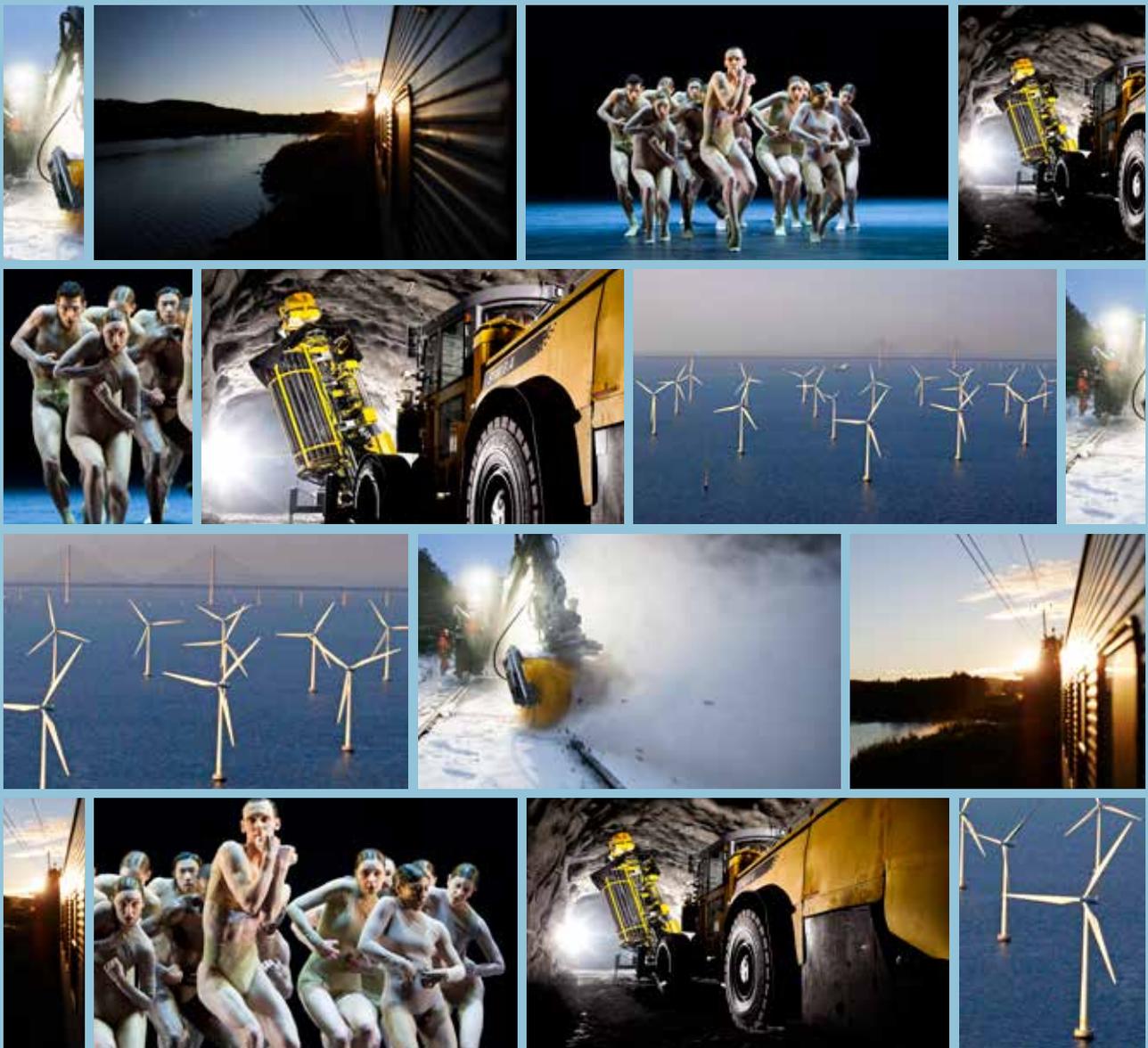


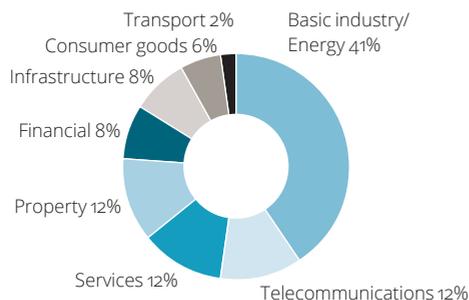
Annual report state-owned enterprises 2016



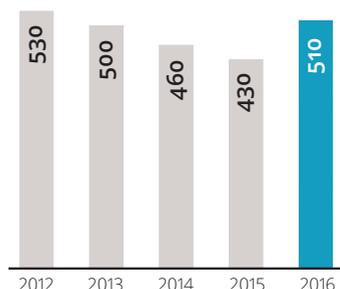
Portfolio overview

The state's company portfolio contains 48 companies. A large part of the portfolio value relates to the basic industry/energy sectors. Most companies are for-profit enterprises. About half have specifically adopted public policy assignments.

Portfolio value per sector, %



Estimated value of the state's company portfolio,¹ SEKbn



Dividends, SEKbn

13.6

Dividend yield

2.8%

Number of employees²

137,000

Balanced gender distribution³

Chairmen and directors, percentage women:

49%

Chairmen, percentage women:

45%

Total number of chairmen and directors

305

Net sales for the portfolio, excluding associates, SEKbn

321

Net sales for the portfolio, including associates, SEKbn

353

Profit after tax Jan–Dec 2016. Companies with greatest effect on net profit, SEKbn



1) Portfolio value adjusted for transactions.

2) Approximately 137,000 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 (stake, %)	Distribution of sales ¹ , %	Number of employees	Net sales, SEKm Jan-Dec 2016	Operating profit, SEKm Jan-Dec 2016
Vattenfall (100%)	39.4	19,935	139,208	1,337
PostNord (60%)	10.9	33,278	38,478	-1,083
Telia Company (37%)	8.9	24,898	84,178	21,090
Systembolaget (100%)	8.1	3,551	28,469	224
Apoteket (100%)	5.8	3,235	20,325	687
LKAB (100%)	4.6	4,224	16,343	-1,677
SJ (100%)	2.6	4,192	9,336	837

1) Share of net sales including associates (SEK 353bn).

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

Company (stake, %)	Net sales, SEKm Jan-Dec 2016	Operating profit, SEKm Jan-Dec 2016	Company (stake, %)	Net sales, SEKm Jan-Dec 2016	Operating profit, SEKm Jan-Dec 2016
Akademiska Hus (100%)	5,666	7,264	SEK (100%)	1,608	1,002
Almi Företagspartner (100%)	958	11	SOS Alarm (50%)	1,017	58
APL (Apotek Produktion & Laboratorier) (100%)	1,301	2	Specialfastigheter (100%)	1,912	2,179
Apoteksgruppen (100%)	270	-2	SSC (Svenska rymdaktiebolaget) (100%)	991	14
Arlandabanan Infrastructure (100%)	68	0	Statens Bostadsomvandling (100%)	19	-22
Bilprovingen (100%)	654	27	Sveaskog (100%)	5,922	1,631
Bostadsgaranti (50%)	0	-2	Svedab (100%)	9	665
Dramaten (100%)	274	-16	Swedavia (100%)	5,546	1,007
Fouriertransform (100%)	201	118	Swedesurvey (100%)	16	1
Green Cargo (100%)	4,208	-83	Swedfund International (100%)	81	2
Göta kanalbolag (100%)	47	0	Svenska Skeppshypotek (100%)	215	117
Infranord (100%)	3,911	217	Svenska Spel (100%)	7,742	4,851
Inlandsinnovation (100%)	4	-71	Svevia (100%)	7,105	439
Jernhusen (100%)	898	1,641	Teracom Group (100%)	2,003	349
Lernia (100%)	3,114	35	Vasallen (100%)	32	-22
Metria (100%)	417	15	VisitSweden (50%)	269	-13
Miljömärkning Sverige (100%)	57	-1	Voksenåsen (100%)	41	0
Operan (100%)	557	1			
Orio (100%)	814	-1			
RISE, Research Institutes of Sweden (100%)	2,470	57			
Samhall (100%)	6,911	-209			
SBAB (100%)	2,884	2,011			

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.

Contents

The state is a significant company owner in Sweden. The state company portfolio contains 48 wholly and partially owned enterprises, of which two are publicly traded. The state bears 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, ensure that specifically adopted public policy assignments are duly performed.

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Significant events in 2016

The Government adopted a new ownership policy and guidelines for state-owned enterprises

In December 2016, the Government adopted the State's Ownership Policy and guidelines for state-owned enterprises for 2017. The level of ambition for sustainable business efforts by the companies has been raised through inclusion of Agenda 2030 and the global sustainable development goals in the ownership policy to guide the companies in their work, along with international guidelines. The requirement for gender balance on boards of directors has been clarified, as it now applies to the portfolio as well as at the company level.

Read more about the new ownership policy on page 15.



Saminvest prepared a business combination with Inlandsinnovation and Fouriertransform

Saminvest, the state's new venture capital structure, was established on 1 July 2016. During the autumn, Saminvest was prepared for the start of operations in 2017, including the recruitment of CEO Peder Hasslev, who began in February 2017. On 1 January 2017, the state transferred Inlandsinnovation and Fouriertransform to Saminvest as an unconditional shareholder contribution.

Read more about the new company on page 19.

Agreement on US preclearance at Arlanda

On 4 November 2016, the Swedish and US governments made a bilateral agreement to implement US preclearance at Stockholm Arlanda Airport. In conjunction, Swedavia signed a declaration of intent with US Customs and Border Protection on how the function will be managed at the airport. The Government has appointed a committee of inquiry tasked with proposing how the agreement should be implemented in Swedish law.



Consolidated RISE relocated its headquarters to Göteborg in April 2016

Through the acquisition of the industrial owners' shares in the subsidiaries of SP Technical Research Institute of Sweden, Swedish ICT and Innventia, RISE became the sole owners of the research groups. Along with organisational changes within the RISE group, the merger will, for example, foster more powerful internal coordination of strategy, the customer offering and other issues. As part of the organisational changes, RISE relocated its headquarters to Göteborg. Pia Sandvik was appointed CEO and Jan Wäreby was recruited as the chairman of the board.

The state reduced its stake in SAS

The state sold 13.8 million shares in SAS in an auction process in October 2016, jointly with the Norwegian state. Together with Norway, 7 per cent of the shares in SAS were sold. After the sale, the Swedish state owns 17.2 per cent of ordinary shares, the Norwegian state 11.5 per cent and the Danish state 14.2 per cent. The proceeds of the sale of shares held by the Swedish state were SEK 213.9 million.

Vattenfall divested lignite operations

On 30 September 2016, Vattenfall finalised the sale of the German lignite assets to the Czech energy group EPH and its financial partner, PPF Investments. The business transaction was executed after the Government approved the proposed sale on 2 July 2016.

A company portfolio right for the times – for all of Sweden

The state company portfolio comprises some of the most exciting and famous companies in Sweden. Those of us who live in Sweden come into contact with the state-owned enterprises in all kinds of situations – when we collect our prescriptions, take the train to visit family, charge our electric cars, turn on the TV or take out a mortgage. The companies operate from north to south, from deep in the mines to far out in space, from the countryside to the big city, from mill towns to suburbs. Regardless of whether or not the companies have been given public policy assignments by the Riksdag, they are an important part of building our society.

The state-owned enterprises are owned jointly by the Swedish people. The Government has a mandate from the Riksdag to manage investments in state-owned enterprises in order to ensure optimal value performance and that companies with public policy assignments perform them well. This requires active and professional corporate governance. The companies should be provided good opportunities to develop and the conditions necessary to stand up to tough competition. Good order and organisation must prevail and the companies must act in an exemplary manner so that they earn the trust of the public, every single day. Sustainable business is an unquestioned cornerstone of investment management and we have high expectations for responsible and transparent conduct on the part of the companies.

“In that the state company portfolio is a large and important part of Swedish business and industry, the actions of the companies can serve as examples to others.”

In that the state company portfolio is a large and important part of Swedish enterprise, the actions of the companies can serve as examples to others. The areas where we have been forerunners in governance of the state-owned enterprises include gender balance on boards of directors, imposing early requirements for sustainability reporting and clarifying our expectations for the companies' work to implement the global Agenda 2030 for sustainability and the Paris Agreement.

For a small, export-dependent country like Sweden, innovation is critical to success. The Government's ambition is for Sweden to be a world leader in the areas of digitalisation, innovation and research and development. This also applies to state-owned enterprises, which must be swift and agile in order to respond to a changing reality.

Long-term value generation is the overarching objective in managing investments in state-owned enterprises. The state portfolio contains 48 companies and was worth SEK 510 billion at year-end 2016. This is a substantial increase compared to the value of SEK 430 billion at year-end 2015, which stands up very well to comparison with other company portfolios.

Good corporate governance is a prerequisite for long-term value creation and future-oriented sustainability work. The specialised investment organisation within the Ministry of Enterprise and Innovation is therefore a key component of the Government's administration. The organisation includes investment directors and experts in board recruitment, company analysis, commercial law and sustainable business.

The work to set and track targets for the companies is a central aspect of professional administration. Most of the companies have financial targets that are regularly reviewed. Companies with



specifically adopted public policy assignments have public policy targets to enable assessment of their performance. Sustainability assessments, linked to the financial and public policy targets, are also performed. In addition to that required by accounting legislation and generally accepted accounting principles, the companies must all present annual reports, interim reports and year-end reports, in accordance with the rules that apply to listed companies.

In the view of our feminist Government, gender balance on boards of directors is an unquestioned principle and a competitive advantage. After this year's AGMs, 41 of the 44 limited companies in the portfolio whose registered offices are in Sweden have gender-balanced boards of directors. On average, the gender breakdown for the boards of state-owned enterprises was 49 per cent women and 51 per cent men, considerably better than privately owned listed companies in Sweden, where women made up 32 per cent and men 68 per cent at the time this foreword was written. There has been particular focus on increasing the share of women chairmen, and this year, 45 per cent are women. Thus, the state-owned enterprises are continuing to lead the way towards gender equality in business.

As the minister responsible for state ownership, I consider maintaining public trust in state-owned enterprises to be one of my most important tasks. Appointing professional boards of directors is one of the most important tools in that effort. Many of the companies have been in business for many years and should remain active participants in society – both as suppliers of goods and services and as employers – for many years to come. Nor is this government driven by a privatisation agenda; rather, the approach to the composition of the portfolio is a pragmatic one. Several decisions were taken during the year towards ensur-

“In the view of our feminist Government, gender balance on boards of directors is an unquestioned principle and a competitive advantage.”

ing that the companies are better equipped for the future. These included the Government's approval in a written owner coordination of Vattenfall's sale of its lignite operations in Germany, and the decision to reduce the stake in SAS by 4.2 per cent of the holding of ordinary shares.

As the Swedish Minister for Enterprise and Innovation, I am incredibly proud of all the modern, innovative and successful Swedish enterprises. They are helping meet societal challenges and building a positive image of Sweden all over the world. The state company portfolio is an important part of Swedish business and industry and I am convinced that our jointly owned companies will continue to contribute to building society and creating value for many years ahead.


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

Performance in 2016

Sales

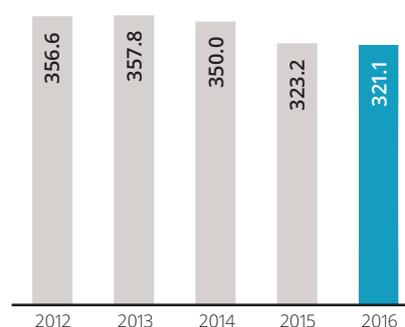
Consolidated sales for state-owned enterprises fell by 0.6 per cent in 2016 year-on-year, to SEK 321.1 (323.2) billion. Net sales for the full year 2016 including associates¹ fell by 0.8 per cent to SEK 353.1 (356.0) billion.

The downturn in total net sales is due mainly to lower sales in Vattenfall, PostNord and Telia Company. Vattenfall's sales went down by SEK 4.4 billion, mainly due to lower electricity prices. The decline of SEK 0.9 billion for PostNord is attributable to continued digitalisation and lower letter volumes, particularly in Denmark.

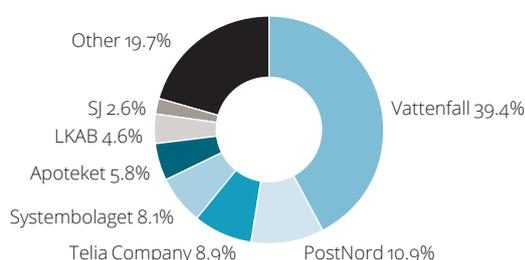
A number of companies posted higher sales, including Systembolaget, Apoteket and SBAB. One reason for Systembolaget's sales growth is the trend in which customers are choosing products from the somewhat more expensive segments.

Vattenfall accounts for 43.4 (44.4) per cent of net sales in the state company portfolio, and 39.4 (40.3) per cent if sales in associates are included.

Net sales, excluding associates
SEKbn



Distribution of sales Jan-Dec 2016, including associates¹



¹ Includes net sales for associates proportional to the state's ownership interest. Companies in which the equity interest is less than 20 per cent are excluded.

Profit and dividends

Operating profit for the full year 2016 rose to SEK 26.6 (16.5) billion. This is mainly attributable to lower impairment losses for continuing operations in Vattenfall, whose underlying operating profit also increased by SEK 1.2 billion. Lower impairment losses on non-current assets in LKAB also made a significant contribution to higher operating profit.

Earnings after tax for the full year of 2016 decreased to a loss of SEK -4.7 (-1.6) billion, primarily due to losses posted by Vattenfall, PostNord and LKAB. Vattenfall's earnings after tax for the full year 2016 declined by SEK 6.2 billion to a loss of SEK -26.0 (-19.8) billion. Low electricity prices led to significant impairment losses for Vattenfall totalling SEK 33.8 (36.8) billion, of which the majority were recognised during the second quarter and included the now sold and discontinued lignite operations in Germany.

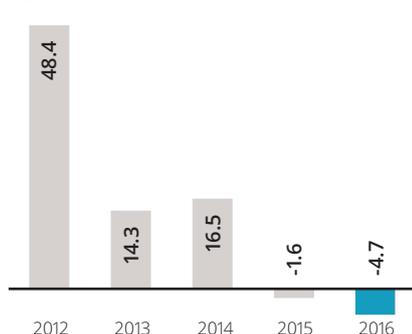
PostNord's earnings after tax for the full year 2016 declined by SEK 1.9 billion to a loss of SEK -1.6 (0.3) billion.

The change is explained mainly by items affecting comparability of SEK -1.6 (-0.4) billion, net, for the full year, primarily attributable to impairment of goodwill and certain non-current assets in Denmark, as well as the sale of PostNord Strålfors' operations outside the Nordic countries. LKAB's earnings after tax for the full year 2016 improved by SEK 4.7 billion to a loss of SEK -1.0 (-5.7) billion. Earnings were affected by costs for provisions for urban transformation in Kiruna and impairment losses on property, plant and equipment, although these were lower than in the preceding year.

The largest positive contributions to consolidated profit after tax were generated by Akademiska Hus, Svenska Spel and the state's shares in Telia Company.

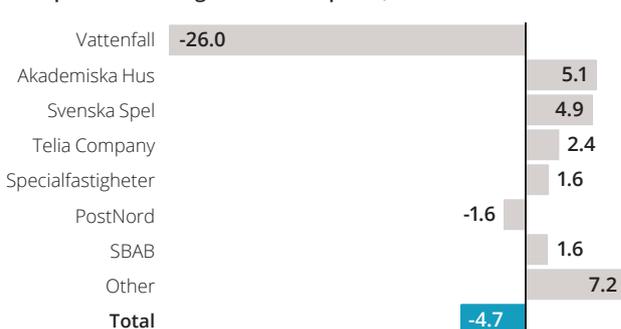
Dividends from state-owned enterprises for the 2016 financial year amounted to SEK 13.6 (15.4) billion. The largest dividends were distributed by Svenska Spel, at SEK 4.8 billion, and Telia Company, at SEK 3.2 billion.

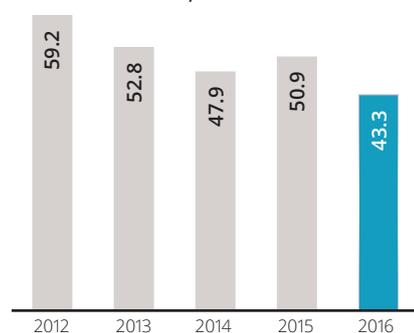
Profit after tax
SEKbn



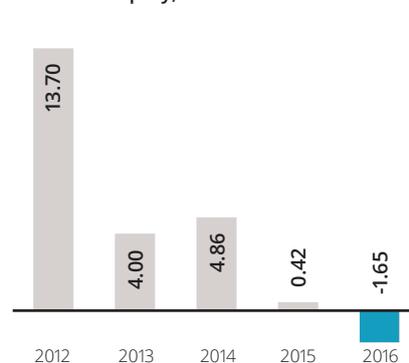
Profit/loss after tax, Jan-Dec 2016

Companies with largest effect on profit, SEKbn

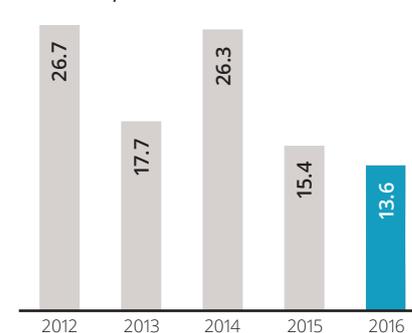


Gross investments, SEKbn

Gross investments decreased by 15.1 per cent to SEK 43.3 (50.9) billion. Vattenfall's gross investments, which accounted for more than half of total gross investments, decreased by 19.7 per cent to SEK 23.0 (28.7) billion.

Return on equity, %

Return on equity was -1.65 (0.42) per cent.

Dividends, SEKbn

State-owned enterprises provide an important contribution to central government finances. Dividends paid to the state in the 2016 financial year totalled SEK 13.6 billion.

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

SEKbn	2016	2015	2014	2013	2012
Net sales (including appropriation, if any)	321.1	323.2	350.0	357.8	356.6
Net sales including associates (including appropriation, if any)	353.1	356.0	389.0	405.4	405.4
Profit/loss before changes in value	20.8	11.3	23.0	24.9	58.5
Changes in value	5.8	5.2	5.1	2.1	0.5
Operating profit/loss (EBIT)	26.6	16.5	28.1	27.0	59.1
Profit before tax	20.1	10.7	20.6	17.3	50.2
Profit/loss after tax	-4.7	-1.6	16.5	14.3	48.4
Gross investments	43.3	50.9	47.9	52.8	59.2
Cash flow from operating activities (excluding SEK and SBAB)	46.5	61.7	65.2	65.0	55.5
Total equity	312.9	339.2	363.8	358.7	365.5
Total assets	1,469.4	1,488.9	1,540.3	1,489.0	1,534.2
Number of employees excluding associates (thousands)	111	120	124	129	131
Number of employees including associates (thousands)	137	146	163	169	174
Dividend:	13.6	15.4	26.3	17.7	26.7
Estimated value ³	510	430	460	500	530
Return on equity (%)	-1.65	0.42	4.86	4.00	13.70
Equity/assets ratio (%)	21.30	22.78	23.62	24.10	23.80
Dividend yield (%)	2.8	3.6	5.5	3.3	4.6

1) Vattenfall's lignite operations and Teracom Group's Boxer Sverige are reported as profit/loss from discontinued operations and discontinuing operations, respectively, for 2016 and 2015. The values for earlier years have not been adjusted.

2) SAS is not included in consolidated profit/loss for 2016 and 2015 because the state's share of equity is now below 20 per cent. The values for earlier years have not been adjusted.

3) Estimated value of the company portfolio adjusted for transactions.

Higher market value

The state company portfolio comprises companies in the sectors of basic industry/energy, telecommunications, services, property, finance, consumer goods, infrastructure and transport. Basic industry/energy is the dominant sector, comprising about 40 per cent of the value of the portfolio, followed by the three sectors of services, property and telecommunications, which represented roughly equal market values in this year's portfolio valuation, of about 40 per cent in total. The portfolio is thus sensitive to the business cycle and the value of the portfolio is strongly affected by the world market price of iron ore and electricity prices in the markets where Vattenfall operates. The value of the state company portfolio rose during 2016 by approximately SEK 80 billion or about 19 per cent year-on-year.

The value of the companies and the portfolio as a whole is measured annually and changes in value are reported here from a one-year and five-year perspective. Valuation is performed at the end of each year and is intended to establish the market value of the companies and the portfolio. The majority of the companies are valued based on 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. The property companies are valued at net asset value and listed companies at market value. Other companies are valued at book value of equity. In conjunction with this year's valuation process, the valuation method for Svedab, previously valued at book value of equity, was changed. The main effect of the change is that the holding in the Öresund Bridge Consortium was measured at market value by way of the income approach combined with the market approach. The change had a significant effect on the value of Svedab and the value of the portfolio overall.

Value performance 2012 to 2016

At year-end 2016, the value of the state company portfolio was calculated at SEK 510 billion.¹ Adjusted for executed transactions, this is a decline of about SEK 20 billion, or about 4 per cent, since 2012, when the portfolio was valued at about SEK 530 billion. By comparison, the value of Nasdaq Stockholm rose during the same period by about 55 per cent. Value performance is, however, not fully comparable with regard to aspects including risk exposure since the sector composition of the state portfolio differs from the total composition of Nasdaq Stockholm. The comparison with Nasdaq Stockholm is also misleading to a certain extent due to the fact that several state-owned enterprises with relatively substantial values have specifically adopted public policy assignments, which are partially aimed at generating effects other than financial return.

The decline in value of the portfolio, adjusted for divestments, of SEK 20 billion is primarily attributable to changes in value in the basic industry/energy sector, in which both Vattenfall and LKAB are included. Basic industry/energy remains the dominant sector in the portfolio although the weight has decreased in the last five years. Holdings in the basic industry/energy sector have declined in value since 2012 by about SEK 55 billion, from

about SEK 260 billion to about SEK 205 billion. Consequently in terms of value, adjusted for transactions, the sector's share of the total state company portfolio had declined by 10 percentage points to approximately 40 per cent of the value at year-end 2016.

Adjusted for transactions, the value of the state company portfolio excluding the basic industry/energy sector grew by about SEK 30 billion, from approximately SEK 270 billion to about SEK 300 billion. This corresponds to an average growth of about 3 per cent per year. During the same period, Nasdaq Stockholm grew in value by an average of 12 per cent per year.

In addition to the basic industry/energy sector, the telecommunications and services sectors have demonstrated negative performance since 2012. The decline in value of about SEK 25 billion total for these sectors is attributable primarily to share price performance for Telia Company and the fact that, since 2015, the valuation of Svenska Spel includes an assumption that the exemption from gaming and corporate tax will be withdrawn.²

The main sectors in the state company portfolio that have performed well since 2012 are property, consumer goods, finance and infrastructure. The increase in the consumer goods sector is primarily attributable to favourable value growth in Apoteket, based on improved underlying profitability. Value growth in the finance sector is due mainly to SBAB, which benefited from trends in the Swedish housing market. The increase in the property sector is due mainly to new construction within Akademiska Hus and the generally favourable development in the property market. In the infrastructure sector, Swedavia, for example, has performed well due to good passenger growth as well and well-developed property transactions. This year's market valuation of the assets in Svedab, which entailed a change of valuation methods, has made a strong contribution to value growth in the infrastructure sector. At year-end 2016, the sector thus accounted for about 8 per cent of portfolio value.

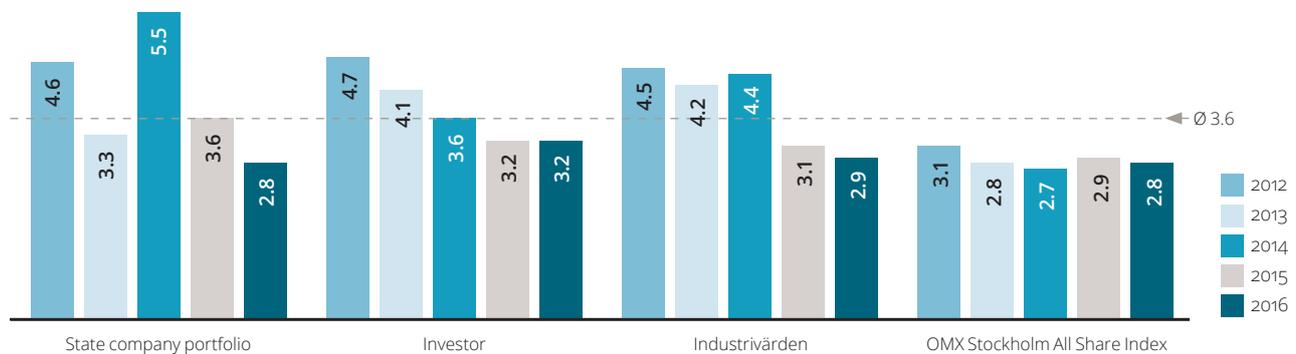
Value growth 2016

The value of the state company portfolio rose during 2016 by approximately SEK 80 billion or about 19 per cent year-on-year. To a certain extent, the value growth was driven by the change in valuation method for Svedab, which was valued at book value of equity until 2015. By comparison, the value of Nasdaq Stockholm rose during the same period by about 6 per cent. Dividends distributed to the state in 2016 amounted to just above SEK 15

1) The change of valuation method for a holding with significant surplus value in relation to the current book value had positive impact on the year's valuation.

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

Dividend yield
%



Source: Factset, Industrivärden Annual Report 2016.

billion, corresponding to dividend yield of about 3.6 per cent in 2015. The estimated dividend yield for 2016 amounts to around 3 per cent. The somewhat lower level is related primarily to value growth in the portfolio during 2016.¹ Historical dividend yields for the state portfolio, Investor, Industrivärden and OMX All Share are shown on the chart above.

The basic industry/energy, telecom (negative value performance) and property sectors accounted for the largest value changes in the state company portfolio during the last year. Overall, the net increase in the value of these sectors was about SEK 60 billion.

Holdings in the basic industry/energy sector were valued at year-end 2016 at approximately SEK 205 billion, an increase of about SEK 65 billion, or roughly 45 per cent, year-on-year. The increase in the estimated value is attributable mainly to higher valuation of Vattenfall, driven by lower assessed risk, the effects of the energy agreement and higher electricity prices.

At the end of 2016, the value of the telecom sector was about SEK 60 billion, a decrease of about SEK 9 billion, or about 13 per

cent, year-on-year. The depreciation in value is explained by share price performance in Telia Company.

The value of the property sector was assessed at approximately SEK 60 billion at year-end 2016, an increase of about SEK 6 billion, or roughly 12 per cent. The appreciation in value is attributable primarily to Akademiska Hus and favourable development in the property market overall.

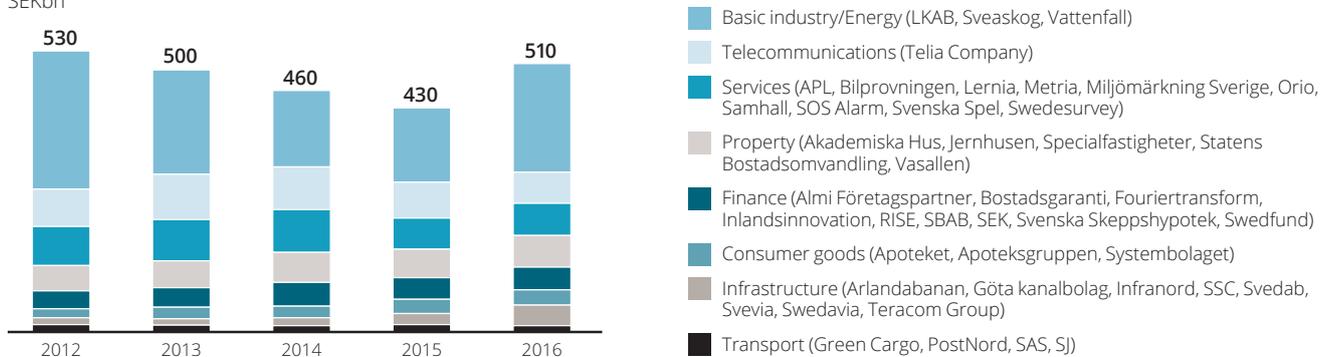
The value of the rest of the state company portfolio was estimated at the end of 2016 at approximately SEK 183 billion, an increase of about SEK 20 billion. The impact of the change of valuation method for Svedab was significant.

Share price performance in listed holdings

The value of holdings in Telia Company declined by 13 per cent in 2016. The value of holdings in SAS fell by 54 per cent. Adjusted for the sale of 13.8 million shares in SAS, the depreciation in the value of SAS was about 43 per cent. As a whole, the value of listed holdings decreased by 14 per cent or SEK 9.8 billion (adjusted for the sale of shares in SAS, the decrease was about SEK 9.6 billion).

Value performance 2012–2016, by sector (adjusted for transactions)²

SEKbn



¹ Dividend yield for the state company portfolio is estimated based on forecast dividends from portfolio companies in relation to estimated portfolio value. Any effect of a discount to NAV, which is common among listed investment companies, is thus not considered in the comparison.

² In addition to the reported sectors, the "Other" sector (Dramaten, ESS, Operan and VisitSweden) is included for 2015 in the amount of SEK 1 billion.

Source: Ministry of Enterprise and Innovation

Multidimensional value creation

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

With value creation as the overarching goal of managing investments in state-owned enterprises, 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 strate-

gic and transparent efforts with focus on cooperation. When companies establish sustainable strategies, they sharpen their competitive edge, which is a prerequisite for their continued success.

Swedavia recognised for purchase of bio-jet fuel

Swedavia has decided that all business travel in the company must use renewable fuel. Through this initiative, Swedavia intends to demonstrate to companies and producers that there is also a market for renewable fuel in aviation. The company carried out a procurement of 450 tonnes of bio-jet fuel for the company's 15,000 business flights. This is the first procurement of its kind, where a state-owned enterprise purchased bio-jet fuel for all business travel. The procurement won Hexanova's annual "Handshake" prize for best procurement. The prize was awarded by Offentliga affärer, a business magazine for the public sector, which cited the following reason: "Through its procurement, Swedavia has further developed the public procurement process and encouraged innovation."



Vattenfall launched a partner-based charging network

Jointly with partners in Sweden and Europe, Vattenfall is building the InCharge network, with thousands of charging points for electric cars. InCharge will make it easy for companies, local authorities and local power companies to offer electric car charging so that more drivers will confidently switch to electric cars. In conjunction with the launch in late 2016, Vattenfall gave 100 smart charging boxes to companies free, in exchange for connecting them to InCharge.



Work experience for new arrivals

Vattenfall, PostNord, Apoteket and Lernia have joined the Government's "100 Club" initiative. Under this initiative, the companies will accept 100 new arrivals each for three years and provide an introduction to the Swedish labour market through various types of work experience placements. The Government initiated the 100 Club in autumn 2015 to enable the Swedish Public Employment Service to offer support and package solutions to major companies that want to contribute to the introduction of new arrivals while at the same time managing their labour supply.

Lernia joined the 100 Club in 2016 and thus far about 40 new arrivals have secured work experience places or employment. They have acquired work experience or worked within the

company's training and staffing operations as well as within the group's business support functions. Diversity work is an integrated part of ongoing operations at Lernia. Thanks to their training and staffing operations, Lernia can reach individuals who are outside the labour market in order to find skills that employers need. For example, in 2016 Octapharma needed to hire new workers for its factory that produces life science products, an area where there is a shortage of qualified personnel. Lernia initiated a supplementary training programme via the Public Employment Service and was able to ensure that foreign-born people and new arrivals to Sweden were given the opportunity to acquire skills that led to a job with Octapharma.

Agreement between Almi and the Swedish Agency for Economic and Regional Growth on a green venture capital fund

In October 2016, Almi and the Agency for Economic and Regional Growth signed an agreement on a new national fund for investments in innovative small and medium-sized enterprises. The fund is oriented towards Green Tech and investments will be made in areas such as renewable energy, smart networks, biogas, agritech, advanced eco-friendly materials and sensor networks. The objective of the fund is to bridge the gap between demand and supply of venture capital investments in companies that are contributing to reducing emissions of climate gases. Total capital of SEK 650 million will be invested in about 50 companies up to 2023. The co-investors in the fund are Almi, the Swedish Energy Agency and the European Regional Development Fund.





Apoteket's sustainability programme praised by customers

For the second year in a row, the Swedish people named Apoteket the most sustainable company in Sweden in the Sustainable Brand Index survey for 2017. In the survey, more than 11,000 customers assessed the performance of the 268 largest companies in Sweden in the areas of environmental and social responsibility. The award shows that customers appreciate Apoteket's long-term effort to quality-assure its offering. For example, Apoteket imposes requirements on product content and function, as well as for social and environmental responsibility as regards its suppliers. The company's ambition is for all suppliers to meet Apoteket's sustainability standards. Apoteket has also introduced climate compensation for all deliveries, and the company is working with various partners to advance the move towards renewable fuels. Yet another example of Apoteket's efforts to reduce environmental load is the cooperation between healthcare providers and the pharmaceutical industry concerning sustainable medicinal treatment and collection of surplus pharmaceutical products.

Other state-owned enterprises that placed high in the rankings were Systembolaget (8), SJ (11) and Apoteksgruppen (17).

Systembolaget investing in people with disabilities

Systembolaget is committed to achieving greater diversity in four focus areas: gender, age, foreign background and disability. Systembolaget initiated a joint effort with the Public Employment Service in spring 2016 to offer work experience places and subsidised employment to people with disabilities. The joint effort is part of Systembolaget's drive to ensure that employees reflect society as a whole and to reduce social exclusion in this group. Systembolaget has also begun working with Samhall in order to use their staffing services for cleaners.

Stricter requirements for accessibility for people with disabilities were instituted in 2015 and during 2016, Systembolaget reviewed its website and improved its functionality. Systembolaget has also improved accessibility in its stores for people with hearing impairments. An audio induction loop for people with hearing impairments will be standard in all stores.



State-owned enterprises accelerating Agenda 2030

The global community adopted a common agenda for sustainable development, including 17 new global Sustainable Development Goals (SDGs) for the period up to 2030. State-owned enterprises are required to analyse the global SDGs and identify those that they have impact on and contribute to through their operations.

LKAB contributing to lower carbon emissions in the steel process

LKAB's sustainable business efforts have been synchronised with the UN 2030 Agenda for Sustainable Development. A new human rights policy, an updated code of conduct, a new management philosophy and a policy document covering conflict minerals were all adopted in 2016. LKAB also has guidelines for the environmental and social aspects of land use. Cooperation agreements have been established to create good conditions for communication and cooperation with the three Sami villages in whose territories LKAB has mines. In the last decade, the company has invested in flue gas cleaning in all pellet works, which has reduced discharges of particles, sulphur dioxides, chlorine and fluorine by up to 95 per cent. LKAB is committed to reducing energy intensity by at least 17 per cent and carbon emissions by 12 per cent per tonne of finished product by 2021 compared with 2015. Steel production with 100 per cent LKAB pellets is already reducing carbon emissions by 14 per cent across the entire value chain, compared to average emissions from European steel mills. In addition, LKAB, SSAB and Vattenfall have jointly decided on an initiative for a CO₂-free steel industry in the future, by using hydrogen gas as a reducing agent instead of fossil coal.



Akademiska Hus is developing campuses with focus on global SDGs

The academic environments at higher education institutions in Sweden are an important factor in maintaining a high level of competitiveness at the institutions and thus strengthening Sweden as a nation of learning. Jointly with its customers, Akademiska Hus is developing campus plans that create a framework and become signposts to sustainable development.

During 2016, Akademiska Hus worked with Karolinska Institutet to produce a new campus plan, whose goal is to achieve the vision of improving human health and becoming one of the strongest life science centres in the world. By integrating and linking KI Campus Solna with ongoing urban development, the area is being developed in a sustainable way.

The campus plan method puts strong focus on creating sustainable, value-creating environments and the KI Campus Solna plan has been clearly linked to the 17 global SDGs to clarify how the plan is contributing to Agenda 2030.

Cooperation is a key issue in the work with campus plans and widespread engagement among many stakeholders has been a success factor. The time horizon for the plan is 15 years and there are concrete activities for implementation within five years.

The vision for Karolinska Institutet – A life science knowledge hub with a green heart – expresses a clear ambition to achieve a knowledge-intensive, vibrant and sustainable campus characterised by diversity, the continued influx of new operations and increased international exchange.

Read more about Agenda 2030 and the new ownership policy on page 15



Digitalisation in the state company portfolio

State-owned enterprises must be swift and agile to respond to the new digital reality while maintaining global competitiveness. In this section, Vattenfall, Sveaskog, SSC and Telia Company present how they are developing new digital work processes and services with focus on their respective core businesses.

Digitalisation within Vattenfall

Digitalisation and progress in small-scale electricity production are tearing down barriers in the energy industry and opening opportunities for new enterprises and business concepts. Digitalisation is also enabling better system monitoring and higher efficiency in power production and maintenance of the electricity grid. Vattenfall is developing its operations through, for example, increased automation, development of advanced forecast and analysis techniques and the launch of new sustainable products and services. For example, smart meters are being installed in the district heating and power distribution networks, which transmit precise consumption data and fault reports in real time. This enables faster, more purposeful action and maintenance, as well as better information to customers. Vattenfall has also developed new digital products. Powerpeers in the Netherlands is one example, which allows customers to share their privately produced solar power with their neighbours. Partnerships aimed at putting waste heat from industrial processes to use in the district heating network is another.



X-rays show where the crown moulding is growing

Flagpole, crown moulding or rough board? At Stenvalls sawmill in Sikfors, an X-ray device examines the properties of the log before it is sawn. Based on the quality of the log, the device determines which product it is best suited to – and sorts the timber flow accordingly. This reduces the risk of sub-optimal cutting and makes it possible for the sawmill to charge more for its products.

There is constant progress in the forestry industry towards using new technology to extract maximum value from the forest. Sveaskog, one of the largest forest owners in Sweden, is running the log X-ray project with Stenvalls to find more value in the log for all parties – from the forest owner to the end customer.

Data from the log X-ray is analysed by Sveaskog afterwards, which can then see whether there is any connection between where the trees were felled and the characteristics of the logs. If there is a clear connection, Sveaskog therefore knows that a certain type of tree from a specific area is ideal for a specific product. So, long story short, crown mouldings grow in the forest!

Swedish Space Corporation – the link between space and cyberspace

Human opportunities to make use of space are developing rapidly. Satellites are increasing in number and capacity and new commercial actors are establishing themselves in an ecosystem where the line between space and cyberspace is blurring. As access to digital information increases, SSC is contributing actively to putting new and important knowledge within reach of increasingly numerous users all over the world, under the motto *We help earth benefit from space*.

Accordingly, SSC is developing its services to meet the increased demand for fast, cost-effective communication to and from space. New digital platforms are being used for automated management of SSC's global network of ground stations and to make vast amounts of satellite data readily available for further processing and distribution.

In this effort, SSC is considering how cloud services, along with other IT solutions and artificial intelligence, can optimally meet demands for rationality, functionality and security. Increased connection and internetworking of things and systems are not only expanding the possibilities, but also increasing vulnerability to hacking, information theft and manipulation. Capability expansion is therefore taking place right alongside further development of security and encompasses all of SSC. A project based on four key pillars: robust systems, active administration, active monitoring and, not least importantly, aware and knowledgeable colleagues.



Underground connection generates substantial gains

Digitalisation in industry is gearing up and connected industrial processes and vehicles are now two of the fastest growing segments in the Internet of Things (IoT). Telia Company is at the centre of this development, helping companies grasp the opportunities that digitalisation offers. For example, Telia Company is involved in the PIMM project (Pilot for Industrial Mobile Communication in Mining), a partnership among entities including Telia Company, Boliden, Ericsson, ABB, Luleå University of Technology and RISE SICS AB.

The project is intended to help improve security and productivity in harsh environments by using 5G, fifth-generation mobile network technology, which is now in development. This is being accomplished by connecting machines and other equipment in the mine in order to enable mining companies to remotely control and automate parts of the work in the mine from above ground.

Telia Company's main role in the project is to work with the network resources and processes required to connect and remotely control the machines and systems used in the mines. One of the areas being studied in the project is the possibility of using 5G technologies to remotely control loading machines that load iron ore.

Good corporate governance and active management for long-term value generation

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 to actively manage the state's holdings in companies in order to ensure the best possible value performance and ensure that specifically adopted public policy assignments are duly performed. Good corporate governance is a prerequisite for the Government to perform the Riksdag's mandate.

The state portfolio contains 40 wholly owned and 8 partially owned companies with a total value of SEK 510 billion at year-end 2016. The state-owned enterprises and subsidiaries combined employ about 111,000 people. This figure increases to about 137,000 when associated entities are included.

State-owned enterprises represent strong brands and play a key role in Swedish society. Several of the enterprises started out as public enterprises under government agencies or as state monopolies. Today, as most of the state-owned enterprises operate in fully competitive markets, 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.

About twenty of the state-owned enterprises have been given specifically adopted public policy assignments by the Riksdag, meaning that they generate societal 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 duly performed. It is important that the state is an active, professional owner with focus on long-term value generation.

Examining the rationale for continued state ownership and reviewing the mandates and focus of the enterprises are aspects of the state's role as an active and professional owner. However, the state's role as a significant company owner is justified by the public policy assignments of several enterprises.

The state model of corporate governance

The state model of corporate governance is based on the Swedish corporate governance model. The implications include 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 supreme governing body. As well, the board of directors is responsible for organisation of the company, managing its affairs and establishing business targets and strategies, while executive management is responsible for the company's day-to-day operations. State-owned enterprises are governed by the same laws as privately owned companies. See the chart on page 15.

The State's Ownership Policy

In the state's ownership policy, the Government presents its mandates and objectives, applicable frameworks and positions on key

fundamental issues relating to the governance of state-owned enterprises. 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 for 2017. The State's Ownership Policy shall be applied in all companies where the state is a majority owner. In respect of partially owned companies, the state engages in a dialogue with the other owners in an effort to ensure that the ownership policy is applied.

OECD Guidelines on Corporate Governance of State-Owned Enterprises

The Swedish Government's management principles largely comply with 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 owner and the state-owned enterprises a predictable framework, while ensuring that the ownership role of the state is clearly segregated from its other roles. The guidelines are recommendations to governments on how to ensure that state-owned enterprises operate efficiently, transparently and in an accountable manner. They are the internationally agreed standard for how governments should exercise the state ownership function to avoid the pitfalls of both passive ownership and excessive state intervention.

