissions from own operations in 2020. Swedavia's own emissions decreased during the year to 1 900 tonnes which means that the yearly targets for reaching zero emissions in 2020 are still being exceeded.

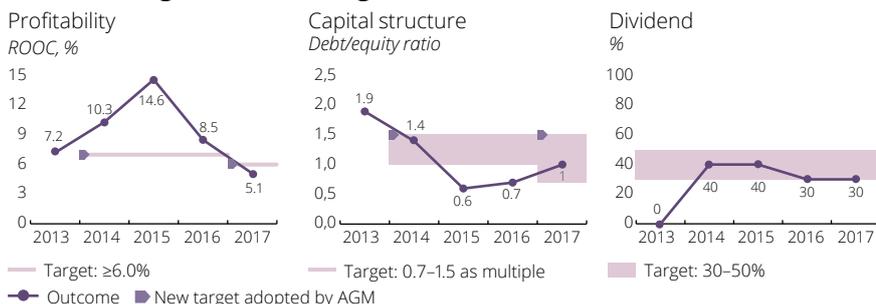
*Public policy assignment and targets*

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 is to measure and report outcomes for the following six public policy targets:

Tracking of public policy targets	2017	2016
Satisfied travellers, %	75	77
Number of passengers, domestic flights, millions	14.0	13.7
Number of passengers, international flights, millions	27.9	25.8
Number of international destinations	313	287
Number of accidents or serious incidents	3	1
Carbon dioxide footprint, tonnes <sup>1</sup>	524	504

1) Footprint per airport, which includes land transport and air traffic. The carbon dioxide footprint attributable to air traffic was 352 (336), to land transport was 170 (166) and to Swedavia's own operations was 1.9 (2.7).

**Financial targets and tracking**



**State holding: 100%**



**Chair:** Åke Svensson **CEO:** Jonas Abrahamsson

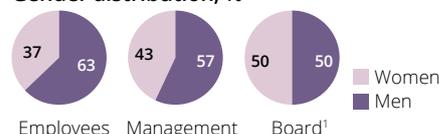
**Board and auditor elected for 2018/2019**

**Chair:** Åke Svensson **Directors:** Lars Backemar, Adine Grate-Axén, Lottie Knutson, Lotta Mellström, Lars Mydland, Mikael Norman and Lottie Svedenstedt **Employee reps:** Agne Lindbom, Robert Olsson **Employee alternates:** Conny Moholi, Mikael Nordenståhl **Auditor:** Åsa Lundvall (EY)

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

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	5 745	5 546
Operating profit	688	1 007
Profit before tax	575	869
Net profit	407	717
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	17 587	14 648
Non-current assets	16 447	13 552
Equity	7 665	7 351
- of which, minority interests	0	0
Net debt	7 290	4 896
Operating capital	14 955	12 247
<b>Key indicators</b>		
Operating margin, %	12.0	18.2
ROE, Return on equity (average), %	5.4	10.1
ROOC, Return on operating capital (average), %	5.1	8.5
Net debt/equity ratio	1.0	0.7
Equity/assets ratio, %	43.6	50.2
Gross investments, SEK m	3 869	2 150
Appropriation, SEK m	0	0
Dividend, SEK m	122	143
Average no of employees	3 074	2 949
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

**Gender distribution, %**



1) Elected for 2018/2019

# Sweden House

A/O Sweden House administers the “Sweden House” in St Petersburg, housing official, cultural and commercial functions. The Ministry for Foreign Affairs leases premises in the building for this purpose 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, St Petersburg and Skanska. Skanska sold its 49 per cent interest in A/O Dom Shvetsii to CA Fastigheter in the 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 retains the right to use the Sweden House complex, which contains around 4 400 m<sup>2</sup> 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 2017

- Extensive renovation of offices and flats during the year has led to successful letting of these premises. Renovation work will continue in 2018 and will then include the reception and common areas.
- The vacancy rate at the end of 2017 was 50 per cent lower than in the preceding year. Only 313 m<sup>2</sup> out of a total of 4 406 m<sup>2</sup> were vacant. 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 products, 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. For instance, the completion of Gazprom's Neft Lahkta Tower will bring a large quantity of premises on to the market as this skyscraper comes into use.

The company's earnings are highly dependent on the level of demand for premises in the centre of St Petersburg, and this is determined by the geopolitical situation and the development of the Russian economy. The continued recovery of the Russian economy and the price of oil, in particular, will increase demand for both housing and premises provided that Sweden House is able to respond to market demand regarding quality, service and the level of rents.

## State holding: 36%



**Chair:** Jan Borekull

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

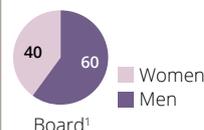
## Board and auditor elected for 2018/2019

**Chair:** Jan Borekull **Directors:** Lars Grundberg, Ludmila Evgenievna Kostrukova and Lena Wedén. New election of Fredrik Alvarsson at 2018 AGM, with Johan Damne stepping down **Auditor:** Dmitry Mikhaylov (Dimitry Mikhaylov Consulting Bureau)

The fee paid to the board chair is USD 0 (0) thousand. 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.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	13	15
Operating profit	5	10
Profit before tax	5	8
Net profit	4	7
- of which, minority interests	-	-
<b>Balance sheet, SEK m</b>		
Total assets	27	29
Non-current assets	11	11
Equity	24	26
- of which, minority interests	-	-
Net debt	-16	-18
Operating capital	8	8
<b>Key indicators</b>		
Operating margin, %	36	62
ROE, Return on equity (average), %	16	30
ROOC, Return on operating capital (average), %	60	133
Net debt/equity ratio	-0.7	-0.7
Equity/assets ratio, %	88	88
Gross investments, SEK m	-	-
Appropriation, SEK m	0	0
Dividend, SEK m	3	5
Average no of employees	3	2
Reported in compliance with GRI guidelines	No	
Externally assured GRI report	No	
Reports in compliance with IFRS	No	

## Gender distribution, %



1) Elected for 2018/2019



Swedesurvey Aktiebolag sells services related to land administration and geographical information services in the international market, in close collaboration with the government agency Lantmäteriet (the Swedish surveying and cadastral authority). The purpose is to market Lantmäteriet's services abroad. Swedesurvey mainly works with public sector organisations in developing countries and most of its projects have the character of supporting them in their capacity development through advisory services and training. Its operations cover issues of fundamental political and legal conditions, the development of systems for property formation, property registration, registration of titles etc., valuation and geodetic surveying. Services are financed directly from the customer or through international institutions and development assistance agencies. The company has lost most of its sales since the Sida-financed assignments were taken over by Lantmäteriet. To sum up, the company's operations have shrunk to such an extent that there are now no arguments for conducting its operations in the form of a company. The Riksdag therefore authorised the Government in June 2017 to wind up Swedesurvey through voluntary dissolution.

**Significant events in 2017**

- After the Riksdag decision in June work has been characterised by the winding up of the company.
- A large project in Uzbekistan was ended in January and a large project in Jordan was ended in July.
- All that remains of the company's portfolio is a project in Greece.
- As part of the winding up of the company a charge of SEK 3.4m has been booked against earnings.

**Targets and tracking**

*Financial targets*

- **Profitability:** EBIT margin to be at least 5 per cent. The operating margin was negative and did not meet the target.
- **Capital structure:** Equity to be at least SEK 10–15m. The equity was SEK 3.2m and did not meet the target.
- **Dividend:** Dividend to be 50–100 per cent. As equity did not reach the target, the company is not paying a dividend.

*Sustainable business targets*

- Anti-corruption
- Human rights
- Transfer of expertise

The company's annual accounts give a detailed description of how the company worked during the year to achieve its targets. The company has mapped which of the Sustainable Development Goals (SDGs) and specific targets adopted by the UN are of importance for the company's operations and where Swedesurvey can help to make a difference. The adoption of the UN's 17 SDGs and the work on the 2030 Agenda are considered to be important reference points in the company's approach to sustainability. Since the company no longer has forward-looking operations, its sustainability reporting has not been developed further after the decision of the Riksdag in June 2017 to wind up the company.

*Public policy assignment*

No specifically adopted public policy assignment.