Investment organisation

The Minister for Enterprise and Innovation is responsible for a unified overarching ownership policy with regard to state-owned enterprises and is the minister responsible for most of the companies (see the chart on page 17 concerning the administration responsibility of various ministries). The Ministry of Enterprise and Innovation has an organisation specialised in corporate governance and company management to ensure long-term value generation in the state company portfolio. The investment organisation comprises investment directors, who each serve on a number of company boards and lead the ongoing work of the organisation related to the holdings, organised in investment teams, as well as experts in company analysis, sustainable business, commercial law and board recruitment.

The work of the investment organisation is carried out within the framework of the state's corporate governance model and processes have been developed to achieve active and professional management. These processes are described in greater detail below.

The State's Ownership Policy and guidelines for state-owned enterprises for 2017

The State's Ownership Policy and guidelines for state-owned enterprises are central documents in corporate governance exercised by the Government. A revision project was carried out in 2016 to ensure that the State's Ownership Policy constitutes a relevant and up-to-date framework for corporate governance exercised by the Government. The main changes refer to the work of the enterprises with sustainable business and the composition and responsibilities of boards of directors.

The State's Ownership Policy

Sustainable business is a prerequisite for the state-owned enterprises to be successful, modern and innovative and is a central element of corporate governance exercised by the Government. In order to equip the companies to remain at the forefront, to even more clearly integrate the work with sustainable business in operations and to guide the enterprises towards a future position in a sustainable world, the Government has clarified the following:

- Agenda 2030 and the Global Sustainable Development Goals shall guide the work of the companies. State-owned enterprises should analyse the global goals and identify the targets that they have impact on and contribute to through their operations.
- The Paris Agreement shall guide the companies in their efforts to reduce climate and environmental impact.
- Tax matters are accorded particular attention and the companies' responsible conduct in relation to taxes shall include policy decisions at the board level.

The requirement for gender balance on boards of directors is clarified. The target for the portfolio of state-owned enterprises (wholly and partially owned) is minimum of 40 per cent board representation for both women and men. Gender balance on the board of each company shall follow the "staircase" in accordance with the Government's proposal for a gender quota law. The model clarifies the Government's ambition that the requirement for gender balance on boards of directors also applies to each state-owned enterprise. Previously, the target (at least 40 per cent of each gender) was set at the portfolio level. The expectations and requirements are now specified at the company level – every board of directors must be gender-balanced.

The board is responsible for ensuring that enterprises in which the state has an ownership interest are managed in an exemplary manner within the framework provided by legislation and the State's Ownership Policy. The clarifications were introduced to stress how important it is that directors of state-owned enterprises have the time and commitment required for the assignment, in addition to the relevant expertise, integrity and ethical standards. The responsibility of the board of directors for internal control, risk management and regulatory compliance has also been clarified.

The Government's guidelines

The Government's guidelines for external reporting in state-owned enterprises makes it possible for the enterprises to remain at the forefront and continue developing their reporting through the ability to prepare sustainability reports in accordance with Global

Reporting Initiative (GRI) standards or another international framework. The companies are also provided the option to implement integrated reporting, where the annual report and sustainability report are integrated into a single document. The requirement that the sustainability report must be quality assured through independent review and assurance by the auditor remains in effect.

The option to retire at age 62 has been eliminated from the Government's guidelines on remuneration and other terms of employment for senior executives in state-owned enterprises. The age of retirement is raised to 65, which is in line with the general age of retirement under collectively agreed pension plans. Severance pay, previously permitted for 18 months, has been limited to a period of 12 months.

The State's Ownership Policy shall be applied from 1 January 2017 and supersedes the previous ownership policy adopted in 2015. The Government's guidelines for external reporting by state-owned enterprises must be applied to reports issued for annual reporting periods beginning on or after 1 January 2017 and replace the earlier guidelines adopted in 2007. The Government's guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises supersede the previous guidelines adopted in 2009 and must be applied by all state-owned enterprises as of the 2017 annual general meeting. The Government's guidelines for state-owned enterprises are incorporated in the State's Ownership Policy. The State's Ownership Policy was adopted by the wholly state-owned enterprises at the annual general meetings for 2017.

Framework for state-owned enterprises

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

	Legal framework	Operations and assignments	Highest governing body
State-owned enterprises	Companies Act The State's Ownership Policy Rules for issuers ¹ Swedish Corporate Governance Code	Operations section of the articles of association Owner directive ²	Annual general meeting
Listed companies	Companies Act Rules for issuers Swedish Corporate Governance Code	Operations section of the articles of association	Annual general meeting
Government agencies	Government Agencies Ordinance, including instructions to government agencies	Appropriation directions Government resolution on specifically adopted public policy assignments	Director-General of agency/board or committee

1) Applies to external reporting.

2) Occurs primarily in companies that have public policy assignments.

Board service

Investment directors have the same responsibility and tasks as other directors and must, according to the Swedish Companies Act, safeguard the best interests of the company. Board service gives investment directors in-depth knowledge about the companies, the markets in which they operate and the important issues and challenges the company is facing. The expertise of investment directors enhances the knowledge of the investment teams, which facilitates, for example, preparation and planning of analyses and owner dialogues with the Government Offices. Investment directors serving on company boards have the same mandate as other directors and the formal dialogue between the owner and company takes place through owner dialogues, i.e., between political leaders and the chairman of the board. In the role of board director, investment directors, in addition to the general skills required to perform the work of the board, contribute expertise in matters of corporate governance and the State's Ownership Policy as well as the state of various processes and expertise at the Government Offices. However, all directors are responsible for understanding the contents of the ownership policy.

Investment teams for each holding

The work to develop and manage the company holdings is carried out mainly by investment teams. The investment team is led by the investment director and includes 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 the team has good insight into the companies' business conditions and markets, as well as understanding of the challenges and risks facing the companies, which equips the investment organisation to facilitate positive value performance by the companies. The investment teams analyse the companies' operations, markets, competitors and sustainable business actions, helping ensure value generation in state holdings through active management. The investment teams handle ongoing ownership issues concerning the managed investments, such as analysis of markets and strategy, board changes, setting financial targets, public policy targets and dividend policies, as well as target attainment.

Board nomination process

The board of directors is responsible for the organisation of the company and management of its affairs, including establishing the company's overall strategy and 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 matched to the operations, situation and future challenges of their particular companies. Uniform and common principles are applied in a structured board nomination process to ensure effective provision of expertise to company boards of directors. Read more about the board nomination process on page 18.

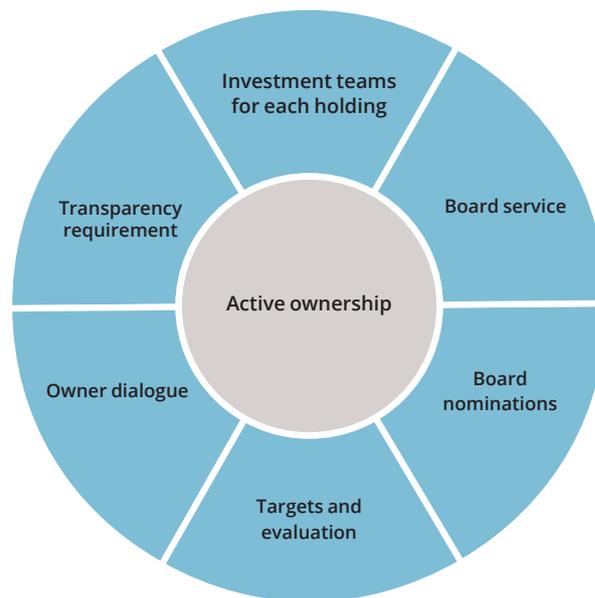
The chairman holds a special status on the board. The chairman is responsible for ensuring that the work of the board is well organised and efficient. The remit also includes responsibility for aligning the views of the board with those of the owner when the company is facing particularly important decisions. The chairman is responsible for maintaining ongoing dialogue with the owner.

Targets and tracking

Targets and tracking are important instruments for the state as a company owner. See the chart on page 17. The companies' pro-

Active ownership

Active ownership within the framework of the state's ownership policy



gress can be measured through regular tracking of performance against established targets. When a company does not meet the 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 profitability, efficiency and level of risk. Public policy targets are set for companies that have specifically adopted public policy assignments, primarily to enable assessment of how well these assignments are performed.

In order to clearly integrate sustainable business in the company's business strategy and business development, the owner has assigned the company boards to establish strategic sustainable business targets. 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. The cabinet ministers and political leadership of the various ministries regularly meet with the chairmen and management of state-owned enterprises to engage in "owner dialogues". Public policy targets and financial targets are tracked in connection with the owner dialogue. Outcomes compared to the targets are discussed, as well as any actions planned to meet the targets. The strategic targets set by the board in the area of sustainable business are also tracked within the framework of the owner dialogue. Topical issues of a material nature are also discussed in 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. When preparing sustainability reports, state-owned enterprises must comply with

Corporate governance – targets and tracking

Based on the Riksdag's decision, the owner, through the Government, determines the business objectives of the enterprises in the articles of association that are adopted by the annual general meeting.



Responsible ministries

Ministry of Enterprise and Innovation

Akademiska Hus	PostNord
Almi Företagspartner	RISE Research Institutes of Sweden
Apoteket	Samhall
Apoteksgruppen	Saminvest
Arlandabanan Infrastructure	SAS
Bilprovningen	SBAB
Bostadsgaranti	SEK, Svensk Exportkredit
EUROFIMA	SJ
Green Cargo	SOS Alarm
Göta kanalbolag	Specialfastigheter
Infranord	SSC (Svenska rymdaktiebolaget)
Jernhusen	Statens Bostadsomvandling
Lernia	Stiftelsen Industrifonden
LKAB	Stiftelsen Norrlandsfonden
Metria	Sveaskog
Orio	

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

the rules on sustainability reports in the 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. Over the long term, active management of the company holdings is intended to maintain good insight into the companies' operations and manage various ownership issues on an ongoing basis.

Administration costs

In 2016, the costs of the investment organisation amounted to SEK 41.7 (40.7) 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 14.5 (21.9) million. The costs of the investment organisation consist mainly of salaries,

but also other current expenses such as travel and office supplies. Costs for administration in other ministries are not included, as these mainly consist of salaries that are also attributable to other tasks within each ministry.

Changes in the company portfolio

The state sold 13.8 million ordinary shares in SAS for a total of SEK 213.9 million on 12 October 2016. The sale reduced the state's share of equity from about 21.4 per cent to about 17.2 per cent of ordinary shares outstanding.

Effective 1 July 2016, the wholly owned Saminvest was included in the state company portfolio. As of 2017, Saminvest is the parent company of the wholly state-owned enterprises Inlandsinnovation and Fouriertransform. Read more about Saminvest on page 19.

European Spallation Source ESS AB entered into voluntary dissolution on 18 March 2016.

Company	Current shareholding, %	Mandate to change shareholding to, %	Decision
Bilprovningen	100		0 Bill 2009/10:54, Rep. 2009/10:NU10, Riksd. comm. 2009/10:162
Bostadsgaranti	50		0 Bill 2012/13:1, Rep. 2012/13: NU1, Riksd. comm. 2012/13:103
Lernia	100		0 Bill 2012/13:1, Rep. 2012/13: NU1, Riksd. comm. 2012/13:103
Orio	100		0 Bill 2012/13:99, Rep. 2012/13:FIU21, Riksd. comm. 2012/13:287
SAS	17.2		0 Bill 2009/10:121, Rep. 2009/10: FIU35, Riksd. comm. 2009/10:220

Mandate to change state ownership

In Government Bill 2016/17:181, “State-owned enterprises in transformation”, which was submitted to the Riksdag on 20 April 2017, the Government proposes divestment of the state’s holdings in Apoteksgruppen i Sverige Holding AB, Metria AB

and Swedish National Road Consulting AB. The Government also proposes the winding up and dissolution of Swedesurvey Aktiebolag in order to transfer parts of the operations to Lantmäteriet (the National Land Survey). The Riksdag is expected to vote on the Government’s proposal in June 2017.

Board nomination process

The investment organisation within the Ministry of Enterprise and Innovation has its own board search advisers whose primary task is to evaluate the boards of directors of state-owned enterprises and draft nominations for chairmen and other directors.¹

The board nomination process is carried out annually and begins after the summer, when existing boards have been in office since the AGMs in April and have often had their first strategy meetings. Along with a working group that includes representatives of the investment teams for the respective companies, the board search advisers analyse the competence profile requirement based on the composition of the present board and implemented board changes. The analysis is based on the board evaluations, i.e., the owner’s assessment and the board’s assessment, discussions with the chairmen 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 impor-

tant aspect of the process. A discussion with the CEO is often held as well, in order to gain a better picture of the situation. The board must have the right collective competence, experience and background to manage the company’s affairs effectively and with integrity. In addition, all directors 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.

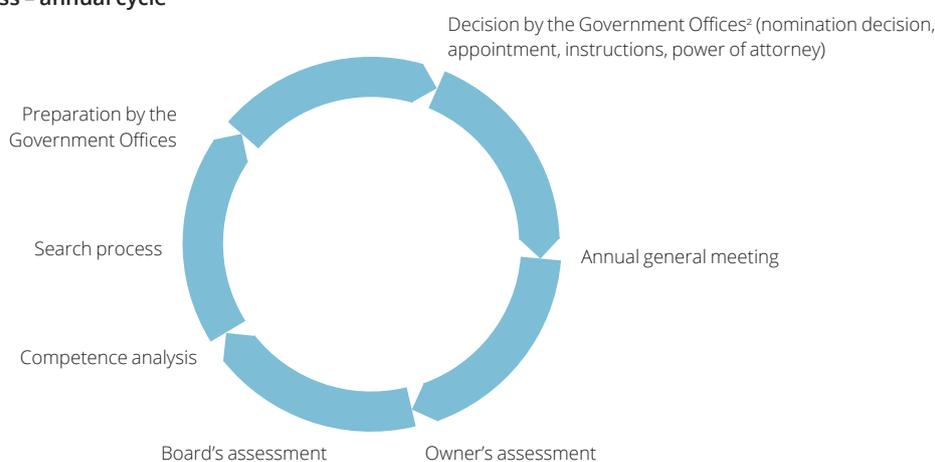
Based on the skills required for each board, specifications of qualifications for the directors and chairmen to be recruited are established and the board search advisers begin the search. The selection of directors is made from a broad recruitment base with a view to making use of the expertise of women and men, as well as individuals with different backgrounds and experiences. Bringing in directors of varied backgrounds is intended to give the board a wider range of skills and improved dynamics – that is, diversity to prevent group-think. The gathering of political support, the prepara-

tion, is an ongoing process during the autumn and winter. This involves determining which chairmen and directors should be re-elected and which replaced, and preparation of nominations for new chairmen and other new directors. The minister responsible for the company subsequently approves a list of nominees to the board 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 the two foundations, Stiftelsen Industrifonden and Stiftelsen Norrlandsfonden, and Svenska Skeppshypotekskassan (the Swedish Ships Mortgage Bank). Board recruitment is managed by the nominating committees of the listed companies, Telia Company and SAS.

Board nomination process – annual cycle



2) Decision by minister as authorised by the Government.

Saminvest – from idea to inception in less than two years

Saminvest, the state's new venture capital structure, was ready to operate on 1 January 2017.

The genesis of Saminvest began in 2015 with the Government's drive to create a more flexible venture capital structure. At that time, the structure consisted of capital that was largely locked into certain regions and industries.

Aimed at revitalising Swedish enterprise, the Government wanted government venture capital to become more effective in the early development stages. As well, the ambition was to create a venture capital structure capable of meeting various needs at different times, since the need for capital in a sector can change in a matter of a few years. The state's capital mechanisms for developing small and medium-sized enterprises should, in the Government's view, be independent of sectors, phases, industry expertise and other aspects.

Committee of inquiry proposed fund investments

The Government therefore decided in March 2015 to appoint a special committee of inquiry to review the state's initiatives for financing small and medium-sized enterprises. The inquiry was completed in three months and the committee's report was submitted to the Minister for Enterprise and Innovation in mid-June. The committee proposed that the state should form a new company that would co-invest in investment teams, i.e., venture capital funds, with private capital. Investing in teams and their funds, rather than directly in companies, means that the public venture capital company no longer needs the special expertise in company investment that previous structures have had. Instead, the public venture capital company will develop the capacity to evaluate the teams and funds in which it invests. When, after assessment, the public development company invests in funds, private capital is also encouraged to invest.

According to the proposal, the new public venture capital company would be financed by the two existing state-owned venture capital companies, Fouriertransform and Inlandsinnovation. These companies would thus stop investing directly in companies and would eventually be wound up.

After the proposal was dealt with by consultative bodies and after technical issues regarding the group structure were studied, the Government presented its proposal for a new venture capital structure in March 2016. The bill, titled "The State and capital - A structure for financing innovation and sustainable growth" (Bill 2015/16:110), was based on the main features of the inquiry report. The Riksdag considered the bill in June and decided in accordance with it (rep. 2015/16:NU23, riksd. comm. 2915/16:295), and a few days later the Minister for Enterprise and Innovation was authorised to establish the new state-owned venture capital company.

Preparations for Saminvest in autumn 2016

Saminvest was formed on 1 July 2016, at which date a board of five directors was appointed and tasked with preparing Saminvest over the remainder of 2016 to begin operations. The preparations included legal due diligence and business valuation of Inlandsinnovation and Fouriertransform, which would be incorporated as subsidiaries of Saminvest as of 1 January 2017. Saminvest was also prepared in operational terms, where recruitment of the CEO and other key functions was a main priority so that the company could begin operating as soon as possible.

The shares in Fouriertransform and Inlandsinnovation were transferred to Saminvest on 1 January 2017. A few days later, the new Saminvest Group held an extraordinary general meeting, where the company's mandate was clarified in an owner instruction and the board of directors was expanded. Saminvest will make indirect investments in funds, co-investing with private capital. The existing investments will be managed within the subsidiaries until a responsible exit can be arranged.

2015

6 March

The Government appoints a special committee of inquiry to review the state's initiatives for financing small and medium-sized enterprises.

15 June

The committee of inquiry submits its report, "A fund structure for innovation and growth" (SOU 2015:64) to the Minister for Enterprise and Innovation.

19 June to mid-September

The report is circulated for consultation.

2016

15 March

The bill, "The State and capital - A structure for financing innovation and sustainable growth" (Bill 2015/16:110) is submitted to the Riksdag.

16 June

The Riksdag approves the Government's proposal.

22 June

The Government authorises the Minister for Enterprise and Innovation to acquire a ready-made company that would become Saminvest.

1 July

Saminvest is founded and five directors are appointed.

Oct, Nov, Dec

Legal, financial and tax-related due diligence of Fouriertransform and Inlandsinnovation is carried out.

2017

1 January

The state transfers the shares in Fouriertransform and Inlandsinnovation to Saminvest as an unconditional shareholder's contribution.

13 January

At an extraordinary general meeting, Saminvest gains an additional three directors and is given an owner instruction that clarifies the company's mandate.

1 February

Peder Hasslev begins as CEO of Saminvest.

This is Saminvest:

Saminvest makes indirect investments in venture capital funds and seed funds, co-investing with private capital. Saminvest is to strengthen the financing system for innovative companies with high growth potential so that more growing companies are created. The investments are financed by capital from the subsidiaries Inlandsinnovation and Fouriertransform, which have ceased making new investments. Their existing portfolio companies will be managed until subsequent exit.

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. Jointly with the company, the owner develops the financial targets, which must be long-term, ambitious and realistic. Targets are tracked through regular progress meetings between the owner and the company.

In most cases, state-owned enterprises operate under market conditions in competitive markets. Accordingly, they are subject to the same conditions as other market actors and, like them, generating value is the overall objective of operations. In this way, the competitiveness, long-term value performance and efficiency of state holdings are strengthened while mitigating the risk that competition will be distorted.

Setting financial targets is a significant source of support for companies aiming to achieve the most efficient possible utilisation of resources. As the financial targets must be realistic, measurable and ambitious, the owner draws up the targets jointly with the companies. This creates more nuanced and effective governance while improving the quality of the targets and ensuring that they are realistic.

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 simultaneously with public policy targets because this allows public policy assignments to be balanced with the generation of financial value. A sustainability analysis is part of the fundamental analysis of the company's opportunities and risks upon which the financial targets are based.

The financial targets are proposed by the board and adopted by the owner at the annual general meeting. Read more about the drafting of new financial targets for Swedfund below.

Purpose of financial targets

Financial targets normally 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 goals,

- 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 that take the company's future capital requirements and financial position into account, and
- measure, track and evaluate profitability, efficiency and risk level in a structured manner.

Tracking and evaluation

The financial targets must be forward-looking and long-term. As a result, they will be exceeded in some years but 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 external factors affecting the company's conditions are discussed at these meetings. Target attainment is assessed in relation to current market conditions and the budget and business plan.

Revision of financial targets

A company's internal and external conditions change as the world around us changes. Accordingly, the financial targets are regularly reviewed. Reasons for revising the targets may include significant changes in the company's strategy or market conditions, as well as major acquisitions or divestments. Major and persistent macroeconomic changes may also motivate a review of the targets. A revision of the targets is a structured process involving both the owner and the company. As the financial targets are determined jointly by the owner and the company, targets and outcomes are communicated externally by both parties.

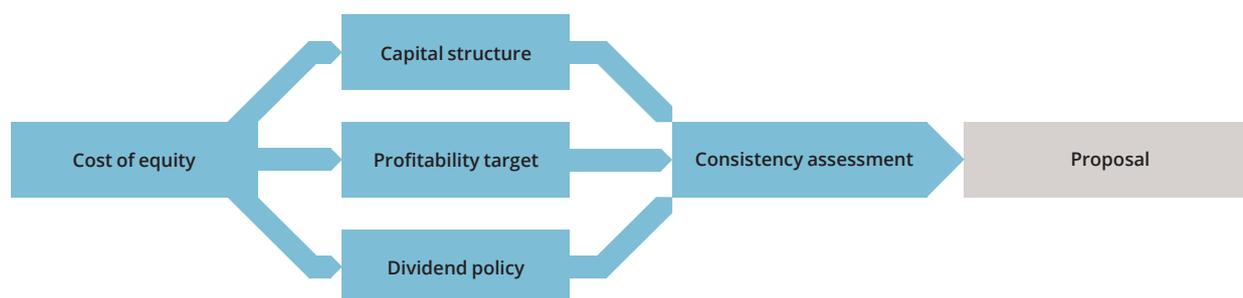
New targets established for Swedfund

After the owner initiated a discussion with the board of directors of Swedfund, the board decided to review Swedfund's financial targets. That was the starting point for a comprehensive target project for the company. A sustainability analysis and a review of the company's owner instruction were also carried out within the target project that was ongoing in 2016, resulting in a number of new public policy targets. The target project was accomplished in close cooperation among the owner, board and management.

Setting and tracking targets is one of the most important tools at the disposal of the investment organisation. By regularly tracking Swedfund's performance against set targets, the state as owner can evaluate and foster the company's development. The targets promote clearer and more effective corporate governance as they make it easier to understand the owner's expectations.

Public policy targets enhance transparency

The owner's sustainability analysis showed that Swedfund has an established and structured process to identify and address sustainability-related risks and opportunities through the investment process. However, the analysis also identified a number of potential areas of improvement related to transparency and openness concerning the outcomes and performance of investments.



Method for setting financial targets

The key cost of capital

The method applied in setting financial targets is based on a multistage analysis, which begins with a calculation of the company's cost of capital. The cost of capital is the expected rate of return an investor could have earned through an alternative investment with the same risk and duration. It determines whether the investor will receive a reasonable return on investment in the company and the risk that the investment entails. Over time, reasonable compensation should be equal to the cost of capital. If return on equity over time exceeds the cost of capital, the investor receives additional compensation for the risk taken. If, however, return over time is lower than the cost of capital, the investor is not fully compensated for the risk taken. The three principal areas covered by the financial targets and how they are affected by the cost of capital are described below.

Efficient capital structure

The purpose of the capital structure target is to keep the company's financial risk at a reasonable level while ensuring that the company is efficiently capitalised. To find an appropriate capital structure, the theoretically optimal capital structure is calculated, meaning the balance between equity and borrowed capital that minimises the company's cost of capital. The calculation is supplemented with sec-

tor comparisons and a more detailed analysis of the company's operating risk. The analysis of the company's operating risk is particularly important because an appropriate capital structure should both be financially resilient and keep the company efficiently capitalised. Consequently, a company should not have more equity than necessary. The capital structure target should be long-term, ambitious and realistic. The capital structure target is generally expressed as a range for the debt/equity ratio.

Ambitious profitability target

The purpose of the profitability target is to ensure that the company's business is run efficiently from the financial and operational perspectives. The profitability target should also provide reasonable compensation for the risk-taking that investment in the company entails. For this reason, the cost of capital constitutes the minimum level of the profitability target. Like the other financial targets, it should be viewed as a target to be achieved over the long term and not as a demand that must be met at every point in time. It should thus express a target scenario for the company that is both ambitious and achievable. The method for setting the profitability target encompasses a detailed analysis of the company's business plan, as well as sector comparisons. A return target (such as return on equity or return on

operating capital) is used for most companies. For other companies, whose operations do not tie up large amounts of capital, a margin target (such as an operating margin target) may be more relevant.

Adapted dividend policy

The purpose of the dividend policy is to ensure that the owner receives predictable and sustainable dividends over time. Alternatively, the owner may allow the company to retain and reinvest capital in the business. A company that offers attractive investment opportunities with expected returns that equal or exceed the cost of capital may be allowed to retain the capital for investments, in which case the owner may benefit from an increase in the value of the company instead of dividends. For this reason, the dividend policy is based primarily on thorough analysis of the company's investment plan and growth opportunities. Investments that do not achieve the owner's profitability target may nevertheless be attractive and should be made, provided that the expected return on investment equals or exceeds the cost of capital. On the whole, this means that the dividend target does not have to be met every year, but should instead be regarded as a long-term, ambitious and realistic target. The dividend policy is usually expressed as a percentage of net profit for the year, most often as a range.

It thus made sense to ensure that the formulation of public policy targets and the owner instruction fostered better transparency and reporting of outcomes and development per investment. The public policy targets and indicators that were set are tracked and Swedfund's investments are evaluated to ensure that all investments contribute to long-term and concrete results in terms of poverty reduction, in line with the company's mission.

Focus on efficiency and profitability

In setting financial targets, the owner's



About Swedfund

Swedfund is the Development Finance Institution of the Swedish state, whose mission is to reduce poverty in the world through sustainable business.

At year-end 2016, Swedfund had made investments in companies and investment funds in 28 countries, more than half of them in Africa. The total contracted amount was SEK 4 billion.

The Ministry for Foreign Affairs is responsible for the development assistance budget and Swedfund's capital injection, which is allocated to increased investments. Swedfund received a capital injection of SEK 400 million for 2016, which made it possible for the company to further contribute to poverty reduction through sustainable enterprises and job creation.

The Ministry of Enterprise and Innovation has been responsible for ownership and administration of Swedfund since 1 January 2015.

Strategic targets for sustainable business

The fundamental premise of sustainable business is that companies should operate in a manner that promotes sustainable development. This must be accomplished by balancing and integrating economically, socially and environmentally sustainable development. State-owned enterprises should act as role models and integrate the sustainability perspective in operations by having the board of directors set strategic targets. The owner tracks the companies' progress by means of a sustainability analysis.

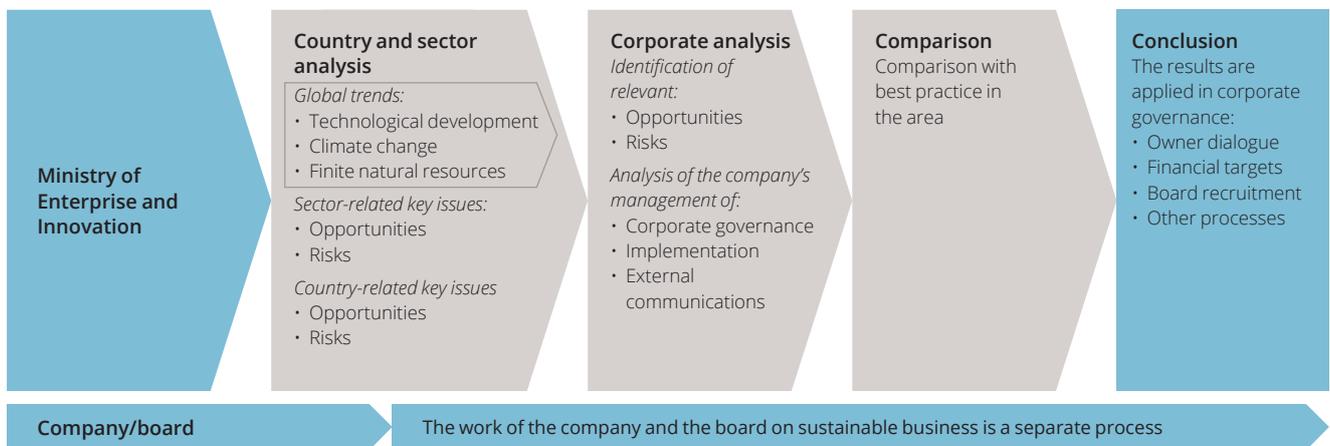
As a company owner, the state has high ambitions for sustainable business. The point of departure is that state-owned enterprises should, through their business models, contribute to value generation in a manner that promotes long-term sustainable development. Thus, the companies must minimise the risk of negative impacts, but also take advantage of opportunities for sustainable value generation and novel, innovative business models.

State-owned enterprises should act as role models within the area of sustainable business. Exemplary conduct includes working strategically and transparently with a focus on cooperation with stakeholders including business partners, customers and

suppliers. These efforts are guided by international guidelines and, as of 2017, Agenda 2030 and the global Sustainable Development Goals. Through their 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 companies are working to actively identify risks and negative impacts and to establish procedures and processes to reduce them.

Agenda 2030 is a common agenda for the countries of the world that contains 17 global Sustainable Development Goals for the period up to 2030. All societal actors are important in the

Sustainability analysis process



intention is to create the conditions for sustainable value performance for the companies. Rigorous demands require operational efficiency, that the companies have the financial wherewithal to carry out their plans and that they run their businesses sustainably. As the sustainability analysis showed, Swedfund has in recent years established a solid platform for analysis and management of sustainability risks in new and existing investments. The owner now wants Swedfund to sharpen its focus on the financial risks in its own operations and on running the company as efficiently as possible.

There have been some challenging years for the company, in which the current financial targets were not met. Ensuring the financial viability of the company's operations and the investments it makes is the foun-

ation for ensuring long-term and sustainable development impacts. As Swedfund is in a transition phase, from reversing the losses in recent years to covering its costs and becoming profitable over the long term, targets were set that are time-limited, more short-term and ensure that the company is run in a professional manner, in line with the company's mission.

Swedfund's new financial targets, public policy targets and owner instruction were adopted at an extraordinary general meeting in December 2016.

The new financial targets and public policy targets are reported in the company overview on page 75.

effort to implement the agenda and business plays a key role. This also means that state-owned enterprises should analyse the goals to identify the targets upon which the companies have impact and can contribute to through their operations. Read more about Agenda 2030 and the new ownership policy on page 15.

In the Government's view, proactive and integrated efforts towards sustainability have positive impact on the company's development. The board of directors is responsible for integrating sustainable business in the company's business strategy. The company must proceed from its business and, where applicable, specifically adopted public policy assignment to establish sustainability targets and strategies to attain these goals. Tracking the strategic targets for sustainable business set by company boards of directors is one aspect of the investment organisation's work.

Formulation of targets and strategies

The Government has defined a number of quality standards for the strategic targets for sustainable business. The targets should be:

- few in number and comprehensive,
- value-creating,
- relevant to the company's business operations and sustainability challenges,

- where applicable, relevant to the company's specifically adopted public policy assignment,
- 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 assess the companies' progress with sustainable business. The analysis is based on broad business intelligence that takes into account global trends, risks and opportunities linked to the value chain in which the company operates.

The results of the analysis provide knowledge to the owner and have several areas of application. They are used as the basis for active ownership practised through the board nomination process as well as the dialogue between the owner and the company, which provides 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 targets because it reduces the risk of conflicting objectives.

International guidelines

State-owned enterprises shall act responsibly and work actively to comply with international guidelines regarding environmental consideration, human rights, working conditions, anti-corruption and business ethics.

The OECD Guidelines for Multinational Enterprises

are joint recommendations addressed by governments to multinational enterprises concerning responsible business conduct, regardless of where the enterprises operate. They are part of the OECD Declaration on International Investment and Multinational Enterprises negotiated in 1976. The Guidelines provide non-binding principles, but the countries adhering to the Guidelines make a binding commitment to implement them. Numerous non-OECD countries have adhered to the Guidelines in addition to the OECD member coun-



tries. The Guidelines were most recently updated in 2011.

Global Compact is a global UN initiative based on ten principles of human rights, labour, the environment and anti-corruption that have been formulated based on the UN's core conventions. Companies that become signatories to the Global Compact work to integrate the principles in their operations. Since its inception in 2000, the number of participants, the majority of which are companies, has steadily increased. Several state-owned enterprises are signatories to the Global Compact.



UN Guiding Principles on Business and Human Rights

The "Protect, Respect and Remedy" framework was developed to elucidate the respective responsibilities of governments and companies in relation to protecting and promoting respect for human rights. Companies have a responsibility to respect these rights in their business activities and to act to ensure that they do not contribute to human rights abuses.

Agenda 2030 At the UN summit in 2015, the Heads of State and Government adopted the 2030 Agenda for Sustainable Development. Through the UN Agenda 2030, the countries of the world

have committed to ending poverty and hunger everywhere by 2030; to eliminating inequalities within and between countries; to building peaceful, just and inclusive societies; to protecting human rights and achieving gender quality and empowering all women and girls; to ensuring enduring protection for the planet and its natural resources.

The 17 global goals and 169 supporting targets in Agenda 2030 are universal, integrated and indivisible and balance the three dimensions of sustainable development: economic, social and environmental.

"When I took over as chairman at the general meeting in April 2016, it was as the head of a partially new board and my ambition was to drive a change process based on the earlier situation. My understanding was that, for a long time, focus had been on the first two of Swedfund's investment pillars, impact on society and sustainability, but changes were needed in relation to the third pillar, financial viability. In some way, the target project became a symbol that helped me raise awareness concerning the financial viability of our investments as well as the efficiency of our organisation. Someone once said that what gets measured gets improved, and the target project also helped me clarify and measure a change and improvement project."

Göran Barsby, chairman of the board, Swedfund



Public policy targets clarify non-financial values

Several state-owned enterprises have specifically adopted public policy assignments. The owner sets public policy targets for these enterprises to enable measurement and tracking of how well the public policy assignments are performed. The public policy targets are drafted by the owner in dialogue with the company.

Public policy targets are defined for state-owned enterprises that have specifically adopted public policy assignments. When the Riksdag commissions a company to conduct operations that are aimed partially or entirely at generating effects other than a financial return for the owner, this constitutes a specifically adopted public policy assignment. Companies with specifically adopted public policy assignments contribute, for example, to cultural values, more sustainable consumption, research and development, pharmaceutical supply, capital supply and infrastructure maintenance.

Through their operations, these companies often generate economic benefit in sectors other than their own. Systembolaget's aim, for example, is to foster improved public health by limiting the harmful effects of alcohol. This, in turn, leads 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.

Public policy targets are drafted by the owner in dialogue with the company. This often occurs in an integrated process in order to avoid conflicts with financial targets, for example, and to avoid cross-subsidisation that distorts the market. Public policy targets are presented and decided by the owner at the annual general meeting. Public policy targets were set for Swedfund in 2016. Read more on pages 20–23.

Purpose of public policy targets

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

- ensure that the specifically adopted public policy assignments are duly performed,
- elucidate the cost of performing the specifically adopted public policy assignments
- enable tracking and reporting to the Riksdag and other stakeholders, and to
- elucidate the conditions for the financial targets.



Public policy targets in relation to financial targets

There is no conflict between specifically adopted public policy targets and financial efficiency. The state's ambition as an owner is that the assignment must be performed well and in the most efficient manner possible. However, public policy targets and financial targets may affect each other and it is therefore important that they are set in an integrated process. For example, performance of the public policy assignment may be associated with a cost, which will affect the company's financial performance. The costs of public policy assignments are taken into consideration when the financial targets are set. The public policy assignment may also be linked to the company's risk and the assessment of an appropriate capital structure. How the public policy assignment is interpreted and public policy targets are set has bearing on the company's financial conditions and what financial targets are feasible. Some companies with specifically adopted public policy assignments are allocated funds from the central government budget. Cost estimates for the specifically adopted public policy assignments make it easier for the Government and the Riksdag to prioritise how taxpayers' money should be used.

Tracking and evaluation

Public policy assignments are tracked on an ongoing basis and are a standing item on the agenda at 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 may be reviewed and revised.

What is a specifically adopted public policy assignment?

When the Riksdag commissions a company to conduct operations that are aimed partially or entirely at generating effects other than a financial return for the owner, this constitutes a specifically adopted public policy assignment.

23 companies with specifically adopted public policy assignments

Almi Företagspartner	SOS Alarm
APL	SSC
Arlandabanan Infrastructure	Sveaskog
Göta kanalbolag	Svedab
Kungliga Dramatiska teatern	Svenska Spel
Kungliga Operan	Swedavia
Miljömärkning Sverige	Swedfund
RISE	Systembolaget
Samhall	Teracom Group
Saminvest	VisitSweden
Statens Bostadsomvandling	Voksenåsen
SEK	

Swedfund's operations shall foster the development of gender equality. In its talent programme Women4Growth, Swedfund promotes equality issues and women's career opportunities in its portfolio companies.



Tracking targets

Tracking targets is a key mechanism in the state's active investment management. As the owner, the state can evaluate and foster company development by comparing performance against established targets. Targets are tracked in the owner dialogue between the state as owner and company chairmen and management.

Financial targets – Targets and outcomes 2016

% unless otherwise stated	Profitability Return on equity, unless otherwise stated		Capital structure Equity/assets ratio, unless otherwise stated		Resolved dividend based on profits for 2016, unless otherwise stated	
	Target	Outcome 2016	Target	Outcome 2016	Target	Outcome 2016
Akademiska Hus	≥6.5 ¹	6.2 ¹⁾	30–40	41.4	40–60	60
APL	>8	0.1	40–50	33.7	50	-
Apoteket	≥3 ²	3.4 ²⁾	40–80 ³	54 ³⁾	40–60 ⁴	56 ⁴⁾
Apoteksgruppen	≥3	-0.1	40–60	84	40–60	-
Bilprovningen	≥8 ²	4.1 ²⁾	30–40	55.5	>80	100
Green Cargo	10 ⁶⁾	neg ⁵	0.6–0.9 ³	1.8 ³⁾	50	-
Göta kanalbolag	≥0 ⁷	0 ⁷⁾	-10–50 ³	9 ³⁾	-	-
Infranord	≥16	24.1	>33	40.0	50–75	50
Jernhusen	12	19.2	35–45	42.5	33	33
Lernia	≥20	7	30–50	33	50	50
LKAB	>12	neg.	0–20 ³	20.7 ³⁾	30–50	-
Metria	≥10 ⁵	7.3 ³⁾	30	45.8	30	51
PostNord	10.5 ⁶⁾	-12.1 ⁶⁾	10–50 ³	0.05 ³⁾	40–60	-
Samhall	7	-12	≥30	42	-	-
SAS	-	-	>20 ⁸⁾	41 ⁸⁾	-	-
SJ	≥7 ⁶	20 ⁶⁾	0.5–1.0 ³	0 ³⁾	30–50	40
SOS Alarm	≥2 ²	5.7 ²⁾	25–35	33	≥50	-
Specialfastigheter	8 ⁹⁾	13.7 ⁹⁾	25–35	32.2	50	50
SSC	≥6 ⁶	2.1 ⁶⁾	0.3–0.5 ³	0.4 ³⁾	30	-
Sveaskog	≥4.5 ¹⁰	4.2 ¹⁰⁾	0.3–0.6 ³	0.4 ³⁾	65–90	85
Svenska Spel	≥22 ²	22.2 ²⁾	-	-	-	-
Svevia	≥20	26.2	20–30	32.1	50	84
Swedavia	≥7 ⁶	8.6 ⁶⁾	1.0–1.5 ³	0.7 ³⁾	30–50	30
Swedesurvey	≥5 ²	3.2 ²⁾	10–15 ¹¹	7.4 ¹¹⁾	50–100	-
Swedfund	pos ¹²	2 ¹²⁾	-	-	-	-
Systembolaget	rf+7	17.5	20–30	28.2	80–100	100
Telia Company	-	-	A- to BBB+ ¹³	A- to BBB+ ¹³	>2 ¹³⁾	2 ¹³⁾
Teracom Group	17	34	30	60	40–60	60
Vasallen	rf+4	neg.	≥50	89.5	30–50	-
Vattenfall	9 ¹⁴⁾	0.5 ¹⁴⁾	50–90 ³	60.5 ³⁾	40–60	-

1) Return on operating capital excluding changes in value. 2) Operating margin. 3) Debt/equity ratio, % or multiple. 4) Share of net profit after tax adjusted for earnings and tax related to pension assets and pension commitments. 5) EBITDA margin. 6) Return on operating capital. 7) EBT margin. 8) Financial preparedness: liquid assets and unused credit facilities/unused credit facilities/unused credit facilities. 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 shall be positive, regardless of accounting standard, outcome in SEK millions. 13) Solid long-term credit rating and minimum dividend of SEK 2 per share. 14) Return on capital employed.

%	Profitability Return on equity, unless otherwise stated		Capital structure				Resolved dividend based on profits for 2016, unless otherwise stated	
	Target	Outcome 2016	Total capital ratio		Common equity Tier 1 capital ratio		Target	Outcome 2016
	Target	Outcome 2016	Target	Outcome 2016	Target	Outcome 2016	Target	Outcome 2016
SBAB	>10	12.3	>1.5 ¹⁵⁾	51.6 ¹⁵⁾	>1.5 ¹⁵⁾	32.2 ¹⁵⁾	>40	40
SEK	>6	7.2	1–3 ¹⁶⁾	25.1 ¹⁶⁾			30	30

15) Total capital ratio under normal circumstances must be at least 1.5 percentage points above the requirement communicated by Finansinspektionen. 18.3–20.3 per cent.

16) Total capital ratio under normal circumstances must be between 1 and 3 percentage points above the capital requirement communicated by Finansinspektionen. 18.3–20.3 per cent.

Sustainability targets

The board of directors is responsible for setting strategic targets for sustainable business. The targets must be relevant to the company's business and its sustainability challenges. Targets and outcomes for each company are presented in the company overviews on pages 35–85.

A general target for all state-owned enterprises is that they should have gender balance on the boards of directors. Board representation should be at least 40 per cent for both women and men in the state company portfolio (wholly and partially owned companies). The gender breakdown of directors of state-owned enterprises (limited companies whose registered offices are in Sweden) elected by the annual general meeting was 49 per cent women and 51 per cent men as of 1 May 2017. This compares favourably to the boards of listed companies, for which the breakdown was 32 per cent women and 68 per cent men.¹

Gender balance on the board of each company shall follow the “staircase”, which indicates how many directors of each gender should be included on a board with a particular number of directors. (Read more about board compositions on page 97.) Gender balance was achieved in 41 out of 44 state-owned enterprises. The target was not met in three of the 44 companies. Men were overrepresented in two of these companies and women were overrepresented in one.

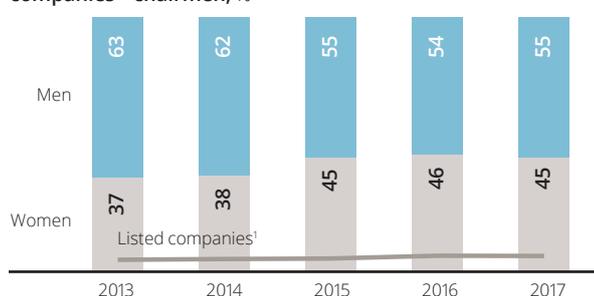
The proportion of women chairmen in companies wholly and partially owned by the state has increased from 37 per cent in 2013 to 45 per cent in 2017. The corresponding figure for listed companies is 6 per cent¹.

Public policy targets

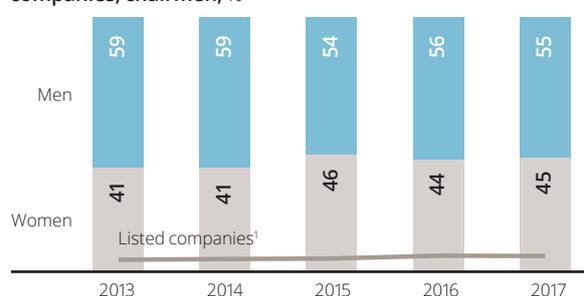
Public policy targets are intended to clarify the companies' public policy assignments. Public policy assignments, targets and outcomes are presented in the company overviews on pages 35–85.

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

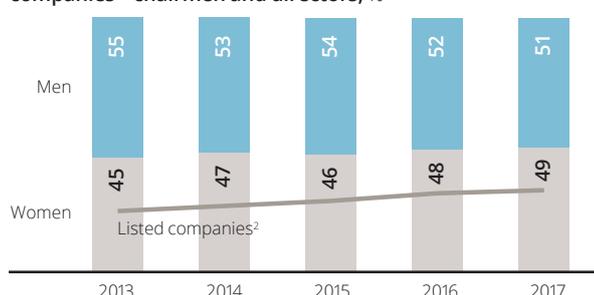
Gender distribution in wholly and partially owned companies – chairmen, %



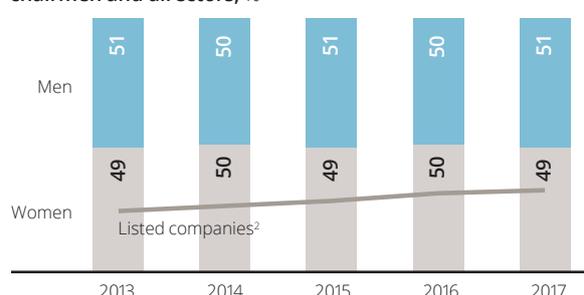
Gender distribution in wholly owned companies, chairmen, %



Gender distribution in wholly and partially owned companies – chairmen and directors, %



Gender distribution in wholly owned companies, chairmen and directors, %



1) Proportion of women chairmen of listed companies. 2) Proportion of women chairmen and directors of listed companies

Gender distribution – CEOs and executive management¹

Women (W), Men (M)	2016-12-31					2015		2014		2013	
	W, no.	M, no.	Total	W, %	M, %						
CEOs	17	30	47	36	64	32	68	32	68	35	65
Executive management ²	140	183	323	43	57	43	57	39	61	38	62

1) There were 49 companies at year-end. The evaluation does not include Sweden House and EUROFIMA. 2) Executive management team excluding the CEO.

Gender distribution – directors appointed by the AGM

Women (W), Men (M)	1 May 2017					2016		2015		2014		2013	
	W, no.	M, no.	Total	W, %	M, %								
Wholly and partially owned companies													
Chairmen	20	24	44	45	55	46	54	45	55	38	62	37	63
Directors	128	133	261	49	51	49	51	46	54	48	52	47	53
Total chairmen and directors appointed by the AGM	148	157	305	49	51	48	52	46	54	47	53	45	55
Wholly owned companies													
Chairmen	17	21	38	45	55	44	56	46	54	41	59	41	59
Directors	110	112	222	50	50	51	49	49	51	51	49	50	50
Total chairmen and directors appointed by the AGM	127	133	260	49	51	50	50	49	51	50	50	49	51

As of this year, the calculation covers limited companies whose registered offices are in Sweden. The report does not include EUROFIMA, Svenska Skeppshypotekskassan, Sweden House or Voksenåsen

With focus on human rights

As an aspect of living up to its responsibility as a company owner, the state included the UN Guiding Principles on Business and Human Rights in the State's Ownership Policy in 2012. In the new Ownership Policy for 2017, it was further emphasised that it is particularly important to the state as owner that state-owned enterprises foster respect for human rights. A study of how state-owned enterprises communicate their work with human rights was carried out in spring 2017.

The investment organisation held a number of workshops in 2015 and 2016 with the state-owned enterprises focused on raising the level of knowledge about the UN Guiding Principles on Business and Human Rights and facilitating knowledge transfer among the companies in the portfolio. Human rights have also been given greater scope in the owner's tracking of the companies' progress. Transparent and professional communication of information is an important standard imposed by the Government. The UN Guiding Principles also require business enterprises to report how they are working to foster respect for human rights.

Portfolio analysis

In order to study the companies' compliance with transparency standards, the investment organisation commissioned an external organisation to analyse how well the companies are reporting and communicating their efforts according to the UN Guiding Principles. The analysis method is based on the Corporate Human Rights Benchmark, a new method developed by investors to assess transparency in large, publicly traded companies operating in industries where there is high risk of human rights abuses. The method has been adjusted and is based on 44 indicators spread across six Measurement Themes. A low score does not necessarily mean that the company is not engaged in human rights management and may be a result of inadequate public reporting by the company.

Moving up on the banding table

A slim majority of state-owned enterprises are found on the first two bands of the CHRB's results table, with the remaining companies at band three or four. The state company portfolio is

diversified, with companies in various sectors and wide variation in terms of size and overall risk. The Guiding Principles establish that all business enterprises must fully respect human rights, but adds that small and medium-sized enterprises may have less capacity as well as more informal processes and management structures than larger companies, so their respective policies and processes will take on different forms. The aim of the study was not to compare the state company portfolio with other companies, but to produce useful input to enable state-owned enterprises to strengthen their work with human rights. By comparison, in the study performed by CHRB - the only one thus far - of the 100 largest companies in the world in the high risk sectors of Agricultural Products, Apparel and Extractives, the majority of companies in the studied sectors are at band one, two or three. There are a total of ten bands in the CHRB table and the best companies in the study of high-risk industries reached no higher than band seven.

The commitment to respect

The overall picture based on publicly available information is that most companies have begun working to integrate respect for human rights in their policies and processes, but there are opportunities to further intensify their efforts and clarify their communications on the issue. The analysis shows that a majority of the companies are performing well in terms of public policy commitments to respect human rights and labour rights. The companies are also performing well in terms of communicating approval of human rights commitments in the company. The main reason for this is that the companies are reporting how they are addressing human rights in their supply chains.

Leading by example is key

Dante Pesce, member of the UN Working Group on Business and Human Rights, explains how governments should act to ensure that state-owned enterprises respect human rights and why state-owned enterprises should lead by example.



The UN Working Group on Business and Human Rights published a report in June 2016: "Leading by example: The State, State-owned enterprises, and Human Rights". What is the rationale behind the report and why is it important?

"The report was published to create better understanding of the UN Guiding Principles on Business and Human Rights that refer to the state as an economic actor, that is, principles 4, 5 and 6. In our work with the report we discovered that very few countries have a clear message from the government on 'leading by example' as a guiding principle, or that 'additional action' is expected of state-owned enterprises as regards respect for human rights. The few examples we found were in policy documents of the governments of Sweden, Norway and Finland and, to a certain extent, policy documents from a few other countries. Sweden's action plan for business and human rights is clear on this issue, for

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 expresses that States should take additional steps to protect against human rights abuses by business enterprises owned or controlled by the state. The point of departure is that where States own or control business enterprises, they have greatest means within their powers to ensure that relevant policies, legislation and regulations regarding respect for human rights are implemented.



Board accountability

Communication about the work of the board of directors and the analysis used to determine which human rights are at risk of abuse due to the company’s operations is among the areas in need of improvement. A majority of the companies provide grievance mechanisms for employees and outsiders, which is positive.

The analysis will be used to enable the state-owned enterprises to continually strengthen their human rights practices in line with the UN Guiding Principles.



In March 2017, Vattenfall travelled to Colombia to follow the supply chain for hard coal to ascertain how mining of hard coal impacts the environment, local communities and working conditions for coal miners.

example. Since our report was published, Germany and Italy have also launched national action plans that clarify expectations on state-owned enterprises. I would like to believe that our report was useful to them.

Why do you believe state-owned enterprises should be better than other companies at respecting human rights?

“Because there is already a unanimous agreement that state-owned enterprises should take additional action, the simple answer to the question is that it is the working group’s job to promote the Guiding Principles. But to give a more personal answer, and we also write this in the report, state-owned enterprises are actually rather large, they are numerous and their proportion of the largest business enterprises in the world is growing. Ten years ago, less than 10 per cent of the 500 biggest companies in the world were state-owned and today that figure is

around 25 per cent. They have grown and become transnational corporations. Leading by example is also important if the government wants the private sector to take additional steps in the right direction.

How should the state act to ensure that the enterprises they own respect human rights?

“We think that what you have done in Sweden is consistent with the OECD’s recommendations concerning state-owned enterprises. They recommend an ownership policy that addresses human rights, which you have, and that the ownership policy is executed through corporate governance. From my perspective, this is the right approach – it is very logical.”



Financial statements

General information on the accounts

Vattenfall's lignite operations and Teracom Group's Boxer Sverige are reported in the financial statements as profit/loss from discontinued operations and discontinuing operations, respectively. Consequently, the values for 2015 have been adjusted compared to the values published in interim reports and the annual report for state-owned enterprises for 2015. SAS is not included in consolidated profit/loss for 2016 and 2015 because the state's share of equity is now below 20 per cent.

Income statement

SEKm	2016	2015
Net sales (including appropriation, if any)	321,085	323,173
Other income	5,771	5,861
Expenses	-308,091	-321,350
Profit from investments in associates	2,012	3,654
Changes in value	5,844	5,175
Operating profit/loss (EBIT)	26,622	16,512
Financial income	3,423	3,705
Financial expenses	-9,944	-9,545
Profit before tax	20,101	10,673
Tax	-1,956	2,048
Profit/loss from discontinued operations	-23,069	-14,458
Net profit/loss for the year	-4,701	-1,584
Attributable to owners of the parent	-5,077	1,414
Attributable to minority interests	375	-2,999
Total	-4,702	-1,585

Sales

Consolidated sales for state-owned enterprises fell by 0.6 per cent in 2016 year-on-year, amounting to SEK 321.1 (323.2) billion. Total sales including the state's ownership interest in associates declined by 0.8 per cent in 2016.

Operating profit

Consolidated operating profit for 2016 was SEK 26.6 (16.5) billion.

Balance sheet

SEKm	2016	2015
Assets		
Property, plant and equipment	437,383	455,743
Intangible assets	22,361	24,788
Financial assets	818,751	810,735
Current assets	190,941	197,589
Total assets	1,469,436	1,488,855
Equity, provisions and liabilities		
Equity attributable to owners of the parent	293,899	323,098
Equity attributable to owners of minority interests	19,034	16,055
Total equity	312,933	339,153
Total liabilities and equity	1,469,436	1,488,855

Equity

Equity declined by SEK 26.2 billion in 2016 mainly due to dividends of SEK 15.4 billion paid in 2016 and a loss after tax for 2016 of SEK -4.7 billion.

Cash flow

SEKm	2016	2015
Cash flow from operating activities	46,550	61,725
Cash flow (-used in) from investing activities	-33,858	-35,446
Cash flow (-used in) from financing activities	3,034	-25,760

Cash flow from operating activities

Cash flow from operating activities decreased by 24.6 per cent in 2016 compared with 2015, from SEK 61.7 billion to 46.5 billion.

Cash flow from investing activities

Cash flow from investing activities increased by 4.5 per cent in 2016 compared with 2015, from SEK -35.4 billion to -33.9 billion.

Cash flow from financing activities

Cash flow from financing activities increased to SEK 3.0 (-25.8) billion for the 2016 financial year.

Remuneration to auditors in 2016

SEKm	Auditing income	Other consultant services	Total	Audit share, %	Share of total audit fees, %
BDO	0.7	0.3	1.0	68.3	0.5
Deloitte	62.0	32.1	94.0	65.9	41.6
EY	61.3	39.6	100.9	60.7	41.1
Grant Thornton	0.6	0.0	0.6	100.0	0.4
KPMG	13.2	14.6	27.8	47.5	8.9
PWC	11.0	3.6	14.6	75.5	7.4
Other	0.3	0.0	0.3	100.0	0.2
Total excluding Swedish National Audit Office	149.0	90.2	239.2	62.3	100.0
Swedish National Audit Office	1.1	0.0	1.1	100.0	0.7
Total including Swedish National Audit Office	150.1	90.2	240.3	62.5	100.7

Dividends and budget appropriations

The majority of the state-owned enterprises have established in their dividend policies that a share of the profits must be distributed to the owner. Companies with specifically adopted public policy assignments may receive budget appropriations.

The dividend policies of state-owned enterprises are intended to ensure that the owner receives predictable and sustainable dividends and are an important component in establishing financial targets. Of the 48 companies in the state company portfolio, 20 distributed dividends in 2016. In total, these companies distributed SEK 13.6 billion to the state. The largest dividends in 2016 were distributed by Svenska Spel (SEK 4,823 million), Telia Company (SEK 3,244 million) and Akademiska Hus (1,393 million). The combined dividends of these companies correspond to 70 per cent of total dividends resolved for 2016.

Certain companies are allocated budget appropriations from 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 provide rewarding jobs for people with disabilities. Samhall's appropriation in 2016 was SEK 4,405 million, corresponding to 68 per cent of total appropriations. Further examples of companies that receive annual appropriations are Dramaten (the Royal Dramatic Theatre) and Operan (the Royal Swedish Opera), which receive funding as national stages for dramatic theatre and opera and ballet, respectively. State-owned enterprises received a total of SEK 6,517 in appropriations in 2016.

Dividends paid, state's share

SEKm	Ownership interest, %	2016	2015
Akademiska Hus	100	1,393	1,290
Apoteket	100	300	1,100
Bilprovningen	100	67	56
Bostadsgaranti	50	0	2
Infranord	100	84	0
Jernhusen	100	178	500
Lernia	100	14	50
Metria	100	2	8
Orio	100	125	15
SBAB	100	628	0
SEK	100	234	356
Sj	100	260	188
Specialfastigheter	100	497	446
Sveaskog	100	800	800
Svenska Spel	100	4,823	4,803
Svevia	100	299	150
Swedavia	100	143	232
Sweden House	36	2	2
Systembolaget	100	289	198
Telia Company	37	3,244	4,844
Teracom Group	100	210	285
Vasallen	100	0	85
Total		13,592	15,409

Appropriation/total income for 2016

SEKm	Appropriation 2016	Total income 2016	Share of financing via appropriation, %
Almi Företagspartner	302	958	32
Dramaten	229	286	80
Göta kanalbolag	74 ¹⁾	47	156
Miljömärkning Sverige	4	57	8
Operan	453	557	81
PostNord	21	38,743	0
RISE	622 ²⁾	2,470	25
Samhall	4,405	7,468	59
SOS Alarm	249	1,017	24
Teracom Group	2	2,010	0
VisitSweden	144	269	53
Voksenåsen	12	53	23
Total	6,517	53,935	12

1) Including appropriations recognised in the balance sheet.

2) Including appropriation funds that RISE allocates to the associate Swerea.

Effect of divestments and dividends on central government finances

The state divested part of its holdings in SAS in 2016. In total, the state sold shares in the company corresponding to SEK 213.9 million. Dividends to the state from state-owned enterprises for the 2016 financial year are anticipated in the amount of SEK 13.6 billion.

As with earlier divestment proceeds, primarily derived from the sales of Vin & Sprit, Vasakronan and shares in Nordea and Telia Company, the proceeds of the sale of ordinary shares in SAS were paid to the public treasury and used to amortise central government debt. The amortisations contribute to reducing central government interest expenditures. Divestments of companies and shares also reduce potential future dividends, which is normally factored into the sales value. The public treasury has received a total of SEK 163.7 billion in connection with sales of companies and shares since 2007.

The annual dividends from state-owned enterprises reduce central government borrowing needs and interest expenditure. A total of SEK 240.4 billion has been paid to the state in the form of dividends since 2007.

Central government net lending – the net investment of funds in the form of financial assets less financial liabilities – increases when the companies distribute dividends, as long as the dividends correspond to profits generated during the year. Net lending is not affected when the companies' dividends exceed their profits for the year and thus reduce their equity because the dividend is not matched by an equal reduction in equity (a financial liability). Consequently, it is not possible to strengthen central government net lending through additional dividends that exceed profit for the year generated by state-owned enterprises. Nor do divestments have any effect on net lending.

Divestments in the state company portfolio since 2007

SEKbn	Year	Income, SEKbn	Stake 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
Total		163.7	

Total dividends from state-owned enterprises

Year	SEKbn
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
Total	240.4

Effects of divestments and dividends on central government finances

	Proceeds of divestments of companies	Dividends equal to operating profit for the year in the companies	Dividends exceeding operating 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 may affect the value of one or more companies in the portfolio and their capacity to distribute dividends. The most significant risks from a portfolio perspective are described below.

Conditions

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

Tracking and governance

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

The boards of directors decide risk levels and limits in the state-owned enterprises and manage the risks in their respective business operations.

Business risks

The sale or buyout of significant businesses is a business risk that may affect the value of the state portfolio and the possibility of distributing dividends. Furthermore, Telia Company has announced that it intends to end its presence in Eurasia. The sales process for Telia Company is highly complex due to nature of the markets in Eurasia, including potential government interventions, that the assets are not wholly owned and that the company is subject to commitments and obligations in various shareholder agreements. Consequently, the expected outcome is highly uncertain.

Vattenfall sold its lignite operations in Germany in 2016, which reduced overall when the transaction was executed. Beyond this, the assessment is that most of the company's business risks are connected to being a long-term owner of CO₂-intensive assets. This assessment is also supported by credit rating institutes.

The ongoing urban transformation in Kiruna and Malmberget is another example of a business risk in the state company portfolio. This may affect LKAB's value and ability to distribute dividends as this is a huge undertaking that will affect LKAB's profits and liquidity for many years.

Digitalisation is paving the way to many new opportunities, but may also entail risks for existing market actors as new business models that rapidly gain impact are established. One example is the pharmacy market, where the state-owned Apoteket and Apoteksgruppen operate and where new e-commerce firms are lowering prices by means of efficient logistics solutions and 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 has adverse impact on portfolio value because it is highly significant to Vattenfall. LKAB's exposure to the future development of the iron ore price likewise entails a market price risk. SBAB is exposed to the capacity of residential mortgage customers to repay their loans. It is likely that a sharp and rapid downturn in house prices combined with a recession would lead to higher credit losses.

Other financial risks are currency risk and interest rate risk. Currency risk refers to adverse impact from movements in exchange rates on the companies' income statements and balance sheets. Interest rate risk refers to the risk of adverse impact 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 regulated to one extent or another. Examples include Vattenfall, Telia Company, Swedavia, SEK and Svenska Spel. Changes in regulations applicable to these businesses may have significant impact on the value and prerequisites for distributing dividends of these companies – and thus the entire portfolio.

Companies

- | | | | |
|-----------|---------------------------------------|-----------|---|
| 36 | Akademiska Hus | 62 | SJ |
| 37 | Almi Företagspartner | 63 | SOS Alarm |
| 38 | APL, Apotek Produktion & Laboratorier | 64 | Specialfastigheter |
| 39 | Apoteket | 65 | SSC, Svenska rymdaktiebolaget |
| 40 | Apoteksgruppen | 66 | Statens Bostadsomvandling |
| 41 | Arlandabanan Infrastructure | 67 | Sveaskog |
| 42 | Bilprovningen | 68 | Svedab |
| 43 | Bostadsgaranti | 69 | Svenska Skeppshypotek |
| 44 | Dramaten | 70 | Svenska Spel |
| 45 | Green Cargo | 71 | Svevia |
| 46 | Göta kanalbolag | 72 | Swedavia |
| 47 | Infranord | 73 | Sweden House |
| 48 | Jernhusen | 74 | Swedesurvey |
| 49 | Lernia | 75 | Swedfund International |
| 50 | LKAB | 76 | Systembolaget |
| 51 | Metria | 77 | Telia Company |
| 52 | Miljömärkning Sverige | 78 | Teracom Group |
| 53 | Operan | 79 | Vasallen |
| 54 | Orio | 80 | Vattenfall |
| 55 | PostNord | 82 | VisitSweden |
| 56 | RISE, Research Institutes of Sweden | 83 | Voksenåsen |
| 57 | Samhall | | |
| 58 | Saminvest | | |
| 59 | SAS | 84 | Other companies and operations |
| 60 | SBAB | 85 | Dissolved companies and companies
in voluntary dissolution |
| 61 | SEK | | |



AKADEMISKA HUS

Akademiska Hus Aktiebolag owns, develops and manages properties for Swedish higher education institutions with its main focus on educational and research activities and student housing.

The company plays an important role in the objective of strengthening Sweden as a nation of learning and, within that framework, contributing to increasing the supply of researcher and student housing. The company has contributed to the construction of more than 11,000 student housing units in several cities.

Significant events in 2016

- Rental income was essentially unchanged. Profit improved, primarily due to positive changes in the value of property holdings.
- At year end, decided and planned projects amounted to SEK 16.7 billion.
- Six hundred student housing units in the company's campuses were completed during the year and were ready for move-in.

Targets and follow-up

Financial targets and tracking

- Profitability: Return on operating capital excluding changes in value of at least 6.5 per cent. Return on operating capital declined to 6.2 (6.9) per cent. The downturn is explained by an increase in property value while the operating surplus remained essentially unchanged.
- Capital structure: Equity/assets ratio of 30–40 per cent. The equity/assets ratio rose from 40.7 to 41.4 per cent, slightly above the target range.

- Dividend: 40–60 per cent of profit after tax after reversal of changes in value and associated deferred tax. In line with policy, the ordinary dividend amounted to 60 per cent of adjusted profit.

Sustainability targets and tracking

- Cooperation with customers on sustainability initiatives. Initiatives were begun in 2016 with focus on energy, the environment and indoor climate, as well as social aspects and innovative capacity. Taken together, these exceeded the set target.
- Reduction in purchased energy by 50 per cent from 2000 to 2025. The volume of purchased energy was reduced by 4.0 per cent during the year.
- Eliminate carbon footprint from operations. Emissions intensity from the properties was reduced during the year to 7.4 kg/m². The total reduction of indirect emissions of greenhouse gases was above 10 per cent.
- Zero workplace accidents. Akademiska Hus and other industry players founded the Safe Construction Council, an industry-wide network, during the year. The objective is to reduce the number of construction site accidents by working with knowledge and culture-enhancing initiatives as well as common standards and stricter project specifications. Not yet compiled by the company.

Public policy assignment and targets

Akademiska Hus does not have a specifically adopted public policy assignment.

State ownership 100%



Chair: Anitra Steen



CEO: Kerstin Lindberg Göransson

Directors and auditors elected for 2017/2018

Chair: Anitra Steen **Board:** Britta Burreau, Kristina Ekengren, Gunnar Svedberg and Ingemar Ziegler. Christer Nerlich was elected at an extraordinary general meeting in January 2017. Caroline Arehult, Peter Gudmundson and Örjan Wikforss were elected at the 2017 AGM, Olof Ehlrlén, Ingela Lindh and Pia Sandvik stepped down. **Employee reps:** Thomas Jennlinger, Anders Larsson **Auditor:** Björn Flink (KPMG).

Fees paid to the chairman were SEK 305 (290) thousand. Fees paid to directors elected by the AGM amounted to SEK 150 (140) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	5,666	5,701
Changes in value	3,682	2,655
Operating profit	7,264	6,323
Profit before tax	6,714	6,141
Net profit	5,148	4,780
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	82,430	74,433
Non-current assets	75,420	68,590
Equity	34,152	30,271
- of which, minority interests	0	0
Net debt	25,904	23,004
Operating capital	60,056	53,275
Key indicators		
Operating margin, %	128.2	110.9
Return on equity (average), %	16.0	15.0
Return on operating capital (average), %	6.2	6.9
Net debt/equity ratio, multiple	0.8	0.8
Equity/assets ratio, %	41.4	40.7
Gross investments, SEKm	2,764	2,506
Appropriation, SEKm	0	0
Dividend, SEKm	1,393	1,290
Average no. of employees	440	409
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

Gender distribution



1) Elected for 2017/2018

As a complement to the private market, Almi Företagspartner AB is to contribute to the development and financing of small and medium-sized enterprises with profitability and growth potential. Almi's activities include advisory services and financing through loans and equity capital.

Almi's operations are aimed at strengthening the development of Swedish business and promoting sustainable growth. Stimulating business growth among new entrepreneurs and existing SMEs, either via capital or business advisory services, provides opportunities for innovative ideas to be tested. This vitalises the business community and helps create new jobs. Financing and advisory services are to be mainly provided to businesses and business owners with potential to grow and turn a profit. Financing is provided through a lending fund of SEK 5.5 billion and via fund assets of approximately SEK 3 billion, of which EU funding accounts for half. The organisation must be accessible throughout the country, but the range of services offered may vary due to regional conditions.

Significant events in 2016

- New lending set a record, amounting to SEK 3.3 (3.2) billion distributed among 4,681 (4,405) loans.
- Equity capital investments were made in the amount of SEK 172 (208) million in 157 new and existing companies. There were exits and partial exits in 57 companies.
- A new fund for green equity capital investments was formed, amounting to SEK 650 million.
- Advisory services were provided to 13,660 (14,258) companies.

Targets and follow-up

Financial targets and tracking

No financial targets have been established by the owner. Almi's remit is to conduct lending activities so that its capital is kept nominally intact, in accordance with Government Bill 1993/94:40. This target has been met.

Sustainability targets (adopted in 2016) and tracking

- Almi should contribute to sustainable growth (the same as the public policy target below)
- Almi should foster good business ethics, prevent the financing of fraudulent client activities and ensure high

client confidentiality and information security. KPI for the target have not yet been set. The target has resulted in several activities, such as procedures and tracking of transaction patterns.

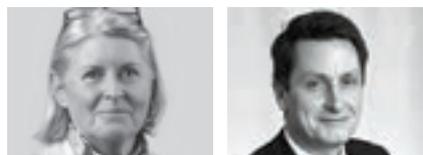
- Almi should be an attractive employer with high customer and employee satisfaction. The KPI target level has not been set. The Customer Satisfaction Survey shows that 95 per cent of clients are satisfied or very satisfied. The Employee Satisfaction Survey shows that employees have scores higher than benchmark in areas including engagement, team effectiveness and leadership.

Sustainability targets (adopted in 2016) and tracking

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 through provision of market-complementary advisory and financing services.

- Almi is to promote sustainable growth. The target is for the companies that benefit from Almi's services to outperform a control group. Companies that received services from Almi in 2012 increased their sales up to year-end 2015 by 39 (21) per cent and value added by 49 (26) 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 perceived Almi as a market-complementary actor. The survey was answered by partners, clients, co-investors and potential co-investors.
- Almi is to focus on companies in the early stages in terms of life cycle or expansion phases and women and people of foreign background are to be overrepresented among those who receive Almi services. In 2016, companies in the early stages comprised the majority of Almi's clients. People of foreign background were overrepresented. Women business owners were overrepresented, other than with regard to business start-up loans and advisory services to new entrepreneurs, where women were marginally underrepresented compared with the share of women who start businesses in Sweden.

State ownership 100%



Chair:

Birgitta Ågren Böhlin

CEO:

Göran Lundwall

Directors and auditors elected for 2017/2018

Chair: Birgitta Ågren Böhlin **Board:** Anders Byström, Katarina Green, Nicolas Hassbjer, Åke Hedén, Agneta Mårdsjö and Anna Söderblom. Pia Sandvik was elected at the 2017 AGM. **Employee reps:** Andreas Schroff, Kristina Starck Enman **Auditor:** Jonas Ståhlberg (Deloitte)

Fees paid to the chairman were SEK 200 (190) thousand. Fees paid to directors elected by the AGM amounted to SEK 100 (95) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	958	871
Operating profit	11	0
Profit before tax	137	139
Net profit	137	139
- of which attributable to minority interest	5	-1
Balance sheet, SEKm		
Total assets	8,180	7,929
Non-current assets	6,261	5,406
Equity	7,216	7,079
- of which, minority interests	187	182
Net debt	-7,279	-7,003
Operating capital	-64	76
Key indicators		
Operating margin, %	1.1	0.0
Return on equity (average), %	1.9	2.0
Return on operating capital (average), %	186.3	0.2
Net debt/equity ratio, multiple	-1.0	-1.0
Equity/assets ratio, %	88.2	89.3
Gross investments, SEKm	3,139	2,748
Appropriation, SEKm	302	271
Dividend, SEKm	0	0
Average no. of employees	477	470
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	No	

Gender distribution



1) Elected for 2017/2018



Apotek Produktion & Laboratorier AB's (APL) principal assignment is to produce and supply extemporaneous pharmaceuticals and stock preparations. Today, APL supplies extemporaneous pharmaceuticals to all pharmacy companies operating in the outpatient care market, as well as to inpatient care providers, on equal and non-discriminatory terms. There is strong focus on individualised care and medicinal treatment in Swedish healthcare. Individualised extemporaneous pharmaceuticals are an important complement to drugs provided by the pharmaceutical industry. APL is the leader in the competitive extemporaneous market.

Significant events in 2016

- Sales increased in 2016 in both business areas, Healthcare & Pharmacies and Life Science.
- Operating profit was SEK 1.9 million and profit after tax was SEK 0.1 million. The decline year-on-year is due to investments, impairment losses on inventory and settlement of legal proceedings.
- A workplace accident in February at the facility in Umeå had a tragic outcome when an employee was killed in connection with maintenance work.

Targets and tracking

Financial targets

- Profitability: Return on equity exceeding 8% per year.
- Capital structure: Equity/assets ratio of 40–50 per cent.
- Dividend: At least 50 per cent of profit after tax for the year. Dividends are distributed provided that the capital structure target after the dividend is within the target range with consideration given to implementing the group's strategy and its investment needs.

Financial target outcomes

- Return on equity was 0.1 (2.2) per cent and the equity/assets ratio was 33.7 (38.9) per cent. Overall, performance in 2016 fell short of the owner's targets. The financial targets are long-term and are to be assessed over a business cycle of about five to seven years. Several initiatives to improve long-term profitability are in progress.
- The board has proposed that profits from 2016 be carried forward in the light of needs for investment.

Sustainability targets for 2016 (see 2014)

- Reduce energy consumption by 15 per cent.

- Reduce CO₂ emissions by 10 per cent within district heating, transport and business travel.
- Continuously improve operations based on APL's gender equality and diversity plan.

Sustainability target outcomes

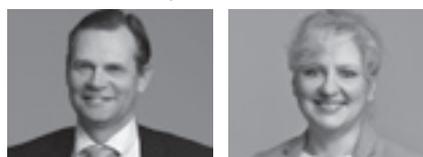
- Energy consumption was reduced by 1 per cent. A number of initiatives were taken during the year. These will include the production of a detailed energy map.
- The switch to renewable district heating reduced CO₂ emissions by 32 per cent. Dialogue with logistics suppliers resulted in a substantial reduction in transport emissions. Significant factors are better emissions conversion factors and that APL's major suppliers have increased their usage of HVO fuel.
- Analysis and measures for pay review in 2016 completed. Instructions drafted for managers on gender-equal pay and to gradually eliminate non-objective pay differences.

Public policy assignments, targets and tracking

In close cooperation with specialists and prescribers (such as doctors, dentists and veterinarians), government agencies and other stakeholders:

- APL is to develop and provide a medically appropriate and quality-assured range of extemporaneous pharmaceuticals and stock preparations;
- supply extemporaneous pharmaceuticals and stock preparations on equal and non-discriminatory terms to all companies responsible for supplying pharmaceuticals to inpatient and outpatient care providers. The company thus 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 conducted CSI (Customer Satisfaction Index) measurements in 2016, for which pharmacy managers were the target group. The CSI score was 75 (on a scale of 0–100), where an industry index is 69.

State ownership 100%



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

Directors and auditors elected for 2017/2018

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

Employee reps: Susann Danielsson-Lindberg, Daniela Renner **Alternate employee reps:**

Astrid Holdt, Sören Johansson **Auditor:** Magnus Fagerstedt (EY)

Fees paid to the chairman were SEK 260 (250) thousand. Fees paid to directors elected by the AGM amounted to SEK 130 (130) thousand.

	2016	2015
Income statement, SEKm		
Net sales	1,301	1,210
Operating profit	2	9
Profit before tax	0	7
Net profit	0	5
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	650	562
Non-current assets	308	262
Equity	219	219
- of which, minority interests	0	0
Net debt	239	164
Operating capital	458	383
Key indicators		
Operating margin, %	0.1	0.7
Return on equity (average), %	0.1	2.2
Return on operating capital (average), %	0.4	2.2
Net debt/equity ratio, multiple	1.1	0.8
Equity/assets ratio, %	33.7	38.9
Gross investments, SEKm	70	54
Appropriation, SEKm	0	0
Dividend, SEKm	0	0
Average no. of employees	481	467
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	No	

Gender distribution



¹) Elected for 2017/2018

Apoteket AB offers products and services in the areas of pharmaceuticals and health. Apoteket is a commercial enterprise operating in a fully competitive market. The company shall be operated in a way that facilitates good supply of pharmaceuticals in Sweden. In the outpatient pharmacy market, the company provides prescription and non-prescription drugs, merchandise, health services, information and advice to consumers through about 387 pharmacies nationwide. The company also has an extensive remote trade business via online trading and through the company's pharmacy agents. Apoteket also plays a key role with its operations in the area of single-dose packaged pharmaceuticals. A high level of sustainable responsibility is very important to the owner, which includes areas such as high-quality advice, good quality control, environmentally sustainable pharmaceutical use and high access to pharmaceutical products.

Significant events in 2016

- Apoteket continued its strong profiling efforts in the area of sustainability, where accomplishments included the Most Sustainable Brand in Sweden Award for 2016 from Sustainable Brand Index.
- Apoteket demonstrated a very good earnings trend and met the profitability target for the first time.
- Major investments in opening new stores and upgrading the existing retail network in 2016.

Targets and follow-up

Financial targets and tracking

- The profitability target is expressed as an operating margin of 3 per cent or higher. The operating margin rose substantially in 2016, with an outcome of 3.4 per cent. The target was thus met.
- The capital structure target is a debt/equity ratio of 40–80 per cent of pension-adjusted equity. A large special dividend was distributed in 2016 and the debt/equity ratio was within the target range at year-end, at 54 per cent.

- The dividend target is 40–60 per cent of profit for the year adjusted for profit/loss and tax attributable to pension assets and pension commitments. The dividend proposed to the 2017 AGM is SEK 300 million, equal to approximately 56 per cent of adjusted profit.

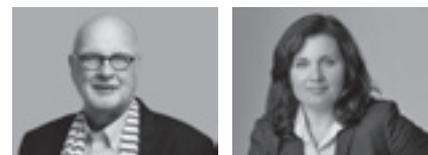
Sustainability targets and tracking

- Health target: Customer Satisfaction Index (CSI) of 80 or better. The CSI for 2016 was 84 and thus exceeded the target.
- Product range target: Increase in the number of suppliers that have signed Apoteket's Code of Conduct. 79 per cent of Apoteket's largest suppliers have accepted the Code of Conduct. This is a small decline, mainly due to the addition of several new suppliers.
- Environmental target: At least 80% of customers return left-over pharmaceuticals. The outcome showed that 45 per cent returned pharmaceuticals.
- Employee target: Share of motivated employees of 80 per cent or better. As of autumn 2016, the share was 75 per cent. Diversity in the company is considered an important component in improving the ESI.

Public policy assignments, targets and tracking

No specifically adopted public policy assignments. According to its owner instruction, the company is tasked with retaining existing pharmacy agents to the extent necessary to maintain good supply of pharmaceuticals in the community where the agent operates. This is tracked annually by the owner. At year-end, Apoteket AB had 643 pharmacy agents across Sweden and was assessed as having performed the assignment well during 2016.

State ownership 100%



Chair: Christian W. Jansson
CEO: Ann Carlsson

Directors and auditors elected for 2017/2018

Chair: Christian W. Jansson **Board:** Maria Curman, Gert Karnberger, Leif Ljungqvist and Kristina Schauman. Inger Andersson and Pia Gideon were elected at the 2017 AGM, Sussi Kvarn stepped down.

Employee reps: Lisa Ekstrand, Gunilla Larsson

Alternate employee reps: Hanna Ottosson, Lena Rhodin

Auditor: Ingrid Hornberg Román (KPMG)

Fees paid to the chairman were SEK 320 (300) thousand. Fees paid to directors elected by the AGM were 150 (150) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	20,325	19,599
Operating profit	687	469
Profit before tax	818	592
Net profit	637	458
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	8,353	8,499
Non-current assets	3,766	4,305
Equity	4,200	5,150
- of which, minority interests	0	0
Net debt	895	-357
Operating capital	5,095	4,793
Key indicators		
Operating margin, %	3.4	2.4
Return on equity (average), %	13.6	9.3
Return on operating capital (average), %	13.9	9.8
Net debt/equity ratio, multiple	0.2	-0.1
Equity/assets ratio, %	50.3	60.6
Gross investments, SEKm	212	81
Appropriation, SEKm	0	0
Dividend, SEKm	300	1,100
Average no. of employees	3,235	3,318
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

Gender distribution



1) Elected for 2017/2018



Apoteksgruppen i Sverige Holding AB is a voluntary pharmacy chain with a service organisation that is wholly owned by the state. Apoteksgruppen has 177 affiliated pharmacies, which are owned by about 180 independent business owners. The service organisation supports and coordinates the business owners. Apoteksgruppen leverages cooperation to create economies of scale for affiliated pharmacies. The service organisation offers support to pharmacy owners in operating their pharmacies. Pharmacy owners gain access to a chain-wide range, Apoteksgruppen's proprietary brands, purchasing, finance and HR systems, quality, sales and start-up support, joint marketing and IT systems. The pharmacy market consists largely of five market actors. Apoteksgruppen is the fourth largest, with a market share of approximately 9 per cent.

The state's ownership of Apoteksgruppen comprises the parent company, Apoteksgruppen i Sverige Holding AB, and the wholly owned subsidiaries, Apoteksgruppen i Sverige AB and Apoteksgruppen i Sverige Förvaltning AB. Apoteksgruppen i Stockholm nr 4 AB, which operates a pharmacy at Arlanda SkyCity, is a wholly owned subsidiary of Apoteksgruppen i Sverige AB. Apoteksgruppen i Sverige AB is the central service organisation that supports affiliated pharmacies in areas including purchasing, product range, marketing, IT systems, sales, quality, finance and HR issues. Apoteksgruppen i Sverige Förvaltning AB began extending loans to pharmacy companies in June 2010 in conjunction with the first sales of pharmacies, and owns 1 per cent of equity in the affiliated pharmacy companies.

Significant events in 2016

- Tony Johansson appointed CEO as of 1 January 2016.
- Comprehensive efforts to improve competitiveness.
- Eight new pharmacies opened.

Targets and follow-up

Financial targets and tracking

- Profitability – Return on equity of at least 3 per cent. The return was -0.1 per cent, which was an improvement year-on-year. However, impairment losses were also charged to profit during the year.
- Capital structure – Equity/assets ratio of at least 40–60 per cent. The outcome for 2016 was 84 per cent.
- Dividend – 40–60 per cent of profit for the year. As there was a net loss, no dividend was distributed for the 2016 financial year.

Sustainability targets and tracking

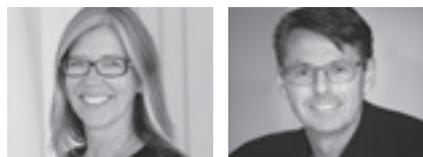
Apoteksgruppen integrates sustainable and long-term business in decisions by:

- Offering a high level of service. The proportion of directly dispensed prescription drugs was nearly 95 per cent in 2016, which is in line with the industry as a whole. In a survey in spring 2016, 94 per cent of respondents reported that the pharmacies met their expectations, 96 per cent said they had received good advice and more than 90 per cent of customers were satisfied with their visit to the pharmacy and with the advice.
- Help customers use their drugs correctly, supported by EES (Electronic Expert Support). At year-end 2016, the share of sales of prescription drugs supported by the E-health Agency's EES database was 20 per cent. Thus, Apoteksgruppen accounted for 60 per cent of industry usage of EES during the year.
- Offer customers the proprietary brand Elw, the best in class for fragrance-free products with the Swan and Swedish Asthma and Allergy Association's eco-labels. The share of proprietary sustainable brands that safeguard health and wellbeing accounted for 3.3 per cent (3.1) of merchandise sales in 2016.

Public policy assignment and targets

No specifically adopted public policy assignments.

State ownership 100%



Chair: Gunilla Rittgård **CEO:** Tony Johansson

Directors and auditors elected for 2017/2018

Chair: Re-election of former director Gunilla Rittgård at the 2017 AGM, Birgitta Ågren Böhlin stepped down **Board:** Peder Larsson, Annema Paus, Richard Reinius and Satish Sen

Employee rep: Tero Huhta Auditor:

Lena Möllerström Nording (Grant Thornton)

Fees paid to the chairman were SEK 250 (250) thousand. Fees paid to directors elected by the AGM were 130 (130) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	270	255
Operating profit	-2	-19
Profit before tax	1	-14
Net profit	0	-11
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	456	465
Non-current assets	44	83
Equity	385	386
- of which, minority interests	0	0
Net debt	0	0
Operating capital	385	386
Key indicators		
Operating margin, %	-0.6	-7.3
Return on equity (average), %	-0.1	-2.8
Return on operating capital (average), %	-0.4	-4.8
Net debt/equity ratio, multiple	0.0	0.0
Equity/assets ratio, %	84.4	83.0
Gross investments, SEKm	9	13
Appropriation, SEKm	0	0
Dividend, SEKm	0	0
Average no. of employees	59	58
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

Gender distribution



1) Elected for 2017/2018



Arlandabanan Infrastructure AB 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. A-Train AB is the company's contractual counterparty, where the contract constitutes a concession. A-Train AB operates the Arlanda Express service, manages the infrastructure and is responsible for all the obligations this entails. The contracts grant A-Train the right to use Arlandabanan Infrastructure's traffic rights on the state-owned rail network as well as the right to use Arlandabanan and its 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 2016

- The number of passengers using Arlanda Express increased by 3.5 per cent.
- The number of passengers using other rail companies increased by 6.1 per cent.
- The market share for train travel on the route has continued to decline.

Targets and follow-up

Financial targets

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

Sustainability targets and tracking

- Increase rail usage: 8 million trips a year by 2040. 5.6 million trips in 2016. 193,000 trips below target.
- Financial commitments and earnings: Repay SEK 1.9 billion in conditional loans. Forecast repayment of conditional loans starting in 2017.

- Reduce emissions of greenhouse gases: -182,000 tonnes net by 2040. Greenhouse gases -103,000 tonnes net through year-end 2016.
- Improved diversity and gender equality: More than 40 per cent of each gender. Outcome: 37% women on the boards of directors of relevant companies.
- Impact on our neighbours: General and detailed development plans. Outcome: General and detailed development plans mainly compliant with AIAB specifications.
- Prevent 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 regulatory violations.
- Customer health and safety: Zero fatalities/injuries. Outcome: No injured passengers. Four suicide incidents; three fatalities and one person seriously injured.
- Satisfied customers 100% satisfied customers. Outcome: 88% satisfied passengers/rail companies, CSI = 73.

Public policy assignments, targets and tracking

Has a specifically adopted public policy assignments. Operations that are financed by state budget appropriations 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 unique nature of the company.

State ownership 100%



Chair: Jan Olson

CEO: Ulf Lundin

Directors and auditors elected for 2017/2018

Chair: Jan Olson **Board:** Britta Dalunde and Lars Erik Fredriksson. Malin Sundvall was elected at the 2017 AGM. Irene Svenonius stepped down.

Auditor: Mikael Sjölander (EY)

Fees paid to the chairman were SEK 122 (110) thousand. Fees paid to directors elected by the AGM were 66 (66) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	68	68
Operating profit	0	0
Profit before tax	0	0
Net profit	0	0
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	1,342	1,398
Non-current assets	1,325	1,381
Equity	10	10
- of which, minority interests	0	0
Net debt	-10	-8
Operating capital	0	2
Key indicators		
Operating margin, %	0.0	0.0
Return on equity (average), %	0.0	0.0
Return on operating capital (average), %	0.0	0.0
Net debt/equity ratio, multiple	-1.0	-0.8
Equity/assets ratio, %	0.7	0.7
Gross investments, SEKm	0	0
Appropriation, SEKm	0	0
Dividend, SEKm	0	0
Average no. of employees	0	1
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	No	

Gender distribution



1) Elected for 2017/2018

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 97 stations and 607 employees, Bilprovningen is the leading provider of vehicle inspection services in Sweden and the only player in the market with a nationwide network of stations. Bilprovningen delivers the best access in terms of opening hours in the market and also offers drop-in service. Bilprovningen performed about 1.8 million inspections in 2016, of which 95 per cent were mandatory safety and registration inspections.

Significant events in 2016

- Bilprovningen implemented a new IT system that provides an entirely new platform for the company, but which had negative impact on the company's market share during installation and generated one-off costs.
- The rate of new business establishments in the market slowed. Market consolidation began.
- The Government adopted a new vehicle ordinance that departed from the Transport Agency's proposal and thus had marginal impact on the inspection market.

Targets and follow-up

Financial targets and tracking

- Profitability: Operating margin of at least 8 per cent. The operating margin for the financial year 2016 was 4.1 (10.2) per cent.
- Capital structure: Equity/assets ratio of 30–40 per cent. The equity/assets ratio was 55.5 (48.1) per cent.
- Dividend: At least 80 per cent of profit after tax for the year. The dividend for the 2016 financial year was SEK 67 million, corresponding to 100 per cent of profit after tax for the year.

Sustainability targets and tracking

- Safe vehicles: Supplementary services doubled by 2016. Outcome: 47 per cent attainment.
- Attractive employer: Employee turnover rate of 7 per cent or less, at least 12 per cent women inspection technicians, at least 17 per cent employees of foreign background. Outcomes: Employee turnover 9.2 per cent (7.3), women technicians 19.8 per cent (10.3), employees of foreign background 14.9 per cent (14.5).
- Environmental role model: Reduction of climate impact by 80 per cent (2006–2050) with an intermediate target of a 30 per cent reduction by 2020. Outcome: 100 per cent attainment up to year-end 2016 (in proportion to the number of years the target applies).

Public policy assignment and targets

No specifically adopted public policy assignments.

State ownership 100%



Chair: Karin Strömberg **CEO:** Benny Örnberfors

Directors and auditors elected for 2017/2018

Chair: Karin Strömberg **Board:** Hans Krondahl, Gunnar Malm, Anna Nilsson-Ehle, Kristina Patek and Héléne Westholm. Johan Ekessiö was elected at the 2017 AGM. **Employee reps:** Bengt Lindblom, Joakim Rönnlund **Alternate employee reps:** Göran Lund, Jonas Nilsson **Auditor:** Jonas Ståhlberg (Deloitte)

Fees paid to the chairman were SEK 180 (170) thousand. Fees paid to directors elected by the AGM amounted to SEK 85 (85) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	654	708
Operating profit	27	72
Profit before tax	72	73
Net profit	67	56
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	294	317
Non-current assets	112	96
Equity	163	152
- of which, minority interests	0	0
Net debt	-97	-165
Operating capital	66	-13
Key indicators		
Operating margin, %	4.1	10.2
Return on equity (average), %	42.6	37.9
Return on operating capital (average), %	100.0	-169.4
Net debt/equity ratio, multiple	-0.6	-1.1
Equity/assets ratio, %	55.5	48.1
Gross investments, SEKm	29	59
Appropriation, SEKm	0	0
Dividend, SEKm	67	56
Average no. of employees	607	635
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

Gender distribution



1) Elected for 2017/2018

AB BOSTADS GARANTI

Aktiebolaget Bostadsgaranti works with consumer protection in residential construction. Bostadsgaranti is owned equally by the state and the Swedish Construction Federation. As a step in the owners' winding up of the company in November 2014, Bostadsgaranti completed the divestment of the shares in the subsidiary Försäkringsaktiebolaget Bostadsgaranti (FABO).

In December 2012, the Riksdag authorised the Government to divest the state's shares in Bostadsgaranti and in 2014 the Government was authorised, as an alternative, to wind up the company. The divestment of the shares in the 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 the divestment, the remaining operations in Bostadsgaranti consisted of the ongoing liquidation of the deposit and advance guarantees. Remaining commitments are expected to have been wound up by 2018.

Significant events in 2016

- The winding up of previously pledged collateral is continuing according to plan.

Targets and follow-up

Financial targets

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

Targets are set based on an assumption of continuing operations. As the company is under voluntary dissolution, the targets are not tracked.

Sustainability targets

No strategic sustainability targets have been formulated for the company.

Public policy assignment and targets

The company does not have a specifically adopted public policy assignment.