**Financial targets and tracking**



**State holding: 100%**



**Chair:** Bengt Kjellson **CEO:** Fredrik Zetterquist

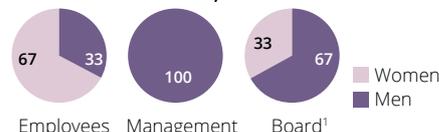
**Board and auditor elected for 2018/2019**

**Chair:** Bengt Kjellson **Directors:** Lars Jansson and Monica Lagerqvist Nilsson **Auditor:** Pär Månsson (PwC)

The fee paid to board chair is SEK 60 (60) thousand. The fee paid to directors elected by the AGM is SEK 35 (35) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	8	16
Operating profit	-5	1
Profit before tax	-4	1
Net profit	-4	1
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	13	16
Non-current assets	0	0
Equity	3	7
- of which, minority interests	0	0
Net debt	-10	-10
Operating capital	-7	-3
<b>Key indicators</b>		
Operating margin, %	-67.3	3.2
ROE, Return on equity (average), %	-80.5	11.5
ROOC, Return on operating capital (average), %	114.9	-9.5
Net debt/equity ratio	-3.1	-1.4
Equity/assets ratio, %	25.0	47.9
Gross investments, SEK m	0	0
Appropriation, SEK m	0	0
Dividend, SEK m	0	0
Average no of employees	3	6
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

**Gender distribution, %**



1) Elected for 2018/2019

# Swedfund

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. In 2017, Swedfund was active in 28 countries and had 65 contractual commitments; 65 per cent of its portfolio consisted of investments in Africa.

## Significant events in 2017

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

## Targets and tracking

### Financial targets

- Profitability:** The company was given new financial targets at an extraordinary general meeting on 8 December 2016. 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 targets regarding C/I calculated excluding exchange rate differences and EBIT were met in 2017.

### Sustainable business targets

- Social development:** Compliance with ILO core conventions in every portfolio company. The number of jobs to increase every year, calculated as an average for all investments. 79 per cent of the portfolio companies comply with ILO core conventions. Data on job growth are not yet final, but it is judged to be around 3.6 per cent.
- Sustainability:** Implementation of a sustainability management system in Swedfund and all portfolio companies. 79 per cent of portfolio companies have a sustainability or environmental policy and 68 per cent have appointed a head of ESG in their executive management team.

- Anti-corruption:** Implementation of an anti-corruption management system in Swedfund and its portfolio companies. 88 per cent of portfolio companies have an anti-corruption policy.

### Public policy assignment and targets

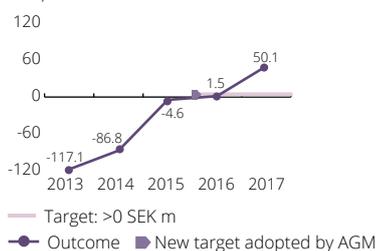
The following public policy targets were adopted at an extraordinary general meeting in December 2016.

- 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 CO<sub>2</sub> 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.

## Financial targets and tracking

### Profitability

EBIT, SEK m



## State holding: 100%



Chair: Göran Barsby



CEO: Maria Håkansson

## Board and auditor elected for 2018/2019

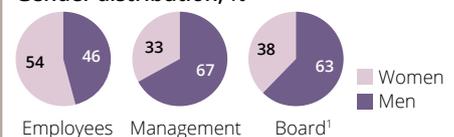
**Chair:** Göran Barsby **Directors:** Fredrik Arp, Kerstin Borglin, Björn Börjesson, Torgny Holmgren, Hanna Lagercrantz, Charlotte Salford and Mikael Sandström **Auditor:** Jennifer Rock-Baley (EY)

The fee paid to board chair is SEK 210 (200) thousand. The fee paid to directors elected by the AGM is SEK 105 (100) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	220	81
Changes in value	-82	-7
Operating profit	50	2
Profit before tax	35	-7
Net profit	26	-43
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	5 966	5 461
Non-current assets	5	16
Equity	4 571	4 145
- of which, minority interests	0	0
Net debt	-3 509	-3 187
Operating capital	1 062	958
<b>Key indicators</b>		
Operating margin, %	22.8	2.0
ROE, Return on equity (average), %	0.6	-1.1
ROOC, Return on operating capital (average), %	5.0	0.2
Net debt/equity ratio	-0.8	-0.8
Equity/assets ratio, %	76.6	75.9
Gross investments, SEK m	0	0
Appropriation, SEK m	400	400
Dividend, SEK m	0	0
Average no of employees	39	38
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes <sup>1</sup>	

1) The company has decided to convert its financial reporting from BFNR 2012:1 Annual and consolidated accounts (K3) to IFRS (according to RFR2) as of 1 January 2018.

## Gender distribution, %



1) Elected for 2018/2019



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 under the age of 20 or 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 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 2017

- First Alcohol Report published.
- Systembolaget had the highest confidence ranking in the Confidence Barometer for 2017 and has been rated as Sweden's best service company for five straight years in the Service Score survey.
- The agreement between the State and Systembolaget was amended to make it easier for Systembolaget to act responsibly in its selection of products from a sustainability perspective.
- Along with representatives of industry associations<sup>1</sup>, Systembolaget drafted a common expression of the will to take their climate responsibility as an industry.

- 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 62.0 (62.6), 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 2017.

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 84.3, slightly better than in the preceding year.
- Alcohol consumption in Sweden: Systembolaget is to report total consumption and the percentage of total volume purchased from Systembolaget<sup>3</sup>. No target has been set for this assignment. Alcohol consumption was 9.0 (9.2) litres per person. Systembolaget's share of consumption was 63 per cent, an increase of 0.9 percentage points<sup>3</sup>.
- Alcohol index, see sustainable business targets.

- 1) Sprit & Vinleverantörsföreningen, Swedish Brewers Association and 11 member companies.
- 2) New and revised climate target since 2017 that covers carbon dioxide emissions from use of electricity and heat in own operations and leased vehicles.
- 3) Figures for 2016.

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 2.2.
- **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:<sup>2</sup> Climate impact of own business, tonnes CO<sub>2</sub>e (equivalents); the target is to be climate neutral in 2023. The outcome was 3 583 tonnes of CO<sub>2</sub>e in 2017 (3 855 tonnes).

Financial targets and tracking



State holding: 100%



Chair: Kenneth Bengtsson



CEO: Magdalena Gerger

Board and auditor elected for 2018/2019

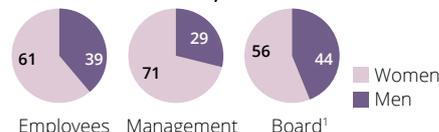
**Chair:** Kenneth Bengtsson **Directors:** Viveca Bergstedt Sten, Robert Damberg, Crister Fritzson, Cecilia Halle, Frida Johansson Metso, Håkan Leifman and Kerstin Wigzell. New election of Barbro Holmberg at 2018 AGM, with Thord Andersson stepping down. **Employee reps:** Berit Morén, Maria Nilsson **Employee alternates:** Karin Larsson, Nils Undall-Behrend **Auditor:** Didrik Roos (Deloitte)

The fee paid to board chair is SEK 280 (260) thousand. The fee paid to directors elected by the AGM is SEK 140 (125) thousand. No fee is paid to directors employed by the Government Offices or employee representatives.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	29 355	28 469
Operating profit	263	224
Profit before tax	328	264
Net profit	282	289
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	5 863	5 872
Non-current assets	3 439	2 797
Equity	1 605	1 612
- of which, minority interests	0	0
Net debt	-3 908	-3 821
Operating capital	-2 303	-2 209
<b>Key indicators</b>		
Operating margin, %	0.9	0.8
ROE, Return on equity (average), %	17.2	17.5
ROOC, Return on operating capital (average), %	-11.7	-9.9
Net debt/equity ratio	-2.4	-2.4
Equity/assets ratio, %	27.8	28.2
Gross investments, SEK m	1 944	1 095
Appropriation, SEK m	0	0
Dividend, SEK m	282	289
Average no of employees	3 611	3 551

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

Gender distribution, %



1) Elected for 2018/2019

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 and has strong positions in mobile communication in Eurasia. In the long term the company is going to concentrate its operations to the Nordics and Baltics and leave Eurasia.

#### Significant events in 2017

- On 21 September 2017 Telia Company announced that it had reached a global settlement with the US Department of Justice, the US Securities and Exchange Commission and the Public Prosecution Service in the Netherlands regarding investigations of historical transactions in Uzbekistan. Telia Company has accepted a total financial sanction amounting to USD 965m.
- During the year the company sold its businesses in Tajikistan (Icell) and Russia (Megafon) and its direct holding in the Turkish company Turkcell.

#### Targets and tracking

##### Financial targets

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

- **Capital structure:** Strong 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 proportion of adjusted EBITDA net debt was 1.14, which is below the target.
- **Dividend:** A least SEK 2 per share for 2017. Dividend of SEK 2.30 per share in line with the target. The company has an updated dividend policy of paying a dividend of 80 per cent of free cash flow, excluding licences, from remaining operations. The dividend adopted for financial year 2017 was also in line with the company's new policy.

#### 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

Most of the sustainability targets were set in 2018 and are evaluated continuously. The initiatives included:

- **Anti-corruption:** Guidelines drafted for third party evaluation.
- **Freedom of expression and integrity:** Publication of the eighth Law Enforcement Disclosure Report, LEDR, covering eight countries.
- **Customer privacy:** Introduced group-wide programme for compliance with the EU's General Data Protection Regulation (GDPR) and carried out local projects in relevant markets.
- **Children's rights:** Workshop on children's rights with 200 key employees.
- **Responsible purchasing:** Reinforced local capacity in supplies evaluations and audits on the ground in the Eurasia region.
- **Environmental responsibility:** ISO 14001 certification of operations in Sweden, Finland, Estonia and Lithuania.
- **Work environment, health and safety:** Sickness absence 2.4 (2.4) percent

#### Public policy assignment

No specifically adopted public policy assignment.

#### State holding: 37.3%



Chair: Marie Ehrling

CEO: Johan Dannelind

#### Board and auditor elected for 2018/2019

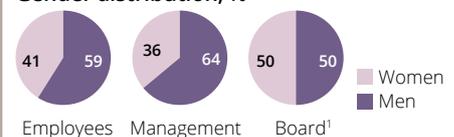
**Chair:** Marie Ehrling **Directors** Susanna Campbell, Olli-Pekka Kallasvuo, Nina Linander, Anna Settmann and Olaf Swantee. New election of Jimmy Maymann and Martin Tivéus at 2018 AGM. Mikko Kosonen and Martin Lorentzon stepped down

**Employee reps:** Agneta Ahlström, Stefan Carlsson, Peter Wiklund **Auditor:** Jan Nilsson (Deloitte)

The fee paid to board chair is SEK 1 740 (1 650) thousand and the fee paid to vice chair is SEK 820 (795) thousand. The fee paid to directors elected by the AGM is SEK 580 (560) thousand.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	79 867	84 178
Operating profit	13 690	21 090
Profit before tax	9 457	19 249
Net profit	10 146	6 496
- of which, minority interests	537	2 764
<b>Balance sheet, SEK m</b>		
Total assets	243 845	253 430
Non-current assets	174 503	179 475
Equity	105 230	94 869
- of which, minority interests	5 260	5 036
Net debt	39 862	50 695
Operating capital	145 092	145 564
<b>Key indicators</b>		
Operating margin, %	17.1	25.1
ROE, Return on equity (average), %	10.1	6.6
ROOC, Return on operating capital (average), %	9.4	15.0
Net debt/equity ratio	0.4	0.5
Equity/assets ratio, %	43.2	37.4
Gross investments, SEK m	21 842	16 108
Appropriation, SEK m	0	0
Dividend, SEK m	9 959	8 660
Average no of employees	24 468	24 898
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

#### Gender distribution, %



1) Elected for 2018/2019

# TERACOM GROUP

Teracom Group AB distributes radio and TV and offers communication solutions in Sweden and Denmark. 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 2017.

### Significant events in 2017

- The Danish Competition Council and the Danish Radio and Television Board approved Teracom Group's sale of the shares in its subsidiary Boxer A/S in Denmark and ownership was transferred to the SE Group. This means that Teracom has left the Pay TV segment completely.
- At the end of 2016 Teracom in Denmark won a twelve-year contract to build and be responsible for a national network for commercial radio in Denmark. The network was opened in 2017 and has room for 18 channels.
- In December Teracom in Sweden concluded an agreement with MTG on the development of a national FM network for their transmissions.

### Targets and tracking

#### Financial targets

- **Profitability:** Return on equity of 17 per cent. The return on equity was 13 per cent. Underlying earnings were weaker than in 2016, but the lower return is mainly explained by income from the sale of a subsidiary in 2016.
- **Capital structure:** Equity/assets ratio of 30 per cent. The equity/assets ratio was 79 per cent. The Government had previously announced that the company's financial targets will be reviewed in 2017. 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 214m, corresponding to 60 per cent of the net profit.

### Sustainable business targets

- Responsible employer: At least 40 per cent representation of each gender. In 2017 28 per cent of managers and 18 per cent of all employees were women.
- Responsibility for the environment and climate: -3 per cent annual decrease of CO<sub>2</sub> equivalents. In 2017 Teracom Group decreased its climate impact by 4.2 per cent.

### 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 holding: 100%



Chair: Eva Gidlöf

CEO: Åsa Sundberg

### Board and auditor elected for 2018/2019

**Chair:** New election of Eva Gidlöf at 2018 AGM, with Kia Orback Pettersson stepping down

**Directors:** Kristina Ekengren, Johan Hedensjö, Ola Salmén and Annika Viklund. New election of Fredrik Robertsson at 2018 AGM, with Nils Petter Tetlie stepping down

**Employee reps:** Lovisa Höglund, Anders Segerros

**Employee alternates:** Per Alksten, Jan Ossfeldt

**Auditor:** Anders Malmeby (KPMG)

The fee paid to board chair is SEK 280 (270) 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.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	1 974	2 003
Operating profit	460	349
Profit before tax	436	329
Net profit	451	995
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	4 530	5 535
Non-current assets	2 601	2 664
Equity	3 575	3 322
- of which, minority interests	0	0
Net debt	-1 567	-1 441
Operating capital	2 008	1 881
<b>Key indicators</b>		
Operating margin, %	23.3	17.4
ROE, Return on equity (average), %	13.1	33.6
ROOC, Return on operating capital (average), %	23.7	14.8
Net debt/equity ratio	-0.4	-0.4
Equity/assets ratio, %	78.9	60.0
Gross investments, SEK m	314	266
Appropriation, SEK m	0	0
Dividend, SEK m	214	210
Average no of employees	594	612

Reported in compliance with GRI guidelines Yes

Externally assured GRI report Yes

Reports in compliance with IFRS Yes

### Financial targets and tracking

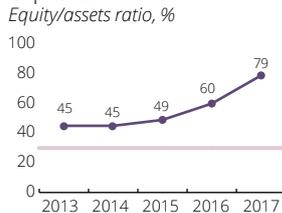
#### Profitability



Target: 17%

Outcome (2017): 13% (New target adopted by AGM)

#### Capital structure



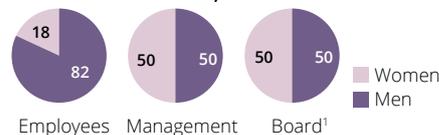
Target: 30%

#### Dividend



Target: 40–60%

### Gender distribution, %



1) Elected for 2018/2019



Vasallen AB develops and improves former army regiment barracks and other military real estate, transforming them into attractive and vibrant neighbourhoods for new activities and ultimately divests the properties. Since starting in 1997 Vasallen has acquired a total of 24 property stocks throughout Sweden. Of these, 21 have been developed and sold. After the divestment of large parts of the company's property stock in 2012 and 2017, the plan is to wind up the company in the next few years.

#### Significant events in 2017

- The bulk of Vasallen's property holding was sold during the year. Some properties have already been transferred and transfers will continue in 2018 and 2019.
- The Vasallen project is now nearing completion.
- Group rental income fell sharply compared with the previous year. The main reason is sales in its 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 4.3 per cent in 2017, and the average return over the past five years is 4.1 per cent. The average return target for the past five years was 5.1 per cent. So the target was not met and the main explanation is strongly negative earnings in 2016.
- **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 37, so that target was met.
- **Dividend:** 30–50 per cent of profit after tax. The dividend of SEK 125m is above the financial target.