State ownership 50%



Chair: Hans Wibom **CEO:** Kåre Eriksson

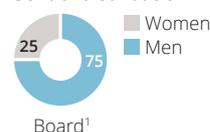
Directors and auditors elected for 2017/2018

Chair: Hans Wibom **Board:** Bo Antoni and Pether Fredholm. Malin Fries was elected at the 2017 AGM, Richard Reinius stepped down **Auditor:** Gunilla Wernelind (KPMG)

Fees paid to the chairman were SEK 76 (76) thousand. Fees paid to directors elected by the AGM were 38 (38) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	0	0
Operating profit	-2	-1
Profit before tax	-10	-2
Net profit	-5	12
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	89	115
Non-current assets	0	0
Equity	66	74
- of which, minority interests	0	0
Net debt	-89	-115
Operating capital	-23	-41
Key indicators		
Operating margin, %	0.0	0.0
Return on equity (average), %	-6.7	5.8
Return on operating capital (average), %	5.0	2.7
Net debt/equity ratio, multiple	-1.4	-1.6
Equity/assets ratio, %	73.8	64.4
Gross investments, SEKm	0	0
Appropriation, SEKm	0	0
Dividend, SEKm	0	4
Average no. of employees	1	1
Reported in compliance with GRI guidelines	No	
Externally assured GRI report	No	
Reporting in compliance with IFRS	No	

Gender distribution



1) Elected for 2017/2018

DRAMATEN

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

Significant events in 2016

- Dramaten has decided, jointly with Operan (the Royal Swedish Opera), to search for a new production centre for workshops, studios, storage, etc.
- The Bergman Festival attracted widespread media coverage and set attendance records with more than ten thousand visitors.
- Attendance figures for stage productions for children and young people have increased sharply.

Targets and follow-up

Financial targets and tracking

- Dramaten shall maintain equity that provides a solid financial foundation for its operations. The loss for 2016 amounted to SEK -10.5 million, resulting in a decrease in equity to SEK 27.5 million. Although Dramaten is reporting negative earnings for 2016, equity is at an acceptable level.

Sustainability targets and tracking

- To manage, enrich, develop and renew artistic quality, intellectual pursuit and values by means of the repertoire and other activities. The repertoire is varied and offers both newly written and classical dramatic works, with artistic breadth in the inflow of authors.
- 12 per cent increase in the percentage of first-time audience members by 2017. The target was met in 2016 when the percentage of first-time audience members was 15 per cent.
- Increase the audience percentage reached through digital channels.

The target is to reach 75,000 people per year, starting in 2017. The target was attained earlier than expected: 18,665 people visited Dramaten Play in 2016 and more than 560,000 people watched videos/listened to podcasts via Dramaten's social media channels.

- Achieve gender balance among authors of original artistic works. The target is to achieve equal gender distribution by 2017 as regards directors, set designers, costume designers and playwrights over a period of three years: Gender distribution is relatively balanced among the authors of original artistic works, except for playwrights and directors, among whom women are underrepresented.

Public policy assignments and tracking

- Dramaten's mission is to be the leading theatrical institution in Sweden and, as a national stage, shall maintain the highest standards in terms of development, renewal, artistic quality and craftsmanship in its studios and workshops. Dramaten maintains high artistic quality and a varied dramatic repertoire. Dramaten has continuously worked to nurture and promote the Swedish language and cultural heritage by presenting and adapting classical and modern works.
- Dramaten shall work in an international theatrical and cultural context, initiating partnerships and fostering intercultural exchange. Dramaten shall also nurture and promote the Swedish language and the national cultural heritage in theatre. Dramaten's studios and workshops demonstrate outstanding craftsmanship and contribute to development in the field.

State ownership 100%



Chair: Ulrika Årehed Kågström



CEO: Eirik Stubø

Directors and auditors elected for 2017/2018

Chair: Ulrika Årehed Kågström was elected at the 2017 AGM, Daniel Sachs stepped down **Board:** Pontus Braunerhjelm, Sara Danius, Eva Hamilton and Tasso Stafiliadis. Raoul Grünthal and Biljana Pehrsson were elected at the 2017 AGM 2017, Gunvor Kronman stepped down **Employee reps:** Rebecka Hemse, Kjäll Åkerblom **Alternate employee reps:** Hannes Meidal, Mimmi Lindell **Auditor:** Kerstin Sundberg (Deloitte)

Fees paid to the chairman were SEK 70 (60) thousand. Fees paid to directors elected by the AGM amounted to SEK 35 (30) thousand.

	2016	2015
Income statement, SEKm		
Net sales	274	273
Operating profit	-16	2
Profit before tax	-15	3
Net profit	-11	2
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	79	105
Non-current assets	23	18
Equity	28	38
- of which, minority interests	0	0
Net debt	-39	-71
Operating capital	-11	-33
Key indicators		
Operating margin, %	-5.8	0.8
Return on equity (average), %	-32.1	5.9
Return on operating capital (average), %	71.2	-5.9
Net debt/equity ratio, multiple	-1.4	-1.9
Equity/assets ratio, %	35.0	36.1
Gross investments, SEKm	10	11
Appropriation, SEKm	229	227
Dividend, SEKm	0	0
Average no. of employees	295	315
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	No	

Gender distribution



1) Elected for 2017/2018



Green Cargo AB is a supplier of rail logistics. The company offers transport services in a nationwide network in Sweden and in Norway, with partners in numerous locations across the European Continent.

Green Cargo is Sweden's largest rail freight operator whose focus is on efficient and sustainable rail logistics. 2016 was characterised by fierce competition and a continued weak business cycle for Green Cargo's customers. The major efficiency programme instituted in autumn 2013 continued to deliver results in 2016. However, the performance outcome in 2016 shows that Green Cargo must further improve efficiency to achieve stable profitability. Towards that end, efforts to streamline and develop operations will continue in 2017.

Significant events in 2016

- The efficiency programme launched in 2013 continued in 2016 and resulted in further cost reductions.
- In a short time, Green Cargo has built up a complete business in Norway and is now the second-largest rail freight operator in the country.
- During 2016, the company started a new direct line between Sweden and Belgium, which is a fast alternative to boat and a challenger to road transport volumes.
- A start/stop function was installed in the diesel locomotive fleet aimed at reducing idling and thus diesel consumption, climate emissions and noise.

Targets and follow-up

Financial targets and tracking

- Profitability: Return on operating capital of 10% by 2016. Return on operating capital was negative for 2016 (0.6 per cent for 2015). Operating profit was adversely affected by higher operating costs. Adjusted for items affecting comparability, operating profit improved by SEK 9 million.
- Capital structure: Debt/equity ratio, multiple of 0.6–0.9. At year-end 2016, the debt/equity ratio was a multiple of 1.8 (1.4). The increase in the debt/equity ratio is explained mainly by the negative profit trend.

- Dividend: 50 per cent provided that debt/equity ratio target is met. The company did not distribute dividends in 2016.

Sustainability targets and tracking

- Most of the targets are long-term and aimed at 2020, with 2013 as the base year.
- Idle controls installed on all diesel locomotives (2020). A start/stop function was installed in a large share of the diesel locomotive fleet in 2016. This has sharply reduced idling and thus cut diesel consumption and climate emissions.
- New rules for idling of diesel locomotives drafted and all drivers trained (2015). As the new automatic start/stop system has substantially reduced idling, no revisions to the rules on idling have been made.
- Train drivers 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 train drivers.
- Number of accidents halved (2020). The outcome for 2016 was a reduction of 12 per cent compared to the base year, 2013. Introduction of the "Safe Habits" programme is expected to further reduce the number of accidents.
- In the long term, sickness absence below 4 per cent (2020). Efforts to reduce sickness absence continued during 2016. The outcome for sickness absence was 5.6 per cent, unchanged since 2015.
- 50% increase in the proportion of women in senior positions (2020). The outcome for 2016 was 18 per cent women in senior positions, unchanged since the base year, 2013.

Public policy assignments, targets and tracking

No specifically adopted public policy assignments.

State ownership 100%



Chair: Lennart Pihl

CEO: Jan Kilstrom

Directors and auditors elected for 2017/2018

Chair: Lennart Pihl Board: Margareta Alestig Johnson, Ann-Christine Hvittfeldt, Ingvar Nilsson, Tryggve Sthen and Erik Tranaeus. Anna Elgh was elected at the 2017 AGM, Lotta Stalin stepped down
Employee reps: Stefan Bieder, Jonas Blomqvist
Alternate employee reps: Anders Gustavsson, Jerker Liljeborg
Auditor: Jenny Jansson (KPMG)
 Fees paid to the chairman were SEK 300 (300) thousand. Fees paid to directors elected by the AGM were 150 (150) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	4,208	3,907
Operating profit	-83	15
Profit before tax	-117	-15
Net profit	-226	-27
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	3,321	3,413
Non-current assets	2,549	2,819
Equity	851	1,092
- of which, minority interests	0	0
Net debt	1,543	1,578
Operating capital	2,394	2,670
Key indicators		
Operating margin, %	-2.0	0.4
Return on equity (average), %	-23.3	-2.5
Return on operating capital (average), %	-3.3	0.6
Net debt/equity ratio, multiple	1.8	1.4
Equity/assets ratio, %	25.6	32.0
Gross investments, SEKm	74	178
Appropriation, SEKm	0	0
Dividend, SEKm	0	0
Average no. of employees	1,918	1,861
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

Gender distribution



1) Elected for 2017/2018



Göta kanalbolag's assignment is to operate and manage Göta canal in a manner that preserves its value as a structure of cultural historical importance and as a tourist attraction.

Today, Göta canal is one of the principal engines within the Swedish 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 adjacent properties. These activities are financed with an appropriation from the state. The specifically adopted public policy assignment covers all operations except the company's forestry business.

Significant events in 2016

- The renovation project Göta kanal 2.0, the largest project on the canal since its completion in 1832, began in late 2015.
- Increased traffic volume of leisure boats on the canal.
- Companies alongside the canal are reporting a strong season.
- Anders Donlau is stepping down as CEO after nine years and will be succeeded by Roger Altsäter as of 1 September.

Targets and follow-up

Financial targets and tracking

- Profitability: The total EBT margin¹ must be 0 per cent at minimum, except for the forestry business, for which the EBT margin must be at least 68 per cent.¹ EBT for 2016 was 0 (-4.5) per cent and the EBT margin for the forestry business was 68 per cent.
- Capital structure: Debt/equity ratio of -10 to +50 per cent. The debt/equity ratio was +9 (-1) per cent.

Sustainability targets and tracking

- At least 50 avenue trees planted along the canal every year. During 2016, 50 (96) avenue trees were planted.
- Minimum score of 4.5 (on a 5-point scale) on the annual customer satisfaction survey of leisure boat customers. The score for 2016 was 4.6, with focus on service provided by lock attendants.
- Water quality in the canal measured at six sites and water quality must be within the limits applied to swimming waters applied by each municipality based on EU directives. Water quality met the target during 2016.

- The company shall work with the Public Employment Service in the seven municipalities along the canal to create work experience places/job opportunities during the canal season for young people with no previous work experience. Out of twelve work experience places, only four were begun, due to dropouts.

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
- Eco-tourism

Tracking of public policy assignment and targets

- Regular passenger boat traffic has operated along the entire canal and the number of leisure boats increased by 5 per cent. During 2016, 21 per cent of leisure boats sailed during the booking season in 2016, below the target of 25 per cent.
- The canal was navigable 98 per cent of the time during the canal season. There was a minor incident due to a small sinkhole. Of the preserved lock-keeper and bridge master's homes, 96 per cent of the houses are suitable for year-round occupation.
- Customer satisfaction was measured for the first time in several customer groups. The target is a minimum score of 4.0 out of a possible 5.0. The target was met for land visitors (4.5) and leisure boats (4.3), while the outcomes were 2.9 for the cruise lines and 3.6 for corporate members of Official Partners. The cruise lines are price-sensitive and have emphasised the 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. Working to establish a contiguous cycle path alongside Göta kanal is a target for 2020.

¹) The EBT margin is calculated as earnings before tax through sales.

State ownership 100%



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

Directors and auditors elected for 2017/2018

Chair: Elisabeth Nilsson **Board:** Gunilla Asker, Göran Carlberg, Anna Ernestam, Bengt-Olov Gunnarson, Jenny Lahrin and Mikael Lundström. Ulf Larsson stepped down **Employee reps:** Joakim Fornander **Alternate employee reps:** Karin Nybrolin, Björn Reinholdsson **Auditor:** Clas Tegdius (EY)

Fees paid to the chairman were SEK 80 (70) thousand. Fees paid to directors elected by the AGM amounted to SEK 55 (50) thousand. Fees are not paid to directors employed by the Government Offices. Nor are fees paid to employee representatives.

	2016	2015
Income statement, SEKm		
Net sales	47	62
Operating profit	0	-3
Profit before tax	0	-3
Net profit	0	-3
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	66	58
Non-current assets	58	51
Equity	39	39
- of which, minority interests	0	0
Net debt	0	0
Operating capital	39	39
Key indicators		
Operating margin, %	0.2	-4.2
Return on equity (average), %	0.0	-6.9
Return on operating capital (average), %	0.3	-6.8
Net debt/equity ratio, multiple	0.0	0.0
Equity/assets ratio, %	59.9	68.0
Gross investments, SEKm	10	4
Appropriation, SEKm	73.6	25
Dividend, SEKm	0	0
Average no. of employees	38	37
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	No	

Gender distribution



¹) Elected for 2017/2018

Infranord AB is the leading rail contractor in Sweden, offering operation, maintenance, rebuilding and new construction of railways in Sweden and Norway. In addition to the staff functions, operations in Sweden are conducted in two regions, North and South, as well as in the Surveying and Components units. The outlook for the Nordic railway market remains favourable. There is general acceptance of the need for additional funding to maintain and develop the railways. The Government presented an infrastructure bill in October that increases the appropriation to railway maintenance for 2018–2029 compared to 2014–2025. The change processes implemented in Infranord in recent years are providing a good starting point for future competitiveness.

Significant events in 2016

- Increased efficiency has led to improved profit.
- The order book at year-end remains the highest since the company was formed.
- The financial targets were met and a dividend has been proposed for the first time.

Targets and follow-up

Financial targets and tracking

- Profitability: Return on equity of at least 16 per cent. Return on equity amounted to 24.1 (21.6) per cent. The owner's target was reached due to implementation of long-term improvements. The target was also met excluding a non-recurring item of SEK 51 million.
- Equity/assets ratio: Minimum 33 per cent. The equity/assets ratio was 40.0 (31.3) per cent. Earnings improvements are contributing to a stronger equity/assets ratio.
- Dividend: 50–75 per cent of profit after tax. Proposed dividend of SEK 83.5 (0) million, corresponding to 50 per cent of profit after tax.

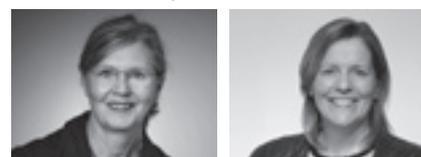
Sustainability targets and tracking

- Safety and environment: Reduced accident rate towards the zero vision for 2021. Reduction in climate-affecting emissions to 10.5 kilotonnes CO₂ by 2021. The accident rate was reduced to 6.9 (7.3), which is an improvement but falls short of the target of a 20 per cent reduction per year in order to achieve the zero vision by 2021. The target was met for climate-affecting emissions, at 10.7 (11.0) kilotonnes CO₂.
- Financial targets: Operating margin of 5 per cent. The target was met with an operating margin of 5.6 (3.9) per cent.
- Customers: Infranord's operations outside Sweden should increase. The Swedish operations should grow in line with market growth. Operations outside Sweden increased to 8.0 (7.3) per cent of sales. The order book amounted to SEK 7,504 (6,850) million. The contract award rate was 41 (60) per cent.
- Employees: Achieve a score of 74 for LI (Leadership Index) by 2021. Achieve a score of 73 for ESI (Employee Satisfaction Index) by 2021. Increase the number of women railway technicians to 48 and women general managers to 12 by 2021. Recruit more employees of foreign background and reach 150 people by 2021. The index measurements showed minor improvements: LI 63 (62), ESI 61 (59). The number of women railway technicians was 31 (30) and there were 6 (6) women general managers. The number of employees of foreign background was 94 (103). The company needs to maintain focus on gender equality and diversity.

Public policy assignment and targets

No specifically adopted public policy assignments.

State ownership 100%



Chair: Eva Färnstrand **CEO:** Helene Biström

Directors and auditors elected for 2017/2018

Chair: Eva Färnstrand **Board:** Magnus Jonasson, Agneta Kores, Johan Skoglund, Gunilla Spongh and Per Westerberg. Kristina Ekengren was elected at the 2017 AGM, Ulrika Nordström stepped down
Employee reps: Håkan Englund, Jörgen Lundström **Alternate employee reps:** Lars-Erik Mott, Henrik Eneroth. **Auditor:** Peter Ekberg (Deloitte)
 Fees paid to the chairman were SEK 380 (380) thousand. Fees paid to directors elected by the AGM were 190 (190) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	3,911	3,947
Operating profit	217	153
Profit before tax	218	152
Net profit	167	117
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	1,940	1,951
Non-current assets	727	747
Equity	776	610
- of which, minority interests	0	0
Net debt	76	94
Operating capital	852	704
Key indicators		
Operating margin, %	5.6	3.9
Return on equity (average), %	24.1	21.6
Return on operating capital (average), %	27.9	23.0
Net debt/equity ratio, multiple	0.1	0.2
Equity/assets ratio, %	40.0	31.3
Gross investments, SEKm	39	44
Appropriation, SEKm	0	0
Dividend, SEKm	84	0
Average no. of employees	1,759	1,906
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

Gender distribution



1) Elected for 2017/2018



Jernhusen owns, develops and manages stations, railyards, maintenance depots and freight and container terminals along the Swedish railways.

Jernhusen serves an important purpose by managing and developing a number of properties whose function is critical to rail traffic, on a competition-neutral and commercial basis.

Significant events in 2016

- Property income was increased due to rental income from completed investments and higher revenues from infrastructure management.
- The change in value of the property holdings amounted to 7.3 per cent of total market value. The unrealised change is attributable mainly to lowered direct yield requirements and progress in development projects.
- Late in the year, the board of directors adopted new strategic sustainability targets, which will be directional as of 2017.

Targets and follow-up

Financial targets and tracking

- Profitability: Return on equity of 12 per cent. Return on equity was 19.2 per cent and the interest coverage ratio was a multiple of 7.0. The high return level is due partially to unrealised changes in value in the property holdings. Average return for the last five years is 13.6 per cent.

- Capital structure: Equity/assets ratio of 35–45 per cent. Interest coverage ratio, minimum multiple of 2.0. The equity/assets ratio was 42.5 per cent.
- Dividend: All capital not required in operations while safeguarding financial and strategic targets. Normally one third of profit after net financial income and expense. The proposed dividend amounts to SEK 178 million, about one third of the profit upon which dividends are calculated.

Sustainability targets and tracking

- Sustainable transport Growth in the number of visitors of 6 per cent annually over a business cycle. The number of visitors to Jernhusen's stations increased by 1.4 per cent.
- Sustainable properties: The environmental classification of Jernhusen's existing property holdings at Bronze level or above. Twenty-five of the existing buildings met the criteria equivalent to the Sweden Green Building Council Bronze level. Inventories and action are taken continuously.
- Sustainable finances: Return on equity of 12 per cent. See Profitability.

Public policy assignment and targets

No specifically adopted public policy assignments.

State ownership 100%



Chair: Kjell Hasslert

CEO: Kerstin Gillsbro

Directors and auditors elected for 2017/2018

Chair: Kjell Hasslert **Board:** Jakob Grinbaum, Anders Kupsu, Ingegerd Simonsson and Christel Wiman. Anette Asklin and Lotta Mellström were elected at the 2017 AGM, Kristina Ekengren and Kerstin Lindberg Göransson stepped down

Employee reps:

Charlotte Mattsson **Auditor:** Helena Ehrenborg (PwC)

Fees paid to the chairman were SEK 240 (225) thousand. Fees paid to directors elected by the AGM were 120 (120) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	898	789
Changes in value	993	1,027
Operating profit	1,641	1,599
Profit before tax	1,527	1,307
Net profit	1,259	984
- of which attributable to minority interest	42	90
Balance sheet, SEKm		
Total assets	16,358	14,974
Non-current assets	15,645	14,509
Equity	6,956	6,158
- of which, minority interests	212	153
Net debt	7,879	7,297
Operating capital	14,835	13,455
Key indicators		
Operating margin, %	182.6	202.7
Return on equity (average), %	19.2	17.2
Return on operating capital (average), %	11.6	12.8
Net debt/equity ratio, multiple	1.1	1.2
Equity/assets ratio, %	42.5	41.1
Gross investments, SEKm	622	1,432
Appropriation, SEKm	0	0
Dividend, SEKm	178	500
Average no. of employees	190	203
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

Gender distribution



1) Elected for 2017/2018



Lernia AB is a leading supplier in training, staffing and career realignment. The company provides services to develop and match people's skills with the needs of companies. The company operates in more than 100 locations throughout Sweden and has been certified as a staffing, training and career realignment company by the relevant industry associations. Lernia's services target individuals and customers in private enterprise and the public sectors. Its market share of the total staffing market was 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 professional consultants covered by collective agreements. In December 2012, the Riksdag authorised the Government to divest the state's shares in Lernia.

Significant events in 2016

- Income rose upon strong demand for Lernia's staffing services.
- Focus on efficiency improvements to address lower financial performance in the training segment.
- Several skills partner deals implemented during the year, in line with the company's strategy.

Targets and follow-up

Financial targets

- Profitability: Minimum return of 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.

Financial target outcomes

- Operating profit of SEK 35 (106) million resulted in return on equity of 7 (17) per cent.
- The company's equity/assets ratio was 33 (42) per cent, which is consistent with the target.
- The proposed dividend for 2016 is SEK 14 million (50), corresponding to 50 per cent of profit for the year.

Sustainability targets

- Self-support: More individuals become self-supporting. 75 per cent secure new jobs after participating in career realignment programmes. Percentage of participants in higher vocational education programmes employed after programme completion, above 90 per cent. Percentage of participants in support and matching programmes employed 120 days after programme completion, above 15 per cent.
- Business ethics: A sustainable, ethical approach to business that stands up to thorough scrutiny. There were zero corruption incidents. The share of employees familiar with Lernia's Code of Conduct was 85 per cent.
- Diversity: Greater diversity by assigning value to people's differences and varied skills. At least 40 per cent of employees of each gender. No unwarranted differences in women's pay as a percentage of men's pay.

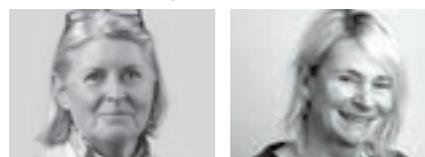
Sustainability target outcomes

- Self-support: The share of participants in career realignment programmes who secured new jobs after programme completion was 76 (79) per cent. The share of participants in higher vocational education programmes employed six months after programme completion was 89 (86) per cent. The share of participants in support and matching programmes employed 120 days after programme completion was 18 (14) per cent.
- Business ethics: 0 (0) corruption incidents. 81 (83) per cent of employees were familiar with Lernia's Code of Conduct.
- Total of 33 (36) per cent women, women's pay as a percentage of men's pay was 99 (96) per cent.

Public policy assignment and targets

No specifically adopted public policy assignments.

State ownership 100%



Chair:

Birgitta Ågren Böhlin

CEO:

Helena Skåntorp

Directors and auditors elected for 2017/2018

Chair: Birgitta Ågren Böhlin **Board:** Anna Kling-spor, Ola Salmén, Karin Strömberg and Joakim Mörnefält. Richard Reinius was elected at the 2017 AGM, Ulrika Nordström stepped down

Employee reps: Sonny Andersson-Rask, Olle Eriksson and Björn Tegström. **Alternate employee reps:** Per Svårdh, Fadime Falk.

Auditor: Ann-Christine Hägglund (PwC)

Fees paid to the chairman were SEK 260 (240) thousand. Fees paid to directors elected by the AGM were 120 (120) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	3,114	2,999
Operating profit	35	106
Profit before tax	35	106
Net profit	28	82
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	1,068	1,039
Non-current assets	151	197
Equity	354	438
- of which, minority interests	0	0
Net debt	99	-136
Operating capital	453	302
Key indicators		
Operating margin, %	1.1	3.5
Return on equity (average), %	7.0	16.7
Return on operating capital (average), %	9.3	41.6
Net debt/equity ratio, multiple	0.3	-0.3
Equity/assets ratio, %	33.1	42.2
Gross investments, SEKm	57	43
Appropriation, SEKm	0	0
Dividend, SEKm	14	50
Average no. of employees	5,051	4,680

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

Gender distribution



1) Elected for 2017/2018



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 the core business. LKAB should be perceived by its customers as the supplier that provides the most added value and thus a leader in its chosen market segments. For LKAB, superior and consistent product quality and cost efficiency are critical factors in withstanding competition.

Significant events in 2016

- Demand for high-grade iron ore products remained stable and the price of iron ore went up during the year.
- LKAB implemented a new group structure in 2016 with three decentralised production divisions and a largely new management organisation.
- Production and delivery volumes increased, with record-high deliveries of pellets.
- Operating profit was reduced by the impairment of the open pit mine in Mertainen and increased costs for provisions for urban transformation.
- An agreement was reached between the Transport Administration and LKAB concerning a new section of the E10 road past Kiruna. This and the agreement with the municipality of Gällivare regarding premises for municipal operations have entailed higher costs for provisions for urban transformation.
- Costs, excluding provisions for urban transformation, impairment of property, plant and equipment and volume effects, were about SEK 700 million lower year-on-year. This was an effect of cost-efficiency measures aimed at reducing the cost base by SEK 800 million by the end of the first quarter of 2017.

Targets and follow-up

Financial targets and tracking

- Profitability: Return on equity above 12 per cent. Return on equity was negative and the target was not met.
- Capital structure: Debt/equity ratio of 0–20 per cent. The debt/equity ratio was 20.7 per cent and the target was not met.
- Dividend: 30–50 per cent of profit for the year. The target was not met and the proposed dividend is SEK 0.

Sustainability targets and tracking

- LKAB should reduce discharges of nitrogen to water by at least 20 per cent by 2021 compared with 2015. The target for 2016 was met.
- LKAB should reduce emissions of particulates to air from scrubbing equipment by at least 40 per cent by 2021 compared with 2015. The target for 2016 was not met.
- LKAB should reduce carbon 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 2016 was met.
- LKAB should reduce energy intensity (kWh per tonne of finished product) by at least 17 per cent by 2021 compared with 2015. The target for 2016 was met.
- Women are to make up at least 25 per cent of employees and management at LKAB by 2021. The target for 2016 was 21 per cent. The proportion of women employees at the company was 21 per cent and the proportion of women in management was 20 per cent at year-end 2016. The proportion of women employees continued to rise during 2016 and the outlook for achieving the long-term objective has been assessed as good.
- The rate of accidents resulting in absence should be no more than 3.5 per million hours worked by 2021. The target for 2016 was not met.
- LKAB complies with its Code of Conduct and has a well-functioning dialogue with stakeholders. The target for 2016 was met.

Public policy assignment and targets

No specifically adopted public policy assignments.

State ownership 100%



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

Directors and auditors elected for 2017/2018

Chair: Göran Persson was elected at the 2017 AGM, Sten Jakobsson stepped down **Board:** Leif Darner, Eva Hamilton, Hanna Lagercrantz, Bjarne Moltke Hansen and Ola Salmén. Gunnar Axheim and Gunilla Saltin were elected at the 2017 AGM, Maija-Liisa Friman and Lars-Åke Helgesson stepped down **Employee reps:** Dan Hallberg, Tomas Strömberg, Conny Väitalo **Alternate employee reps:** Pentti Rahkonen, Tommy Wettainen, Björn Åström **Auditor:** Peter Ekberg (Deloitte)

Fees paid to the chairman were SEK 615 (570) thousand. Fees paid to directors elected by the AGM amounted to SEK 270 (250) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	16,343	16,200
Operating profit	-1,677	-7,156
Profit before tax	-1,063	-7,271
Net profit	-978	-5,686
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	57,626	56,028
Non-current assets	35,461	35,558
Equity	30,551	32,116
- of which, minority interests	0	0
Net debt	6,330	3,203
Operating capital	36,881	35,319
Key indicators		
Operating margin, %	-10.3	-44.2
Return on equity (average), %	-3.1	-16.3
Return on operating capital (average), %	-4.6	-19.6
Net debt/equity ratio, multiple	0.2	0.1
Equity/assets ratio, %	53.0	57.3
Gross investments, SEKm	3,341	6,354
Appropriation, SEKm	0	0
Dividend, SEKm	0	0
Average no. of employees	4,224	4,463
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

Gender distribution



1) Elected for 2017/2018



Metria AB was formed 1 May 2011 through the incorporation of a division of Lantmäteriet (the National Land Survey). Metria's direction and business model is to supply products and services related to the collection, processing and application of geographical and property data.

Metria supplies everything from major infrastructure projects to developing and operating technical systems for geographical IT. In addition to municipalities and other public bodies, customers operate in the fields of banking and insurance, telecommunications, energy, infrastructure, forestry and defence. Metria has about 250 employees and is represented in some 20 locations throughout Sweden. The head office is in Gävle.

Metria's objective is to generate return in line with the market and maintain an operating margin comparable to the rest of the sector.

Significant events in 2016

- Metria carried out a strategic process during the autumn aimed at defining the company's vision and objectives.
- Decision on a new organisational structure. New key recruitments to continue the transition towards a more business-driven and efficient company.
- Decreased net sales and lower operating margin. The organisational changes in the company have impacted profit.
- Erik Oldmark took over as the new CEO on 1 September.

The reduction in sales for the year is attributable mainly to lower income from the Property Information service. This was a consequence of the introduction of a new pricing model to enhance the efficiency and competitiveness of the Property Search service. Operating profit was negatively affected by structural costs and higher costs for temporary personnel in connection with the organisational changes, as well as lower revenues.

Targets and follow-up

Financial targets and tracking

The following targets were adopted at the 2015 AGM:

- EBITDA margin of at least 10 per cent.
- Equity/assets ratio of at least 30 per cent.
- Dividend of at least 30 per cent of profit for the year.

All financial targets, except the EBITDA margin target were met. The equity/assets ratio was 45.8 per cent and the EBITDA margin was 7.3 per cent. The proposed dividend amounted to SEK 2.4 million.

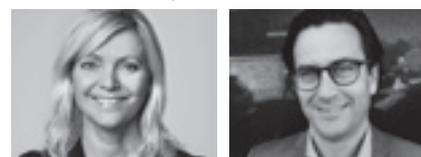
Sustainability targets and tracking

- Attractive employer: The target is a positive trend. The Employer Net Promoter Score was -1 (-17).
- Increased revenues from products with positive environmental impact: The outcome for the year was SEK 79 million. The target was SEK 105 million.
- Reduced environmental impact from travel: Vehicle fuel consumption for the year was reduced to 0.079 litres/km. The target was 0.076 litres/km.

Public policy assignment and targets

No specifically adopted public policy assignments.

State ownership 100%



Chair: Eva Gidlöf

CEO: Erik Oldmark

Directors and auditors elected for 2017/2018

Chair: Eva Gidlöf **Board:** Katarina Axelsson Lindgren, Katarina Burton, Pia Gideon, Anders Hugosson, Michael Thorén. Karl Wistrand was elected at the 2017 AGM **Employee reps:** Per-Åke Jureskog, Torbjörn Rost **Alternate employee reps:** Henrik Bylund, Lars-Erik Johansson **Auditor:** Jennifer Rock-Baley (EY)

Fees paid to the chairman were SEK 188 (182) thousand. Fees paid to directors elected by the AGM amounted to SEK 95 (91) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	417	431
Operating profit	15	24
Profit before tax	15	24
Net profit	8	16
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	237	224
Non-current assets	60	59
Equity	109	109
- of which, minority interests	0	0
Net debt	0	0
Operating capital	109	109
Key indicators		
Operating margin, %	3.5	5.5
Return on equity (average), %	7.5	15.7
Return on operating capital (average), %	13.5	23.5
Net debt/equity ratio, multiple	0.0	0.0
Equity/assets ratio, %	45.8	48.6
Gross investments, SEKm	16	6
Appropriation, SEKm	0	0
Dividend, SEKm	2	8
Average no. of employees	248	250
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	No	

Gender distribution



1) Elected for 2017/2018



Miljömärkning Sverige AB has been tasked by the Government with administering the voluntary Nordic Swan ecolabel and the EU Ecolabel systems (the Flower). The purpose of both labels is to make it easier for consumers to choose eco-adapted products and services and to stimulate product development that takes environmental and climate factors into account.

The company is encouraging more sustainable consumption through its work to set environmental criteria for a large number of goods and services and to inspect and license products that meet the criteria and thus promote the use of more eco-adapted products. The Nordic Swan has maintained its position as one of the strongest brands in Sweden: 96 per cent of the public are aware of the label. Awareness of the EU Ecolabel has also increased. Studies show that consumers think ecolabels are the best tool for making sustainable choices.

Significant events in 2016

- A proposal for Swan-labelled investment funds has been drafted and circulated for consultation and is expected to be adopted in June 2017.
- Keen interest in Swan-labelled housing.
- A comprehensive development and strategic project is ongoing in Sweden and the other Nordic countries to ensure the continued relevance of the Swan.

Targets and follow-up

Financial targets

Operations are not intended to generate a profit for the owners.

Sustainability targets (2014–2016):

- The business: Miljömärkningens licence revenues, which reflect sales of ecolabelled products, should increase by 10 per cent. The company should have equity equal to 33 per cent of total sales by 2016.
- The planet: 1,000 licences (companies) meet and are verified in relation to the EU Ecolabel or the Nordic Swan's revised and more stringent requirements.

- Human beings: Social requirements (beyond legislation) added to the company's ecolabelling criteria for at least 10 additional product groups (sectors).

Sustainability target outcomes

- Licence revenues increased by a total of 17 per cent from 2014 to 2016.
- 768 licences met the revised and more stringent requirements during the period.
- 10 new product groups with revised and more stringent social requirements.

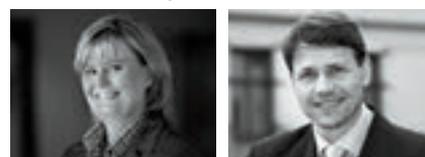
New sustainability targets for 2017–2019

- The business: Annual sales of ecolabelled products on the Swedish market should reach SEK 25 billion and sales of ecolabelled services should generate annual licence revenue of SEK 25 million.
- The planet: Half of the company's product groups should be successful, economically well-established and environmentally effective.
- Human beings: Satisfaction and confidence among the company's stakeholders (consumers, customers, employees) should increase by 10 points.

Public policy assignments, targets and tracking

The company has a public policy assignment to foster sustainable consumption by managing the Nordic Swan and EU ecolabels on behalf of Sweden. Through a state budget appropriation, which for 2016 corresponded to about 8 per cent of revenues, funds may be used to subsidise development of eco-labelling criteria for consumer products and, as necessary, to spread information about the labels. Operations are tracked through owner dialogues and review of the company's official reports. The company considered to have satisfactorily carried out its public policy assignment in 2016. The target has not yet been developed according to the public policy targets process.

State ownership 100%



Chair:

Christina Lindbäck

CEO:

Ragnar Unge

Directors and auditors elected for 2017/2018

Chair: Christina Lindbäck **Board:** Jan Peter Bergkvist, Anita Falkenek and Gunilla Jarlbro. Thomas Andersson and Anders Bagge were elected at the 2017 AGM, Marita Axelsson and Jan Johansson stepped down **Employee reps:** Ulla Sahlberg, Maria Sundesten Zacharias **Alternate employee rep:** Ann Strömberg **Auditor:** Thomas Lönnström (EY)

Fees paid to the chairman were SEK 130 (126) thousand. Fees paid to directors elected by the AGM amounted to SEK 40 (30) thousand.

	2016	2015
Income statement, SEKm		
Net sales	57	59
Operating profit	-1	-3
Profit before tax	-1	1
Net profit	-1	1
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	28	30
Non-current assets	23	18
Equity	22	23
- of which, minority interests	0	0
Net debt	-11	-5
Operating capital	12	17
Key indicators		
Operating margin, %	-2.1	-4.3
Return on equity (average), %	-2.2	5.0
Return on operating capital (average), %	-8.3	-15.9
Net debt/equity ratio, multiple	-0.5	-0.2
Equity/assets ratio, %	78.1	74.8
Gross investments, SEKm	1	0
Appropriation, SEKm	4	3
Dividend, SEKm	0	0
Average no. of employees	52	52
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	No	

Gender distribution



1) Elected for 2017/2018



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

Significant events in 2016

- In December 2016, the Government decided to give Operan the green light to plan the renovation and conversion of the Stockholm Opera House.
- Operan has decided, jointly with Dramaten (the Royal Swedish Opera), to search for a new production centre for workshops, studios, storage, etc.
- The share of visitors to programmes for children and youth has reached the largest audience ever.

Targets and follow-up

Financial targets and tracking

- Equity should provide a stable financial foundation for operations. The loss for 2016 amounted to SEK -0.3 million, resulting in a decrease in equity to SEK 26.4 million. The level of equity is considered acceptable.

Sustainability targets and tracking

- Increase access to Operan's activities and reach a wider audience: In terms of audience, Operan is demonstrating continued successful operations with higher audience numbers overall than in the preceding year. Active efforts are ongoing to widen audiences and reach new audience groups. Extensive children's programmes and cooperation with the schools are key elements in this. Operan is continuing its active efforts to reach new audiences via digital platforms.
- 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. Operan's ESI for the 2016 survey was 54 (ESI of 50.2 in the preceding survey).

- Participate in discussions and deeper exploration of current social issues that can be related to Operan's repertoire. Activities with connections to the performances, such as audience talks and newspaper opinion pieces, were carried out during the year. Number of activities per section: Opera 4 (1), Ballet 1 (0) and Young People at the Opera 1 (1).
- Achieve diversity and gender balance in the productions (artistic teams) and employees: The gender balance in the artistic teams was 70 per cent men and 30 per cent women. The target is 40/60.

Public policy assignments and tracking

- Operan's mission is to be the leading institution for opera and ballet in Sweden and, as a national stage, shall maintain the highest standards in terms of development, renewal, artistic quality and craftsmanship in its studios and workshops. Operan's activities maintain a high level of artistry with a varied and wide-ranging repertoire of opera and ballet, including both new and classical works. Operan's performers received prizes and awards during the year.
- Operan shall work in an international opera and dance context, initiating partnerships and fostering intercultural exchange. Operan shall maintain standards of craftsmanship in its studios and workshops that contribute to the preservation and development of an important part of Swedish cultural heritage.
- Operan's opera and ballet repertoire must be characterised by both breadth and innovation: International partnerships through, for example, guest appearances and tours are leading to renewal, inspiration and development and contributing to a good international reputation.

State ownership 100%



Chair:

Kristina Rennerstedt

CEO:

Birgitta Svendén

Directors and auditors elected for 2017/2018

Chair: Kristina Rennerstedt **Board:** Olov Carlsson, Anna-Karin Celsing, Mira Helenius Martinsson and Örjan Wikfors. Eva Halvarsson and Morten Hessel Dahl were elected at the 2017 AGM, Baker Karim and Lotta Lekvall stepped down **Employee reps:** Sara Fällström, Gunilla Markström, Daniel Norgren-Jensen **Alternate employee reps:** Monika Mannerström Skog, Martin Säfström **Auditor:** Kerstin Sundberg (Deloitte)

Fees paid to the chairman were SEK 70 (60) thousand. Fees paid to directors elected by the AGM amounted to SEK 35 (30) thousand.

	2016	2015
Income statement, SEKm		
Net sales	557	538
Operating profit	1	-6
Profit before tax	0	-7
Net profit	0	-7
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	253	294
Non-current assets	165	167
Equity	26	27
- of which, minority interests	0	0
Net debt	-2	-28
Operating capital	24	-1
Key indicators		
Operating margin, %	0.2	-1.1
Return on equity (average), %	-1.1	-22.0
Return on operating capital (average), %	11.2	136.2
Net debt/equity ratio, multiple	-0.1	-1.0
Equity/assets ratio, %	10.3	9.2
Gross investments, SEKm	10	42
Appropriation, SEKm	453	439
Dividend, SEKm	0	0
Average no. of employees	518	525
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	No	

Gender distribution



1) Elected for 2017/2018



Orio AB's business is to develop, manufacture, acquire and sell vehicle parts and accessories and to develop and sell logistics and technical services.

Orio AB, formerly Saab Automobile Parts AB, supplies spare parts for motor vehicles and has been wholly owned by the Swedish state since December 2012. The company was established in 2009 when Saab Automobile AB applied for a loan from the European Investment Bank (EIB), with the Swedish state as guarantor. The subsidiary Saab Automobile Parts AB was pledged as collateral and the Swedish state assumed control from the liquidator one year after the company applied for bankruptcy.

Orio's principal business is to supply Saab Genuine Parts for about 1.5 million Saab cars in use in more than 60 markets. The US, Sweden and the UK are markets with large Saab fleets and account for the majority of the company's sales of parts and other related products.

The company's strategy is to develop its existing operations by broadening the customer base and including e-commerce and independent workshops, widening the product range with parts of quality equivalent to genuine parts alongside continued supply of Saab Genuine Parts and through providing technical and logistics services.

Significant events in 2016

- It was another challenging year, with a 13 per cent decline in sales compared with 2015.
- Impairments of goodwill, trade receivables and inventories amounted to SEK 36 million.
- Maintained focus on third-party logistics and Orio Parts.

Targets and follow-up

Financial targets

No financial targets have been established by the owner.

Sustainability targets and tracking

- Total carbon emissions from transports procured directly by the company to decrease by 20 per cent by 2020 compared with the 2013 level. Total emissions in 2016 decreased by 53 per cent compared with 2013.
- Average growth of 6 per cent annually until 2020. The company did not attain its growth target in 2015. The outcome was -13 per cent.
- By 2020, 80 per cent of the company's total sales should be derived from new business initiatives. New business initiatives generated approximately 18 per cent of the company's sales in 2016.

Public policy assignment and targets

No specifically adopted public policy assignments.

State ownership 100%



Chair: Charlotte Hansson

CEO: Jonas Tegström

Directors and auditors elected for 2017/2018

Chair: Charlotte Hansson, former director, was elected at the 2017 AGM, Håkan Erixson stepped down **Board:** Catrina Ingelstam and Monica Lingegård. Erik Tranaeus was elected at the extraordinary general meeting in November 2016, Michael Thorén stepped down. Gunnar Drotz and Anders Osberg were elected at the 2017 AGM, Hans Krondahl stepped down **Employee reps:** Jan Jakobsen, Ingemar Sandberg **Auditor:** Martin Johansson (PWC)

Fees paid to the chairman were SEK 210 (200) thousand. Fees paid to directors elected by the AGM amounted to SEK 100 (100) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	814	935
Operating profit	-1	-88
Profit before tax	4	-94
Net profit	-6	-82
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	757	802
Non-current assets	148	184
Equity	597	625
- of which, minority interests	0	0
Net debt	-268	-218
Operating capital	329	407
Key indicators		
Operating margin, %	-0.1	-9.4
Return on equity (average), %	-1.0	-12.1
Return on operating capital (average), %	-0.3	-18.9
Net debt/equity ratio, multiple	-0.4	-0.3
Equity/assets ratio, %	78.9	77.9
Gross investments, SEKm	8	9
Appropriation, SEKm	0	0
Dividend, SEKm	125	15
Average no. of employees	265	321
Reported in compliance with GRI	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

Gender distribution



1) Elected for 2017/2018

PostNord AB offers communications and logistics solutions within the Nordic region. The company has net sales of almost SEK 40 billion and about 35,000 employees. 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. During 2016, PostNord handled about 5 billion pieces of mail while maintaining a world-leading position in delivery quality. 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 6,100 distribution points across the Nordic region.

Significant events in 2016

- Increased parcel volumes are partially offsetting the continued sharp decline in letter volumes.
- Comprehensive realignment work to secure long-term profitability burdened profit for the year.
- A new Postal Services Act was passed by the Danish Folketing in May.
- PostNord asked the Science Based Targets initiative to assess the group's environmental target during 2016. SBT concluded that PostNord's target is well within the framework of what research says is required for PostNord to take its share of responsibility for keeping global warming below 2 degrees centigrade.

Targets and follow-up

Financial targets and tracking

- Profitability: Return on operating capital of 10.5 per cent. The profitability target was not met during the year.
- Capital structure: Debt/equity ratio of 10–50 per cent. Consequently, the debt/equity ratio was below the target range.
- Dividend: 40–60 per cent of profit after tax for the year. PostNord did not distribute dividends in 2016.

Sustainability targets and tracking

- The group has a long-term target of reducing carbon emissions by 40 per cent by 2020 from the baseline year of 2009. The company believes the carbon emissions target will be attained by 2020.
- The group has a target of having 40 per cent women in managerial positions by 2020. The target for the percentage of women in managerial positions was not achieved during the year.
- By 2020, at least 80 per cent of annual purchasing volume should come from suppliers that have committed to following PostNord's Supplier Code. The target area is new from 2016 and will be tracked as of 2017. At year-end 2016, approximately 60 per cent of suppliers, calculated as a percentage of the group's total purchasing, had committed to compliance with the code.

Public policy assignment and targets

- No specifically adopted public policy assignments. The company's permit to conduct postal operations entails an assignment to provide postal service for all areas of society. The delivery quality requirement is that 85 per cent of first class letters should 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.

State ownership 60%



Chair: Jens Moberg **CEO:** Håkan Ericsson

Directors and auditors elected for 2017/2018

Chair: Jens Moberg **Board:** Mats Abrahamsson, Gunnel Duveblad, Christian Ellegaard and Anitra Steen. Måns Carlson, Jesper Lok and Peder Lundquist were elected at the 2017 AGM, Mette Grunnet, Torben Janholt and Magnus Skåninger stepped down **Employee reps:** Kristofer Björklund, Lars Chemnitz, Johan Lindholm **Alternate employee reps:** Peder Madsen, Ulf Sjödin, Sandra Svensk **Auditor:** Tomas Gerhardsson (KPMG)

Fees paid to the chairman were SEK 670 (650) thousand. Fees paid to directors elected by the AGM amounted to SEK 290 (275) thousand. Fees are not paid to directors employed by the Swedish Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	38,478	39,351
Operating profit	-1,083	564
Profit before tax	-1,108	451
Net profit	-1,583	278
- of which attributable to minority interest	2	2
Balance sheet, SEKm		
Total assets	22,435	24,723
Non-current assets	13,202	15,605
Equity	7,651	9,150
- of which, minority interests	3	3
Net debt	354	-171
Operating capital	8,978	10,362
Key indicators		
Operating margin, %	-2.8	1.4
Return on equity (average), %	-18.8	3.2
Return on operating capital (average), %	-12.1	5.4
Net debt/equity ratio, multiple	0.05	-0.02
Equity/assets ratio, %	34.1	37.0
Gross investments, SEKm	1,194	1,109
Appropriation, SEKm	21	24
Dividend, SEKm	0	0
Average no. of employees	33,278	35,256
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

Gender distribution



1) Elected for 2017/2018

RISE

Effective 1 April 2016, Innventia, SP and Swedish ICT were amalgamated with RISE Research Institutes of Sweden Holding AB to become a stronger research and innovation partner. In international cooperation with academia, business and the public sector, the company is fostering competitive enterprise and a sustainable society.

RISE's assignment is stated in the Government's research and innovation bills. In both the former bill, Research and innovation for 2013–2016, and in the latest research policy bill for 2017–2020, "Collaborating for knowledge - For society's challenges and strengthened competitiveness" (Govt Bill 2016/17:50) it is stated that the overall objective of the institutes in the RISE group is for them to be internationally competitive and foster sustainable growth in Sweden by strengthening competitiveness and renewal in Swedish enterprise. The latest bill proposes development of RISE's assignment. Among else, the Swedish institutional sector must become more cohesive. The bill also recommends continued reinforcement of RISE's role as a developer of test and demonstration environments as well as enhanced cooperation with academia, business and the public sector. RISE will also continue developing leading-edge expertise in areas strategically important to industrial transformation and to further develop support to small and medium-sized enterprises.

Significant events in 2016

- Acquisition of industrial owners' shares in Innventia, Swedish ICT and several subsidiaries of SP.
- RISE was organised in six divisions.
- A research policy bill announcing expanded base financing was presented. The bill reinforces RISE's role as a test and demo developer.

Targets and follow-up

Financial targets

RISE is profit-driven but does not distribute dividends. As RISE has become an operational group through the business combination, the plan is for financial targets to be drafted in 2017.

Sustainability targets and tracking

- The attraction target – By 2020, RISE should be ranked as the most attractive workplace in Sweden (No. 1) among the key target groups.
- The business target – By 2020, RISE should have 10 per cent of sales as a direct (and proven) consequence of the sustainability programme.
- The responsibility target – By 2020, 100 per cent of all client contracts should be sustainability assured and linked to one of the global Sustainable Development Goals.
- During 2016, the company has worked to develop a method to produce sustainability declarations for its client contracts. The method will be implemented in 2017.

Public policy assignments, targets and tracking

The owner instruction adopted at the 2016 AGM states the reporting requirements imposed on RISE AB as regards operations financed with strategic skills funding in 2016. A report was submitted to the Government Offices in March 2017 and is available on the company's website.

State ownership 100%



Chair: Jan Wäreby



CEO: Pia Sandvik

Directors and auditors elected for 2017/2018

Chair: Jan Wäreby was elected at an extraordinary general meet held in 2017, Pia Sandvik stepped down in July 2016. **Board:** Richard Reinius, Anna Hultin Stigenberg, Anna-Karin Stenberg, Marie Westrin, Fredrik Winberg and Sven Wird. Torbjörn Holmström was elected at the 2017 AGM, Hasse Johansson stepped down. **Employee reps:** Linda Ikatti, Åsa Rudström, Lazaros Tsantaridis. **Alternate employee reps:** Mats Lidbeck, Ewa Lie, Fredrik Lindberg. **Auditor:** Anders Malmby (KPMG), Olof Enerbäck (PWC)

Fees paid to the chairman were SEK 350 (120) thousand. Fees paid to directors elected by the AGM amounted to SEK 175 (60) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	2,470	2,107
Changes in value	29	0
Operating profit	57	40
Profit before tax	59	38
Net profit	52	30
- of which attributable to minority interest	8	6
Balance sheet, SEKm		
Total assets	2,570	2,119
Non-current assets	1,105	960
Equity	962	958
- of which, minority interests	46	87
Net debt	260	-281
Operating capital	1,222	677
Key indicators		
Operating margin, %	2.3	1.9
Return on equity (average), %	5.4	3.2
Return on operating capital (average), %	6.0	4.4
Net debt/equity ratio, multiple	0.3	-0.3
Equity/assets ratio, %	37.4	45.2
Gross investments, SEKm	128	111
Appropriation, SEKm ¹	622	616
Dividend, SEKm	0	0
Average no. of employees	2,014	1,745

Reported in compliance with GRI	Yes
Externally assured GRI report	Yes
Reporting in compliance with IFRS	Yes

Gender distribution



1) Including appropriation funds that RISE allocates to the associate Swerea. 2) Elected for 2017/2018.

As a component of Swedish labour market policy, Samhall AB's remit is to produce goods and services, thereby creating meaningful and enriching jobs for people with disabilities that entail diminished capacity to work.

Today, Samhall holds a leading position in Sweden when it comes to work-based development for people with disabilities. Samhall has some 22,000 employees in about 200 locations in Sweden. The owner regards Samhall as an effective labour market mechanism that creates jobs in accordance with its assignment by matching the right individual with the right job to carry out customer commissions, which are subject to competition. The Government has therefore continued to increase the number of developmental employees at the company. Samhall has offerings in areas including workplace and property service, warehousing and logistics, cleaning and laundry, manufacturing and services for the elderly. The company will maintain its focus on delivering high business growth so that additional jobs can be offered to people with disabilities while demonstrating long-term sustainable economic growth.

Significant events in 2016

- Earnings declined due to rising wage costs accompanied by unchanged compensation from the state for additional costs.
- All public policy targets stated in the owner instruction were met for 2016.
- Focus on growth to create new jobs.
- Further expansion of the number of developmental jobs.

Targets and follow-up

Financial targets and tracking

- The profitability target for Samhall is expressed as return on equity of 7 per cent. The return was -12 (-4) per cent, primarily due to annual wage cost increases that have not been offset by any adjustment of compensation from the state for additional costs.
- According to the capital structure target, the equity/assets ratio should be at least 30 per cent. Consequent upon the negative result, the equity/assets ratio declined from 47 per cent to 42.
- The company does not have a dividend target. Any profit generated is carried forward to promote the company's continued operations.

- An overview of the company's financial targets is planned.

Sustainability targets and tracking

- Establish new recruitment partnerships with companies. The target for 2016 was to establish at least five long-term partnerships with companies interested in recruiting from Samhall. The outcome was eight new partnerships.
- Employees in work (EIW): The target was a reduction from factor 3.5 to factor 3.2 during 2016. The outcome was 3.4 and the target was not met.
- Committed employees: The sub-index for employee commitment should rise from 78 per cent. The outcome was 77 per cent for 2016.
- Increased degree of self-financing: The target for 2016 was an increase in the degree of self-financing to 32 per cent. However, the increase in gross profit for the year was not sufficient to compensate for higher wage costs. The outcome was unchanged at 31 per cent.
- Lower CO₂ emissions: The target was to reduce the use of fossil fuels in relation to sales (SEKk). Usage was reduced from 0.57 litres to 0.55 in 2016 and the target was met.

Public policy assignments, targets and tracking

Has a specifically adopted public policy assignment. The public policy targets stated in the owner instruction for 2016 included:

- The number of jobs for people with disabilities should equal at least 29.4 million paid hours.
- Minimum 40 per cent share of recruiting from prioritised groups.
- At least 1,100 individuals should transition to other employers from jobs within the core assignment and developmental jobs.
- In addition, by special assignment, Samhall should have at least 2,000 developmental employees in the occupational phase of the job and development guarantee, with priority on young adults below the age of 30.
- All public policy targets stated in the owner instruction were met for 2016.

State ownership 100%



Chair: Erik Strand

CEO: Monica Lingegård

Directors and auditors elected for 2017/2018

Chair: Erik Strand **Board:** Bertil Carlsén, Angelica Frithiof, Helen Fasth Gillstedt, Leif Ljungqvist and Maria Nilsson. Dario Aganovic was elected at an extraordinary general meeting in July 2016. Hillevi Engström was elected at the 2017 AGM, Kenneth Johansson stepped down **Employee reps:** Ann-Christin Andersson, Hans Abrahamsson, Pia Litbo **Alternate employee reps:** Hans Janeman, Anders Lehult **Auditor:** Peter Ekberg (Deloitte)

Fees paid to the chairman were SEK 310 (310) thousand. Fees paid to directors elected by the AGM amounted to SEK 145 (138) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	6,911	6,857
Operating profit	-209	-80
Profit before tax	-162	-83
Net profit	-175	-63
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	3,403	3,394
Non-current assets	122	135
Equity	1,418	1,593
- of which, minority interests	0	0
Net debt	-2,632	-2,664
Operating capital	-1,214	-1,071
Key indicators		
Operating margin, %	-3.0	-1.2
Return on equity (average), %	-11.6	-3.9
Return on operating capital (average), %	n/a	n/a
Net debt/equity ratio, multiple	-1.9	-1.7
Equity/assets ratio, %	41.7	46.9
Gross investments, SEKm	31	25
Appropriation, SEKm	4,405	4,405
Dividend, SEKm	0	0
Average no. of employees	18,628	17,932

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

Gender distribution



1) Elected for 2017/2018

SAM INVEST

Saminvest AB is a new company, which will finance innovative enterprises with high growth potential through indirect investments (in investment funds). The funds will be privately managed, primarily by new teams on the venture capital market and Saminvest will invest in the funds along with private capital. Moreover, Saminvest will be in charge of responsible management and exit from previously made investments in the subsidiaries Inlandsinnovation and Fouriertransform. Saminvest's investments should complement the market, meaning that there was not sufficient private capital available when Saminvest's investments are made.

The aim of Saminvest is to develop and revitalise Swedish business and create more growing companies throughout Sweden. As Saminvest's investments encourage private capital to invest in new segments and mainly new teams, Saminvest will contribute to developing the venture capital market and the ecosystem for financing of innovative companies with high growth potential. In connection with investments in "seed funds", Saminvest is permitted to waive the requirement for private co-financing. Saminvest's investments in funds are financed by capital from the state-owned enterprises Inlandsinnovation and Fouriertransform transferred to Saminvest on 1 January 2017, in their capacity 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 principal assignment, which was decided at an extraordinary general meeting held 13 January 2017. Total assets within Saminvest, comprising a liquidity portfolio and direct investments, were valued at SEK 5.3 billion at 1 January 2017.

Significant events in 2016

- Saminvest was incorporated on 1 July, when a board composed of five directors was appointed.
- Saminvest prepared the addition of Inlandsinnovation and Fouriertransform, including through legal and financial due diligence.
- Peder Hasslev was recruited as CEO and took up the position on 1 February 2017.

Targets and follow-up

Saminvest is in the start-up phase. Although the mandate is clear, operations must begin before public policy assignments are defined and public policy targets and financial targets are set. Targets and follow-up were in effect for subsidiary operations in 2016.

Fouriertransform¹

Sustainability targets and tracking

- The sustainability programme should be fully integrated in Fouriertransform's investment process. All portfolio companies were inventories during 2016 as regards risks and opportunities in the value chain.
- The sustainability targets of portfolio companies must be continuously tracked. A tool was developed in 2016 to make it easier for portfolio companies to identify their sustainability targets.
- Fouriertransform should promote the sharing of knowledge and experience among portfolio companies. An "Executive Day" was arranged in 2016 to provide training in matters including materiality analysis.
- Opportunities to combine commercial and social benefit should be identified for all portfolio companies. The opportunities of all portfolio companies to contribute to attainment of UN Sustainable Development Goals were studied during the year.

Inlandsinnovation¹

Sustainability targets and tracking

1. Analyse all new investments from a sustainability perspective.
2. Include sustainability issues as an item on the agenda at one portfolio day per year.
3. Achieve higher growth in the portfolio companies compared to small and medium-sized enterprises in the area. Maintain capital income over time, which is assessed according to the target:
4. Keep nominal capital intact over time.

Target 1. No new assessment decisions were taken in 2016. Target 2. The target was met in 2016. Target 3. Growth is measured over a period of three years. The target was not met in 2016 for the few portfolio companies in which Inlandsinnovation invested in during 2012. Target 4. The target was met in 2016.

1) No financial targets have been set by the owner.

State ownership 100%



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

Directors and auditors elected for 2017/2018

Chair: Niklas Johansson **Board:** Patric Eriksson, Björn Fröling, Eva Färnstrand, Katarina Green, Sigrun Hjelmsquist, Alexandra Nilsson and Anders Wiger. **Auditor:** Kent Åkerlund (Deloitte)

Fees paid to the chair were SEK 400 thousand. Fees paid to directors elected by the AGM amounted to SEK 200 thousand. Fees are not paid to directors employed by the Government Offices.

	2016	31 March 2017
Income statement, SEKm		
Net sales	0	
Change in value		
Operating profit	-4	
Profit before tax	-4	
Net profit	-4	
- of which attributable to minority interest		
Balance sheet, SEKm		
Total assets	3	5,324
Non-current assets		2,069
Equity	1	5,268
- of which, minority interests		
Net debt		
Operating capital	1	

Gender distribution



1) Elected for 2017/2018



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. In order to operate under the same conditions as other airlines in the international market, the ownership structure was changed in 2001. Shares in the national companies were exchanged for shares in a new, integrated parent company, SAS AB. After the sale of shares corresponding to 4.2 percentage points in autumn 2016, the Swedish state owns 17.2 per cent of ordinary shares in SAS.

During the 2015/2016 financial year, SAS flew a total of 29 million passengers to 118 destinations. SAS is part of the Star Alliance. SAS is listed in Stockholm, Copenhagen and Oslo.

SAS's strategic priorities are to:

- 1) Be the first choice of frequent flyers.
- 2) Create an efficient operational platform.
- 3) Secure the right skills.

Significant events in 2015/2016

- Investment in new long-haul routes to the US.
- Another step was taken to implement the strategy to streamline operations through the sale of Cimber and eight CRJ900 aircraft to CitiJet.
- Positive earnings of SEK 939 million in spite of unfavourable currency trends and rising jet fuel costs.
- Further cost savings and operational efficiency measures launched in response to increasingly fierce competition and deterioration in market conditions.
- The Swedish and Norwegian governments sold a total of 7 per cent of their holdings in SAS through a stock exchange auction process.

Targets and follow-up

Financial targets

Capital structure: The target for financial preparedness is for cash and cash equivalents and unutilised credit facilities must exceed 20 per cent of fixed costs.

Financial target outcomes

Financial preparedness improved to 41 (40) per cent on the strength of positive cash flow. The equity/assets ratio fell to 19 (21) per cent due to a lower discount rate that had negative impact on pension plans.

Sustainability targets

- Reduce carbon emissions per passenger km by 20 per cent by 2020 compared with 2010.
- Reduce noise at take-off by 15 per cent by 2020 compared with 2010.
- Regular use of renewable jet fuel by 2020.

Sustainability target outcomes

- Carbon emissions per passenger km fell by 1.7 per cent during the financial year. Total carbon emissions per passenger km has decreased by 9.6 per cent since 2010.
- Noise at take-off was reduced during the financial year by 14.2 per cent compared with 2010.
- A total of 90 tonnes of renewable jet fuel was used during the financial year.

Public policy assignment and targets

No specifically adopted public policy assignments.

State ownership 17.2%



Chair: Fritz H. Schur **CEO:** Rickard Gustafson

Directors and auditors elected for 2017/2018

Chair: Fritz H. Schur **Board:** Monica Caneman, Carsten Dilling, Lars-Johan Jarnheimer, Dag Mejdell, Sanna Suvanto-Harsaae, Berit Svendsen and Jacob Wallenberg. **Employee reps:** Jens Lippestad, Cecilia van der Meulen, Janne Wegeberg

Auditor: Bo Hjalmarsson, PwC

Fees paid to the chairman were SEK 410 (410) thousand, and to the first and second vice chairmen 242 (242) thousand. Fees paid to directors elected by the AGM amount to SEK 207 (207) thousand.

	2016	2015
Income statement, SEKm		
Net sales	39,459	39,650
Operating profit	1,892	2,225
Profit before tax	1,431	1,417
Net profit	1,321	956
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	31,754	30,266
Non-current assets	19,319	18,512
Equity	6,026	6,339
- of which, minority interests	0	0
Net debt	-1,166	-726
Operating capital	4,860	5,613
Key indicators		
Operating margin, %	4.8	5.6
Return on equity (average), %	21.4	17.0
Return on operating capital (average), %	36.1	38.3
Net debt/equity ratio, multiple	-0.19	-0.11
Equity/assets ratio, %	19.0	20.9
Financial preparedness, %	41	40
Gross investments, SEKm	5,960	4,306
Appropriation, SEKm	0	0
Dividend, SEKm	0	0
Average no. of employees	10,710	11,288
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

Gender distribution



1) Elected for 2017/2018

SBAB!

SBAB Bank AB (publ) offers savings and loans to consumers, tenant-owner associations and property companies in Sweden. SBAB is one of the largest niche banks in Sweden. The bank's strategy, adopted in autumn 2014, is to focus on its core product, mortgage loans, augmented with a savings account. The strategy has been successful thus far and the bank has gained market shares in the consumer segment.

Significant events in 2016

- SBAB was the first Swedish bank to issue a green bond.
- For the third consecutive year, SBAB has the most satisfied mortgage loan customers in Sweden according to the Swedish Quality Index.
- During the fourth quarter, Moody's raised the credit rating outlook from neutral to positive.

Targets and follow-up

Financial targets

- Profitability: Return on equity of at least 10 per cent.
- Capital structure: The total capital ratio under normal circumstances must be at least 1.5 percentage points above the requirement communicated by Finansinspektionen. The common equity Tier 1 capital ratio (CET1) under normal circumstances must be at least 1.5 percentage points above the requirement communicated by Finansinspektionen.
- Dividend: Minimum of 40 per cent of profit after tax for the year.

Financial target outcomes

- Profitability: Return on equity was 12.3 per cent, an increase compared with 2015.
- Capital structure: The total capital ratio was 51.6 per cent, which was above target and higher than in 2015. CET1 ratio was 32.2 per cent, which was above target and higher than in 2015.
- Dividend: The board has proposed a dividend of 40 per cent of profit, corresponding to SEK 628 million.

Sustainability targets

- Sound finances: Aligned with the financial targets set by the annual general meeting.
- Social responsibility and transparency:
 - Sub-target 1 Responsible lender:* At least 85 per cent of customers who believe SBAB provides simple and transparent information about terms and conditions and the most satisfied residential mortgage customers according to the Swedish Quality Index (SKI).
 - Sub-target 2 Responsible lender:* Women/men in senior positions should be in the range of 45–55 per cent and 40 per cent of employees should be willing to recommend SBAB as an employer (Net Promoter Score, NPS, of 9–10).
- Sustainable housing: Finance new production of 1,750 homes. Number of customers, sustainable customer offering: 5,000. Issue a green bond.

Sustainability target outcomes

- Sound finances: See the financial targets.
- Social responsibility & transparency
 - Sub-target 1 Responsible lender: 82 per cent (the target was not met) and most satisfied residential mortgage customers according to SKI. Sub-target 2 Responsible lender: 45/55 per cent and 43 per cent.
- Sustainable housing: Finance new production of homes: 2,750. Number of customers, sustainable customer offering: 1,013 users of the Energy Guide app and 44 energy loans (the target was not met). The company issued a green bond.

Public policy assignment and targets

No specifically adopted public policy assignments.

State ownership 100%



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

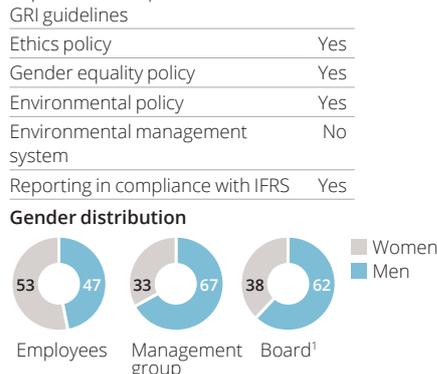
Directors and auditors elected for 2017/2018

Chair: Bo Magnusson **Board:** Carl-Henrik Borg, Lars Börjesson, Jakob Grinbaum, Daniel Kristiansson, Jane Lundgren Ericsson and Karin Moberg. Eva Gidlöf was elected at the 2017 AGM, Ebba Lindsö stepped down **Employee reps:** Johan Ericsson, Kristina Ljung **Auditor:** Patrick Honeth (Deloitte)

Fees paid to the chairman were SEK 450 (430) thousand. Fees paid to directors elected by the AGM were 215 (215) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net interest income	2,829	2,442
Net commission income	7	-102
Net financial income/expense	48	1
Other operating expenses	34	0
Total income	2,918	2,341
Operating profit	2,011	1,492
Profit before tax	2,011	1,492
Net profit	1,570	1,162
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	375,156	374,552
Loans to the general public	297,641	300,437
Equity	15,282	11,848
- of which, minority interests	0	0
Key indicators		
Credit loss level, %	0.0	0.0
Return on equity (average), %	12.3	10.2
Common equity Tier 1 capital ratio (%)	32.2	28.6
Total capital ratio, %	51.6	49.3
Dividend, SEKm	628	0
Average no. of employees	484	443
Reported in compliance with GRI guidelines	Yes	
Ethics policy	Yes	
Gender equality policy	Yes	
Environmental policy	Yes	
Environmental management system	No	
Reporting in compliance with IFRS	Yes	

Gender distribution



1) Elected for 2017/2018

The assignment of Aktiebolaget Svensk Export Kredit (SEK) is to conduct credit operations aimed at promoting the Swedish export industry by offering financing solutions that directly or indirectly support Swedish exports. SEK is meant 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 2016

- Stable new lending of SEK 55 billion and 15 new clients.
- The work to communicate SEK's offering to medium-sized enterprises has progressed well.
- Strong capitalisation and good liquidity.
- The decrease in profit is due mainly to negative, unrealised changes in value.

Targets and follow-up

Financial targets

- Profitability: Return on equity of at least 6 per cent.
- Capital structure: The total capital ratio under normal circumstances must be between 1 and 3 percentage points above the requirement communicated by Finansinspektionen: 18.3–20.3 per cent.
- Dividend: Ordinary dividend of 30 per cent of profit for the year, taking the capital structure target, future capital requirements and investments into account.

Financial target outcomes

- Return on equity was 7.2 (8.1) per cent.
- The total capital ratio was 25.1 (24.5) per cent.
- Ordinary dividend in 2016 as per policy.

Sustainability targets

- Sustainable society: Green loans should exceed SEK 3 billion and the external sustainability rating should gradually be increased. The target for 2016 was C+.
- Diversity: There should be 40–60 per cent women/men in managerial positions and the share of employees of foreign background should exceed 25 per cent.

Sustainability target outcomes

- SEK lent SEK 3.3 billion in green loans and the sustainability rating was C (measured every other year; no measurement in 2016).
- The breakdown of women/men in managerial positions is 36/64 and the share of employees of foreign background is 30 per cent.

Public policy assignment and targets

Administering the Swedish CIRR (Commercial Interest Reference Rate) system for government supported export credits is a specifically adopted public policy assignment. 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 (of which CIRR constitutes a part) and (b) through completion of a stakeholder dialogue. The target is for SEK's export credits to help strengthen the competitiveness of Swedish export companies and for customers to perceive SEK as meeting their expectations and that the Swedish export credit system is as competitive as the systems in key competitor countries.

Tracking of public policy assignment and targets

The targets were decided in 2015 and were tracked for the first time in 2016. Target attainment is good.

- Measurement shows that 63 per cent of clients that engaged SEK regarding export credits report that credits from SEK contributed significantly or very significantly to the completion of their export deals. A total of 73 per cent of clients report that cooperation with SEK exceeded their expectations and 87 per cent believe the Swedish export credit system is better than the systems in key competitor countries.
- SEK engaged in ongoing stakeholder dialogues with other actors during the year. For example, SEK participates in the Team Sweden Export Strategy Group, are members of the new partnership between Sweden and India, and have expanded the partnership with EKN as regards CSR, where SEK and EKN have produced draft common guidelines for managing human rights in the telecom sector.

State ownership 100%



Chair:

Lars Linder-Aronson

CEO:

Catrin Fransson

Directors and auditors elected for 2017/2018

Chair: Lars Linder-Aronson **Board:** Cecilia Ardström, Susanne Lithander, Lotta Mellström, Ulla Nilsson and Teppo Tauriainen. Reinhold Geijer and Hans Larsson were elected at the 2017 AGM, Jan Belfrage and Magnus Ugglja stepped down

Auditor: Peter Nyllinge (PwC)

Fees paid to the chairman were SEK 425 (400) thousand. Fees paid to directors elected by the AGM amounted to SEK 195 (180) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net interest income	1,747	1,662
Net commission income	-29	-6
Net profit/loss from financial transactions	-110	400
Other operating expenses	0	0
Total income	1,608	2,056
Operating profit	1,002	1,535
Profit before tax	1,002	1,535
Net profit	780	1,187
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	299,442	280,411
Lending ¹	268,535	263,483
Equity	17,136	16,828
- of which, minority interests	0	0
Key indicators		
Credit loss level, %	0.0	0.0
Return on equity (average), %	7.2	8.1
Common equity Tier 1 capital ratio (%)	22.1	21.6
Total capital ratio, %	25.1	24.5
Dividend, SEKm	234	356
Average no. of employees	260	251
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

1) Outstanding and agreed but not disbursed loans.

Gender distribution



1) Elected for 2017/2018



SJ AB, which is wholly owned by the Swedish state, was formed in 2001 in conjunction with the incorporation of the public enterprise Statens Järnvägar.

SJ is the largest operator of passenger rail services in Sweden. Rail services in the group are operated primarily within the parent company and its subsidiaries, Stockholmståg, SJ Norrlandståg and SJ Götalandståg. Other subsidiaries and associates have limited operations that are closely related to rail services.

SJ operates mainly in the market for interregional and long-distance travel. The company operates within two service categories: commercial services and tendered services (which are competitively procured by the Swedish Transport Administration or regional transport services provider). SJ operates both commercial services and tendered 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. Proceeding from the company's vision, business model and core values, social, environmental and economic responsibility is assured through measurement and tracking of six control areas. Improving punctuality is one of the targets. The outcomes of SJ's punctuality drive were an improvement in punctuality for long-distance trains to 83 per cent (82). Punctuality for regional trains also improved, to 90 per cent (89).

Significant events in 2016

- The SJ Group posted historically strong earnings in 2016. Sales increased to SEK 9,336 million (9,052) and there was strong improvement in operating profit, to SEK 837 million (625). The positive earnings trend gives SJ the scope to continue investing in and developing SJ.
- Travel with SJ increased by 2 per cent for the full year.
- In 2016, 82 per cent of all SJ tickets were sold through digital channels.
- At the Schibsted Gala of Sweden's best companies in 2016, SJ won first prize

in the "Benefit to Society" category. Jointly with Coop, SJ was also nominated during the year as Sweden's greenest brand.

- X2000 undergoing modernisation in the next few years, SJ will be investing about SEK 3.5 billion in the X2000 fleet.

Targets and tracking

Financial targets and tracking

- Return on operating capital of at least 7 per cent on average. The outcome was 20 per cent.
- Debt/equity ratio of 0.5–1.0 (multiple) over the long term. The outcome was a multiple of 0.
- Over the long term, dividends should amount to between 30 and 50 per cent of profit for the year. The dividend for the 2016 financial year was SEK 260 million, corresponding to 40 per cent of profit for the year.

Sustainability targets and tracking

- Punctuality: 95 per cent by 2020. Punctuality for SJ's long-distance trains improved to 83 (82) per cent, while punctuality for regional trains was on par with last year at 90 (89) per cent. The work is continuing and the part of the punctuality problems for which SJ is responsible is relatively minor, while the share of delays caused by infrastructure and external events remains large.
- Completed supplier and partnership assessments, target for 2016 of 60 per cent. 60 per cent of supplier and partnership assessments were completed.
- SJ Volunteer – An opportunity for employees to engage in voluntary work during working hours, target for 2016: 1 500 hours. SJ Volunteer, 424 hours (256 hours). Activities are ongoing to encourage more employees to engage in voluntary work.

Public policy assignments and targets

No specifically adopted public policy assignments.

State ownership 100%



Chair: Jan Sundling

CEO: Crister Fritzon

Directors and auditors elected for 2017/2018

Chair: Jan Sundling Board: Ulrika Dellby, Mikael Staffas, Kersti Strandqvist, Mikael Stöhr, Siv Svensson and Michael Thorén. Employee reps: Per Hammarqvist, Hans Pilgard, Stefan Zetterlund

Auditor: Hans Warén (Deloitte)

Fees paid to the chair were SEK 400 (400) thousand. Fees paid to directors elected by the AGM amounted to SEK 160 (160) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	9,336	9,052
Operating profit	837	625
Profit before tax	833	602
Net profit	650	471
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	8,265	7,864
Non-current assets	5,826	6,317
Equity	4,337	3,876
- of which, minority interests	0	0
Net debt	-76	680
Operating capital	4,261	4,556
Key indicators		
Operating margin, %	9.0	6.9
Return on equity (average), %	15.8	10.2
Return on operating capital (average), %	20.0	12.9
Net debt/equity ratio, multiple	0.0	0.2
Equity/assets ratio, %	52.5	49.3
Gross investments, SEKm	390	525
Appropriation, SEKm	0	0
Dividend, SEKm	260	188
Average no. of employees	4,192	4,232
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

Gender distribution



1) Elected for 2017/2018



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

Significant events in 2016

- Operating profit improved in 2016 as a result of renegotiated customer contracts that were previously unprofitable, concerted efforts to reduce external costs, difficulties recruiting employees at the planned rate and lower than normal depreciation and amortisation costs.
- A strategic change process during the year resulted in three strategic target areas for the period of 2017–2019:
 - Attractive and efficient operations that build public trust and confidence.
 - Creating value for customers and long-term relationships.
 - Proactive development of service offerings and technology.
- Compensation for the 112 emergency number assignment was unchanged for 2016, which made it impossible for the company to attain its public policy targets.

Targets and follow-up

The AGM held in April 2016 resolved to adopt new financial targets, including the dividend policy, as well as public policy targets.

Financial targets

- Profitability: EBITDA margin for the group of at least 2 per cent.
- Capital structure: Equity/assets ration of 25–35 per cent with a target of 30 per cent.
- Dividend policy: Over the long term, ordinary dividends must correspond to at least 50 per cent of profit after tax. Dividends are distributed provided that the capital structure target after the dividend is within the target range with consideration given to implementing the group's strategy and its investment needs.

Financial target outcomes

- The financial targets were met in 2016. The profit margin was 5.7 per cent and the equity/assets ratio was about 33 per cent at the end of the year. However, no dividend will be proposed due to forthcoming restructuring costs and future investment requirements.

Sustainability targets and tracking

- Secure citizens – target exceeded – see public policy targets (trust index).
- The “Improve customer relationships” target was measured via the CSI for the entire business – the target of 68 was met.
- The “Motivated employees” target was measured via:
 - Employee index, target 72, the target was met.
 - Employee turnover, target 14 per cent, outcome 16.8, the target was not met.
 - Sickness absence rate, target 6 per cent, outcome 6.4 per cent, the target was not met.
- Stable profitability – the target was met – see financial targets.
- Reduced environmental load – the target of reducing CO₂ emissions from business travel was met.

Public policy assignments and targets

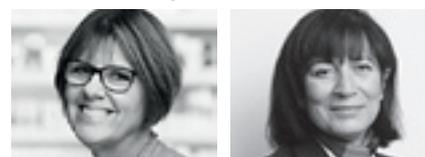
The company has a specifically adopted public policy assignment to receive and route calls to the 112 emergency number. Targets for response times.

- Response time 112:
 - Average maximum response time of 8 seconds.
 - Average response time of no longer than 15 seconds for 92 per cent of calls.
 - Maximum response time of 30 seconds.
- Customer satisfaction with the public policy assignment.
- The Customer Satisfaction Index (CSI) shall be a minimum of 68 in the area of Emergency Calls and Response.
- The public confidence index shall be a minimum of 70.

Tracking of public policy assignment and public policy targets

The CSI target for Emergency Calls & Response was met, with an index score of 70, as was the public confidence index, with a score of 81. The public policy targets for response times were not met. The average response time was 14.7 seconds; 89 per cent of calls were answered within 30 seconds and 72 per cent were answered within 15 seconds.

State ownership 50%



Chair: Eva Fernvall

CEO: Maria Khorsand

Directors and auditors elected for 2017/2018

Chair: Eva Fernvall **Board:** Alf Jönsson, Ingrid Lennerwald, Inge Lindberg, Johnny Magnusson, Maria Nilsson and Ewa Stålldal. Vesna Jovic and Lotta Mellström were elected at the 2017 AGM, Lena Dahl and Jenny Lahrin stepped down

Employee reps: Mats Lundgren stepped down

Employee reps: Mats Lundgren, Bengt Norberg

Alternate employee reps: Johan Magnusson, Maria Olsson **Auditor:** Mikael Sjölander (EY)

Fees paid to the chair were SEK 160 (140) thousand. Fees paid to directors elected by the AGM amounted to SEK 80 (80) thousand. Fees are not paid to directors employed by the Government Offices or to employee representatives.

	2016	2015
Income statement, SEKm		
Net sales	1,017	970
Operating profit	58	1
Profit before tax	59	2
Net profit	45	-2
- of which attributable to minority interest	1	0
Balance sheet, SEKm		
Total assets	621	578
Non-current assets	233	197
Equity	202	158
- of which, minority interests	4	5
Net debt	-55	-197
Operating capital	147	-39
Key indicators		
Operating margin, %	5.7	0.1
Return on equity (average), %	25.1	-1.5
Return on operating capital (average), %	107.4	-6.4
Net debt/equity ratio, multiple	-0.3	-1.2
Equity/assets ratio, %	32.6	27.3
Gross investments, SEKm	93	44
Appropriation, SEKm	249	251
Dividend, SEKm	0	0
Average no. of employees	947	909
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	No	

Gender distribution



1) Elected for 2017/2018

Specialfastigheter Sverige AB 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: Correctional services, defence and judiciary and institutional care and other special operations. The 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). Swedish state customers are the main target group, but the company also caters for other customers with high security requirements. Customers and the company's some 130 employees, are located all over the country. The company has head offices in two locations, Linköping and Stockholm. Specialfastigheter's operations are conducted on a long-term and commercial basis and are distinguished by long contracts, which creates stability in financial performance. The company's properties are categorised in the public properties segment. As an investment class, the segment has become more attractive in recent years with a growing number of market actors, higher prices and declining yield requirements as a result.

Significant events in 2016

- Net profit for the year increased due to lower financing costs and higher positive unrealised changes in the value of managed properties.
- Acquisition of the judicial centre in Luleå.
- The market value of the properties increased by 10 per cent to SEK 22,999 million.

Targets and follow-up

Financial targets and tracking

- Profitability: Return on equity of 8 per cent based on profit after tax

and after reversal of changes in value and deferred tax. Return on equity¹ exceeded target at 13.7 (11.8) per cent.

- Capital structure: Equity/assets ratio of 25–35 per cent. The equity/assets ratio was 32.2 (30.2) per cent.
- Dividend: 50 per cent of profit after tax and after reversal of changes in value for the year and associated deferred tax, taking future investment needs and financial position into account. The ordinary dividend proposed for 2016, SEK 497 (446 million), was according to policy.

Sustainability targets and tracking

- All leases must have green schedules attached to the contracts, target 2016: 95 per cent. The share of leases with green schedules was 95 (95) per cent.
- Increase proportion of employees of foreign background, target 2016: 10 per cent. Proportion of employees of foreign background was 9 (8) per cent.
- Zero (0) instances of corruption or the giving or taking of bribes, measured in number. Zero (0) instances of corruption or the giving or taking of bribes were found (0).
- Contract compliance, proportion of total transactions based on orders placed against central purchasing contracts, shall be at least 90 per cent. Contract compliance was 89 (87) per cent.
- Improve energy efficiency, target 2016: Maximum energy consumption of 197 kWh/m² for building electricity, operational electricity, heating, comfort cooling and hot water. Energy consumption in 2016 was 200 (201) kWh/m². A systematic effort to cut energy consumption is ongoing.

Public policy assignment and targets

No specifically adopted public policy assignments.

State ownership 100%



Chair: Bo Lundgren **CEO:** Åsa Hedenberg

Directors and auditors elected for 2017/2018

Chair: Bo Lundgren **Board:** Jan Berg, Carin Götblad, Eva Landén, Mikael Lundström, Maj-Charlotta Wallin and Ulrika Nordström. **Employee reps:** Masoomeh Antonsson, Roger Törngren **Alternate employee reps:** Tomas Edström, Erik Ydreborg **Auditor:** Mikael Ikonen (EY)

Fees paid to the chair were SEK 250 (240) thousand. Fees paid to directors elected by the AGM were 120 (120) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	1,912	1,867
Changes in value	827	367
Operating profit	2,179	1,700
Profit before tax	2,100	1,474
Net profit	1,638	1,178
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	24,372	22,012
Non-current assets	24,060	21,522
Equity	7,844	6,652
- of which, minority interests	0	0
Net debt	11,905	11,554
Operating capital	19,749	18,206
Key indicators		
Operating margin, %	114.0	91.1
Return on equity (average), %	13.7	11.8
Return on operating capital (average), %	11.5	9.5
Net debt/equity ratio, multiple	1.5	1.7
Equity/assets ratio, %	32.2	30.2
Gross investments, SEKm	1,288	404
Appropriation, SEKm	0	0
Dividend, SEKm	497	446
Average no. of employees	131	128
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

Gender distribution



¹) Elected for 2017/2018

¹) Per defined financial targets.



Svenska Rymdaktiebolaget (Swedish Space Corporation, SSC) is responsible for operation of the Esrange Space Center (Esrange), providing advanced space services to the global space market and conducting technical development in the field of space operations. SSC is a global group with about 550 employees in ten countries, about half of whom in Sweden. Operations are conducted in three divisions and two business units:

- Esrange, a civilian space centre that is unique by international comparison, has an extensive infrastructure, rocket landing area and restricted air space for launching rockets and balloons. This business area, Science Services, corresponds to SSC's public policy assignment to manage operation and development of Esrange.
- Satellite Management Services provides ground station services for satellite communications.
- Engineering Services provides engineering services for planning and development and operational implementation of space missions.
- ECAPS, a subsidiary company, develops and provides propulsion systems with greener fuel for satellite missions.
- ATS, which was contracted by the Swedish Defence Materiel Administration (FMV) during 2016 to manage operations at the FMV's Vidsel Test Range. These activities will be insourced to FMV again in 2017.

Significant events in 2016

- Operating profit improved by SEK 9 million year-on-year.
- High activity at the Esrange Space Center.
- The subsidiary NanoSpace was sold.

Targets and follow-up

Financial targets

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

Financial target outcomes

- SSC did not meet its return target, mainly due to losses in the subsidiary ECAPS and thus did not distribute a dividend to the owner.

Sustainability targets

- The SSC Sustainable Business Analysis model shall be applied to all potential business.
- All employees shall have completed SSC training regarding the Code of Conduct.
- All new suppliers and partners shall sign the SSC Code of Conduct.
- The SSC Code of Conduct shall be addressed with all customers and included in contracts as needed.
- SSC shall comply with environmental and security laws and strive always to achieve zero tolerance of non-compliance with internal environmental and security standards.

Sustainability target outcomes

- The sustainability targets are considered to have mainly been met for 2016.

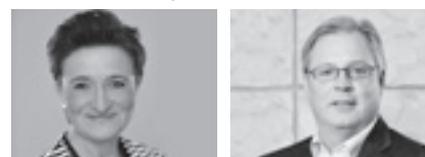
Public policy assignment and targets

- For Science Services: 1. Capacity utilisation rate at the Esrange Space Center. 2. Quality index pertaining to the Esrange Space Center and related services.
- SSC: By means of a special stakeholder dialogue, the company shall ensure that operations are designed to promote Swedish interests in the best way possible.

Tracking of public policy assignment and public policy targets

- The capacity utilisation rate at the Esrange Space Center was 95 per cent (target: minimum 70 per cent) during 2016.
- Measurements were carried out on three occasions in 2016 to assess quality of delivery. The result was an overall quality index of 95 per cent (target: minimum 80 per cent).

State ownership 100%



Chair:

Monica Lingegård

CEO:

Stefan Gardefjord

Directors and auditors elected for 2017/2018

Chair: Monica Lingegård **Board:** Fredrik Brunell, Anne Gynnerstedt, Hanna Lagercrantz, Lars Leijoborg, Maria Palm and Håkan Syrén. John Paffett was elected at the 2017 AGM, Fredrik Wilhelmsson stepped down. John Stuart stepped down in October 2016 **Employee reps:** Lennart Jonasson, Alf Vaerneus **Alternate employee rep:** Petrus Hyvönen **Auditor:** Camilla Samuelsson, for the companies in Sweden (PwC)

Fees paid to the chair were SEK 246 (246) thousand. Fees paid to directors elected by the AGM amounted to SEK 123 (123) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	991	989
Operating profit	14	5
Profit before tax	8	17
Net profit	-18	-1
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	1,249	1,146
Non-current assets	794	751
Equity	490	495
- of which, minority interests	0	0
Net debt	211	188
Operating capital	701	684
Key indicators		
Operating margin, %	1.5	0.5
Return on equity (average), %	-3.7	-0.2
Return on operating capital (average), %	2.1	0.7
Net debt/equity ratio, multiple	0.4	0.4
Equity/assets ratio, %	39.3	43.2
Gross investments, SEKm	86	150
Appropriation, SEKm	0	0
Dividend, SEKm	0	0
Average no. of employees	536	498
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

Gender distribution



1) Elected for 2017/2018

Sbo

Statens Bostadsomvandling AB



Statens Bostadsomvandling AB (Sbo) acquires, develops, owns and divests properties taken over from municipalities or municipal housing companies. The focus is on assisted living and housing for elderly people. Sbo has a public policy assignment to assist with the restructuring process needed to achieve balance in the housing market in communities where the population is declining. There is often considerable need for housing in these communities that is accessible for elderly people and adapted to their needs. The restructuring process generates chains of people moving home within the housing market. Once balance has been achieved in the local housing market, the company sells the properties it has developed on market terms in the open market.

Significant events in 2016

- Three development projects were completed during the year, one in Söderhamn and two in Hultsfred.
- Two properties were sold during the year and one property was acquired. A total of SEK 65.3 million was invested in development projects during the year.
- The number of lettable flats was 460 (470) at year-end. The occupancy rate was 100 per cent.

Targets and follow-up

Financial targets and tracking

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

- At least 37 per cent of combined project costs recovered when products are completed. The assessment is that approximately 60 per cent of project costs (including impairments) has been recovered.
- In at least 80 per cent of projects, the properties must be restructured and sold within eight years on market terms in the open market. During the period of 2010–2016, Sbo sold 19 properties in eight communities. Various types of properties were included. Most of the properties Sbo currently owns and manages were acquired in 2007 or later.
- The company will not distribute a dividend to the owner.

Sustainability targets and tracking

- 100 per cent of developed properties to be leased upon completion. The target was met during the year.
- Occupancy rate of 80 per cent in properties adapted to the needs of elderly people, target met in 2016.
- 100 per cent of flats and common areas in the properties to be accessible to people, for example, who use walking frames or wheelchairs. Outcome 2016 100 per cent.
- Increase the proportion of accessible and attractive flats in communities that have access to community services (e.g., grocery store, health care, public transport) within 5–10 minutes' walking distance, or 300–500 metres, from the developed property. The proportion of flats meeting these criteria increased in 2016.

Public policy assignments, targets and tracking

Has a specifically adopted public policy assignment to participate practically in bringing balance to the housing market in communities where the population is declining. The public policy assignment is tracked by the owner through owner dialogues with the company and review of the company's official reports. During 2016, Sbo continued to convert properties into modern and accessible flats, primarily for elderly and senior housing in communities where the housing market is weak. Additional properties were developed a completed during the year. Total investments in development projects also increased in 2016. Overall, Sbo is considered to have satisfactorily carried out its public policy assignment in 2016.

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

State ownership 100%



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

Directors and auditors elected for 2017/2018

Chair: Christel Wiman **Board:** Leif Ljungqvist, Brita Saxton, Håkan Steinbüchel and Björn Sundström

Auditor: Lars Magnusson (Deloitte)

Fees paid to the chair were SEK 80 (74) thousand. Fees paid to directors elected by the AGM amounted to SEK 40 (37) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	19	18
Operating profit	-22	-14
Profit before tax	-19	-8
Net profit	-21	-12
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	509	534
Non-current assets	264	237
Equity	476	497
- of which, minority interests	0	0
Net debt	-228	-282
Operating capital	249	215
Key indicators		
Operating margin, %	-117.6	-81.7
Return on equity (average), %	-4.2	-2.4
Return on operating capital (average), %	-9.6	-6.9
Net debt/equity ratio, multiple	-0.5	-0.6
Equity/assets ratio, %	93.5	93.0
Gross investments, SEKm	65	46
Appropriation, SEKm	0	0
Dividend, SEKm	0	0
Average no. of employees	3	3
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	No	

Gender distribution



1) Elected for 2017/2018

SVEASKOG

Sveaskog AB is the largest forest owner in Sweden and manages a total of 4.1 million hectares of land. The company's forest holdings are spread throughout Sweden but are concentrated in the north.

Sveaskog shall be an independent actor in the timber market whose core business is forestry. Operations are conducted on a commercial basis Sveaskog manages 3.1 million hectares of productive forest land, which accounts for 14 per cent of all forest land in Sweden. The forest plays a vital role in providing raw materials for the forest products industry and generates employment and recreational opportunities. Sveaskog primarily sells timber, pulpwood and biofuel. The company is pursuing sustainable forestry by means including setting aside 20 per cent of the productive forest land as nature conservation land. Within this framework, the company has also established a total of 37 ecoparks in various locations in Sweden.

Significant events in 2016

- Operating profit declined slightly in 2016 due primarily to lower delivery volumes and prices.
- The positive change in the value of standing timber was lower in 2016, due to the adjustment of the discount rate in the previous year, which resulted in a steep increase in the value of standing timber.
- The associate Setra Group continued to develop well and profit increased.

Targets and follow-up

Financial targets and tracking

- Dividend yield of at least 4.5 per cent. Dividend yield for 2016 declined to 4.2 per cent, due primarily to lower delivery volumes and prices of wood raw materials.
- The capital structure target has been set as debt/equity ratio, multiple of 0.3–0.6. At 0.4, there was no material change in the outcome for 2016.
- Dividend 65–90 per cent of profit after tax, excluding changes in value not affecting cash flow. The dividend of SEK 800 million proposed to the 2+17 AGM is within the dividend range.

Sustainability targets and tracking

- The most profitable forestry company over the long and short terms, while maintaining high ethical standards. The dividend yield target was not met in 2016. By 2020, the Confidence

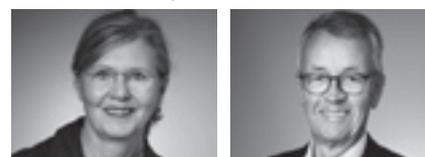
Index shall be 80. The outcome for 2016 was 78.