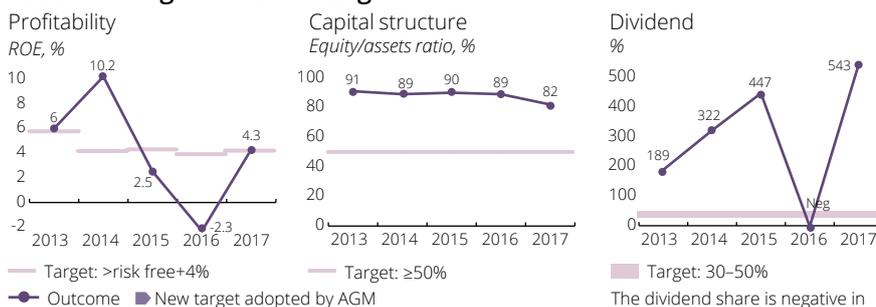
#### Sustainable business targets

- Customer Satisfaction Index (CSI) of at least 80. No CSI survey was done in 2017 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 rate was 2.1 per cent, so the target was met.
- Energy consumption below 100 kWh/m<sup>2</sup> and year. Energy consumption for 2017 was 123 (118) kWh/m<sup>2</sup>, slightly higher than in the preceding year. So the target of 100 kWh/m<sup>2</sup> was not met. Since 2011 Vasallen has sold a large share of its fully developed properties with good energy performance, which explains the relatively high energy consumption in the current property holdings. 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



#### State holding: 100%



Chair: Charlotte Axelsson



CEO: Leif Rytter

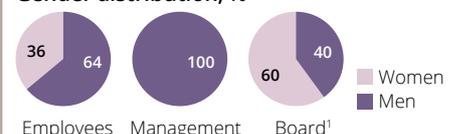
#### Board and auditor elected for 2018/2019

**Chair:** Charlotte Axelsson **Directors:** Agneta Kores, Daniel Kristiansson, Tomas Werngren and Susanna Widaeus **Employee reps:** Mats Sundqvist **Auditor:** Gunilla Andersson (EY)

The fee paid to board chair is SEK 150 (148) thousand. The fee paid to directors elected by the AGM is SEK 75 (74) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	17	32
Changes in value	66	-3
Operating profit	35	-22
Profit before tax	34	-23
Net profit	23	-13
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	669	590
Non-current assets	541	470
Equity	551	528
- of which, minority interests	0	0
Net debt	-105	-31
Operating capital	446	497
<b>Key indicators</b>		
Operating margin, %	205.9	-68.8
ROE, Return on equity (average), %	4.3	-2.3
ROOC, Return on operating capital (average), %	7.4	-4.0
Net debt/equity ratio	-0.2	-0.1
Equity/assets ratio, %	82.4	89.5
Gross investments, SEK m	211	155
Appropriation, SEK m	0	0
Dividend, SEK m	125	0
Average no of employees	11	15
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	Yes	

#### Gender distribution, %



1) Elected for 2018/2019



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. For the first time since 2012 Vattenfall reported a profit for the year. The change in its operational portfolio and greater growth in renewable production have contributed to a change in risk profile, which is also reflected in new financial targets for the company. Its underlying operating profit increased by SEK 1.6bn. Good control of costs, the start of production in new wind farms and higher income from distribution operations have been contributing factors.

Significant events in 2017

- On 3 July 2017 Vattenfall paid EUR 1.33bn plus a risk premium of EUR 460m to the new nuclear power fund in Germany. This payment transferred responsibility for the transportation, intermediate storage and final disposal of nuclear waste to the German State.
- Continued investments in wind power. In 2017 new capacity of 354 MW was commissioned.
- Decision to invest in independent core cooling systems in reactors 3 and 4 at Ringhals nuclear power station.
- Cooperation with industry to reduce carbon dioxide emissions, e.g. bio-fuel project with Preem, "HYBRIT" joint venture for fossil-free steel making in cooperation with the SSAB and LKAB and electrification of cement production along with Cementsa.

- The debt/equity ratio (50–90 per cent) is being removed. On 31 December 2017 the debt/equity ratio was 63.0 per cent.
- Dividend:** 40–70 (40–60) per cent of profit for the year after tax. A discretionary dividend of SEK 2bn is being paid for 2017.

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 2017 NPS was +2.
- Commissioned renewables capacity to be at least 2 300 MW, cumulative from 2016 to 2020. So far, 652 MW has been installed, including a total of 354 MW in 2017.
- Absolute carbon dioxide emissions to be at most 21m tonnes in 2020. The emissions for 2017 were 22.6m tonnes.
- Lost Time Injury Frequency (LTIF), expressed as the number of accidents per 1 million hours worked, to be at most 1.25. For 2017 LTIF was 1.5.
- Employee engagement index to be at least 70 per cent. For 2017, this index was 64 per cent.

Public policy assignment

No specifically adopted public policy assignment.

Targets and tracking

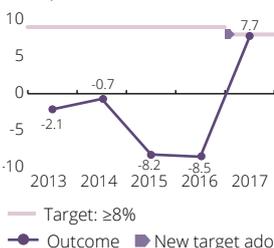
Financial targets

In 2017 new financial targets were adopted; the old ones are given in brackets.

- Profitability:** Return on capital employed (ROCE) to be 8 (9) per cent. The outcome was 7.7 per cent.
- Capital structure:** Funds from operations (FFO)/adjusted net debt to be 22–27 (22–30) per cent. The outcome was slightly lower than in 2016 at 21.5 per cent. Adjusted net debt was stable, while FFO decreased slightly on account of higher interest payments in 2017 since part of a bond maturing in 2039 was bought back.

Financial targets and tracking

Profitability  
ROCE, %



Capital structure  
FFO/adjusted net debt



Dividend  
%



State holding: 100%



Chair: Lars G Nordström



CEO: Magnus Hall

Board and auditor elected for 2018/2019

**Chair:** Lars G Nordström **Directors:** Fredrik Arp, Viktoria Bergman, Håkan Erixon, Tomas Käberger, Jenny Lahrin, Fredrik Rystedt and Åsa Söderström Winberg. Hilde Tonne resigned in 2017

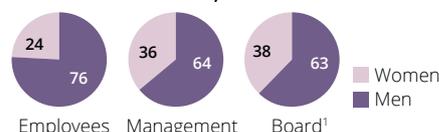
**Employee reps:** Robert Lönnqvist, Rolf Ohlsson, Jeanette Regin **Employee alternates:** Lennart Bengtsson, Johnny Bernhardsson, Christer Gustafsson **Auditor:** Staffan Landén (EY)

The fee paid to board chair is SEK 740 (685) thousand. The fee paid to directors elected by the AGM is SEK 350 (330) thousand. No fee is paid to directors employed by the Government Offices or employee representatives.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	135 295	139 208
Operating profit	18 644	1 337
Profit before tax	12 889	-5 045
Net profit	9 571	-26 004
- of which, minority interests	1 151	320
<b>Balance sheet, SEK m</b>		
Total assets	407 868	409 260
Non-current assets	317 907	304 628
Equity	94 045	83 800
- of which, minority interests	15 331	15 528
Adjusted net debt	124 360	124 741
Operating capital	218 405	208 541
<b>Key indicators</b>		
Operating margin, %	13.8	1.0
ROE, Return on equity (average), %	10.8	-26.0
ROOC, Return on operating capital (average), %	23.8	1.6
Net debt/equity ratio	0.6	0.6
Equity/assets ratio, %	23.1	20.5
Gross investments, SEK m	21 173	23 070
Appropriation, SEK m	0	0
Dividend, SEK m	2 000	0
Average no of employees	20 041	19 935

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

Gender distribution, %



1) Elected for 2018/2019

## Development of Vattenfall in relation to the EU 2020 targets

When Vattenfall's mission was clarified in 2010, the Riksdag Committee on Industry and Trade<sup>1</sup> raised the importance of the Government providing the Riksdag with regular information about the development and operations of Vattenfall with the EU 2020 targets as a reference point. In 2015 the Swedish National Audit Office found that the Government's reporting to the Riksdag did not give sufficient attention to the company's strategies, develop-

ment and contribution to the EU 2020 targets<sup>2</sup>. This report is therefore given each year in this annual report.

During the year 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) Comm Report 2009/10:NU23  
2) SNAO report RIR 2015:6.

	Target	Strategy	Development in 2017															
<b>CO<sub>2</sub> emissions</b>	Implement the action plan for reduced emissions of carbon dioxide to be fossil-free within one generation and climate-neutral in the Nordic region by 2030. Strategic target to reach absolute emissions of 21m tonnes in 2020.	Vattenfall has produced an action plan for reducing carbon dioxide emissions with the targets of: <ul style="list-style-type: none"> <li>• cutting Vattenfall's carbon dioxide emissions to zero;</li> <li>• working for emissions reductions in dialogue with our suppliers;</li> <li>• enabling our customers to reach their climate targets; and</li> <li>• developing fossil-free solutions for energy-intensive industry and transport through electrification.</li> </ul>	Carbon dioxide emissions in 2017 of 22.6 (23.2) m tonnes was slightly lower than in 2016 excluding lignite. Higher production at certain German fossil-fired plants was offset by lower production at Dutch plants and the phasing out of lignite at Klingenberg in Germany (-0.4m tonnes).	<b>Carbon dioxide emissions</b> <table border="1"> <caption>Carbon dioxide emissions (m tonnes, excl. lignite operations)</caption> <thead> <tr> <th>Year</th> <th>CO<sub>2</sub> (m tonnes)</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>24.8</td> </tr> <tr> <td>2014</td> <td>21.7</td> </tr> <tr> <td>2015</td> <td>23.4</td> </tr> <tr> <td>2016</td> <td>23.2</td> </tr> <tr> <td>2017</td> <td>22.6</td> </tr> <tr> <td>2020 target</td> <td>21.0</td> </tr> </tbody> </table>	Year	CO <sub>2</sub> (m tonnes)	2013	24.8	2014	21.7	2015	23.4	2016	23.2	2017	22.6	2020 target	21.0
Year	CO <sub>2</sub> (m tonnes)																	
2013	24.8																	
2014	21.7																	
2015	23.4																	
2016	23.2																	
2017	22.6																	
2020 target	21.0																	
<b>Renewables</b>	Vattenfall's target is to be a leading developer and operator of wind power in northwest Europe, with the target of achieving at least 2 300 MW in new capacity accumulated over 2016–2020.	Vattenfall is going to continue to grow in renewables by developing, acquiring and participating in procurements of land- and sea-based wind farms and benefiting from knowledge and experience of both building and operating wind farms. <ul style="list-style-type: none"> <li>• Increase the number of ongoing projects.</li> <li>• Reduce average electricity production costs (Levelised Energy Cost, LEC).</li> <li>• Reduce the capital requirement through financial partnerships.</li> <li>• Build up new operations focusing on solar cell technology and battery storage for the integration of renewable electricity production.</li> </ul>	A total of 354 MW of renewable capacity was installed in 2017. This capacity consists of the German sea-based wind farm Sandbank (72 MW of a total of 288 MW) and the British land-based wind farms Ray (54 MW) and Pen y Cymoedd (228 MW). There is a further 7 GW in the pipeline for development.	<b>New, renewable capacity</b> <table border="1"> <caption>New, renewable capacity (MW)</caption> <thead> <tr> <th>Year</th> <th>New capacity (MW)</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>297</td> </tr> <tr> <td>2017</td> <td>652</td> </tr> <tr> <td>2020 target</td> <td>2 300</td> </tr> </tbody> </table>	Year	New capacity (MW)	2016	297	2017	652	2020 target	2 300						
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2016	297																	
2017	652																	
2020 target	2 300																	
<b>Increased energy efficiency</b>	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"> <li>• expanding district heating;</li> <li>• doing energy surveys;</li> <li>• changing/upgrading to more energy efficient components; and</li> <li>• helping customers with energy efficiency.</li> </ul>	In 2017 the company achieved 511 GWh in energy efficiency improvements. This was mainly done by upgrading hydropower stations and distribution grids and by replacing local boilers with district heating.	<b>Increase in energy efficiency</b> <table border="1"> <caption>Increase in energy efficiency (GWh)</caption> <thead> <tr> <th>Year</th> <th>Increase in efficiency (GWh)</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>330</td> </tr> <tr> <td>2017</td> <td>511</td> </tr> <tr> <td>2020 target</td> <td>1 000</td> </tr> </tbody> </table>	Year	Increase in efficiency (GWh)	2016	330	2017	511	2020 target	1 000						
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2016	330																	
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Source: Vattenfall's annual report 2017, Vattenfall



V.S. VisitSweden AB's mission is to market 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 2017**

- VisitSweden developed a new business model in order to access broader and completely new opportunities for cooperation and to achieve a more resource-efficient organisation.
- VisitSweden decided to close its foreign offices in Russia, Italy and Finland, but to retain some representation and market development.
- The Riksdag approved the Government's proposal of increased funding for VisitSweden from the 2017 level of SEK 90m to SEK 105m in 2018. Increases were announced to SEK 120m in 2019 and SEK 135m in 2020.

**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 2017. The outcome was 317 tonnes, which is under the ceiling.
- Social sustainability: At least 60 per cent of employees saying that they experience work-life balance. The outcome in 2017 was 51 per cent and the target was not met.
- Financial sustainability: Finances in balance over time, with earnings in line with the forecast approved by the board. Earnings for 2017 were slightly lower than forecast.

*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 2018/2019**

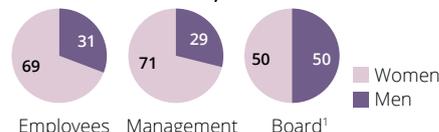
**Chair:** Karin Johansson **Directors:** Lotta Boman, Kristina Ekengren, Mats Forslund, Rickard Törnblom and Jari Virtanen. New election of Susanne Andersson Pripp and Jonas Siljhammar at 2018 AGM, with Elisabeth Haglund and Eva Östling stepping down **Alternates:** Christer Fogelmarck, Titti Rodling

**Auditor:** Ann-Christine Hägglund (PwC)

The fee paid to board chair is SEK 140 (130) thousand. The fee paid to directors elected by the AGM is SEK 65 (60) thousand and to alternates elected by the AGM is SEK 24 (24) thousand. No fee is paid to directors employed by the Government Offices.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	227	269
Operating profit	-2	-13
Profit before tax	-2	-13
Net profit	-3	-14
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	59	92
Non-current assets	2	3
Equity	18	20
- of which, minority interests	0	0
Net debt	-26	-44
Operating capital	-8	-24
<b>Key indicators</b>		
Operating margin, %	-1.0	-4.9
ROE, Return on equity (average), %	-14.2	-50.7
ROOC, Return on operating capital (average), %	14.5	96.0
Net debt/equity ratio	-1.5	-2.2
Equity/assets ratio, %	30.1	22.2
Gross investments, SEK m	0	2
Appropriation, SEK m	120	140
Dividend, SEK m	0	0
Average no of employees	75	82
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

**Gender distribution, %**



1) Elected for 2018/2019

# 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 2017

- 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 of 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 2017 a strategy was developed to achieve the vision of being the independent arena for the most important Nordic conversations.

Targets according to the public policy targets process have not yet been developed.

## State holding: 100%



Chair: Maria Larsson



CEO: Maria af Klinteberg Herrestahl

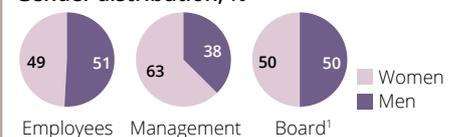
## Board and auditor elected for 2018/2019

**Chair:** Marie Larsson **Directors:** Espen Daae, Thomas Fürth, Jan Gulliksen, Jörn Holme, Helene Larsson Pousette, Ellen Marie Saethre-McGuirk and Mia Käll Spendrup **Auditor:** Trine Angell-Hansen (RSM Norge AS)

The fee paid to board chair is SEK 56.1 (55) thousand. The fee paid to directors elected by the AGM is SEK 20.4 (10) thousand.

	2017	2016
<b>Income statement, SEK m</b>		
Net sales	43	47
Operating profit	-1	-1
Profit before tax	-1	-1
Net profit	0	0
- of which, minority interests	0	0
<b>Balance sheet, SEK m</b>		
Total assets	16	16
Non-current assets	10	11
Equity	5	6
- of which, minority interests	0	0
Net debt	2	3
Operating capital	8	8
<b>Key indicators</b>		
Operating margin, %	-1.2	-1.3
ROE, Return on equity (average), %	0.0	0.0
ROOC, Return on operating capital (average), %	-6.3	-6.3
Net debt/equity ratio	0.5	0.4
Equity/assets ratio, %	32.8	36.9
Gross investments, SEK m	0	1
Appropriation, SEK m	12	12
Dividend, SEK m	0	0
Average no of employees	45	48
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reports in compliance with IFRS	No	

## Gender distribution, %



1) Elected for 2018/2019

## 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 railway rolling stock for its shareholders. The shareholders are mainly European railway 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 railway 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 2017

- Extremely low global interest rates remain a challenge to profitability.
- In 2017 EUROFIMA was given new management tasked with implementing the Horizon strategy project.
- The proportion of non-investment-grade loans continued to decrease and is now down to 3.8 (5.4) per cent.
- In 2017 lending was USD 600m. The main borrowers were Schweizerische Bundesbahnen SBB and SNCB.