- Customers' foremost and most knowledgeable partner. Every other year, Sveaskog measures customer satisfaction in three segments: sawmill customers, pulp and paper customers and biofuel customers. The targets for 2020 are 80, 70 and 70, respectively. The outcomes for 2016 were 72, 64 and 69. The company also has a Contractor Satisfaction target of 70 by 2020. The outcome for 2016 was 71.
- The first choice for employees and contractors, good leadership and employeeship. Gender distribution target of 30/70 or better by 2020 and more employees of foreign background. The proportion of women increased from 21 to 22 per cent in 2016. The Contractor Satisfaction Index target for 2020 is 73 for both felling contractors and silviculture contractors. The index outcomes for 2016 were 72 and 76, respectively.
- Leader in innovation and efficiency. Efficiency improvement of at least 10 per cent by 2016. Increased revenues from new areas for forest and land. The target is for total productivity to increase by 2 per cent per year. However, productivity declined by 1.4 per cent in 2016.
- Leader in sustainable forestry 99 per cent of environmental values achieved in forestry without major impact, which is measured with the Consideration Index. Reduction of CO₂ emissions by at least 30 per cent by 2020. CO₂ emissions per tonne/delivered m³ under bark shall be reduced by 10 per year. The reduction was 11.8 for 2016. Sveaskog's Consideration Index increased to 95 (94).

Public policy assignments, targets and tracking

Sveaskog has a public policy assignment regarding the land sale programme, whose objective is to sell 10 per cent of productive forest land with 2002 as the base year. The target has not been developed in accordance with the public policy targets process. The company sold 10,730 hectares of land in 2016 within the land sale programme. Sveaskog has now sold a total of about 8 per cent of its forest holdings in accordance with the land sale programme.

State ownership 100%



Chair: Eva Färnstrand **CEO:** Per Olof Wedin

Directors and auditors elected for 2017/2018

Chair: Eva Färnstrand was elected at the 2017 AGM, Helene Biström stepped down **Board:** Thomas Hahn, Leif Ljungqvist, Annika Nordin, Anna-Stina Nordmark-Nilsson and Sven Wird **Employee reps:** Kenneth Andersson, Sofia Gilliusson **Alternate employee reps:** Lars Djerf, Thomas Esbjörnsson **Auditor:** Hans Warén (Deloitte)

Fees paid to the chair were SEK 450 (420) thousand. Fees paid to directors elected by the AGM amounted to SEK 175 (160) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	5,922	6,078
Changes in value	319	1,432
Operating profit	1,631	2,800
Profit before tax	1,457	2,586
Net profit	1,190	2,017
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	38,605	38,299
Non-current assets	35,433	35,088
Equity	20,092	19,714
- of which, minority interests	0	0
Net debt	9,007	9,224
Operating capital	29,099	28,938
Key indicators		
Operating margin, %	27.5	46.1
Return on equity (average), %	6.0	10.6
Return on operating capital (average), %	5.6	9.8
Net debt/equity ratio, multiple	0.4	0.5
Equity/assets ratio, %	52.0	51.5
Gross investments, SEKm	184	330
Appropriation, SEKm	0	0
Dividend, SEKm	800	800
Average no. of employees	844	851
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

Gender distribution



1) Elected for 2017/2018

SVEDAB

Through its partnership in the Öresund Bridge Consortium, Svensk-Danska Broförbindelsen SVEDAB Aktiefbolag, Svedab, owns and manages the 50 per cent Swedish interest in the Öresund Bridge. 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 2016

- July was a record-setting month for number of cars in one 24-hour period (31,483) and number per month (834,534).
- On average, 20,300 vehicles drove over the bridge every day in 2016.
- The surplus (before change in value) rose by DKK 121 million to DKK 1,020 million, attributable to higher road toll income and lower interest expenses.

Targets and follow-up

Financial targets and tracking

- The company's loans with the National Debt Office shall be repaid by 2040. According to the current forecast, the loans are expected to be repaid by about 2034.

Sustainability targets and tracking

- Svedab should contribute to a cohesive Öresund Region - Svedab should act as an enabler. Svedab was involved in several initiatives in 2016, all aimed at developing and adapting the structure to new needs. The operating authorisation for passenger trains on the Continental Line is one example.
- Svedab must comply with laws, ordinance and regulations to ensure sustainable use of resources. Svedab has complied with laws, ordinances and regulations during the year.

- 100 per cent of energy consumption should be renewable. All energy consumption has been renewable since 2014.
- Long-term, Svedab should reduce energy consumption. Svedab reduced its energy consumption by 16 per cent during the year.
- Svedab aims to engage suppliers that share the values expressed in Svedab's code of conduct. In 2015, Svedab conducted an in-depth survey of its largest suppliers concerning their efforts with sustainable business. The responses did not trigger any special measures during 2016.
- Zero tolerance of bribes and corruption. There were no incidents at Svedab in 2016 that can be linked to corruption.
- No deaths or serious injuries should occur on Svedab's structure or facilities. No one died or was seriously injured on Svedab's structures or facilities in 2016.
- Svedab is receptive to opinions on the maintenance of the structure and facilities. All opinions and questions must be welcomed and responded to. As of 2016, there is an opportunity to communicate opinions that concern Svedab and the operation and maintenance of structure and facilities on the company's website.

Public policy assignment and targets

Has a specifically adopted public policy assignments. Operations that are financed by state budget appropriations within the framework of the public policy assignment are tracked. Targets have not yet been developed according to public policy targets process.

State ownership 100%



Chair: Bo Lundgren **CEO:** Ulf Lundin

Directors and auditors elected for 2017/2018

Chair: Bo Lundgren **Board:** Lars Erik Fredriksson, Kerstin Hessius and Jan Olson. Malin Sundvall was elected at the 2017 AGM **Auditor:** Carl Fogelberg (PwC)

Fees paid to the chair were SEK 132 (132) thousand. Fees paid to directors elected by the AGM amounted to SEK 66 (66) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	9	6
Operating profit	665	336
Profit before tax	617	286
Net profit	481	223
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	6,407	5,766
Non-current assets	6,365	5,736
Equity	855	336
- of which, minority interests	0	0
Net debt	2,945	2,876
Operating capital	3,800	3,212
Key indicators		
Operating margin, %	7,308.8	5,256.4
Return on equity (average), %	80.7	95.5
Return on operating capital (average), %	19.0	10.8
Net debt/equity ratio, multiple	3.4	8.5
Equity/assets ratio, %	13.3	5.8
Gross investments, SEKm	815	430
Appropriation, SEKm	0	0
Dividend, SEKm	0	0
Average no. of employees	3	3
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	No	

Gender distribution



1) Elected for 2017/2018

SVENSKA SKEPPSHYPOTEK

Svenska Skeppshypotekskassan (The Swedish Ships Mortgage Bank, Skeppshypotek) was founded in 1929 with the mission of making financing easier for Swedish shipping companies and assist in the rejuvenation of the Swedish merchant fleet. Skeppshypotek is not a limited company, but rather a unique form of association under public law. Its operations are governed by the Swedish Ships Mortgage Bank Act (1980:1097).

Skeppshypotek's remit is to assist in the rejuvenation and modernization 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 2016

- New lending amounted to SEK 876 million (2,645) during the year.
- Loans approved for disbursement amounted to SEK 414 million (2,084) at year-end 2016.
- Net interest income improved, primarily due to improved return on the loan portfolio.
- During 2016, the company was able to reverse the entire value of a doubtful receivable that had been impaired by SEK 20 million in 2015.

Targets and follow-up

Financial restrictions

The Swedish Ships Mortgage Bank Act (1980:1097) contains no financial targets. However, the board of directors has established restrictions for operations as regards:

- Equity/assets ratio, minimum 10 per cent.
- Total capital adequacy ratio, minimum 12 per cent.

Financial target outcomes

- The equity/assets ratio was 23.2 (24.8) per cent.
- Total capital adequacy ratio was 22.1 (23.4) per cent.

Sustainability targets

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

Sustainability target outcomes

- Sustainable ship financing: The active dialogue concerning environmental management in the shipping sector has continued with intensified contacts with shipping companies/industry organisations.
- Business ethics and anti-corruption: All personnel have been trained in anti-corruption and anti-money laundering and shall be provided supplementary training in these areas as needed.
- Own environmental impact: The company has made climate compensation for the CO₂ emissions it generates since 2010. Whenever practicable, the company chooses environmentally certified products over others.

Public policy targets

The Swedish Ships Mortgage Bank Act (1980:1097) contains no public policy targets.

State ownership 100%



Chair: Michael Zell

CEO: Lars Johanson

Directors and auditors elected for 2017/2018

Chair: Michael Zell Board: Tomas Abrahamsson, Lars Höglund, Elizabeth Kihlbom, Anders Källsson, Jan-Eric Nilsson and Anna Öberg Auditor: Harald Jagner (Deloitte), Henrik Nilsson (Deloitte)

Fees paid to the chair were SEK 125 (125) thousand. Fees paid to directors elected by the AGM amounted to SEK 55 (55) thousand.

	2016	2015
Income statement, SEKm		
Net sales	215	163
Operating profit	117	55
Profit before tax	117	55
Net profit	117	55
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	8,561	7,549
Non-current assets	7,488	7,201
Equity	1,989	1,871
- of which, minority interests	0	0
Net debt	-2,000	-1,868
Operating capital	-11	3
Key indicators		
Operating margin, %	54.5	33.9
Return on equity (average), %	6.1	3.0
Return on operating capital (average), %	-2,795.2	884.8
Net debt/equity ratio, multiple	-1.0	-1.0
Equity/assets ratio, %	23.2	24.8
Gross investments, SEKm	0	1
Appropriation, SEKm	0	0
Dividend, SEKm	0	0
Average no. of employees	7	8
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	No	

Gender distribution



1) Elected for 2017/2018

SVENSKA SPEL

AB Svenska Spel's assignment is, on licence from the Government, to arrange gaming and lotteries in a socially responsible manner. 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. The public policy assignment involves fostering social protective interests and meeting demand for gaming in controlled forms; in other words, promoting a healthy and secure gaming market. Concern for the customer and the endeavour to minimise the negative effects of gambling are always ascribed greater importance than the interest in making a profit. The company's market share is about 40 (42) per cent of the total known Swedish gaming market, with the trend being a continued decline. Svenska Spel is certified in accordance with the European Lotteries (EL) and World Lottery Associations (WLA) standards for responsible gaming.

Significant events in 2016

- In a year characterised by continued fierce competition, the company increased its profit and further strengthened its digital position, primarily in mobile gaming, in 2016.
- The work of the gaming licence inquiry was of tremendous interest in the gaming market and all market players have taken positions ahead of possible regulatory changes.
- An independent study of the company's responsible gaming measures has been made. The conclusions were that the responsible gaming mechanisms work and are effective.
- During the year, the first professor of medicine specialising in gambling addiction was appointed, initiated and co-financed by the company.

Targets and follow-up

Financial targets and tracking

- Profitability: Operating margin of at least 22 per cent. The operating margin for 2016 was 22.2 (22.6) per cent.

Sustainability targets

- More of the company's customers are aware of their gaming and are making choices on that basis.
- Fewer of the company's customers are engaged in problem gambling or developing gambling addictions.

- There have been no reported complaints from customers or other stakeholders regarding unauthorised use of customer data.
- Zero vision for the use of the company's products and services for criminal purposes.
- All employees have been trained in the code of conduct.
- The proportion of Group employees of foreign background shall be at least 25 per cent.
- Gender balance among male and female managers in the range of 45–55 per cent.

Sustainability target outcomes

- Playscan Index 83 (–)
- Customer Satisfaction Index 68 (67)
- Work Environment Index 72 (–)
- Proportion of women managers 40 (40)
- Proportion of employees of foreign background 27.5 (26)

Public policy assignments, targets and tracking

Has specifically adopted public policy assignments. Targets have not yet been developed according to public policy targets process.

Svenska Spel shall:

- meet consumer demand for attractive gaming activities;
- 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;
- provide a credible but also attractive alternative to, first and foremost, uncontrolled gaming operations;
- take into account social protection considerations, fraud risks and consumer interests when gaming forms are being developed and in all other aspects of operations;
- endeavour to provide a well-developed service in both urban and rural areas; and
- focus on social responsibility in its marketing so as to avoid being perceived as excessively intrusive.

State ownership 100%



Chair: Erik Strand

CEO: Lennart Käll

Directors and auditors elected for 2017/2018

Chair: Erik Strand **Board:** Eva-Britt Gustafsson, Johan Strid, Hélène Westholm, Fredrik Åhlberg, Eivor Andersson and Carina Olsson were elected by the extraordinary general meeting held in September 2016. **Employee reps:** Martina Ravn, Maria Schubert, Lina Vik **Alternate employee reps:** Yvonne Lovén, Urban Sahlin, Mathias Wennberg **Auditor:** Jonas Ståhlberg (Deloitte)

Fees paid to the chair were SEK 350 (290) thousand. Fees paid to directors elected by the AGM amounted to SEK 155 (140) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	7,742	7,605
Operating profit	4,851	4,791
Profit before tax	4,866	4,803
Net profit	4,866	4,803
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	8,325	8,393
Non-current assets	2,721	3,291
Equity	4,866	4,803
- of which, minority interests	0	0
Net debt	-5,550	-5,400
Operating capital	-684	-597
Key indicators		
Operating margin, % ¹	22.2	22.6
Return on equity (average), %	n/a	n/a
Return on operating capital (average), %	n/a	n/a
Net debt/equity ratio, multiple	-1.1	-1.1
Equity/assets ratio, %	58.4	57.2
Gross investments, SEKm	351	1,040
Appropriation, SEKm	0	0
Dividend, SEKm	4,823	4,803
Average no. of employees	1,653	1,657

Reported in compliance with GRI guidelines Yes

Externally assured GRI report Yes

Reporting in compliance with IFRS Yes

¹) Operating margin defined as operating profit through total revenue (including gross gaming revenue)

Gender distribution



¹) Elected for 2017/2018

Svevia AB was formed in 2009 when the National Roads Administration's production unit, Vägverket Produktion, was incorporated. The primary reasons for the incorporation were to improve conditions for competition neutrality, eliminate the grounds for suspicions of cross-subsidisation and increase productivity on the market.

Svevia AB conducts contracting, service and leasing operations in the traffic, land, construction and civil engineering sector. The Swedish infrastructure market is valued at about SEK 100 billion, with new building and renovation accounting for about SEK 83 billion while the remainder consists of repairs, maintenance and operation. Half the market is private, while public investment accounts for the other half.

Svevia is the market leader in road operation and maintenance in Sweden with a market share of slightly less than 30 per cent of the country's road network. In civil engineering (new building and rebuilding 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 56 per cent of sales. It is followed by Sweden's municipalities, which account for 15 per cent of sales.

Significant events in 2016

- Improvement measures have now been implemented across the organisation.
- Anders Elfner took over as acting CEO.

Sustainability targets

	Target area	Outcome 2015	Outcome 2016	Target 2020
Environment	Manufacturing CO ₂ kg/manufactured tonne	15.5	16.6	13.2
	Transports CO ₂ kg/SEKm in sales	3.6	3.4	3.0
Sound business	Image (ethics, scale 1-5)	3.8	3.6	Best in the industry
	Contract adherence	81%	78%	85%
Attractive employer.	employee Net Promoter Score (eNPS)	-8	+11	20
Safety:	Work injury rate	5.7	3.2	<5.0 and best in the industry

- Svevia is reporting its best financial performance to date. All divisions delivered improved earnings.

All divisions improved operating profit and net profit compared to the full year 2015. Net sales were on par with the preceding year. Sales declined for the Construction division due to fewer projects, but this was compensated for by higher external sales in the Surfacing division. Operating profit demonstrated strong improvement and amounted to SEK 439 million (265). The greatest improvement was in the Construction division, where project impairment losses were charged against profit last year.

Order inflow for the year increased by 19 per cent to SEK 7,806 billion (6 572). The order book as of 31 December amounted to SEK 7,164 billion (6,462). The increase was attributable mainly to the Construction division.

Targets and follow-up

Financial targets and tracking

Return on equity was 26.2 per cent and the equity/assets ratio was 32.1 per cent. A dividend of SEK 299 million was distributed, in accordance with policy.

Sustainability targets and tracking

See the table below.

Public policy assignment and targets

No specifically adopted public policy assignments.

State ownership 100%



Chair: Olof Ehrlén

CEO: Anders Elfner

Directors and auditors elected for 2017/2018

Chair: Olle Ehrlén **Board:** Charlotte Bergman, Petter Eiken, Anna-Jeanette Larnelius, Marie Hallander Larsson and Michael Thorén. Anna-Stina Nordmark Nilsson and Andreas Regnell were elected at the 2017 AGM, Pia Gideon and Ola Salmén stepped down **Employee reps:** Moody Israelsson, Tommy Lovened, Thomas Skoog **Auditor:** Peter Ekberg (Deloitte)

Fees paid to the chair were SEK 400 (400) thousand. Fees paid to directors elected by the AGM amounted to SEK 200 (200) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	7,105	6,961
Operating profit	439	265
Profit before tax	458	289
Net profit	358	224
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	4,612	4,213
Non-current assets	2,662	2,372
Equity	1,482	1,250
- of which, minority interests	0	0
Net debt	-1,769	-1,649
Operating capital	-287	-399
Key indicators		
Operating margin, %	6.2	3.8
Return on equity (average), %	26.2	18.5
Return on operating capital (average), %	n/a	n/a
Net debt/equity ratio, multiple	n/a	n/a
Equity/assets ratio, %	32.1	29.7
Gross investments, SEKm	947	908
Appropriation, SEKm	0	0
Dividend, SEKm	299	150
Average no. of employees	1,791	1,868

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

Gender distribution



1) Elected for 2017/2018



Swedavia owns, operates and develops ten airports across Sweden, which have been determined by the Government to constitute Sweden's core airport offering. In addition to its airport operations, Swedavia engages in property operations whose task is to own, manage and develop properties and developable land at and around the airports. Swedavia is also assigned with participating actively and on commercial terms in the development of the Swedish transport sector and contributing to the transport policy objectives adopted by the Riksdag.

Significant events in 2016

- Strong increase in passenger numbers of 5.2 per cent to 39.5 (37.6) million. Passenger records set at seven of Swedavia's ten airports.
- High rate of investment in the development programmes.
- Jonas Abrahamsson was appointed as the new president and CEO.
- On 4 November, the Swedish Government and the United States made a bilateral agreement to implement US preclearance at Arlanda. In conjunction, Swedavia signed a declaration of intent with US Customs and Border Protection on how the function will be managed at the airport.
- Three of the airports took deliveries of 450 tonnes of biofuel in December. This corresponds to consumption of all Swedavia business travel by air in 2016.

Targets and follow-up

Financial targets and tracking

- Return on operating capital of at least 7 per cent. Return on operating capital was 8.6 (14.5) per cent.
- Debt/equity ratio, multiple of 1.0–1.5. The debt/equity ratio was a multiple of 0.7 (0.7).

- The ordinary dividend should correspond to 30–50 per cent of profit for the year excluding capital gains from property sales, changes in value and attributable tax. An ordinary dividend of SEK 143 million was distributed in 2016 according to policy.

Sustainability targets and tracking

- 85 per cent satisfied customers by 2020. Outcome: 77 per cent satisfied customers in 2016.
- 75 per cent manager and employee engagement by 2020. Outcome: 68 per cent manager and employee engagement in 2016.
- Return on operating capital and debt/equity ratio. See financial targets
- Zero (0) fossil-based carbon emissions from own operations by 2020. Swedavia's own emissions of fossil-based carbon emissions declined during the year to 2,700 tonnes. Accordingly, the sub-target of reaching zero emissions by 2020 is still being exceeded.

Public policy assignments, targets and tracking

According to its articles of association, Swedavia shall also "on commercial terms, participate actively in the development of the Swedish transport sector and contributing to the transport policy objectives adopted by the Riksdag". Within the framework of the functional and consideration objectives of the transport policy, the company shall measure and report outcomes for the following five public policy targets:

Tracking, public policy targets	2016	2015
Satisfied travellers, %	77	76
Number of passengers, domestic flights, millions	13.7	13.3
Number of passengers, international flights, millions	25.8	24.3
Number of international destinations	287	323
Number of crashes or serious incidents	1	4
Carbon footprint, ktonne ¹	504	515

¹ The measurement method was changed in 2016 and the comparison period has been recalculated. Footprint per passenger has declined by 7 per cent compared with 2015.

State ownership 100%



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

Directors and auditors elected for 2017/2018

Chair: Åke Svensson **Board:** Lars Backemar, Adine Grate-Axén, Lottie Knutson, Lotta Mellström, Lars Mydland and Lottie Svedenstedt. Michael Norman was elected at the 2017 AGM, Karin Apelman and Anna Elgh stepped down **Employee reps:** Lars Andersson, Robert Olsson **Alternate employee reps:** Agne Lindbom, Birgitta Svärd **Auditor:** Magnus Fagerstedt (EY)

Fees paid to the chair were SEK 440 (440) thousand. Fees paid to directors elected by the AGM amounted to SEK 220 (220) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	5,546	5,416
Operating profit ¹	1,007	1,777
Profit before tax	869	1,547
Net profit	717	1,410
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	14,716	13,259
Non-current assets	13,620	12,385
Equity	7,351	6,863
- of which, minority interests	0	0
Net debt	4,161	3,721
Operating capital	11,512	10,584
Key indicators		
Operating margin, %	18.2	32.8
Return on equity (average), %	10.1	22.7
Return on operating capital (average), %	8.6	14.5
Net debt/equity ratio, multiple	0.7	0.7
Equity/assets ratio, %	50.0	51.8
Gross investments, SEKm	2,138	1,120
Appropriation, SEKm	0	0
Dividend, SEKm	143	232
Average no. of employees	2,949	2,787
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

¹ The company's definition of operating profit differs from the owner's definition, which includes profit or loss from investments in associates and joint ventures as well as changes in value.

Gender distribution



¹ Elected for 2017/2018

Sweden House

A/O Sweden House administers a “House of Sweden” in St Petersburg, housing official, cultural and commercial functions. The Ministry for Foreign Affairs leases premises in the building for the Consulate General of Sweden. A large part of the remaining premises is leased to enterprises with connections to Sweden and to Swedish and foreign companies.

When it was established, a House of Sweden 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 enterprise a natural base for their operations in St Petersburg. The project was to be implemented on commercial terms and with the long-term objective of independent financial viability. As of 2016, the company distributes 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 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 of disposal of the Sweden House complex and to the land for 49 years.

The property complex includes a lettable area of about 4,500 square metres. In the next few years, other construc-

tion projects in the city may lead to additional office space of about 300,000 square metres coming onto the market. In addition, economic developments in Russia may contribute to a falling property market, although the company now has a more optimistic view of the future than one year ago. As regards the House of Sweden, the company has in the past normally set rents in USD. As a result of the depreciation of the rouble, rents in the property have become high from the local perspective. In order to retain the tenants, Sweden House has in most cases changed the currency in the leases to roubles and has lowered rents to be in parity with the current market level.

Significant events in 2016

- The vacancy rate at the end of 2016 was somewhat lower than one year ago. Of a total 4,395 square metres, 717 square metres were vacant.
- The company is cautiously optimistic by reason of economic developments in the country, as indicated, for example, by rising share prices and a stronger rouble.

Performance review

The company's operations are dependent on the level of demand for premises in St Petersburg and on rent trends. Continued recovery of the Russian economy is likely to increase demand for both housing and commercial premises, provided that the company can meet market demands for quality and price.

State ownership 36%



Chair:
Jan Borekull

The duties of the CEO are performed by a management company.

Directors and auditors elected for 2017/2018

Chair: Jan Borekull **Board:** Johan Damne, Lars Grundberg, Ludmila Evgenievna Kostrukova and Lena Wedén **Auditor:** Dmitry Mikhaylov, Dimitry Mikhaylov Consulting Bureau

Fees paid to the chair were USD 0 (0). Fees paid to directors elected by the AGM amounted to USD 4,500 (4,000). Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	15	13
Operating profit	10	9
Profit before tax	8	10
Net profit	7	8
- of which attributable to minority interest	-	-
Balance sheet, SEKm		
Total assets	29	23
Non-current assets	11	9
Equity	26	19
- of which, minority interests	-	-
Net debt	-18	-13
Operating capital	8	6
Key indicators		
Operating margin, %	62%	70%
Return on equity, %	30%	52%
Return on operating capital (average), %	133%	133%
Net debt/equity ratio	-0.69	-0.67
Equity/assets ratio, %	88%	82%
Gross investments, SEKm	-	-
Appropriation, SEKm	0	0
Dividend, SEKm	5	4
Average no. of employees	2	3
Reported in compliance with GRI guidelines	No	
Externally assured GRI report	No	
Reporting in compliance with IFRS	No	

Gender distribution



1) Elected for 2017/2018



Swedesurvey Aktiebolag sells services related to property administration and geographical information supply in the international market, in close collaboration with the government agency Lantmäteriet (the National Land Survey). The aim is to market Lantmäteriet's services abroad. Swedesurvey mainly works with public sector organisations in developing countries and most of its projects seek to support them in capacity development through advisory services and training. Operations encompass issues of fundamental political and legal conditions, the development of systems for land parcelling, land administration, records, valuation and geodetic surveying. Services are financed directly from the customer or through international institutions and development assistance agencies. By means of a comprehensive change process, the company has reversed the negative trend that began when Lantmäteriet took over the Sida-financed assignments. With continued cost control and sharper focus on marketing, the business has the potential to further develop.

Significant events in 2016

- The year was characterised by a continued effort to obtain major projects, especially in the Middle East, Africa and former Soviet republics.
- The EU-funded Twinning project in Jordan was in progress during the entire year.
- A general strategic review was performed during the year.
- The company's share capital was reduced from SEK 5 million to SEK 1.5 million for allocation to non-restricted equity.

Targets and follow-up

Financial targets and tracking

- Profitability: EBIT margin of at least 5 per cent. The operating margin was 3.2 per cent and did not meet the target.

- Capital structure: Equity of at least SEK 10–15 million. Equity amounted to SEK 7.4 million and did not meet the target.
- Dividend policy: Dividend of at least 50-100 per cent. As equity did not meet the target, the company did not distribute a dividend.

Sustainability targets

- Anti-corruption
- Human rights
- Transfer of expertise

Sustainability target outcomes

The company's annual report contains a detailed description of its work during the year to meet the targets. The company has identified which of the UN Sustainable Development Goals (SDGs) and interim targets are significant to the company's operations and where Swedesurvey can help make a difference. The adoption of the 17 UN SDGs and the work with Agenda 2030 are considered essential to the company's sustainability effort and several future projects in the area of mapping, cadastral and land registration are expected to have links to these goals. For the largest project the company won during 2016 (Uzbekistan), Swedesurvey introduced a contractual condition that the project must be implemented in compliance with the UN Voluntary Guidelines on the Responsible Governance of Tenure. Swedesurvey has drafted policy documents in relation to sustainability concerning codes of conduct, ethical values, gender equality and diversity, which all employees are required to follow.

Public policy assignment and targets

No specifically adopted public policy assignments.

State ownership 100%



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

Directors and auditors elected for 2017/2018

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

Fees paid to the chair were SEK 60 (60) thousand. Fees paid to directors elected by the AGM amounted to SEK 35 (35) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	16	10
Operating profit	1	0
Profit before tax	1	0
Net profit	1	0
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	16	20
Non-current assets	0	1
Equity	7	7
- of which, minority interests	0	0
Net debt	-10	-15
Operating capital	-3	-8
Key indicators		
Operating margin, %	3.2	-3.9
Return on equity (average), %	11.4	-3.0
Return on operating capital (average), %	-9.5	4.2
Net debt/equity ratio, multiple	-1.4	-2.2
Equity/assets ratio, %	47.7	33.2
Gross investments, SEKm	0	0
Appropriation, SEKm	0	0
Dividend, SEKm	0	0
Average no. of employees	6	6
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	No	

Gender distribution



1) Elected for 2017/2018

Swedfund International AB, Swedfund, is a wholly state-owned company that funds development and a development assistance actor tasked with helping to reduce poverty through sustainable business. Swedfund contributes venture capital, start-up support and expertise for investments in low- and middle-income countries. Together with its strategic partners, Swedfund establishes viable and commercially operated enterprises, primarily through direct investment in the form of equity or loans, but also indirectly through investments in unit funds. Investments must be made in countries qualifying for development financing according to the OECD/DAC's definition and contribute to attaining the objectives of Sweden's Policy for Global Development and Swedish international development assistance. At year-end 2016, Swedfund was active in 28 countries and had 64 contractual commitments. About 60 per cent of the portfolio consisted of investments in Africa.

Significant events in 2016

- Government proposal of an additional capital injection of SEK 400 million.

Targets and follow-up

Financial targets and tracking

- The company was given new financial targets at an extraordinary general meeting held 8 December 2016. C/I of 0.9 maximum and EBIT – regardless of accounting standard – shall be positive.
- The company has not met the owner's financial targets for the last eight years. The company's earnings have been negatively affected in recent years by external events, such as deteriorating national security conditions in several countries due to war and conflict, currency collapse and the Ebola outbreak in West Africa. These events, combined with company-specific challenges, have resulted in impairment losses in a number of portfolio companies.

Sustainability targets and tracking

- Social development: Compliance with ILO core conventions by every portfolio company. The number of jobs should increase every year, calculated as an average for all investments. Of the portfolio companies, 79 per cent comply with ILO core conventions. 3.7 per cent job growth in the portfolio companies.

- Sustainability: Implementation of a sustainability management system in Swedfund and all portfolio companies. 96 per cent of portfolio companies have a sustainability or environmental policy and 79 per cent have appointed a head of ESG on the executive management team.
- Anti-corruption: Implementation of an anti-corruption management system in Swedfund and the portfolio companies. 88 per cent of portfolio companies have an anti-corruption policy.

Public policy assignment and targets

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

- 1) Measure sales and profitability per investment, where the target level is that an increase must occur during a five-year period from a base year corresponding to the investment year.
- 2) Measure CO₂ per investment where the relevant target level is evaluated within three years.
- 3) Every three years, starting in 2017, Swedfund shall analyse how climate and environmental risks are affecting Swedfund's investments and how this, in turn, might affect Swedfund's financial position. The analysis must also include the most serious environmental risks in the portfolio companies and how Swedfund is managing them.
- 4) Key figures that measure corporate tax per investment (in SEK) according to data presented in each company's annual reports, where the relevant target level is evaluated within three years.
- 5) Key figures 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 base year corresponding to the investment year.
- 6) Key figures that measure the number of investments not assessed as saleable with commercial financing, where the target level is 100 per cent.
- 7) Total impacts/benefit per investment (economic/environmental and climate and social impacts) shall show positive development over time.
- 8) Total cost per investment, to be tracked using 2016 as the base year.

State ownership 100%



Chair: Göran Barsby **CEO:** Anna Ryott

Directors and auditors elected for 2017/2018

Chair: Göran Barsby **Auditor:** Fredrik Arp, Kerstin Borlin, Hanna Lagercrantz and Charlotte Salford. Torgny Holmgren and Mikael Sandström were elected at the 2017 AGM, Stefan Isaksson stepped down **Auditors:** Jennifer Rock-Bailey (EY), Charlotte Söderlund (EY)

Fees paid to the chair were SEK 200 (184) thousand. Fees paid to directors elected by the AGM amounted to SEK 100 (92) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	81	384
Changes in value	-7	-171
Operating profit	2	-5
Profit before tax	-7	3
Net profit	-43	2
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	5,461	4,657
Non-current assets	16	41
Equity	4,145	3,787
- of which, minority interests	0	0
Net debt	-3,187	-2,881
Operating capital	958	907
Key indicators		
Operating margin, %	2.0	-1.2
Return on equity (average), %	-1.1	0.1
Return on operating capital (average), %	0.2	-0.4
Net debt/equity ratio, multiple	-0.8	-0.8
Equity/assets ratio, %	75.9	81.3
Gross investments, SEKm	0	0
Appropriation, SEKm	0	0
Dividend, SEKm	0	0
Average no. of employees	38	36
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	No	

Gender distribution



1) Elected for 2017/2018



Systembolaget Aktiebolag has the exclusive right to conduct retail sales of strong beer, wine and spirits to the public in Sweden. The assignment is to sell responsibly, provide good service and inform people about the risks associated with alcohol. The aim is to improve public health, in part by excluding private profit interests in connection with retail sales and in part by restricting access. Systembolaget restricts access to alcohol by controlling shop openings and opening hours and by ensuring that alcoholic beverages are not sold to people under the age of 20 or who are noticeably intoxicated, or when there is cause to suspect unlawful redistribution. Systembolaget is intended to be a modern, efficient retail company that sells alcoholic beverages responsibly and promotes a sound drinking culture. The company's operations shall be run so that high quality in the performance of the assignment is assured.

Significant events in 2016

- Systembolaget has awarded an annual knowledge prize in connection with alcohol research.
- Systembolaget was named Best Retail Company and Best Service Company in Sweden by ServiceScore.

Targets and follow-up

Financial targets and tracking

- Profitability: Return on equity should be equal to the ten-year government bond rate plus 7 basis points over the long term. Return on equity exceeded target at 17.5 per cent.
- Capital structure: Equity/assets ratio of 20-30 per cent. The equity/assets ratio was 28.2 per cent, which is within the target range.
- Dividend: 80-100 per cent of profit for the year. The dividend for the 2016 financial year was SEK 289 million, corresponding to 100 per cent of profit for the year.
- Cost efficiency: The ratio between total costs and sold volume. The target is a negative trend over the long term. The outcome for 2016 was 7/11.

Sustainability targets and tracking

- Reduced climate impact: Annual reduction in carbon emissions of 14,000 tonnes CO₂ equivalents by 2020. CO₂ equivalents have increased by 6,918 tonnes compared to the base year of 2014 (165,144 tonnes). The increase is mainly attributable to packaging (due to increased sales), which accounts for 6,479 tonnes of the total increase.
- The alcohol index, a measure of people's attitudes towards alcohol in various situations, should show a positive trend over time and a high score indicates a restrictive attitude. The alcohol index was 63, slightly lower than last year's figure of 65. The change between 2015 and 2016 is mainly attributable to the 45-59 age group, as the value for this group fell by 4.3 points.
- Systembolaget must verify that sellers make sure that the recipient is at least 20 years of age. The age check rate was 96, the same as last year.

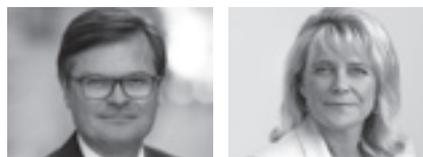
Public policy assignments, targets and tracking

Systembolaget's public policy assignment is, under its exclusive rights, to sell spirits, wine and strong beer responsibly, provide good service and inform the public about the harmful effects of alcohol.

Public policy targets and tracking

- Customer Satisfaction Index (CSI) of 80 or better over the long term. The CSI was 84, the same as last year.
- Alcohol consumption in Sweden: Systembolaget must report total consumption and the percentage of total volume purchased from Systembolaget.¹ This public policy target has not been defined. Alcohol consumption in Sweden was 9.2 litres per person, on par with the preceding year. Systembolaget's consumption percentage was 62.1 per cent.²
- Alcohol index, see sustainability targets.

State ownership 100%



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

Directors and auditors elected for 2017/2018

Chair: Kenneth Bengtsson **Board:** Thord Andersson, Viveca Bergstedt Sten, Crister Fritzon, Håkan Leifman and Kerstin Wigzell. Robert Damberg and Frida Johansson Metso were elected at the extraordinary general meeting in November 2016. Cecilia Halle was elected at the 2017 AGM, Pia Fagerström stepped down **Employee reps:** Berit Morén, Maria Nilsson **Alternate employee reps:** Karin Larsson, Nils Undall-Behrend **Auditor:** Didrik Roos (Deloitte) Fees paid to the chair were SEK 260 (240) thousand. Fees paid to directors elected by the AGM amounted to SEK 125 (110) thousand. Fees are not paid to directors employed by the Government Offices or to employee representatives.

	2016	2015
Income statement, SEKm		
Net sales	28,469	27,645
Changes in value	7	-32
Operating profit	224	147
Profit before tax	264	176
Net profit	289	198
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	5,871	5,817
Non-current assets	2,797	2,300
Equity	1,612	1,521
- of which, minority interests	0	0
Net debt	-3,821	-3,822
Operating capital	-2,209	-2,301
Key indicators		
Operating margin, %	0.8	0.5
Return on equity (average), %	17.5	12.8
Return on operating capital (average), %	-9.9	-6.5
Net debt/equity ratio, multiple	-2.4	-2.5
Equity/assets ratio, %	28.2	26.1
Gross investments, SEKm	1,095	823
Appropriation, SEKm	0	0
Dividend, SEKm	289	198
Average no. of employees	3,551	3,425
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

Gender distribution



1) Elected for 2017/2018

1) The figures were set in conjunction with the 2017 AGM based on a new calculation due to a new pricing model.

2) 2015 figures.

Telia Company AB provides fixed and mobile telecommunication services and internet and data communications. Telia Company is one of the leading telecommunications companies in the Nordics and Baltics, with strong positions in mobile communications in Eurasia. In the long term, the company will exit Eurasia and concentrate its operations to the Nordics and Baltics. The company has updated the dividend policy and intends to distribute at least 80 per cent of free cash flow, excluding licences, based on continuing operations. The long-term basis of the capital structure will remain a solid credit rating over the long term (A- to BBB+) with a debt/equity ratio corresponding to a net debt to EBITDA multiple of 2 times plus / minus 0.5.

Significant events in 2016

- Telia Company announced on 11 April 2016 that it had completed the sale of its interest in Ncell in Nepal to Axiata, one of the largest telecommunications groups in Asia.
- Telia Company announced on 15 September 2016 that it had received a settlement proposal of USD 1.45 billion from the US and Dutch authorities related to the investment in Uzbekistan in 2007.
- Telia Company announced on 21 October 2016 that it will explore whether it and Turkcell, jointly, can sell the Eurasian operation, Fintur Holdings.

Targets and follow-up

Updated targets were introduced in 2017.

Financial targets and tracking

- Capital structure: solid long-term credit rating (A- to BBB+). The long-term credit rating was solid (A- to BBB+) in line with the target.
- Dividend: at least SEK 2 per share. Dividend of SEK 2 per share in accordance with the target.

Sustainability targets

Telia Company has prioritised targets in the following areas:

- Inclusive digitalisation
- Anti-corruption
- Freedom of expression and integrity
- Customer privacy
- Work environment, health and safety
- Sustainability in the supply chain
- Environmental responsibility

Sustainability target outcomes

Most of the sustainability targets have been set for 2018 and are regularly evaluated. The sub-targets are too numerous to list here, but some have already been met (with regard to the accident rate, for example), while others have not yet been met (such as the percentage of assessed suppliers that meet the standards set out in the suppliers' code of conduct).

In September 2016, the company launched a new business ethics code of conduct, which supersedes the previous code of ethics and conduct. The new code more clearly sets the tone from management and clarifies expectations on employees and managers, as well as the consequences of non-compliance.

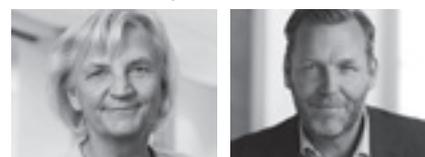
The independent non-profit organisation BSR conducted human rights impact assessments, HRIA, in the companies in the Eurasia region between October 2015 and May 2016, using a method based on the UN Guiding Principles on Business and Human Rights. The group-wide recommendations were:

- Establish a single human rights policy.
- Identify likely remedy options for potential human rights grievances.

Public policy assignment and targets

No specifically adopted public policy assignments.

State ownership 37.3%



Chair: Marie Ehrling **CEO:** Johan Dannelind

Directors and auditors elected for 2017/2018

Chair: Marie Ehrling **Board:** Olli-Pekka Kallasvuo, Mikko Kosonen, Nina Linander and Martin Lorentzon. Susanna Campbell, Anna Settman and Olaf Swantee **Employee reps:** Agneta Ahlström, Stefan Carlsson, Peter Wiklund **Auditor:** Jan Nilsson, Annual Report, Sustainability Report (Deloitte), Didrik Roos, Sustainability Report (Deloitte) Fees paid to the chair were SEK 1,650 (1,600) thousand, and to the vice chairman 795 (775) thousand. Fees paid to directors elected by the AGM amounted to SEK 560 (545) thousand.

	2016	2015
Income statement, SEKm		
Net sales	84,178	86,498
Operating profit	21,090	14,606
Profit before tax	19,249	11,689
Net profit	6,496	10,205
- of which attributable to minority interest	2,764	1,654
Balance sheet, SEKm		
Total assets	253,430	254,017
Non-current assets	179,475	173,850
Equity	94,869	102,202
- of which, minority interests	5,036	4,318
Net debt	50,695	33,931
Operating capital	145,564	136,133
Key indicators		
Operating margin, %	25.1	16.9
Return on equity (average), %	6.6	9.3
Return on operating capital (average), %	15.0	9.7
Net debt/equity ratio, multiple	0.5	0.3
Equity/assets ratio, %	37.4	40.2
Gross investments, SEKm	16,108	20,412
Appropriation, SEKm	0	0
Dividend, SEKm	8,700	12,990
Average no. of employees	24,898	24,688
Reported in compliance with GRI guidelines		Yes
Externally assured GRI report		Yes
Reporting in compliance with IFRS		Yes

Gender distribution



1) Elected for 2017/2018

TERACOM GROUP

Teracom Group AB sells and distributes radio and TV to households 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 generating business based on its infrastructure, which was accomplished in 2016.

Significant events in 2016

- Teracom Group divested all shares in the subsidiary Boxer TV-Access AB.
- Teracom Group signed an agreement to sell the shares in the Danish subsidiary, Boxer A/S. The deal is awaiting the necessary decision from the regulatory authority.
- The Government decided to extend the period during which the 700 MHz band can be used for TV broadcasting until May 2018. As a result, the migration from the 700 MHz band will take a little longer than previously planned.

Targets and follow-up

Financial targets and tracking

- Profitability: Return on equity of 17 per cent. Return on equity was 34 (19) per cent. Underlying earnings were strong, but the increased return is explained mainly by the sale of Boxer TV-Access AB.
- Capital structure: Equity/assets ratio of 30 per cent. The equity/assets ratio was 60 (49) per cent. The Government has announced that the company's financial targets will be reviewed in 2017.
- Dividend: 40–60 per cent of net profit. The dividend amounted to SEK 210 million, equal to 60 per cent of net profit for continuing operations.

Sustainability targets and tracking

- Responsible business: 80 per cent of purchasing volumes delivered by suppliers that adhere to Teracom Group's sustainability policy. During 2016,

the suppliers that have completed the established assessment process accounted for 82 per cent (81) of the group's total purchasing value.

- Responsible employer: At least 40 per cent representation of both genders. In 2016, 28 per cent of managers and 18 per cent of all employees were women.
- Responsibility for the environment and climate: Annual reduction of CO₂ equivalents by 3 per cent. During 2016, Teracom Group increased its climate impact by 2.9 per cent, mainly due to the higher number of service issues in Teracom Sweden.
- The board of directors intends to review the sustainability targets in 2017.

Public policy assignments, targets and tracking

The company has a specifically adopted public policy assignments to operate broadcasting and transmission of radio and television programming and engage in related business. The company shall offer programming companies broadcasting and transmission services on equal terms in Sweden. If there is demand from programming companies, the company shall provide basic infrastructure across all or parts of Sweden. This applies provided that the programming companies are required according to their broadcasting licences to broadcast or transmit with the demanded reach in a terrestrial network. Based on these fundamental premises and regulatory conditions, the company shall operate exclusively on a commercial basis. The company's public policy assignment is tracked and monitored by the Government Offices. Targets have not yet been developed according to the public policy targets process.

State ownership 100%



Chair:

Kia Orback Pettersson

CEO:

Åsa Sundberg

Directors and auditors elected for 2017/2018

Chair: Kia Orback Pettersson **Board:** Kristina Eken-gren and Nils Petter Tetlie. Johan Hedensjö, Ola Salmén and Annika Viklund were elected at the 2017 AGM. Jeanette Almgren, Håkan Dahlström, Fredrik Rystedt and Martin Tivéus stepped down

Employee reps: Elisabeth Chougui, Jan Ossfeldt
Auditor: Björn Flink (KPMG)

Fees paid to the chair were SEK 270 (250) thousand. Fees paid to directors elected by the AGM amounted to SEK 130 (125) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	2,003	1,971
Operating profit	349	464
Profit before tax	329	457
Net profit	995	477
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	5,535	5,273
Non-current assets	2,664	3,691
Equity	3,322	2,602
- of which, minority interests	0	0
Net debt	-1,441	231
Operating capital	1,881	2,833
Key indicators		
Operating margin, %	17.4	23.5
Return on equity (average), %	33.6	19.3
Return on operating capital (average), %	14.8	16.2
Net debt/equity ratio, multiple	-0.4	0.1
Equity/assets ratio, %	60.0	49.3
Gross investments, SEKm	266	258
Appropriation, SEKm	0	0
Dividend, SEKm	210	285
Average no. of employees	612	604
Reported in compliance with GRI guidelines		Yes
Externally assured GRI report		Yes
Reporting in compliance with IFRS		Yes

Gender distribution



1) Elected for 2017/2018

Vasallen AB develops and improves former army regiments and other military real estate, transforming them into attractive and vibrant neighbourhoods with new purposes and ultimately divests the properties.

Since its founding in 1997, Vasallen has acquired a total of 24 property holdings throughout Sweden. Of these, 21 have been developed and sold. Following the divestment of large parts of the company's property holdings in 2012, development projects have been concentrated on creating various types of housing in the locations where Vasallen is still operating. The long-term plan is to wind up the company.

Significant events in 2016

- Presterud, Vasallen's property holding in Kristinehamn, was sold as of 1 April. Presterud comprises land area of 57 hectares and approximately 64,000 m² of premises.
- All property holdings in Sollefteå, Hågesta, excluding a senior housing facility, were sold as of 30 June. The properties in Sollefteå were acquired by the Swedish Fortifications Agency in 2000. In close cooperation with the municipality and the local business community, Vasallen has developed Hågesta into a new city district in Sollefteå.
- Rental income for the group fell sharply year-on-year. This was due mainly to the sale of the property holdings in Kristinehamn and in Sollefteå.

Targets and follow-up

Financial targets and tracking

- Profitability: Return on average equity over cycle should be equal to the risk-free rate plus 4 basis points. Return was negative for 2016. Average return over

the last five years is 4.6 percent, which is 0.7 basis points below target. The low earnings are due to a steep decline in rental income upon sale of the majority of the property holdings.

- Capital structure: Equity/asset ratio of at least 50 per cent, interest coverage ratio above 2. The equity/assets ratio is above 50 per cent. The interest coverage ratio was -9 due to reduced income and the target was not reached.
- Dividend: 30-50 per cent of profit after tax. No dividend was distributed due to the net loss.