### 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 by contributing to their financing in the counties of Gävleborg, Västernorrland, Jämtland, Västerbotten and Norrbotten. 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 Norr, Norr Sædd and Arctic Business Incubator.

In 2017 the foundation's capital base was just over SEK 1bn. Norrlandsfonden had a total commitment of SEK 997m to a total of 450 customers, of which 87 were new customers (added in 2017).

Norrlandsfonden had 14 employees in 2017, seven women and seven 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 2017–30 June 2018:

**Chair:** Tomas Lejon **Directors:** Erik Bergkvist, Leif Boström, Linda Sundberg, Kajsa Hedberg, Ingemar Nilsson, Per Nordgren, Anna-Caren Sætherberg, Carina Östansjö. **Auditors:** Johanna Sællvin, Hans Öystilä (KPMG).

The fee paid to the board is set by the Government and totals SEK 425 (463) 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 25 employees, 9 women and 16 men. Its capital base on 30 June 2017 was just over SEK 4bn, of which about half is invested in some 70 companies. In financial year 2016/17 the foundation invested SEK 575m, including SEK 145m in three new companies and 428m 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. The Government has appointed the following directors and auditors for the period of 1 November 2017–31 October 2018: **Chair:** Charlotte Brogren **Directors:** Åsa Hedin, Lars Gatenbeck, Daniel Kristiansson, Christer Nilsson, Bo Norrmark, Mernosh Saatchi. **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

## European Spallation Source ESS AB

European Spallation Source ESS AB was formed in 2010 to plan, design, build, own and operate the European Spallation Source (ESS) research facility in Lund. European Spallation Source ESS AB was owned jointly by the Swedish and Danish States. The Swedish State owned about 74 per cent of the shares and the Danish State about 26 per cent. When the facility in Lund is completed, it will be the world's most powerful materials

research facility, using neutrons to examine materials at the atomic and molecular level. In December 2014, the Riksdag authorised the Government to transfer the company's assets and liabilities to a European Research Infrastructure Consortium (ERIC) and to dissolve the company at the time the Government finds appropriate (Govt Bill 2014/15:1, Com. Report 2014/15: UbU1, Riksdag Comm. 2014/15:90). The European Commission set up the European Spallation Source ERIC on 19 August 2015. The Commission's

decision entered into force on 30 August 2015. Assets and liabilities were transferred from the company to the ERIC on 30 September 2015. The AGM of European Spallation Source ESS AB resolved on 18 March 2016 to dissolve the company. European Spallation Source ESS AB was then administered by an appointed liquidator tasked with implementing the voluntary dissolution. The voluntary dissolution of the company was completed on 13 July 2017.

# Additional information

- 89 State ownership in modern times
- 92 Accounting principles
- 93 Company reporting dates
- 94 List of government bills
- 96 The State's Ownership Policy 2017
  - 103 Guidelines for external reporting in state-owned enterprises
  - 105 Guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises
- 107 Addresses
- 109 Definitions and abbreviations

## 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 Tjipstjänst 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 Unigrind.

**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.

**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.

**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 Miljöstyrringsrådet 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 Bostadsgaranti 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 Miljöstyrringsrådet is concluded.

**2017** On 1 January the shares of the two state-owned venture capital companies, Fouriertransform and Inlandsinnovation, are transferred to the state's new venture capital company, 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 Euroapothea UAB. The voluntary dissolution of European Spallation Source ESS AB is completed.

# 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 business 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	27 Apr 2018	27 Apr 2018	13 Jul 2018	26 Oct 2018	
Almi Företagspartner	27 Apr 2018	27 Apr 2018	15 Aug 2018	31 Oct 2018	15 Feb 2019
APL (Apotek Produktion & Laboratorier)	26 Apr 2018		15 Aug 2018		15 Feb 2019
Apoteket	19 Apr 2018	20 Apr 2018	19 Jul 2018	26 Oct 2018	
Arlandabanan Infrastructure	19 Apr 2018		15 Aug 2018		15 Feb 2019
Bilprovningen	26 Apr 2018	26 Apr 2018	14 Aug 2018	25 Oct 2018	14 Feb 2019
Bostadsgaranti	22 Feb 2018				
Dramaten	25 Apr 2018				
Green Cargo	23 Apr 2018	24 Apr 2018	9 Aug 2018	24 Oct 2018	8 Feb 2019
Göta kanalbolag	25 Apr 2018				
Infranord	25 Apr 2018	26 Apr 2018	1 Aug 2018	26 Oct 2018	15 Feb 2019
Jernhusen	27 Apr 2018	28 Apr 2018	12 Jul 2018	24 Oct 2018	31 Jan 2019
Lernia	24 Apr 2018	24 Apr 2018	16 Jul 2018	26 Oct 2018	
LKAB	26 Apr 2018	26 Apr 2018	11 Aug 2018	25 Oct 2018	15 Feb 2019
Metria	27 Apr 2018	30 Apr 2018	15 Aug 2018	31 Oct 2018	
Miljömärkning Sverige	23 Apr 2018				
Operan	27 Apr 2018		24 Aug 2018		
Orio	24 Apr 2018	25 Apr 2018	15 Aug 2018	31 Oct 2018	15 Feb 2019
PostNord	26 Apr 2018	26 Apr 2018	18 Jul 2018	26 Oct 2018	1 Feb 2019
RISE Research Institutes of Sweden	19 Apr 2018	27 Apr 2018	15 Aug 2018	26 Oct 2018	15 Feb 2019
Samhall	26 Apr 2018	27 Apr 2018	15 Aug 2018	26 Oct 2018	5 Feb 2019
Saminvest	26 Apr 2018	26 Apr 2018	17 Jul 2018	23 Oct 2018	15 Feb 2019
SAS	10 Apr 2018	27 Feb 2018	30 May 2018	31 Aug 2018	4 Dec 2018
SBAB	24 Apr 2018	25 Apr 2018	18 Jul 2018	26 Oct 2018	15 Feb 2019
SEK	24 Apr 2018	24 Apr 2018	17 Jul 2018	23 Oct 2018	5 Feb 2019
Sj	24 Apr 2018	24 Apr 2018	19 Jul 2018	29 Oct 2018	
SOS Alarm	25 Apr 2018	25 Apr 2018	14 Aug 2018	24 Oct 2018	15 Feb 2019
Specialfastigheter	17 Apr 2018	17 Apr 2018	11 Jul 2018	17 Oct 2018	
SSC (Svenska rymdaktiebolaget)	24 Apr 2018	30 Apr 2018	15 Aug 2018	31 Oct 2018	15 Feb 2019
Statens Bostadsomvandling	27 Apr 2018	31 Mar 2018	15 Aug 2018	31 Oct 2018	15 Feb 2019
Sveaskog	23 Apr 2018	23 Apr 2018	17 Jul 2018	26 Oct 2018	
Svedab	19 Apr 2018	30 Apr 2018	15 Aug 2018	31 Oct 2018	15 Feb 2019
Swedavia	26 Apr 2018	26 Apr 2018	17 Jul 2018	26 Oct 2018	14 Feb 2019
Swedesurvey	11 Apr 2018	30 Apr 2018	15 Aug 2018	31 Oct 2018	15 Feb 2019
Swedfund International	27 Apr 2018	27 Apr 2018	15 Aug 2018	31 Oct 2018	15 Feb 2019
Svenska Skeppshypotek					
Svenska Spel	25 Apr 2018	25 Apr 2018	19 Jul 2018	24 Oct 2018	
Svevia	25 Apr 2018	26 Apr 2018	13 Aug 2018	26 Oct 2018	15 Feb 2019
Sweden House	30 May 2018				
Systembolaget	26 Apr 2018	27 Apr 2018	16 Jun 2018	26 Oct 2018	12 Feb 2019
Telia Company	10 Apr 2018	20 Apr 2018	20 Jul 2018	19 Oct 2018	
Teracom Group	23 Apr 2018	24 Apr 2018	14 Aug 2018	25 Oct 2018	
Vasallen	26 Apr 2018	27 Apr 2018	23 Aug 2018	25 Oct 2018	15 Feb 2019
Vattenfall	25 Apr 2018	26 Apr 2018	20 Jul 2018	30 Oct 2018	7 Feb 2019
VisitSweden	25 Apr 2018		31 Aug 2018	7 Dec 2018	
Voksenåsen	22 May 2018	20 Apr 2018	20 Aug 2018	20 Oct 2018	10 Mar 2019