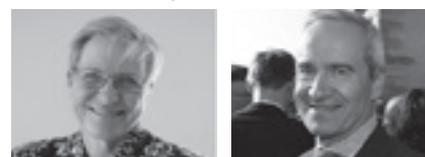
Sustainability targets and tracking

- Customer Satisfaction Index (CSI) of at least 80. The year's CSI survey returned a score of 85, which is above target.
- Sickness absence of maximum 3 per cent. The sickness absence rate was 2.0 per cent and the target was met.
- Annual energy consumption below 100 kWh/m² and year. Energy consumption for 2016 amounted to 137 kWh/m², which is slightly higher than in the preceding year. The target of 100 kWh/m² was thus not met. Vasallen has since 2011 sold a large share of the fully developed properties with good energy performance, which explains the high energy consumption in the current property holdings.

Public policy assignment and targets

No specifically adopted public policy assignments.

State ownership 100%



Chair:

Charlotte Axelsson

CEO:

Leif Rytter

Directors and auditors elected for 2017/2018

Chair: Charlotte Axelsson **Board:** Agneta Kores, Daniel Kristiansson and Tomas Werngren.

Biljana Pehrsson stepped down as of the 2017 AGM

Employee rep: Mats Sundqvist **Auditor:** Gunilla Andersson (EY)

Fees paid to the chair were SEK 148 (148) thousand. Fees paid to directors elected by the AGM amounted to SEK 74 (74) thousand. Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	32	47
Changes in value	-3	24
Operating profit	-22	14
Profit before tax	-23	13
Net profit	-13	19
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	590	698
Non-current assets	470	625
Equity	528	626
- of which, minority interests	0	0
Net debt	-16	-33
Operating capital	512	593
Key indicators		
Operating margin, %	-68.8	29.8
Return on equity (average), %	-2.3	2.5
Return on operating capital (average), %	-4.0	2.4
Net debt/equity ratio, multiple	0.0	-0.1
Equity/assets ratio, %	89.5	89.7
Gross investments, SEKm	155	151
Appropriation, SEKm	0	0
Dividend, SEKm	0	85
Average no. of employees	15	19
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

Gender distribution



1) Elected for 2017/2018



Vattenfall AB is a Swedish, state-owned energy company with some 20,000 employees and operations in Sweden, Germany, the Netherlands, Denmark, the UK and Finland. Vattenfall focuses on growth in business areas that are driving the transition to a renewable energy system. The company's objective is to be the leader in sustainable production and thereby ensure reliable and cost-effective energy supply.

The energy sector is still under pressure due to low electricity prices and overcapacity. In turn, this has given rise to substantial impairment losses in 2016, the majority of which were announced in the second quarter. Underlying operating profit for continuing operations improved, however, compared to 2015. Vattenfall's focus on reducing costs was a key contributing factor, along with strong earnings performance in the Heat and Customers & Solutions business areas. Improved regulatory certainty combined with more stable financial conditions are providing the financial flexibility needed to invest for the future. Through continued strong growth in renewables, improving customers' experiences, developing decentralised electricity and heat solutions, enhancing digitalisation expertise, reducing climate impact, and increasing cost-efficiency in core operations, Vattenfall will be able to create exciting future opportunities.

Significant events in 2016

- Sale of the German lignite operations to the energy company EPH and its financial partner PPF Investments.
- The Swedish parliamentary agreement on the future direction of energy policy, with the ambition to create a 100% renewable energy system for the future is creating the conditions for investments in nuclear and hydro power while enabling continued investments in renewable energy.
- Continued investments in expansion of wind power, with 297 MW of new, renewable capacity installed in 2016, the majority of which is attributable to the German offshore wind farm Sandbank.
- The German federal cabinet approved a draft law in October for a nuclear waste fund in Germany, which was passed by the German parliament in December. Approval from the EU is still outstanding and is expected to be received in early 2017.

Targets and follow-up

Financial targets and tracking

- Return on capital employed (ROCE) of 9 per cent. ROCE was 0.5 per cent (1.8) for continuing operations and -8.5 per cent (-8.2) for Total Vattenfall. ROCE was negatively affected by impairment losses.
- Funds from operations (FFO)/adjusted net debt of 22–30% cent. FFO/adjusted net debt amounted to 21.6 per cent (19.5) for continuing operations and 22.6 per cent (21.1%) for Total Vattenfall.
- Debt/equity ratio of 50–90 per cent. At 31 December 2016, the debt/equity ratio was 60.5 per cent.
- Dividend of 40–60 per cent of profit after tax for the year. Due to the loss after tax, the board of directors has proposed no dividend for 2016.

Strategic targets and tracking

- Customer loyalty, which is measured using the Net Promoter Score (NPS), positive in absolute terms and +2 in comparison with Vattenfall's competitors. The NPS was +7 for 2016.
- Installed capacity of renewable energy of at least 2,300 MW, cumulative from 2016 to 2020. Thus far, 297 MW was installed in 2016.
- Maximum absolute CO₂ emissions of 21 million tonnes by 2020. The exposure has dropped to 23.1 million tonnes for continuing operations, primarily due to the sale of lignite operations.
- Return on capital employed (ROCE) of 9 per cent. See financial targets
- Maximum Lost Time Injury Frequency (LTIF), expressed in the number of accidents per 1 million hours worked, of 1.25. The LTIF for 2016 was 2.0.
- Employee engagement index of 70 per cent or better. The index for 2016 was 57 per cent.

Public policy assignment and targets

No specifically adopted public policy assignments.

Gender distribution



1) Elected for 2017/2018

State ownership 100%



Chair: Lars G. Nordström

CEO: Magnus Hallström

Directors and auditors elected for 2017/2018

Chair: Lars G. Nordström **Board:** Fredrik Arp, Viktoria Bergman, Håkan Erixon, Tomas Kåberger, Jenny Lahrin, Åsa Söderström Jerring and Hilde Tonne. Fredrik Rystedt was elected at the 2017 AGM, Staffan Bohman stepped down **Employee reps:** Johnny Bernhardsson, Ronny Ekwall, Rolf Ohlsson **Alternate employee reps:** Christer Gustafsson, Robert Lönnqvist, Jeanette Regin **Auditor:** Staffan Landén (EY)

Fees paid to the chair were SEK 685 (625) thousand. Fees paid to directors elected by the AGM amounted to SEK 330 (0) thousand. Fees are not paid to directors employed by the Government Offices. Nor are fees paid to employee representatives.

	2016	2015
Income statement, SEKm		
Net sales	139,208	143,576
Operating profit	1,337	-5,069
Profit before tax	-5,045	-9,845
Profit/loss from discontinued operations	-23,833	-14,578
Net profit	-26,004	-19,766
- of which attributable to minority interest	320	-3,094
Balance sheet, SEKm		
Total assets	409,260	462,317
Non-current assets	304,628	343,291
Equity	83,800	115,956
- of which, minority interests	15,528	11,972
Net debt	50,724	64,201
Adjusted net debt	124,741	137,585
Operating capital	208,541	253,541
Key indicators		
Operating margin, %	1.0	-3.5
Return on equity (average), %	-26.0	-16.2
Return on operating capital (average), %	0.6	-1.9
ROCE, Return on capital employed, %	0.5	-1.8
FFO/adjusted net debt, %	21.6	19.5
Net debt/equity ratio, multiple	0.6	0.6
Equity/assets ratio, %	20.5	25.1
Gross investments, SEKm	23,070	28,726
Appropriation, SEKm	0	0
Dividend, SEKm	0	0
Number of employees, FTE	19,935	28,567 ¹⁾
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	Yes	

1) 6,802 FTEs refer to the lignite operations.

Vattenfall's progress towards attaining the EU 2020 targets

When Vattenfall's mandate was clarified in 2010, the Parliamentary Committee on Industry and Trade¹ issued a statement on the importance of ongoing information from

the Government to the Riksdag concerning Vattenfall's development and operations in relation to the EU 2020 targets. Reporting is provided annually in the annual report.

	Targets	Strategy	Performance in 2016
CO₂ emissions	Vattenfall's vision is to be climate-neutral by 2050 (and explore opportunities to become climate-neutral even earlier) and by 2030 in the Nordic countries. Strategic target of 21 million tonnes in absolute emissions by 2020.	Vattenfall has developed a CO ₂ Roadmap to reduce CO ₂ emissions with the goal of: <ul style="list-style-type: none"> Reducing Vattenfall's CO₂ emissions to zero. Requiring suppliers to reduce their emissions. Making it possible for customers to achieve their climate goals. 	The biggest change in CO ₂ exposure is due to the sale of the lignite operations. CO ₂ emissions in 2016 for continuing operations were on par with 2015: 23.2 (23.4) Mtonnes. Including the lignite operations, CO ₂ emissions for 2016 were 67.7 (83.8) Mtonnes. <div style="text-align: right;"> CO₂ emissions </div>
Renewable energy sources	Vattenfall's objective is to become a leading developer and operator of wind power in northwestern Europe. The target is to reach at least 2,300 MW of new capacity by 2016-2020.	Vattenfall will continue to grow in renewables by developing, acquiring and participating in tenders for onshore and offshore wind farms and by further leveraging its knowledge and experience in both the construction and operation of wind power. <ul style="list-style-type: none"> Increase the number of ongoing projects. Reduce average electricity production costs (LEC). Reduce the capital requirement through financial partnership. Build new business focused on solar cell technology and battery storage for integration of renewable electricity production. 	A total of 297 MW of renewable capacity was installed in 2016. The capacity consists of the German offshore wind farm Sandbank (216 MW) of a total of 288 MW), the Swedish onshore wind farms Högabjär (38 MW) and Høge Våg (38 MW) and the 5 MW of solar energy adjacent to Vattenfall's Parc Synog onshore wind farm in Wales. <div style="text-align: right;"> New renewable capacity </div>
Increase energy efficiency	1,000 GWh internal savings by 2020 compared with 2015.	Vattenfall is working continuously to increase its energy efficiency by: <ul style="list-style-type: none"> Expanding district heating networks. Making Energy Maps. Changing over/upgrading to more energy efficient components. Helping customers adopt energy efficiency measures. 	During 2016, Vattenfall achieved 330 GWh in internal efficiency improvements, mainly through upgrades of nuclear and hydro power plants and by exchanging local boilers with district heating. <div style="text-align: right;"> Energy efficiency improvements </div>

Source: Vattenfall annual report 2016, Vattenfall.

1) Report 2009/10:NU23.



V.S. VisitSweden AB markets Sweden abroad as a brand and as a tourist destination.

VisitSweden is owned equally by the Swedish state and Svensk Turism AB. Through its operations, VisitSweden promotes greater international knowledge about and demand for Sweden as a travel destination. The tourism industry is an important employer that generates demand for labour all over the country.

Significant events in 2016

- On 17 December 2015, state funding as allocated to a total of SEK 139.6 million for 2016. Of this amount, the Government decided that SEK 30 million will be used for carrying out initiatives in new emerging markets, such as India and China, marketing sustainable nature and ecotourism in rural Sweden and for initiatives to extend the stays of foreign day trippers in Sweden.
- During 2016, VisitSweden began working according to a new digital strategy intended to enhance the attractiveness of Sweden as a tourist country and Swedish experiences and destinations. It is meant to make Sweden more visible and engage more people on the digital platforms used by travellers interested in Sweden. Rapid digitalisation and globalisation have quickly given modern travellers new opportunities to find inspiration in a wide variety of local and global travel services and to share their experiences with others. This is a paradigm shift that is already apparent in VisitSweden's foreign markets. Even closer cooperation with the tourism and hospitality industry and key international players will make it easier for travellers to dream about and increase access to Swedish experiences, where travellers plan their trips and make it easier to make bookings.
- In November, the board announced its decision to dismiss the CEO, Thomas Brühl. CFO Kristina Ösund was appointed acting CEO during the recruitment period.

- ShareWear, a joint initiative for sustainable fashion by VisitSweden and the Swedish Institute, engaged people in 117 countries. ShareWear generated 400 headlines in some of the largest media outlets in the world, reaching 376 million people. The idea behind ShareWear, an initiative carried out in partnership with Swedish fashion companies, ASFB and the Swedish Fashion Council, was to create awareness of the massive amounts of clothing discarded every year and encourage people to instead share their garments with others.

Targets and follow-up

Financial targets

- No financial targets have been established by the AGM.

Sustainability targets

- Environmental sustainability: VisitSweden's CO₂ emissions should not exceed 424 tonnes in 2016.
- Social sustainability: Implementation of core values and the code of conduct in all of the company's markets.
- Financial sustainability: A balanced budget, with profit in line with the latest projection approved by the board.

Sustainability target outcomes

- Environmental sustainability: VisitSweden's CO₂ emissions for 2016 exceeded the target.
- Social sustainability: The company's core values and code of conduct have been implemented.
- Financial sustainability: VisitSweden's financial performance was lower than expected.

Public policy assignment and targets

VisitSweden has a specifically adopted public policy assignment and operations within the assignment are funded through appropriations. The public policy assignment is tracked and monitored by the Government Offices. Targets have not yet been developed according to the public policy targets process.

State ownership 50%



Chair: Karin Johansson **Acting CEO:** Kristina Ösund

Directors and auditors elected for 2017/2018

Chair: Karin Johansson was elected at the 2017 AGM, Elisabeth Gauffin stepped down **Board:** Lotta Boman, Kristina Ekengren, Mats Forslund, Elisabeth Haglund, Jari Virtanen and Eva Östling. Rickard Törnblom was elected at the 2017 AGM, Anders Eslander stepped down **Auditors in charge:** Ann-Christine Hägglund (PwC) and Victor Brusewitz (PwC)

Fees paid to the chair were SEK 130 (110) thousand. Fees paid to directors elected by the AGM amounted to SEK 60 (55) thousand and to elected alternates 24 (24). Fees are not paid to directors employed by the Government Offices.

	2016	2015
Income statement, SEKm		
Net sales	269	254
Operating profit	-13	9
Profit before tax	-13	9
Net profit	-14	8
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	92	73
Non-current assets	3	2
Equity	20	34
- of which, minority interests	0	0
Net debt	-44	-38
Operating capital	-24	-4
Key indicators		
Operating margin, %	-4.9	3.4
Return on equity (average), %	-50.7	27.9
Return on operating capital (average), %	96.0	-305.3
Net debt/equity ratio, multiple	-2.2	-1.1
Equity/assets ratio, %	22.2	46.5
Gross investments, SEKm	2	0
Appropriation, SEKm	140	140
Dividend, SEKm	0	0
Average no. of employees	82	75
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	No	

Gender distribution



1) Elected for 2017/2018

Voksenåsen Oslo

Voksenåsen AS is a course and conference centre in Oslo that was Norway's national gift to Sweden in thanks for humanitarian aid during World War II. Its programme operations are intended to foster Swedish/Norwegian cooperation and reflect Sweden and Norway's international commitments.

Significant events in 2016

- Extensive programme operations.
- The Voksenåsen Summer Academy celebrated its 20th anniversary with a record number of applicants.
- New focus on profiling and marketing.

Targets and follow-up

Financial targets

No financial targets have been established by the owner.

Sustainability targets and tracking

- Voksenåsen shall continue to be a leading Nordic course and conference centre, including from the international perspective. The results of the commercial activities are good when compared with the centre's closest competitors in the hotel and conference industry.
- The unique nature of Voksenåsen makes the institution particularly well suited as an arena for development, innovation, conflict resolution and other processes in the areas of culture, politics, business and social responsibility. Programme operations are varied, with an international flavour that include themes relevant to both countries.

Public policy assignment

- Through activities in various forms, the national gift of Voksenåsen should reinforce the kinship between Swedes and Norwegians and enhance mutual knowledge about each country's society, language and culture.
- It is meant to be a natural meeting place and a frequently used forum of debate on culture and society in Sweden and Norway. Accordingly, Voksenåsen should host a high proportion of events in partnership with government agencies and organisations in Norway and Sweden and offer a varied selection of programmes.
- The conference centre should offer competitive accommodation and perform well in competition with comparable facilities in the Oslo area and achieve good profitability while maintaining respect for Voksenåsen's fundamental purpose.

Tracking of the public policy assignment

- Programme operations include themes relevant to both countries, with extensive cooperation among various organisations and institutions in Norway and Sweden. Financial performance was good for the commercial activities, although sales declined for reasons including a strike by hotel and restaurant workers in Norway in April–May 2016.

State ownership 100%



Chair: Maria Larsson

CEO: Maria af Klinteberg Herrestahl

Directors and auditors elected for 2017/2018

Chair: Marie Larsson **Board:** Thomas Fürth, Jörn Holme, Helene Larsson Pousette and Ellen Marie Saethre-McGuirk. Espen Daae, Jan Gulliksen and Mia Käll Spendrup were elected at the 2017 AGM, when Jan Andréasson, Azka Baig, Åsa Bergenheim and Sverre Jervell stepped down **Auditor:** Trine Angell-Hansen (RSM Norge AS)

Fees paid to the chair were SEK 55 (44) thousand. Fees paid to directors elected by the AGM amounted to SEK 20 (10) thousand.

	2016	2015
Income statement, SEKm		
Net sales	41	47
Operating profit	0	-1
Profit before tax	-1	-1
Net profit	0	0
- of which attributable to minority interest	0	0
Balance sheet, SEKm		
Total assets	16	20
Non-current assets	11	13
Equity	6	8
- of which, minority interests	0	0
Net debt	3	3
Operating capital	8	11
Key indicators		
Operating margin, %	-0.5	-1.3
Return on equity (average), %	0.0	0.0
Return on operating capital (average), %	-2.1	-5.8
Net debt/equity ratio, multiple	0.4	0.4
Equity/assets ratio, %	36.9	38.6
Gross investments, SEKm	1	2
Appropriation, SEKm	12	14
Dividend, SEKm	0	0
Average no. of employees	45	48
Reported in compliance with GRI guidelines	Yes	
Externally assured GRI report	Yes	
Reporting in compliance with IFRS	No	

Gender distribution



1) Elected for 2017/2018

Other companies and operations

The European company EUROFIMA and the two foundations, Norrlandsfonden and Industrifonden, are managed in accordance with the state's ownership policy. The investment organisation for state-owned enterprises took over management of the state's holdings in these operations effective 1 January 2015.

EUROFIMA

EUROFIMA European Company for the Financing of Rail-road Rolling Stock, provides financing of rail rolling stock to its shareholders. The shareholders are mainly European rail companies. The company was formed in 1956 based on a treaty among a number of European countries. Due to the changes that have since occurred in Europe, with the gradual liberalisation of the rail market for passenger trains, the company is facing a number of challenges. The company is taking measures to 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 2016

- Extremely low global interest rates remain a challenge to profitability.
- EUROFIMA has maintained its focus on balancing the mandate with responsible risk management.
- The proportion of non-investment-grade loans is still declining.
- Lending increased by more than 100 per cent in 2016 to CHF 1.7 billion. The main borrowers were Schweizerische Bundesbahnen SBB, NV Nederlandse Spoorwegen, SNCB and ÖBB-Holding AG.

Norrlandsfonden

The Norrlandsfonden foundation was formed in 1961. Fund capital is contributed 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. Over the long term, the foundation's capital base must be preserved nominally intact.

Norrlandsfonden offers loans, convertible debentures and various types of guarantees to enterprises in northern Sweden. Particular attention should be devoted to Norrbotten County and the inland municipalities. Norrlandsfonden is also a partner in several venture capital and incubator firms, such as Partnerinvest Övre Norrland, Norr Sâdd and Arctic Business Incubator.

The foundation's capital base amounts to just over SEK 1 billion. Norrlandsfonden has 15 employees, of whom eight are women and seven are men. At year-end 2016, Norrlandsfonden had a total commitment of SEK 948 million to 434 customers. Ninety-five new customers were added in 2016. The CEO of Norrlandsfonden is Lars-Olov Söderström.

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 2016–30 June 2017:

Chair: Tomas Lejon **Board:** Erik Bergkvist, Leif Boström (appointed April 2017), Katarina Green, Kajsa Hedberg, Per Nordgren, Anna-Caren Säterberg, Carina Östansjö.

Auditor: Johanna Sällvin, Hans Öystilä (KPMG)

Fees paid to the chair were SEK 100 (100) thousand. Fees paid to directors amounted to SEK 50 (50) thousand. Fees are not paid to directors employed by the Government Offices.

Industrifonden

The Industrifonden foundation was established by the state in 1979. Its purpose is to promote industrial growth and renewal in Sweden by financing small and medium-sized enterprises on commercial terms. The capital base must 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, the investment horizon is 5–10 years. Industrifonden's successful investments include Arcam, Oatly and CellaVision.

Industrifonden has 25 employees, of whom 10 are women and 15 are men. On 30 June 2015, the capital base was approximately SEK 4 billion, of which about half is invested in some 70 companies. Over the 2015/16 financial year, SEK 327 million was invested, including SEK 39 million in three new companies and 288 million in follow-on investments in existing portfolio companies. The CEO of Industrifonden is Anders Slettengren.

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 2016–31 October 2017:

Chair: Charlotte Brogren **Board:** Katarina Green, Lars Gatenbeck, Samir Kamal, Christer Nilsson, Bo Normark, Mernosh Saatchi. **Auditor:** Jonas Ståhlberg, Daniel Wassberg (Deloitte)

Fees paid to the chair were SEK 125 (125) thousand. Fees paid to directors amounted to SEK 65 (65) thousand. Fees are not paid to directors employed by the Government Offices.

Dissolved companies

Miljöstyvningsrådet

AB Svenska Miljöstyvningsrådet (the Swedish Environmental Management Council – SEMCo) was founded in 1995 to act as the Swedish principal and registration authority for the EU's Eco-Management and Audit Scheme (EMAS). The operations have subsequently been developed to also include the administration and development of the international Environmental Product Declaration system (EPD®), as well as systems for sustainable public procurement and other professional procurement (SEM-Co's procurement criteria). In June 2014, the Riksdag authorised

the Government to transfer parts of the company's operations to the state and to liquidate Miljöstyvningsrådet at the appropriate juncture (Bill 2013/14:99, Report 2013/14:FiU;21, Riksdag communication 2013/14:316). At a general meeting of Miljöstyvningsrådet on 11 September 2014 a decision was taken to wind up the company Miljöstyvningsrådet has since been under the administration of an appointed liquidator tasked with implementing the voluntary dissolution. The voluntary dissolution was completed on 5 April 2016.

Companies in voluntary dissolution

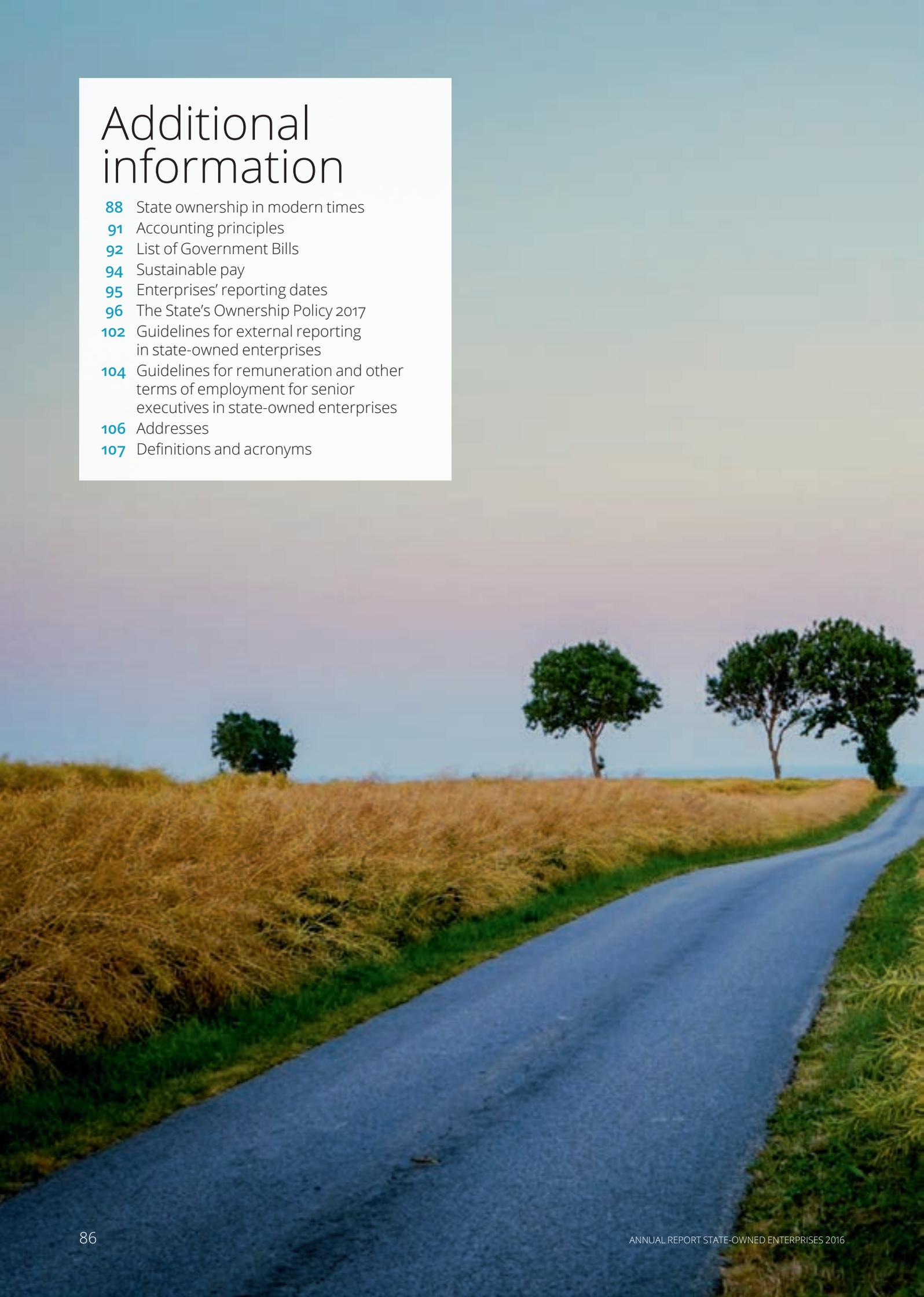
European Spallation Source ESS AB

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 is owned jointly by the Swedish and Danish states. The Swedish state owns about 74 per cent of equity and the Danish state about 26 per cent. When the facility in Lund is finished, it will be the world's most powerful materials science facility, using neutrons to probe materials at the atomic and molecular level. In December 2014, the Riksdag authorised the Government (Bill 2014/15:1, Report 2014/15: UbU1, Riksdag Communication 2014/15:90) to transfer the company's assets and liabilities

to a European Research Infrastructure Consortium (ERIC) and to wind up the company at the time the Government deems appropriate. The European Commission established the European Spallation Source ERIC on 19 August 2015. The Commission's decision took legal force 30 August 2015. Assets and liabilities were transferred from the company to the ERIC effective 30 September 2015. The AGM of European Spallation Source ESS AB resolved on 18 March 2016 to wind up the company. European Spallation Source ESS AB has since been under the administration of an appointed liquidator tasked with implementing the voluntary dissolution. The voluntary dissolution of the company is expected to be completed during 2017.

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State ownership in modern times

Since 1969, the management of the state-owned enterprises has mainly been centralised within the Government Offices. The reasons for companies being set up or being under state ownership have changed over time. The review below briefly summarises the most important corporate events among the companies owned by the Swedish state.

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 major limited liability companies in the mining, steel, forestry and petrochemical sectors, among others. Apoteksbolaget is established.

1974 PK-banken is formed through the merger of Postbanken and Sveriges Kreditbank.

1977 Svenska Varv is formed in conjunction with the state taking over Salén-Invest's shares in Götaverken. The group also includes Arendal, Cityvarvet, Finnboda Varf, Karlskronavarvet, Uddevallavarvet and Öresundsvarvet. A comprehensive restructuring process commences.

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 Combined, SSAB and Statsföretag account for 20 per cent of the country's industrial investments.

1981 The state transfers its half share in ASEA-ATOM to ASEA. The JAS industrial group is formed, with the government being a shareholder through Förenade Fabriksverken (FFV).

1982 Svenska Varv is reconstructed. Closures of the major shipyards continue.

1984 Nokia acquires 70 per cent of satellite and television manufacturer Luxor, which had been taken over by the state five years previously.

1985 Statsföretag changes name to Procordia. Procordia is restructured through divestments and acquisitions of companies.

1986 The state-owned Sveriges Petroleum (SP) merges with the Swedish oil consumers' association (OK) to form OK Petroleum with the Finnish state-owned enterprise Neste as part owner. The first partial privatisation of SSAB is implemented through the acquisition 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 state enterprise, is demerged. Banverket, the Swedish National Rail Administration, is made responsible for the railway network and SJ for train services.

1989 Procordia, Pharmacia and Volvo's food company Proven-dor 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 acquires Nordbanken. The holding company Fortia is formed.

1991 The Riksdag resolves to wholly or partially privatise 35 companies and to liquidate Fortia. Celsius Industrier, formerly Svenska Varv reorganises as a defence group when merged with Telub and FFV, becoming a limited liability company, and acquires Bofors.

1992 Domänverket becomes Domän AB. Statens Vattenfalls- verk becomes Vattenfall AB, in conjunction with which the Swedish electricity grid and foreign connections are separated to form a new public enterprise, 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. Statens Bostadsfinan- sieringsaktiebolag (SBAB) is fully exposed to competition. SAS acquires 50 per cent of Linjeflyg to form a fully integrated domestic airline. Gota Bank is declared bankrupt and is acquired by the state. Securum is set up to deal with the problem loans incurred by Nordbanken as a consequence of the financial crisis.

1993 The National Board of Public Buildings ceases to exist and government agencies and public enterprises are permitted to operate freely in the property market. Vasakronan takes over the state's commercial properties. Volvo and the Swedish Gov- ernment agree to work to divide Procordia into two parts. The state becomes the majority shareholder in Pharmacia AB, focus- ing on pharmaceuticals, and Volvo becomes the majority share- holder in 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 Stock- holm Stock Exchange. Assi AB and Domän AB are merged into AssiDomän AB, which bids for NCB. Securum contributes SEK 10 billion to save Nordbanken. Televerket (the National Telecommunications Administration) is reorganised as Telia AB. The AMU group is incorporated.

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 (Swed- ish postal service) becomes a limited liability company. The state



divests its remaining shareholdings in SSAB, OKP and parts of AssiDomän AB and Pharmacia.

1995 V&S Vin&Sprit's monopoly ends. Pharmacia and US pharmaceuticals company UpJohn merge.

1996 The state injects SEK 600 million into AmuGruppen (later Lernia) to save the company from bankruptcy.

1997 SBL Vaccins is sold to Active in Malmö. Svenska Penninglotteriet and Tipstjänst AB merge and change name to Svenska Spel AB. Merita and Nordbanken announce their intention to merge and form MeritaNordbanken.

1998 The unit for state ownership is formed at the Ministry of Enterprise, Energy and Communications and assigned administration responsibility for a majority 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 (incorporated in 1995 from the Swedish Plant Inspectorate in connection with the abolition of the inspection monopoly) and Värdepapperscentralen (Swedish Securities Register).

2000 Remaining shareholding in Celsius (25 per cent) is sold to defence group Saab. Telia is listed on the stock exchange. Vattenfall becomes one of Northern Europe's largest energy companies through the acquisition 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 Swedish State Railways state enterprise is divided into six different limited liability companies. The new SJ AB is responsible for passenger traffic. The other companies are EuroMaint, Green Cargo, Jernhusen TrafficCare and Unigrid.

2001 Sveaskog acquires AssiDomän AB. Airline group SAS, which was previously owned by three separate national parent companies, gains a single newly-formed parent company, SAS AB. The Swedish state subsequently owns 21.4 per cent of SAS.

2002 Telia and the Finnish company Sonera merge to form TeliaSonera, becoming the leading telecommunications operator in the Nordic region. The state subsequently owns 46 per cent of TeliaSonera.

2003 The state's shares in Svenska Skogsplantor are transferred to Sveaskog (also a wholly state-owned enterprise). The state acquires ABB's holding of 35 per cent of Svensk Exportkredit (Swedish Export Credit Corporation, SEK) and becomes the sole owner of SEK following the acquisition.

2005 The state injects SEK 600 million into Green Cargo. The Swedish Corporate Governance Code (the Code), which is intended to contribute to improved governance of Swedish limited liability 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 Government sells its last share in SAKAB AB, a leftover from 1992 when the principal responsibility for the handling of hazardous waste was transferred to a private player.

2007 The state decreases its holding in TeliaSonera, selling shares for SEK 18 billion. The Swedish state subsequently owns 37.3 per cent of TeliaSonera. The Riksdag resolves to grant the Government a mandate to divest 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 divestments provide income equivalent to SEK 81 billion. New capital is injected into SEK and Almi and, in connection 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, through the Swedish National Debt Office, the state assumes ownership of Carnegie Investment Bank and Max Matthiessen. The takeover is conducted in accordance with the Act on Support for Banks in Crisis to foster the stability of the financial sector. The shares are divested in 2009.

2009 Svevia and Vectura Consulting are formed from activities previously included in 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 is formed, now called PostNord. The pharmacy monopoly is discontinued and the companies Apoteksgruppen, APL and Apotekens Service are spun off from Apoteket.



2010 Divestments of 465 pharmacies are 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 Banverket Produktion (Swedish Rail Administration's Production unit). The newly formed company Swedavia AB 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 administration of the 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 (National Land Survey of Sweden). Arbetslivsresurs 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 formation. 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 transferred to the Ministry of Finance. The state liqui-

dates its entire remaining shareholding in Nordea Bank (13.4 per cent) by selling shares on two occasions during the year for a total of SEK 41 billion. The state sells Vectura Consulting to engineering consultancy Sweco for slightly less than SEK 1 billion.

2014 Having improved its profitability and strengthened its financial position through a preferential rights issue on the capital market, SAS cancels the loan commitments provided through a credit facility from the state and others. 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 under liquidation. In May 2014, an Extraordinary General Meeting of Bostadsgaranti resolved to divest the subsidiary Försäkringsaktiebolaget Bostadsgaranti. The divestment represents part of the liquidation of Bostadsgaranti as a whole. The Riksdag authorised the Government to divest assets and liabilities in ESS to a consortium for European research infrastructures and to liquidate the company.

2015 The 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 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 outstanding ordinary shares and about 17.1 per cent of voting power in SAS. The state realised proceedings from the sale of SEK 213.9 million. The Government presents a proposal on a new venture capital structure that will invest in investment teams ("venture capital funds"), jointly with private capital. The bill is debated by the Riksdag and the Minister for Enterprise and Innovation is authorised to establish the new venture capital firm, which is named Saminvest. The dissolution of Miljöstyrringsrådet is concluded.

2017 At 1 January, equity in the two state-owned venture capital companies, Fouriertransform and Inlandsinnovation, to the state's new venture capital company, Saminvest.

Accounting principles

Companies included in the consolidated financial statements are those limited companies in which the state's shareholding is managed by the Government Offices plus the organisation Svenska Skeppshypotekskassan. The consolidated financial statements are a summary of the financial information issued by the companies themselves. The consolidated financial statements do not include limited companies managed by authorities other than the Government Offices or by state foundations. Companies in which the state has an ownership share of less than 20 per cent or are in the process of being dissolved are also not included in the consolidated financial statements. Subsidiaries are companies in which the state holds a stake equal to 50 per cent or more. Associated companies, that is, those in which the state holds 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 ordinary consolidated financial statements. This is because the state-owned enterprises do not constitute a group and do not therefore produce consolidated statements in compliance with a formal regulatory framework. Accordingly, the compilation is intended, to provide, in the best possible way a coherent and clear picture of the administration of the state-owned enterprises in financial terms. To facilitate this without applying consolidation methods according to current regulatory framework, a description is provided below of the basis for the summary.

Reporting to the Government Offices from state-owned enterprises is based on the established form of presentation applicable in the business community. However, the income statement, balance sheet and cash flow statement have been condensed.

Certain adjustments, for which the Swedish Government Offices are responsible, have been made in the data reported for the consolidated financial statements (see below). The business descriptions presenting the various companies are primarily based on the companies' own information. Due to varying calculation methods, the key ratios reported in the consolidated financial statements may differ from the key ratios 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 having reported in accordance with the principles adopted in their own case. To facilitate the consolidation 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. During 2014, some companies transitioned to applying BFNAR 2012:1 Annual and consolidated accounts (K3).

- According to the Government guidelines for external reporting of state-owned enterprises, financial statements should be prepared on the basis of the requirements imposed on publicly traded companies. As of 2005, publicly traded companies in the EU are required to prepare their consolidated financial statements in accordance with IFRS as adopted by the EU.
- Associated companies have been included in accordance with the equity method. This means that profit or loss after tax in an associated companies corresponding to the share owned by the state has been included in the consolidated income statement on one line in operating profit or loss. Similarly, the state's ownership share of the associated company's equity has been included in the consolidated balance sheet.
- Subsidiaries in which there is a minority interest have been adjusted in the income statement and balance sheet. This adjustment entails that the minority owner's share of the subsidiary's profit or loss is shown as a deduction in connection with net profit or loss from shares in the associated companies. The minority owner's share of the subsidiary's equity is recognised as a separate item in shareholders' equity in the consolidated balance sheet.
- Transactions between the companies included in the table have not been eliminated. This is not consistent with customary consolidation methods for group-internal transactions. The reason for this, as explained initially, is that the companies do not constitute a corporate group. Accordingly, the basis required to enable such elimination is not available in the reporting companies either.
- Certain key ratios have not been calculated for the financial companies. The main reason for this is that the working capital of the financial companies is of a different character compared with most other companies.

Please refer to the annual report issued by the respective company for more information about the accounting principles applied in a particular company.

List of Government Bills

COMPANY/GOVERNMENT BILL	COMPANY/GOVERNMENT BILL
Akademiska Hus (Bill 1991/92:44, Rep. 1991/92:FIU8, Riksd. comm. 1991/92:107) (Bill 1992/93:37, Rep. 1992/93:FIU8, Riksd. comm. 1992/93:123) (Bill 1997/98:137, Rep. 1997/98:FIU25, Riksd. comm. 1997/98:252) (Bill 2010/11:1 expenditure area 24, Rep. 2010/11:FIU2, Riksd. comm. 2010/11:139, 140) (Bill 2013/14:1 expenditure area 24, Rep. 2013/14:NU1, Riksd. comm. 2013/14:103)	Industrifonden (Bill 1978/79:123, Rep. 1978/79:NU59, Riksd. comm. 1978/79:415) (Bill 1992/93:82, Rep. 1992/93:NU19, Riksd. comm. 1978/93:145) (Bill 1994/95:100, Rep. 1994/95:NU18, Riksd. comm. 1978/95:300)
Almi Företagspartner (Bill 1993/94:40, Rep. 1993/94:NU11, Riksd. comm. 1993/94:80) (Bill 2008/09:73, Rep. 2008/09:FIU17, Riksd. comm. 2008/09:47) (Bill 2009/10:148, Rep. 2009/10:NU25, Riksd. comm. 2009/10:361) (Bill 2011/12:99, Rep. 2011/12:FIU21, Riksd. comm. 2011/12:282) (Bill 2012/13:1, Rep. 2012/13: NU1, Riksd. comm. 2012/13:104)	Infranord (Bill 2009/10:10, Rep. 2009/10:TU5, Riksd. comm. 2009/10:59)
APL, Apoteket, Apoteksgruppen (Bill 1970:74, Rep. 1970:2LU, Riksd. comm. 1970:234) (Bill 1984/85:170, Rep. 1984/85:SoU29, Riksd. comm. 1984/85:357) (Bill 1995/96:141, Rep. 1995/96:NU26, Riksd. comm. 1995/96:302) (Bill 1996/97:27, Rep. 1996/97:SoU5, Riksd. comm. 1996/97:58) (Bill 2001/02:63, Rep. 2001/02:SoU10, Riksd. comm. 2001/02:194) (Bill 2004/05:70, Rep. 2004/05:SoU13, Riksd. comm. 2004/05:217) (Bill 2005/06:70, Rep. 2005/06:SoU15, Riksd. comm. 2005/06:198) (Bill 2006/07:78, Rep. 2006/07:SoU12, 2006/07:153) (Bill 2007/08:87, Rep. 2007/08:SoU 17, 2007/08:182) (Bill 2007/08:142, Rep. 2007/08:SoU20, 2007/08:255) (Bill 2008/09:145, Rep. 2008/09: SoU21, Riksd. comm. 2008/09:226) (Bill 2008/09:190, Rep. 2008/09: SoU25, Riksd. comm. 2008/09:288) (Bill 2009/10:96, Rep. 2009/10: SoU10, Riksd. comm. 2009/10:222) (Bill 2009/10:138, Rep. 2009/10: SoU23, Riksd. comm. 2009/10:288) (Bill 2012/13:128, Rep. 2012/13: SoU26, Riksd. comm. 2012/13:279)	Jernhusen (Bill 1999/00:78, Rep. 1999/2000:TU11, Riksd. comm. 1999/2000:238)
Arlandabanan Infrastructure (Bill 1993/94:39, Rep. 1993/94: TU6, Riksd. comm. 1993/94:74) (Bill 1993/94:213, Rep. 1993/94:TU36, Riksd. comm. 1993/94:436) (Bill 2005/06:1, Rep. 2005/06:TU1, Riksd. comm. 2005/06:81) (Bill 2006/07:1, Rep. 2006/07:TU1, Riksd. comm. 2006/07:35) (Bill 2010/11:1, Rep. 2010/11:TU1, Riksd. comm. 2010/11:138)	Lernia (Bill 1992/93:152, Rep. 1992/93: AU6, Riksd. comm. 1992/93:175) (Bill 1993/94:126, Rep. 1993/94:UbU10, Riksd. comm. 1993/94:341) (Bill 1995/96:145, Rep. 1995/96:Ubu8, Riksd. comm. 1995/96:224) (Bill 1996/97:55, Rep. 1996/97:AU6, Riksd. comm. 1996/97:108) (Comm. 1996/97:95, Rep. 1996/97:AU10, Riksd. comm. 1996/97:188) (Bill 2012/13:1, Rep. 2012/13: NU1, Riksd. comm. 2012/13:103)
Bilprovingen (Bill 1963:91, SU 1963:83, Rep. 3LU 1963:22, Riksd. comm. 1963:198). (Bill 1991/92:69, Rep. 1991/92: NU10, Riksd. comm. 1991/92:92) (Bill 1993/94:167, Rep. 1993/94: TU35, Riksd. comm. 1993/94:433) (Bill 1994/95:69, Rep. 1994/95: TU8, Riksd. comm. 1994/95:137) (Bill 1996/97:1 expenditure area 22, Rep. 1996/97:TU1, Riksd. comm. 1996/97:115) (Bill 2009/10:32, Rep. 2009/10:TU8, Riksd. comm. 2009/10:161) (Bill 2009/10:54, Rep. 2009/10:NU10, Riksd. comm. 2009/10:162)	LKAB (Bill 1883:18). (Bill 1882:14). (Bill 1907:107). (Bill 1927:241). (Bill 1934:270). (Bill 1977/78:96, Rep. 1977/78: NU50, Riksd. comm. 1977/78:225) (Bill 1978/79:87, Rep. 1978/79: NU30, Riksd. comm. 1978/79:240) (Bill 1979/80:79, Rep. 1979/80: NU72, Riksd. comm. 1979/80:380) (Bill 1981/82:32, Rep. 1981/82: TU7, Riksd. comm. 1981/82:116) (Bill 1981/82:56, Rep. 1981/82: NU13, Riksd. comm. 1981/82:82) (Bill 1980/81:128, Rep. 1980/81: NU48, Riksd. comm. 1980/81:301) (Bill 1982/83:120, Rep. 1982/83: NU38, Riksd. comm. 1982/83:306) (Bill 1991/92:69, Rep. 1991/92: NU10, Riksd. comm. 1991/92:92)
Bostadsgaranti (Bill 1983/84:41, Rep. 1983/84:BoU8, Riksd. comm. 1983/84:64) (Bill 2012/13:1, Rep. 2012/13: NU1, Riksd. comm. 2012/13:103) (Bill 2013/14:125, Rep. 2013/14: CU25, Riksd. comm. 2013/14:212)	Metria (Bill 2010/11:53, Rep. 2010/11:CU10, Riksd. comm. 2010/11:188)
Dramaten (Bill 1992/93:100, Rep. 1992/93: KrU20, Riksd. comm. 1992/93:315) (Bill 1996/97:3, Rep. 1996/97:KrU1, Riksd. comm. 1996/97:129) (Bill 2009/10:3, Rep. 2009/10: KrU5, Riksd. comm. 2009/10:145)	Miljömärkning Sverige (Bill 1997/98:1, Rep. 1997/98: NU1, Riksd. comm. 1997/98:131) (Bill 2005/06:105, Rep. 2005/06: LU33, Riksd. comm. 2005/06:377) (Bill 2011/12:99, Rep. 2011/12:FIU21)
ESS (Bill 2008/09:50, Rep. 2008/09:UbU4, Riksd. comm. 2008/09:160) (Bill 2009/10:1 expenditure area 16, Rep. 2009/10:UbU1, Riksd. comm. 2009/10:126) (Bill 2012/13:190, Rep. 2012/13: UbU7, Riksd. comm. 2012/13:54) (Bill 2014/15:1, Rep. 2014/15: UbU1, Riksd. comm. 2014/15:90)	Operan (Bill 1992/93:100, Rep. 1992/93: KrU20, Riksd. comm. 1992/93:315) (Bill 1996/97:3, Rep. 1996/97:KrU1, Riksd. comm. 1996/97:129) (Bill 2009/10:3, Rep. 2009/10: KrU5, Riksd. comm. 2009/10:145)
EUROFIMA (Bill 1955:211) (Bill 1992/93:176, Rep. 1992/93 TU36)	Orio (Bill 2012/13:99, Rep. 2012/13: FIU21, Riksd. comm. 2012/13:287)
Green Cargo (Bill 1999/2000:78, Rep. 1999/2000: TU11, Riksd. comm. 1999/00:238) (Bill 2003/04:127, Rep. 2003/04:NU15, Riksd. comm. 2003/04:286)	PostNord (Bill 1992/93:132, Rep. 1992/93: TU11, Riksd. comm. 1992/93:152) (Bill 1993/94:38, Rep. 1993/94: TU9, Riksd. comm. 1993/94:119) (Bill 1995/96:218, Rep. 1996/97: TU6, Riksd. comm. 1996/97:34) (Bill 1997/98:127, Rep. 1997/98: TU13, Riksd. comm. 1997/98:304) (Bill 1998/99:95, Rep. 1998/99: TU11, Riksd. comm. 1998/99:237) (Bill 2007/08:143, Rep. 2007/08: NU13, Riksd. comm. 2007/08:253) (Bill 2009/10:216, Rep. 2009/10: TU19, Riksd. comm. 2009/10:378) (Rep. 2010/11:NU7, Riksd. comm. 2010/11:190)
Göta kanalbolag (Bill 1977/78:119, Rep. 1977/78: TU22, Riksd. comm. 1977/78:291) (Bill 1991/92:134, Rep. 1991/92: NU33, Riksd. comm. 1991/92:351) (Bill 1992/93:51, Rep. 1992/93: NU15, Riksd. comm. 1992/93:97) (Bill 1993/94:100, Rep. 1993/94:NU16, Riksd. comm. 1993/94:224) (Bill 2014/15:99, Rep. 2014/15: FIU21, Riksd. comm. 2014/15:255) (Bill 2015/16:1, Rep. 2015/16: NU1, Riksd. comm. 2015/16:89)	RISE Research Institutes of Sweden (Bill 1996/97:150, Rep. 1996/97: FIU20, Riksd. comm. 1996/97:284) (Bill 2001/02:2, Rep. 2001/02:NU:5, Riksd. comm. 2001/02:64) (Bill 2004/05:80, Rep. 2004/05: UbU15, Riksd. comm. 2004/05:289) (Bill 2006/07:1, Rep. 2006/07:NU1, Riksd. comm. 2006/07:62) (Bill 2008/09:50, Rep. 2008/09:UbU4, Riksd. comm. 2008/09:160) (Bill 2012/13:30, Rep. 2012/13: UbU3, Riksd. comm. 2012/13:152) (Bill 2012/13:99, Rep. 2012/13: FIU21, Riksd. comm. 2012/13:287) (Bill 2016/17:1, Rep. 2016/17: NU1, Riksd. comm. 2016/17:103)
	Samhall (Bill 1977/78:30, Rep. 1977/78:AU16, Riksd. comm. 1993/78:74) (Bill 1978:79, app. 9, 1 & 2, Rep. 1978/79:AU17, Riksd. comm. 1978/79:118) (Bill 1978/79:139, Rep. 1978/79:AU29, Riksd. comm. 1978/79:293) (Bill 1982/83:149, Rep. 1982/83:AU25, Riksd. comm. 1982/83:153) (Bill 1991/92:91, Rep. 1991/91:AU16, Riksd. comm. 1991/92:249)
	Saminvest (Bill 2015/16:110, Rep. 2015/16:NU23, Riksd. comm. 2015/16:295)