# List of government bills

Company / Government bill	Company / Government bill
<b>Akademiska Hus</b> (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) (Govt Bill 2010/11:1 exp. area 24, Com. Rep. 2010/11:FIU2, Riksdag Comm. 2010/11:139, 140) (Govt Bill 2013/14:1 exp. area 24, Com. Rep. 2013/14:NU1, Riksdag Comm. 2013/14:103)	<b>Industrifonden</b> (Govt Bill 1978/79:123, Com. Rep. 1978/79:NU59, Riksdag Comm. 1978/79:415) (Govt Bill 1992/93:82, Com. Rep. 1992/93:NU19, Riksdag Comm. 1992/93:145) (Govt Bill 1994/95:100, Com. Rep. 1994/95:NU18, Riksdag Comm. 1994/95:300)
<b>Almi Företagspartner</b> (Govt Bill 1993/94:40, Com. Rep. 1993/94:NU11, Riksdag Comm. 1993/94:80) (Govt Bill 2008/09:73, Com. Rep. 2008/09:FIU17, Riksdag Comm. 2008/09:47) (Govt Bill 2009/10:148, Com. Rep. 2009/10:NU25, Riksdag Comm. 2009/10:361) (Govt Bill 2011/12:99, Com. Rep. 2011/12:FIU21, Riksdag Comm. 2011/12:282) (Govt Bill 2012/13:1, Com. Rep. 2012/13:NU1, Riksdag Comm. 2012/13:104)	<b>Infranord</b> (Govt Bill 2009/10:10, Com. Rep. 2009/10:TU5, Riksdag Comm. 2009/10:59)
<b>APL, Apoteket, Apoteksgruppen</b> (Govt Bill 1970:74, Com. Rep. 1970/97 2LU, Riksdag Comm. 1970:234) (Govt Bill 1984/85:170, Com. Rep. 1984/85:SoU29, Riksdag Comm. 1984/85:357) (Govt Bill 1995/96:141, Com. Rep. 1995/96:NU26, Riksdag Comm. 1995/96:302) (Govt Bill 1996/97:27, Com. Rep. 1996/97:SoU5, Riksdag Comm. 1996/97:58) (Govt Bill 2001/02:63, Com. Rep. 2001/02:SoU10, Riksdag Comm. 2001/02:194) (Govt Bill 2004/05:70, Com. Rep. 2004/05:SoU13, Riksdag Comm. 2004/05:217) (Govt Bill 2005/06:70, Com. Rep. 2005/06:SoU15, Riksdag Comm. 2005/06:198) (Govt Bill 2006/07:78, Com. Rep. 2006/07:SoU12, 2006/07:153) (Govt Bill 2007/08:87, Com. Rep. 2007/08:SoU 17, 2007/08:182) (Govt Bill 2007/08:142, Com. Rep. 2007/08:SoU20, 2007/08:255) (Govt Bill 2008/09:145, Com. Rep. 2008/09:SoU21, Riksdag Comm. 2008/09:226) (Govt Bill 2008/09:190, Com. Rep. 2008/09: SoU25, Riksdag Comm. 2008/09:288) (Govt Bill 2009/10:96, Com. Rep. 2009/10: SoU10, Riksdag Comm. 2009/10:222) (Govt Bill 2009/10:138, Com. Rep. 2009/10: SoU23, Riksdag Comm. 2009/10:288) (Govt Bill 2012/13:128, Com. Rep. 2012/13:SoU26, Riksdag Comm. 2012/13:279) (Govt Bill 2016/17:181, Com. Rep. 2016/17:NU24, Riksdag Comm. 2016/17:333)	<b>Jernhusen</b> (Govt Bill 1999/00:78, Com. Rep. 1999/2000:TU11, Riksdag Comm. 1999/2000:238)
<b>Arlandabanan Infrastructure</b> (Govt Bill 1993/94:39, Com. Rep. 1993/94:TU6, Riksdag Comm. 1993/94:74) (Govt Bill 1993/94:213, Com. Rep. 1993/94:TU36, Riksdag Comm. 1993/94:436) (Govt Bill 2005/06:1, Com. Rep. 2005/06:TU1, Riksdag Comm. 2005/06:81) (Govt Bill 2006/07:1, Com. Rep. 2006/07:TU1, Riksdag Comm. 2006/07:35) (Govt Bill 2010/11:1, Com. Rep. 2010/11:TU1, Riksdag Comm. 2010/11:138)	<b>Lernia</b> (Govt Bill 1992/93:152, Com. Rep. 1992/93:AU6, Riksdag Comm. 1992/93:175) (Govt Bill 1993/94:126, Com. Rep. 1993/94:UbU10, Riksdag Comm. 1993/94:341) (Govt Bill 1995/96:145, Com. Rep. 1995/96:Ubu8, Riksdag Comm. 1995/96:224) (Govt Bill 1996/97:55, Com. Rep. 1996/97:AU6, Riksdag Comm. 1996/97:108) (Govt Comm. 1996/97:95, Com. Rep. 1996/97:AU10, Riksdag Comm. 1996/97:188) (Govt Bill 2012/13:1, Com. Rep. 2012/13:NU1, Riksdag Comm. 2012/13:103)
<b>Bilprovningen</b> (Govt Bill 1963:91, SU 1963:83, Com. Rep. 3LU 1963:22, Riksdag Comm. 1963:198) (Govt Bill 1991/92:69, Com. Rep. 1991/92:NU10, Riksdag Comm. 1991/92:92) (Govt Bill 1993/94:167, Com. Rep. 1993/94:TU35, Riksdag Comm. 1993/94:433) (Govt Bill 1994/95:69, Com. Rep. 1994/95:TU8, Riksdag Comm. 1994/95:137) (Govt Bill 1996/97:1 exp. area 22, Com. Rep. 1996/97:TU1, Riksdag Comm. 1996/97:115) (Govt Bill 2009/10:32, Com. Rep. 2009/10:TU8, Riksdag Comm. 2009/10:161) (Govt Bill 2009/10:54, Com. Rep. 2009/10:NU10, Riksdag Comm. 2009/10:162)	<b>LKAB</b> (Govt Bill 1883:18) (Govt Bill 1882:14) (Govt Bill 1907:107) (Govt Bill 1927:241) (Govt Bill 1934:270) (Govt Bill 1977/78:96, Com. Rep. 1977/78:NU50, Riksdag Comm. 1977/78:225) (Govt Bill 1978/79:87, Com. Rep. 1978/79:NU30, Riksdag Comm. 1978/79:240) (Govt Bill 1979/80:79, Com. Rep. 1979/80:NU72, Riksdag Comm. 1979/80:380) (Govt Bill 1981/82:32, Com. Rep. 1981/82:TU7, Riksdag Comm. 1981/82:116) (Govt Bill 1981/82:56, Com. Rep. 1981/82:NU13, Riksdag Comm. 1981/82:82) (Govt Bill 1980/81:128, Com. Rep. 1980/81:NU48, Riksdag Comm. 1980/81:301) (Govt Bill 1982/83:120, Com. Rep. 1982/83:NU38, Riksdag Comm. 1982/83:306) (Govt Bill 1991/92:69, Com. Rep. 1991/92:NU10, Riksdag Comm. 1991/92:92)
<b>Bostadsgaranti</b> (Govt Bill 1983/84:41, Com. Rep. 1983/84:BoU8, Riksdag Comm. 1983/84:64) (Govt Bill 2012/13:1, Com. Rep. 2012/13:NU1, Riksdag Comm. 2012/13:103) (Govt Bill 2013/14:125, Com. Rep. 2013/14:CU25, Riksdag Comm. 2013/14:212)	<b>Metria</b> (Govt Bill 2010/11:53, Com. Rep. 2010/11:CU10, Riksdag Comm. 2010/11:188) (Govt Bill 2016/17:181, Com. Rep. 2016/17:NU24, Riksdag Comm. 2016/17:333)
<b>Dramaten</b> (Govt Bill 1992/93:100, Com. Rep. 1992/93:KrU20, Riksdag Comm. 1992/93:315) (Govt Bill 1996/97:3, Com. Rep. 1996/97:KrU1, Riksdag Comm. 1996/97:129) (Govt Bill 2009/10:3, Com. Rep. 2009/10:KrU5, Riksdag Comm. 2009/10:145)	<b>Miljömärkning Sverige</b> (Govt Bill 1997/98:1, Com. Rep. 1997/98:NU1, Riksdag Comm. 1997/98:131). (Govt Bill 2005/06:105, Com. Rep. 2005/06:LU33, Riksdag Comm. 2005/06:377) (Govt Bill 2011/12:99, Com. Rep. 2011/12:FIU21, Riksdag Comm. 2011/12:282)
<b>ESS</b> (Govt Bill 2008/09:50, Com. Rep. 2008/09:UbU4, Riksdag Comm. 2008/09:160) (Govt Bill 2009/10:1 exp. area 16, Com. Rep. 2009/10:UbU1, Riksdag Comm. 2009/10:126) (Govt Bill 2012/13:190, Com. Rep. 2012/13:UbU7, Riksdag Comm. 2012/13:54) (Govt Bill 2014/15:1, Com. Rep. 2014/15:UbU1, Riksdag Comm. 2014/15:90)	<b>Operan</b> (Govt Bill 1992/93:100, Com. Rep. 1992/93:KrU20, Riksdag Comm. 1992/93:315) (Govt Bill 1996/97:3, Com. Rep. 1996/97:KrU1, Riksdag Comm. 1996/97:129) (Govt Bill 2009/10:3, Com. Rep. 2009/10:KrU5, Riksdag Comm. 2009/10:145)
<b>EUROFIMA</b> (Govt Bill 1955:211). (Govt Bill 1992/93:176, Com. Rep. 1992/93:TU36, Riksdag Comm. 1992/93:348)	<b>Orio</b> (Govt. Bill 2012/13:99, Com. Rep. 2012/13:FIU21, Riksdag Comm. 2012/13:287)
<b>Green Cargo</b> (Govt Bill 1999/2000:78, Com. Rep. 1999/2000:TU11, Riksdag Comm. 1999/00:238) (Govt Bill 2003/04:127 Com. Rep. 2003/04:NU15, Riksdag Comm. 2003/04:286)	<b>PostNord</b> (Govt Bill 1992/93:132, Com. Rep. 1992/93:TU11, Riksdag Comm. 1992/93:152) (Govt Bill 1993/94:38, Com. Rep. 1993/94:TU9, Riksdag Comm. 1993/94:119) (Govt Bill 1995/96:218, Com. Rep. 1996/97:TU3, Riksdag Comm. 1996/97:34) (Govt Bill 1997/98:127, Com. Rep. 1997/98:TU13, Riksdag Comm. 1997/98:304) (Govt Bill 1998/99:95, Com. Rep. 1998/99:TU11, Riksdag Comm. 1998/99:237) (Govt Bill 2007/08:143, Com. Rep. 2007/08:NU13, Riksdag Comm. 2007/08:253) (Govt Bill 2009/10:216, Com. Rep. 2009/10:TU19, Riksdag Comm. 2009/10:378) (Com. Rep. 2010/11:NU7, Riksdag Comm. 2010/11:190) (Govt Bill 2017/18:39, Com. Rep. 2017/18:FIU28, Riksdag Comm. 2017/18:114).
<b>Göta kanalbolag</b> (Govt Bill 1977/78:119, Com. Rep. 1977/78:TU22, Riksdag Comm. 1977/78:291) (Govt Bill 1991/92:134, Com. Rep. 1991/92:NU33, Riksdag Comm. 1991/92:351) (Govt Bill 1992/93:51, Com. Rep. 1992/93:NU15, Riksdag Comm. 1992/93:97) (Govt Bill 1993/94:100, Com. Rep. 1993/94:NU16, Riksdag Comm. 1993/94:224) (Govt Bill 2014/15:99, Com. Rep. 2014/15:FIU21, Riksdag Comm. 2014/15:255) (Govt Bill 2015/16:1, Com. Rep. 2015/16:NU1, Riksdag Comm. 2015/16:89) (Govt Bill 2016/17:181, Com. Rep. 2016/17:NU24, Riksdag Comm. 2016/17:333)	<b>RISE Research Institutes of Sweden</b> (Govt Bill 1996/97:150, Com. Rep. 1996/97:FIU20, Riksdag Comm. 1996/97:284) (Govt Bill 2001/02:2, Com. Rep. 2001/02:NU:5, Riksdag Comm. 2001/02:64) (Govt Bill 2004/05:80, Com. Rep. 2004/05:UbU15, Riksdag Comm. 2004/05:289) (Govt Bill 2006/07:1, Com. Rep. 2006/07:NU1, Riksdag Comm. 2006/07:62) (Govt Bill 2008/09:50, Com. Rep. 2008/09:UbU4, Riksdag Comm. 2008/09:160) (Govt Bill 2012/13:30, Com. Rep. 2012/13:UbU3, Riksdag Comm. 2012/13:152) (Govt Bill 2012/13:99, Com. Rep. 2012/13:FIU21, Riksdag Comm. 2012/13:287) (Govt Bill 2016/17:1, Com. Rep. 2016/17:NU1, Riksdag Comm. 2016/17:103)
	<b>Samhall</b> (Govt Bill 1977/78:30, Com. Rep. 1977/78:AU16, Riksdag Comm. 1977/78:74) (Govt Bill 1978/79:25 app. 9, 1 & 2, Com. Rep. 1978/79:AU17, Riksdag Comm. 1978/79:118)(Govt Bill 1978/79:139, Com. Rep. 1978/79:AU29, Riksdag Comm. 1978/79:293) (Govt Bill 1982/83:149, Com. Rep. 1982/83:AU25, Riksdag Comm. 1982/83:153) (Govt Bill 1991/92:91, Com. Rep. 1991/92:AU16, Riksdag Comm. 1991/92:249) (Govt Bill 2000/01:1, Com. Rep. 2000/01:AU1, Riksdag Comm. 2000/01:103) (Govt Bill 2011/12:1 exp. area 14, Com. Rep. 2011/12:AU2, Riksdag Comm. 2011/12:88)
	<b>Saminvest</b> (Govt. Bill 2015/16:110, Com. Rep. 2015/16:NU23, Riksdag Comm. 2015/16:295)

**Company / Government bill****SAS**

(Govt Bill 1996/97:126, Com. Rep. 1996/97:TU9, Riksdag Comm. 1996/97:232)  
 (Govt Bill 2000/01:124, Com. Rep. 2000/01:TU17, Riksdag Comm. 2000/01:253)  
 (Govt Bill 2008/09:124, Com. Rep. 2008/09:FIU40, Riksdag Comm. 2008/09:192)  
 (Govt Bill 2009/10:121, Com. Rep. 2009/10:FIU35, Riksdag Comm. 2009/10:220)  
 (Govt Bill 2012/13:46, Com. Rep. 2012/13:NU10, Riksdag Comm. 2012/13:102)

**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)

**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)

**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)

**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)

**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)

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# 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. 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.<sup>1</sup> In addition to Swedish law, state-owned enterprises may also be subject to directly applicable EU regulations, such as the Market Abuse Regulation (MAR)<sup>2</sup> and the General Data Protection Regulation.<sup>3</sup>

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 nomination committees and the rules on the election of

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

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 direc-

tors 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.<sup>4</sup> 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.<sup>5</sup>

<sup>4</sup> 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.

<sup>5</sup> 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 under-

stand 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 and abbreviations

## 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 liability 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

**GDPR** – EU's General Data Protection Regulation, GDPR.

**GFA** – Gross floor area.

**CSI** – Customer Satisfaction Index.

**GRI** – Global Reporting Initiative, international guidelines for sustainability reporting.

**IFRS** – International Financial Reporting Standards.

**ESI** – Employee Satisfaction Index.

**SDGs** – UN Sustainable Development Goals.

**(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 Enterprise and Innovation and within the Department for Innovation, Analysis and State-Owned Companies, Division for State-Owned Enterprises.

### Responsible minister and state secretary

Minister for Enterprise and Innovation:  
Mikael Damberg

State Secretary:  
Stina Billinger

### Responsible officials

Director-General, Department for Innovation,  
Analysis and State-Owned Companies:  
Carl Rosén

Head of Division, Division for State-Owned  
Enterprises: Anna Magnusson

Deputy Heads of Division, Division for State-Owned  
Enterprises: Jenny Lahrin, Christine Leandersson,  
Per Lundkvist



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