COMPANY/GOVERNMENT BILL
<p>SAS (Bill 1996/97:126, Rep. 1996/97: TU9, Riksd. comm. 1996/97:232) (Bill 2000/01:124, Rep. 2000/01: TU17, Riksd. comm. 2000/01:253) (Bill 2008/09:124, Rep. 2008/09: FIU40, Riksd. comm. 2008/09:192) (Bill 2009/10:121, Rep. 2009/10: FIU35, Riksd. comm. 2009/10:220) (Bill 2012/13:46, Rep. 2012/13: NU10, Riksd. comm. 2012/13:102)</p>
<p>SBAB (Bill 1993/94:76, Rep. 1993/94: BoU06, Riksd. comm. 1993/94:115) (Bill 1993/94:228, Rep. 1993/94:BoU20, Riksd. comm. 1993/94:374) (Bill 1994/95:219, Rep. 1994/95:BoU20, Riksd. comm. 1994/95:417) (Bill 2001/02:1 app. 6, expenditure area 6, Rep. 2001/02:FIU2, Riksd. comm. 2001/02:129) (Bill 2005/06:1, Rep. 2005/06:FIU2, Riksd. comm. 2005/06:126-128) (Bill 2006/07:57, Rep. 2006/07:NU16, Riksd. comm. 2006/07:217) (Bill 2008/09:104, Rep. 2008/09: FIU39, Riksd. comm. 2008/09:217) (rec. 2010:11:N1, Rep. 2010/11:NU7, Riksd. comm. 2010/11:190)</p>
<p>SEK (Bill 1962:125, Rep. 1962:SU110, Rep. 1962:BaU22, Riksd. comm. 1962:272 & 275) (Bill 1981/82:181, Rep. 1981/82: NU52, Riksd. comm. 1981/82:427) (Bill 1995/96:141, Rep. 1995/96: NU26, Riksd. comm. 1995/96:302) (Bill 2002/03:142, 2002/03:NU14, Riksd. comm. 2002/03:244) (Bill 2008/09:73, Rep. 2008/09: FIU1, Riksd. comm. 2008/09:47) (Bill 2008/09:86, Rep. 2008/09: NU12, Riksd. comm. 2008/09:125) (Bill 2015/16:1 expenditure area 24, Rep. 2015/16:NU1, Riksd. comm. 2015/16:89)</p>
<p>SJ (Bill 1999/2000:78, Rep. 1999/2000: TU11, Riksd. comm. 1999/2000:238) (Comm. 2001/02:141, Rep. 2001/02:TU14, Riksd. comm. 2001/02:281) (Bill 2002/03:86, Rep. 2002/03:NU13, Riksd. comm. 2002/03:343) (Bill 2005/06:160, Rep. 2005/06:TU5, Riksd. comm. 2005/06:308) (Bill 2008/09:176, Rep. 2008/09: TU18, Riksd. comm. 2008/09:293)</p>
<p>SOS Alarm (Bill 1972:129, Rep. 1972:TU20, Riksd. comm. 1972:329) (Bill 1990/91:87, Rep. 1990/91:TU28, Riksd. comm. 1990/91:369) (Bill 1992/93:132, Rep. 1992/93:TU11, Riksd. comm. 1992/93:152) (Bill 1992/93:200, Rep. 1992/93:TU30, Riksd. comm. 1992/93:943) (Bill 1993/94:150, Rep. 1993/94:TU38, Riksd. comm. 1993/94:432)</p>
<p>Specialfastigheter (Bill 1991/92:44, Rep. 1991/92: FIU8, Riksd. comm. 1991/92:107) (Bill 1992/93:37, Rep. 1992/93:FIU8, Riksd. comm. 1992/93:123) (Bill 1997/98:137, Rep. 1997/98:FIU25, Riksd. comm. 1997/98:252)</p>
<p>SSC (Svenska rymdaktiebolaget) (Bill 1972:48, Rep. 1972:NU37, Riksd. comm. 1972:216) (Bill 1978/79:142, Rep. 1978/79:NU36, Riksd. comm. 1978/79:292) (Bill 1985/86:127, Rep. 1985/86:NU21, Riksd. comm. 1985/86:305)</p>
<p>Statens Bostadsomvandling (Bill 1997/98:119, Rep. 1997/98: BoU10, Riksd. comm. 1997/98:306) (Bill 1997/98:150, Rep. 1997/98:FIU27, Riksd. comm. 1997/98:317) (Bill 2001/02:4, Rep. 2001/02:NU4, Riksd. comm. 2001/02:118) (Bill 2001/02:58, Rep. 2001/02:BoU4, Riksd. comm. 2001/02:160) (Bill 2001/02:100, Rep. 2001/02:FIU21, Riksd. comm. 2001/02:326) (Rep. 2002/03:BOU10, Riksd. comm. 2002/03:216) (Bill 2003/04:1, Rep. 2003/04:FIU11, Riksd. comm. 2003/04:49) (Bill 2003/04:100, Rep. 2003/04: FIU21, Riksd. comm. 2003/04:273)</p>
<p>Sveaskog (Bill 1998/99:1 expenditure area 24, Rep. 1998/99:NU1, Riksd. comm. 1998/99:108) (Bill 1999/2000:1 expenditure area 24, Rep. 1999/2000:NU1, Riksd. comm. 1999/2000:111) (Bill 2001/02:39, Rep. 2001/02:NU7, Riksd. comm. 2001/02:108) (Bill 2002/03:24, Rep. 2002/03:NU4, Riksd. comm. 2002/03:107) (Bill 2004/05:1 expenditure area 24, Rep. 2004/05:NU1, Riksd. comm. 2004/05:117) (Bill 2009/10:169, Rep. 2009/10: NU22, Riksd. comm. 2009/10:384)</p>
<p>Svedab (Bill 1990/91:158, Rep. 1990/91: TU31, Riksd. comm. 1990/91:379) (Bill 1992/93:100 app. 7, Rep. 1994/95:TU2, Riksd. comm. 1994/95:50) (Bill 1996/97:161, Rep. 1997/98:TU6, Riksd. comm. 1997/98:32) (Bill 1999/2000:66, Rep. 1999/2000: TU10, Riksd. comm. 1999/2000:237) (Bill 2001/02:20, Rep. 2001/02:TU2, Riksd. comm. 2001/02:126) (Bill 2006/07:1, Rep. 2006/07:TU1, Riksd. comm. 2006/07:35) (Bill 2009/10:1, Report 2009/10:TU1, Riksd. comm. 2009/10:117) (Bill 2010/11:1, Rep. 2010/11:TU1, Riksd. comm. 2010/11:138)</p>

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<p>Svenska Spel (Bill 1995/96:169, Rep. 1995/96: FIU14, Riksd. comm. 1995/96:248) (Bill 2008/09:126, Rep. 2008/09: KrU8, Riksd. comm. 2008/09:243)</p>
<p>Svevia (Bill 2008/09:23, Rep. 2008/09:TU4, Riksd. comm. 2008/09:76)</p>
<p>Swedavia (Bill 2009/10:16, Rep. 2009/10:TU7, Riksd. comm. 2009/10:114)</p>
<p>Sweden House (Bill 1994/95:78, Rep. 1994/95: FIU4, Riksd. comm. 1994/95:75)</p>
<p>Swedesurvey (Bill 1992/93:100 app. 15, Rep. 1992/93:BoU14, Riksd. comm. 1992/93:217)</p>
<p>Swedfund (Bill 1977/78:135, Rep. 1978/79: UU1, Riksd. comm. 1978/79:9) (Bill 1991/92:100 app. 4, Rep. 1991/92:UU15, Riksd. comm. 1991/92:210) (Bill 2008/09:52, Rep. 2008/09:UU9, Riksd. comm. 2008/09:74)</p>
<p>Systembolaget (Bill 1976/77:108, Rep. 1976/77: SkU 40, Riksd. comm. 1976/77:231) (Bill 1993/94:136, Rep. 1993/94:SoU22, Riksd. comm. 1993/94:249) (Bill 1994/95:89, Rep. 1994/95:SoU9, Riksd. comm. 1994/95:106) (Bill 1998/99:134, Rep. 1999/00:SoU4, Riksd. comm. 1999/00:42) (Bill 2000/01:97, Rep. 2000/01:SoU19, Riksd. comm. 2000/01:260) (Bill 2002/03:87, Rep. 2002/03:SoU16, Riksd. comm. 2002/03:152) (Bill 2003/04:161, Rep. 2004/05:SoU6, Riksd. comm. 2004/05:38) (Bill 2005/06:30, Rep. 2005/06:SoU12, Riksd. comm. 2005/06:157) (Bill 2007/08:119, Rep. 2007/08: SoU19, Riksd. comm. 2007/08:209) (Bill 2009/10:125, Rep. 2010/11:SoU4, Riksd. comm. 2010/11:36)</p>
<p>Telia Company (Bill 1992/93:200, Rep. 1992/93: TU30, Riksd. comm. 1992/93:443) (Bill 1997/98:121, Rep. 1997/98:NU14, Riksd. comm. 1997/98:308) (Bill 1998/99:99, Rep. 1998/99:NU14, Riksd. comm. 1998/99:260) (Bill 1999/2000:84, Rep. 1999/2000:NU18, Riksd. comm. 1999/2000:204). Rep. 2000/01:NU11, Riksd. comm. 2000/01:272) (Bill 2006/07:57, Rep. 2006/07:NU16, Riksd. comm. 2006/07:217), Rep. 2010/11:NU7, Riksd. comm. 2010/11:190)</p>
<p>Teracom Group (Bill 1991/92:140, Rep. 1991/92: KrU28, Riksd. comm. 1991/92:329) (Bill 1996/97:67, Rep. 1996/97:KU17, Riksd. comm. 1996/97:178) (Bill 1998/99:1, expenditure area 17, Rep. 1998/99:KrU1, Riksd. comm. 1998/99:55) (Bill 2000/01:1, expenditure area) 17, Rep. 2000/01:KrU1, Riksd. comm. 2000/01:59) (Bill 2001/02:76, Rep. 2001/02:KrU7, Riksd. comm. 2001/02:149) (Bill 2002/03: 110, Rep. 2002/03:TU6, Riksd. comm. 2002/03:228) (Bill 2002/03:64, Rep. 2002/03:KrU7, Riksd. comm. 2002/03:195) (Bill 2002/03:72, Rep. 2002/03:KU33, Riksd. comm. 2002/03:196) (Bill 2003/04:118, Rep. 2003/04:KU24, Riksd. comm. 2003/04:231) (Bill 2005/06:1, expenditure area 24, Rep. 2005/06:NU1, Riksd. comm. 2005/06:121) (Bill 2010/11:1, expenditure area 24, Rep. 2010/11:NU1, Riksd. comm. 2010/11:132)</p>
<p>Vasallen (Bill 1996/97:4, Rep. 1996/97: FöU1, Riksd. comm. 1996/97:36) (Bill 1996/97:150, Rep. 1996/97:FIU20, Riksd. comm. 1996/97:284) (Bill 1999/2000:30, Rep. 1999/2000:FöU2, Riksd. comm. 1999/2000:168) (Bill 2000/01:100, Rep. 2000/01:FIU20, Riksd. comm. 2000/01:288) (Bill 2002/03:100, Rep. 2002/03:FIU21, Riksd. comm. 2002/03:235) (Bill 2004/05:5, Rep. 2004/05:FöU4, Riksd. comm. 2004/05:143) (Bill 2008/09:172, 2008/09:FIU41, Riksd. comm. 2008/09:263)</p>
<p>VisitSweden (Bill 1994/95:100 app. 13 and Bill 1994/95:177, Rep. 1994/95:KrU28), Riksd. comm. 1994/95:395) (Bill 2004/05:56, Rep. 2004/05:NU13, Riksd. comm. 2004/05:295)</p>
<p>Vattenfall (Bill 1990/91:87, Rep. 1990/91: NU38, Riksd. comm. 1990/91:318) (Bill 1991/92:49, Rep. 1991/92:NU10, Riksd. comm. 1991/92:92) (Bill 1996/97:84, Rep. 1996/97:NU12, Riksd. comm. 1996/97:272) (Bill 2009/10:179, Report 2009/10:NU23, Riksd. comm. 2009/10:325)</p>
<p>Voksenåsen (Bill 1960:88, Rep. 1960:SU78, Riksd. comm. 1960:205) (Bill 1976/77:25, Rep. 1976/77: KrU27, Riksd. comm. 1976/77:72) (Bill 1997/98:1, Rep. 1997/98: KrU1, Riksd. comm. 1997/98:97)</p>

Sustainable pay and employment levels

Since remuneration to senior executives in trade and industry is a significant issue of confidence, state-owned enterprises should pay managers carefully considered salaries and pensions.

A matter of confidence

Today, the demand for sound remuneration systems has become one of the most important issues of corporate governance, both in Sweden and abroad. Remunerations are criticised for not being transparent, being approved in the wrong way, being too high, and causing a sense of injustice within companies and in society. Reasonable and well-considered remunerations for senior executives play an important role in the corporate governance of the state-owned enterprises. The behaviour of the state-owned enterprises and their representatives is subject to demanding external expectations, and it is important for the state to be a clear, professional and responsible owner.

Guidelines for 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. The new guidelines will be applied as of the 2017 annual general meeting. The previous guidelines on terms of employment for senior executives in state-owned enterprises, adopted 20 April 2009, will apply for the 2016 financial year. In these guidelines, the possibility of paying variable salaries to senior executives was removed.

In companies where the state is directly or indirectly one of several owners the Government should, in dialogue with the other owners, promote the application of its guidelines as far as possible. The boards of the state-owned enterprises are responsible for compliance with the Government's guidelines on terms of employment for senior executives. According to the remuneration principles in the 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. Remuneration should not be wage-leading in relation to comparable companies, but should be pervaded by moderation. The guidelines further state that this should also serve as standard for total remunerations to other employees.

Performance review

The Government Offices continuously track the remuneration levels applied by the state-owned enterprises. The Government Offices have commissioned a consulting company to examine compliance in 2016 with the Government's guidelines on terms of employment for senior executives. This survey was based on the companies' own data on terms of employment and remuneration of senior executives. The study examines how the companies adhere to the guidelines and compares compensation levels in the companies with market data from privately owned companies. About 120 representative peer companies 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 wage-leading". Total cash remuneration refers to all fixed and variable remuneration paid to the employee.

Total cash remuneration, CEOs, median SEK



Total cash remuneration, other senior executives, median SEK



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

The proportion of CEOs with defined benefit pension plans continues to decline

The proportion of CEOs with defined benefit pension plans has declined. In 2016, about one sixth (15 per cent) of all CEOs and just below half (40 per cent) of other senior executives had defined benefit pension plans. For senior executives, this is based mainly on applicable collective agreements and does not therefore conflict with the guidelines. Other cases involve old agreements that have yet to be renegotiated.

According to the Government guidelines, upon termination by the company, the period of notice shall not exceed six months and severance pay shall not exceed 18 months. Consequently, the combined period of notice and severance pay shall not exceed 24 months. All senior executives have a combined period of notice and severance pay of 24 months or less. According to the Government guidelines from 2009, retirement age in the companies shall not be lower than 62 and should be at least 65. As of 2016, three senior executives in two companies have a retirement age of less than 62.

Below-market CEO salaries in the larger companies

State-owned enterprises and peers active in the market were divided into four groups based on sales levels. Total cash remuneration to CEOs in groups 3 and 4 shows that the median remuneration in state-owned enterprises is below median remuneration in the private market. Median remuneration to CEOs in groups 1 and 3, however, is slightly above the median in the private market. Median remuneration to other senior executives in state-owned enterprises is on par with the market median.

Positive trend in compliance

The 2016 follow-up on the "Guidelines for terms of employment for senior executives" reveals that:

- No CEO of a state-owned enterprise receives variable remuneration,
- Three individuals are entitled to retire before the age of 62,
- The proportion of CEOs with defined benefit pension plans has declined,
- Variable remuneration is paid to other senior executives in one case.

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	28 Apr 2017	28 Apr 2017	15 Jul 2017	27 Oct 2017	Feb 2018
Almi Företagspartner	20 Apr 2017	28 Apr 2017	15 Aug 2017	31 Oct 2017	15 Feb 2018
APL (Apotek Produktion & Laboratorier)	31 Mar 2017		14 Aug 2017		15 Feb 2018
Apoteket	20 Apr 2017	21 Apr 2017	19 Jul 2017	19 Oct 2017	
Apoteksgruppen	27 Apr 2017	30 Apr 2017	15 Aug 2017	31 Oct 2017	15 Feb 2018
Arlandabanan Infrastructure	20 Apr 2017		15 Aug 2017		
Bilprovningen	27 Apr 2017	27 Apr 2017	15 Aug 2017	26 Oct 2017	14 Feb 2018
Bostadsgaranti	29 Mar 2017				
Dramaten	21 Apr 2017		29 Aug 2017		22 Mar 2018
Green Cargo	25 Apr 2017	26 Apr 2017	11 Aug 2017	25 Oct 2017	8 Feb 2018
Göta kanalbolag	21 Apr 2017				
Infranord	25 Apr 2017	26 Apr 2017	1 Aug 2017	27 Oct 2017	14 Feb 2018
Jernhusen	27 Apr 2017	28 Apr 2017	12 Jul 2017	25 Oct 2017	Feb 2018
Lernia	28 Apr 2017	28 Apr 2017	17 Jul 2017	27 Oct 2017	
LKAB	27 Apr 2017	27 Apr 2017	14 Aug 2017	26 Oct 2017	15 Feb 2018
Metria	27 Apr 2017	28 Apr 2017	14 Jul 2017	27 Oct 2017	
Miljömärkning Sverige	26 Apr 2017				
Operan	28 Apr 2017				
Orio	28 Apr 2017	2 May 2017	15 Aug 2017	25 Oct 2017	15 Feb 2018
PostNord	17 Apr 2017	28 Apr 2017	28 Jul 2017	27 Oct 2017	9 Feb 2018
RISE Research Institutes of Sweden	21 Apr 2017	30 Apr 2017	15 Aug 2017	31 Oct 2017	15 Feb 2018
Samhall	17 Apr 2017	28 Apr 2017	15 Aug 2017	27 Oct 2017	5 Feb 2018
Saminvest	28 Apr 2017	28 Apr 2017	19 Jul 2017	23 Oct 2017	15 Feb 2018
SAS	22 Feb 2017	8 Mar 2017	21 Jun 2017	5 Sep 2017	12 Dec 2017
SBAB	24 Apr 2017	25 Apr 2017	19 Jul 2017	26 Oct 2017	9 Feb 2018
SEK	22 Mar 2017	25 Apr 2017	18 Jul 2017	24 Oct 2017	1 Feb 2018
SJ	25 Apr 2017	25 Apr 2017	21 Jul 2017	25 Oct 2017	
SOS Alarm	26 Apr 2017	28 Apr 2017	16 Aug 2017	31 Oct 2017	16 Feb 2018
Specialfastigheter	24 Apr 2017	24 Apr 2017	12 Jul 2017	19 Oct 2017	
SSC (Svenska rymdaktiebolaget)	26 Apr 2017	28 Apr 2017	15 Aug 2017	31 Oct 2017	15 Feb 2018
Statens Bostadsomvandling	28 Apr 2017	21 Apr 2016	11 Aug 2016	26 Oct 2016	7 Feb 2017
Sveaskog	26 Apr 2017	26 Apr 2017	17 Jul 2017	26 Oct 2017	Jan 2018
Svedab	20 Apr 2017	30 Apr 2017	15 Aug 2017	31 Oct 2017	15 Feb 2018
Swedavia	27 Apr 2017	27 Apr 2017	18 Jul 2017	31 Oct 2017	15 Feb 2018
Swedesurvey	3 Apr 2017	30 Apr 2017	15 Aug 2017	31 Oct 2017	15 Feb 2018
Swedfund International	28 Apr 2017	30 Apr 2017	15 Aug 2017	31 Oct 2017	15 Feb 2018
Svenska Skeppshypotek					
Svenska Spel	26 Apr 2017	31 Jan 2017	20 Jul 2017	25 Oct 2017	5 Feb 2018
Svevia	24 Apr 2017	24 Apr 2017	14 Aug 2017	26 Oct 2017	
Sweden House	31 May 2017				
Systembolaget	26 Apr 2017	27 Apr 2017	17 Jul 2017	26 Oct 2017	13 Feb 2018
Telia Company	5 Apr 2017	26 Apr 2017	20 Jul 2017	19 Oct 2017	
Teracom Group	26 Apr 2017	27 Apr 2017	15 Aug 2017	27 Oct 2017	14 Feb 2018
Vasallen	26 Apr 2017	27 Apr 2017	24 Aug 2017	27 Oct 2017	15 Feb 2018
Vattenfall	27 Apr 2017	28 Apr 2017	21 Jul 2017	27 Oct 2017	7 Feb 2018
VisitSweden	26 Apr 2017			22 Nov 2017	
Voksenåsen	22 May 2017	20 Apr 2017	20 Aug 2017	20 Oct 2017	1 Mar 2018

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, Section 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, Section 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, Section 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 expertise 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, Agenda 2030 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 Agenda 2030 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 – Agenda 2030. 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 Agenda 2030 to identify the goals which each company has an impact on and contributes to through its operations. The enterprises are also expected to identify business opportunities that facilitate attainment of global sustainability goals.

3.4.4 Working strategically

Based on the sectors and markets within which they operate, it is important that state-owned enterprises identify and manage risks and business opportunities so that the business is operated sustainably from the economic, social and environmental perspectives. The board of directors has a duty to integrate sustainable business in the company's business strategy and business development and to set strategic targets for sustainable business. The targets should be few in number, comprehensive, value-creating, relevant to the company's business operations and sustainability challenges and, where applicable, relevant to the company's specifically adopted public policy assignment. The targets should also be long term, challenging and trackable, while being distinct and easy to communicate.

3.4.5 Transparency

By maintaining an open and constructive dialogue with their major stakeholders, state-owned enterprises act transparently with regard to risks and opportunities in the area of sustainable business and with regard to how the companies are working to manage these. Furthermore, state-owned enterprises are required to communicate their efforts on sustainable business, both externally and internally.

3.4.6 Cooperation

State-owned enterprises are expected to work actively, both in their own operations and in cooperation with business partners, customers, suppliers and other stakeholders, to promote exchange of knowledge and innovative collaboration in the area of sustainable business.

3.5 Specifically adopted public policy assignments

Certain state-owned enterprises have specifically adopted public policy assignments. When the Riksdag commissions a company to conduct operations serving to generate effects other

than a financial return for the owner, this constitutes a specifically adopted public policy assignment. In certain cases, operations within the framework of a specifically adopted public policy assignment are financed partly through appropriations in the state budget.

3.6 Public policy targets for companies with specifically adopted public policy assignments

Public policy targets are set where relevant in order to assess and track the performance of specifically adopted public policy assignments. The purpose of setting public policy targets for the companies is to:

- ensure that the specifically adopted public policy assignments are duly performed,
- clarify the cost of performing the specifically adopted public policy assignments
- enable monitoring and reporting to the Riksdag and other stakeholders, and to
- clarify the conditions for the financial targets.

When determining public policy targets, items to consider include objects of the company and the purpose of the company's operations; that is, the desired effects of the company's operations.

As a company's prerequisites to perform a specifically adopted public policy assignment and to generate financial return may be mutually dependent, public policy targets and financial targets are normally prepared as an integrated project. In an integrated project, the level of ambition regarding the public policy targets can be weighed against the cost in terms of the effects on risk and financial return implied by a certain level for a public policy target. Public policy targets are resolved by the general meeting through an owner instruction to the company.

3.7 Monitoring of targets

Monitoring of public policy targets and financial targets are accomplished by means of an owner dialogue between representatives of the owner and the chairman of the board, whereby outcomes in relation to the targets are discussed, along with any measures planned for achieving the targets. The strategic targets set by the board in the area of sustainable business are also tracked within the owner dialogue. The targets may be revised if there is a material change in circumstances.

4. Corporate governance in state-owned enterprises

4.1 Framework

4.1.1 Legislation

State-owned enterprises are governed by the same laws as those applying to privately owned companies, including the Swedish Companies Act, the Swedish Annual Accounts Act, the Swedish Competition Act, the Swedish Bookkeeping Act and legislation related to securities trading and insider trading.¹ In addition to Swedish law, state-owned enterprises may also be subject to directly applicable EU regulations, such as the Market Abuse Regulation (MAR)² and the General Data Protection Regulation.³

Like privately owned companies, state-owned enterprises that operate in a particular sector may also be subject to sector-specific legislation.

EU regulations concerning state aid apply to all subsidies granted by the state to both state-owned enterprises and privately owned companies. The purpose of the rules is to ensure that no member state can distort competition through subsidies that strengthen the competitiveness of domestic industry at the expense of companies in another member state. According to EU regulations, the MEIP (Market Economy Investor Principle) or MEO (Market Economy Operator) applies, among other things, to capital infusions in state-owned enterprises. The MEIP is usually met if capital infusions are provided subject to conditions and terms that would have been accepted by a private investor.

4.1.2 Application of the Swedish Corporate Governance Code

In companies whose shares are admitted to trading on a regulated market in Sweden, the Swedish Corporate Governance Code (the "Code") must be applied in its entirety. In companies where the state owns a controlling interest but whose shares are not admitted for trade on a regulated market, the Code must be applied except for the rules on nomination committees and the rules on the election of directors and auditors. Nor are such companies required to establish a remuneration committee in accordance with the rules set out in the Code, but may choose to do so. In respect of companies in which the state owns a minority interest and whose shares are not admitted to trading on a regulated market, the state engages in dialogue with other owners to promote compliance with the Code in a corresponding manner. The Code is applied in accordance with the principle of 'comply or explain'.

The principles that must be applied instead of the rules under the Code when electing directors and auditors in state-owned enterprises whose shares are not admitted to trading on a regulated market are set out in sections 4.3 and 4.4.

4.2 General meeting

The general meeting is the company's highest decisionmaking body and the forum in which the shareholders formally exercise their influence. In preparation for a general meeting in state-owned enterprises whose shares are not admitted to trading on a regulated market, the owner nominates the chairman of the meeting, or, if the owner has not submitted a proposal, the board of directors does so. The nomination of the chairman must be included in the notice to attend the general meeting.

State-owned enterprises must apply the rules set out in the Swedish Companies Act for public limited liability companies with regard to the general meeting. In addition to the provisions of the Swedish Companies Act and the Code, the following principles apply to the general meetings of state-owned enterprises.

Members of the Riksdag are entitled to attend the general meetings of companies in which the state owns at least 50 per cent of the shares, provided that the company or an operating subsidiary has more than 50 employees. It is the responsibility of the board to ensure that a notice of the time and location of the general meeting is sent to the central office of the Riksdag in conjunction with the issuance to shareholders of the official notice to attend the meeting. Members of the Riksdag who wish to attend the general meeting must pre-register their intent with the board and this pre-registration should be received by the board not later than one week prior to the general meeting.

The general public should be invited to attend the general meetings of state-owned enterprises. Advance notice of attendance must be received at least one week prior to the meeting. State-owned enterprises should organise some form of arrangement in conjunction with their AGM Annual General Meeting in which members of the public may ask questions to the board of directors and management.

The annual general meeting of state-owned enterprises must take place before 30 April and any dividend resolved must be distributed no later than two weeks after the annual general meeting.

4.3 Board of directors

4.3.1 Directors

The Government's aim is for boards of directors of state-owned companies to possess a high level of expertise that is well matched to the operations, situation and future challenges of their companies. Directors are expected to be persons of high integrity and good judgement. Directors must also have the time and commitment required to perform the assignment and a high capacity to safeguard the best interests of the company. In the light of this, directors must inform the chairman of the board of any additional assignments they may receive.

In respect of state-owned enterprises whose shares are not admitted to trading on a regulated market, the Government Offices prepare a proposal for the election of directors and for the directors' fees. When the Government Offices' nomination process is complete, the adopted proposal must be published on the company's website and be included in the notice to attend the general meeting, in accordance with the rules set out in the Code. In addition, the information about the proposed directors specified in the Code, except for information about independence, must be published on the company's website. In companies where the state holds a significant ownership interest and whose shares are admitted to trading on a regulated market, the state appoints or nominates one member of the company's nomination committee.

4.3.2 Responsibilities of the board of directors

The board is responsible for ensuring that companies in which the state has an ownership interest are managed in an exemplary manner within the framework provided by legislation, the company's articles of association, owner instructions, if any, and the state's ownership policy. The board of directors is responsible for the organisation of the company and for managing its affairs. This includes assuring effective internal control, risk management and regulatory compliance. According to the Code, the board of directors must annually assess whether internal audit is necessary. The board must ensure that the company attains set targets and practices good stewardship of all resources in the business. The board is responsible for establishing business targets and strategies.

Work aimed at ensuring public confidence in the operations includes establishing relevant policy documents for the business, as well as an annual assessment of relevant policy documents and associated monitoring and compliance processes.

4.3.3 Directors' independence

Directors of state-owned enterprises must possess a high level of integrity and are not permitted to be dependent upon the

company or its management to such an extent that may question their independence. One deviation from the Code in terms of the independence of company directors is that directors' independence in relation to the state as a major shareholder and in relation to the company and its management is not reported in state-owned enterprises whose shares are not admitted to trading on a regulated market. The reason for this deviation is that the requirements of the Code are primarily aimed at companies with diverse ownership and are mainly intended to protect minority shareholders. In respect of state-owned enterprises whose shares are not admitted to trading on a regulated market, there is thus no reason to report this form of independence.

Situations should be avoided in which directors or alternate directors are engaged as consultants to the company and thereby receive consultancy fees in addition to directors' fees. If this nevertheless occurs, the assignment must be considered by the board in every individual case, be clearly differentiated from ordinary work on the board, apply for a limited time and be governed through a written agreement between the company and the director. Principles for such consultancy fees are to be subject to the annual general meeting's approval of the board's proposed guidelines for remuneration of senior executives.

4.3.4 Chairman of the board

The special role of the chairman of the board is governed by in the Code and the Swedish Companies Act. The particular duties of the chairman of the board are regulated in the formal board procedures.

In state-owned enterprises, 'coordination responsibility' is one such particular duty. Whenever the company is faced with particularly important decisions, the board of directors must, through the chairman, coordinate in writing its view with that of the representatives of the owner. It is incumbent upon the board to decide the cases in which such coordination via the chairman is required ahead of a particular board decision.

4.3.5 Board procedures

It is the responsibility of every board to assess the need to appoint special committees. Should a committee be appointed, its activities are to be guided by the principles of the Code and written instructions must be prepared that define the allocation of duties between the board and the committee. Other aspects of the board procedures are also to be guided by the principles of the Code. Boards of directors of state-owned enterprises must annually adopt written procedures for their work. In state-owned enterprises, the right to sign on behalf of the company should be exercised exclusively by two or more persons jointly, of whom at least one person must be a director or the CEO.

4.3.6 Decisions concerning the CEO

A chief executive officer must be appointed for all state-owned enterprises. One of the principal tasks of the board is to appoint, evaluate and, when necessary, dismiss the CEO. The board must also adopt a written instructions for the CEO that defines the allocation of duties between the board and the CEO.

4.3.7 Evaluation of the board

The chairman of the board must ensure that board performance is evaluated annually. In enterprises wholly-owned by the state, the Government Offices must be informed of the results of the evaluation.

4.4 The auditor

The auditor's assignment to independently examine the management of the company by the board of directors and the CEO, as well as the company's annual accounts and accounting records, is of principal interest of the state as owner. The owner is always responsible for appointing auditors and auditors are elected at the annual general meeting. A proposal concerning appointment of auditors and auditors' fees in state-owned enterprises must be submitted by the board and prepared by the company by applying the rules concerning procurement and appointment of auditors that apply to companies whose shares are admitted to trading on a regulated market, in accordance with the EU Audit Regulation.⁴ In companies that do not have an audit committee, the board of directors must assume the responsibilities and undertake the measures for procurement of auditors assigned to the audit committee under the Audit Regulation.

Proposals for the appointment of auditors must be published on the company's website, including information on the recommendation by the board of directors or the audit committee upon which the proposal is based, and must be included in the notice to attend the general meeting, in accordance with the rules set out in the Code.

Auditors elected by the annual general meeting must be appointed for a term of one year. In state-owned enterprises, the rules of the Audit Regulation concerning rotation of audit firms must also be applied, which means that an audit firm may not be reappointed for a period of more than 20 years, and that a complete procurement of audit services must be made at least every ten years.

In addition to an auditor appointed by the general meeting, the Swedish National Audit Office is entitled to appoint auditors for the companies in which the state has a controlling influence and for whose which operations are subject to statutory regulation.⁵

¹ The Swedish Companies Act (2005:551), the Swedish Annual Accounts Act (1995:1554), the Swedish Competition Act (2008:579), the Swedish Bookkeeping Act (1999:1078) and the Swedish securities and insider-related legislation, including the Swedish Securities Market Act (2007:528), the Swedish Financial Instruments Trading Act (1991:980), the Swedish Act (2000:1087) concerning Reporting Obligations for Certain Holdings of Financial Instruments and the Swedish Act (2005:377) on Penalties for Market Abuse involving Trade with Financial Instruments.

² Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

³ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), which applies from 25 May 2018.

⁴ Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

⁵ See section 2, paragraph 4 of the Swedish Act on Audit of State Activities, etc. (2002:1022).

Guidelines for external reporting in state-owned enterprises

The Swedish Government adopted the following guidelines for external reporting by state-owned enterprises on 22 December 2016. The guidelines supersede the previous guidelines adopted in 2007 and must be applied to financial reports issued for the financial year commencing on or after 1 January 2017. The guidelines are incorporated in the state's ownership policy.

1. Introduction

The state-owned enterprises, which are ultimately owned by the Swedish people, constitute a significant portion of Swedish enterprise. This entails high standards for transparent and professional communication of information by state-owned enterprises.

The Government monitors compliance with these guidelines and its observations are included in the submission communication to the Riksdag with the report annual on state-owned enterprises.

2. Scope of application

These guidelines must be applied in state-owned enterprises where the state is a majority owner. These guidelines complement current reporting legislation and generally accepted accounting principles. In respect of other companies in which the state is a part owner, the state engages in a dialogue with the other owners in an effort to ensure that the guidelines are applied. The boards of state-owned enterprises are responsible for ensuring that the companies' accounting and reporting comply with applicable regulations and these guidelines.

The guidelines must be applied according to the 'comply or explain' principle, which means that a company may deviate from the guidelines if a clear explanation and justification of the deviation is provided in the company's annual report. The board is also required to describe in the annual report how the guidelines were applied during the foregoing financial year.

3. Disclosure of information

3.1 Regulations

State-owned enterprises are subject to the same laws as privately owned companies, including the Swedish Companies Act (2005:551), the Swedish Bookkeeping Act (1999:1078) and the Swedish Annual Accounts Act (1995:1554). In addition to applicable accounting law and generally accepted accounting principles state-owned enterprises must also, in applicable parts, prepare their annual reports, interim reports, year-end reports and corporate governance statements in accordance with Nasdaq Stockholm's rule book for issuers. This also means that state-owned enterprises must report in accordance with the Swedish Corporate Governance Code and the rules set out in, among other, the Swedish Annual Accounts Act and the Swedish Securities Market Act (2007:528) that apply to companies whose shares are admitted to trading on a regulated market.

Special rules on reporting of financial links pursuant to the Swedish Act on Insight into Certain Financial Arrangements and Related Matters (the Transparency Act; 2005:590) apply to companies that reach a certain level of net sales per year and companies which receive funds or other benefits from the state.

State-owned enterprises that are covered by the Transparency Act must transparently report funds provided to the company and how the funds were used.

Additional reporting rules applicable to, for example, companies that conduct operations in certain sectors are found in the Reporting of Payments to Authorities Act (2015:812). Operations of monopoly companies and other companies with similar special status are also subject to a requirement for separate reporting in cases where such companies also conduct operations that are exposed to competition.

The reporting rules that must be applied by state-owned enterprises are regularly revised and updated. State-owned enterprises are expected to monitor developments and changes in legislation, standards and recommendations as these occur. The board must keep itself informed of developments and promptly decide on relevant measures resulting from these changes.

3.2 Transparency and sustainability

The Government's overriding objective for the management of state-owned enterprises is to ensure optimal long-term value performance and, where applicable, due performance of specifically adopted public policy assignments. External reporting by state-owned enterprises, which includes the annual report, interim reports, the corporate governance statement and the sustainability report, must be as transparent as the reporting of listed companies. This reporting must provide a comprehensive description of the operations, opportunities and challenges of the state-owned enterprises, and constitute basic data for continuous monitoring and evaluation of the companies' operations and established goals.

The Government's stance on the work of state-owned enterprises with sustainable business is highly ambitious, as evident in the state's ownership policy. The Government establishes its requirements for reporting and accounting in this area through these guidelines. Efforts within sustainable business must be communicated both internally and externally. Sustainability reporting is a tool for driving sustainable development activities by working systematically with clear reporting and monitoring, with a focus on transparency. The boards of the state-owned enterprises are responsible for ensuring that the companies present sustainability reports which, together with other financial reports, form an integrated basis for assessment and monitoring.

4. Principles for external reporting

4.1 Annual report

In their annual reports, state-owned enterprises must provide a fair presentation of the development of the company's operations, financial position and results in accordance with

applicable law, standards, recommendations and generally accepted accounting principles.

State-owned enterprises must prepare annual reports and interim reports based on applicable International Financial Reporting Standards (IFRS) as required for companies whose shares are admitted to trading on a regulated market in Sweden. Segment reporting pursuant to IFRS is, however, not required for state-owned enterprises whose shares or other transferable securities are not admitted to trading on a regulated market.

State-owned enterprises must present financial reports in compliance with legislation, the Swedish Corporate Governance Code and IFRS, with the same transparency and clarity as required of companies whose shares are admitted to trading on a regulated market in Sweden. This includes the following areas.

- The most significant external factors that affect the company's operations.
- Business model, strategy, business activities, market, customers, competitors and organisation. If the company has adopted strategic priorities, these must also be presented with a report on the outcomes of the strategic priorities for the preceding year, as well as any changes in strategic priorities in the forthcoming years.
- Risks and risk management, opportunities and threats, sensitivity analysis that describes the main financial risks of the company.
- A description of the company's material risks and significant uncertainty factors that may affect the company's financial results, position and future prospects.

The annual reports of state-owned enterprises must also include reports on the following.

- Adopted financial and non-financial targets, dividend policy, operational targets and attainment of these targets.
- The company's work with sustainability issues including principles and guidelines, how these are put into action, target attainment and effects on the strategic objectives for sustainable business in the forthcoming years.
- The company's work to apply the state's ownership policy, which includes these guidelines for external reporting and guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises.
- The company's public policy targets, if any, and attainment of these targets.

4.2 Sustainability reporting

A sustainability report must be prepared in accordance with Global Reporting Initiative Standards (GRI) or another international framework for sustainability reporting, and published on the company's website in conjunction with the publication of the company's annual report. The sustainability report may either be a separate report or an integrated part of the annual report.

The sustainability report must be quality assured through independent review and assurance by the auditor appointed by the general meeting as the company's statutory auditor.

When preparing sustainability reports, state-owned enterprises must comply with the rules on sustainability reports in the Swedish Annual Accounts Act that apply to large companies. This means, for example, that the sustainability report must contain the information necessary to understand the

company's development, position and results, as well as the consequences of its operations.

In particular, the sustainability report must provide information on matters related to the environment, labour and social conditions, respect for human rights and prevention of corruption where these are judged material to the company or its stakeholders.

A sustainability report should include the following.

- A materiality analysis including a discussion of the sustainability issues that are most material to the company's operations, in the company's value chain and to the company's stakeholders.
- Disclosure of how the company's operations are managed with regard to these issues, which includes but is not limited to key policies, strategic priorities and short-term and long-term targets.
- Clear information about implemented stakeholder analyses and stakeholder dialogues.
- Clear information about activities performed during the year with regard to the material sustainability issues and what has been done to enhance positive impacts and minimise negative impacts.
- Disclosure of relevant quantitative and qualitative performance indicators linked to adopted priorities and targets.

4.3 Interim reports

State-owned enterprises must publish quarterly interim reports prepared in accordance with the requirements that apply to companies whose shares are admitted to trading on a regulated market in Sweden. Segment reporting pursuant to IFRS is, however, not required for state-owned enterprises whose shares or other transferable securities are not admitted to trading on a regulated market.

4.4 Format and dates for disclosure of financial reports

State-owned enterprises whose shares are not admitted to trading on a regulated market must publish interim reports, year-end reports, annual reports and a sustainability report, including a corporate governance report, as PDFs, on the company's website on the dates specified below. The annual report should also be available to the public in printed form at the company's annual general meeting.

- The year-end report (Q4) must be published by 15 February.
- The annual report and sustainability report must be published by 31 March.
- The corporate governance report must be published by 31 March.
- Where applicable, a report of financial arrangements in accordance with the Transparency Act must be published by 31 March.
- The interim report for January–March (Q1) must be published by 30 April.
- Where applicable, a report on payments to authorities must be published by 30 June.
- The half-yearly report (Q2) must be published by 15 August.
- The interim report for January–September (Q3) must be published by 31 October.

Where applicable, reports on financial arrangements pursuant to the Transparency Act and/or reports on payments to authorities must be published as PDFs on the company's website.

All reporting documents, including audit reports, must be available on the company's website for at least ten years.

Guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises

The Swedish Government adopted the following guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises on 22 December 2016. The guidelines supersede the previous guidelines adopted in 2009 and must be applied by each state-owned enterprise as of the 2017 annual general meeting. The guidelines are incorporated in the state's ownership policy.

1. Introduction

The boards of directors of state-owned enterprises must address issues pertaining to remuneration to senior executives in a sober, responsible and transparent manner. They must furthermore ascertain that total remuneration is reasonable, moderate, carefully considered and fosters good ethics and corporate culture.

The Government monitors compliance with these guidelines and its observations are included in the submission to the Riksdag with the annual report on state-owned enterprises.

2. Scope of application

These guidelines must be applied in state-owned enterprises where the state is a majority owner. These enterprises must also ensure that the guidelines are applied by their subsidiaries. In respect of other companies in which the state is a part owner, the state engages in a dialogue with the other owners in an effort to ensure that the guidelines are applied. Existing agreements with senior executives that materially conflict with these guidelines should be renegotiated.

3. The board's area of responsibility

The boards of directors of state-owned enterprises must apply the rules on guidelines for remuneration to senior executives set out in the Swedish Companies Act (2005:551) in the same manner as companies whose shares are admitted to trading on a regulated market in Sweden. The board's proposal to the annual general meeting on guidelines for remuneration and other terms of employment for senior executives must be compliant with these Government guidelines. If the rules on remuneration to senior executives in the Swedish Corporate Governance Code differ from the Government's guidelines, the latter shall apply. The board of director's proposed guidelines must state, among else:

- how the board will ensure that the remuneration is consistent with the guidelines adopted by the company, and
- that there is written documentation showing the cost for the company before any decision on individual remuneration is taken.

The board of directors as a whole is responsible for determining remuneration to the CEO. The board must also ensure that the remuneration to the CEO and other senior executives is within the guidelines resolved by the annual general meeting. The board must also make sure that the CEO ensures that remuner-

ation 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 acronyms

Adjusted equity – Equity plus any surplus value in, e.g., properties and subsidiaries.

Average number of employees – Recalculated as full-time equivalents.

Capital employed – Interest-bearing liabilities plus 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 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 ratios

Financial companies

Capital adequacy ratio – Capital base as a proportion of the risk-weighted amount.

Core Tier 1 capital ratio – Tier 1 capital in relation to risk-weighted amount.

Core Tier 1 capital – Equity less certain deductible items, such as goodwill.

Property companies

Surplus ratio – Net operating income in relation to rental income.

Acronyms

EMAS – EU Eco Management and Audit Scheme).

EPD – International Environmental Product Declarations system.

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

IFRS – International Financial Reporting Standards.

(XX) – Figures in brackets following another figure refer to the preceding year.

Investment management organisation

The portfolio of state-owned enterprises is managed mainly at the Ministry of Enterprise and Innovation, under the Minister for Enterprise and Innovation and within the Division for Innovation, Analysis and State-Owned Enterprises.

Responsible minister and Ansvarig minister och statssekreterare

Minister for Enterprise and Innovation:
Mikael Damberg

State Secretary:
Eva Lindström

Responsible officials

Director-General, Division for Innovation, Analysis and State-Owned Enterprises:
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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