

# samhall 2014

ANNUAL AND SUSTAINABILITY REPORT



**7,071 new employees.  
Never before  
has Samhall  
welcomed  
so many.**

**The Samhall  
Method™ lets  
people and  
companies grow.**



**Samhall is one of Sweden's largest service providers.**

With more than 23,000 employees across 200 areas, we offer everything from cleaning, laundry and property maintenance to logistics, manufacturing, retail and care services. Samhall is owned by the Swedish state with annual operating income over SEK 7 billion. Samhall's core assignment is to create jobs that further the personal development of people with functional impairment; we succeed in this by matching the right person to the right work in assignments for our clients under competitive conditions.

**Our vision** is to contribute to a Sweden where everyone is considered an asset to the labour market.

**Our mission** is to develop and demonstrate the employability of our employees with functional impairment. Through work in our client assignments, we want to combat social exclusion and contribute to a sustainable Sweden.

**Our business concept:** through a unique way of working and method of matching, Samhall gives people with functional impairment the opportunity to develop through work and therefore provides a vital benefit to society and sustainable services to Swedish trade, industry and the public sector.

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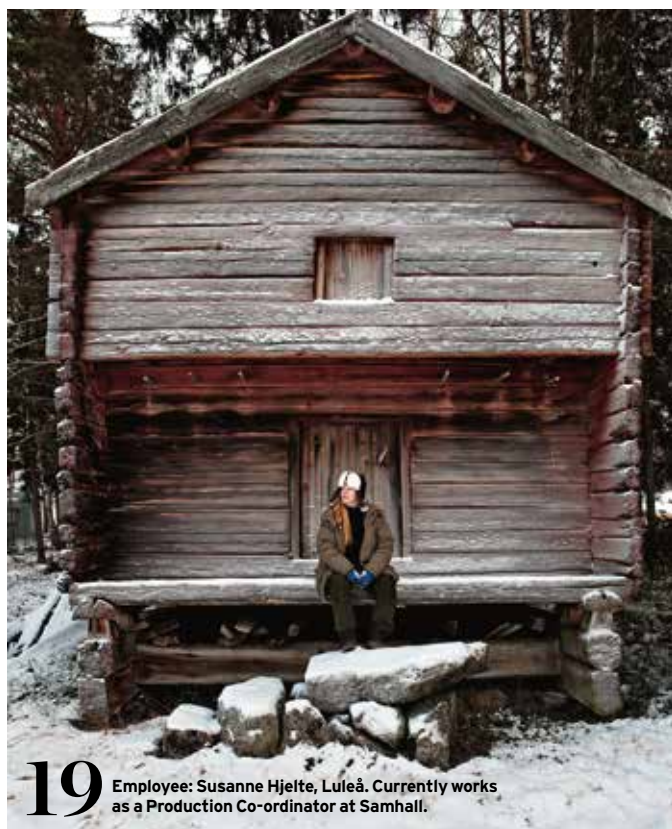
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#### Front cover pictures, from top left:

Jonas Olin, Pontus Källman, Hürriyet Kanat, Ahmed Osman, Ida Thorebring, Esa Palmroth, Jenny Blomqvist, Maria Sundberg, David Persson, Joel Figueroa Camones, Thomas Andrén, Serreh Lindblom.

#### Back cover pictures, from top left:

Fatma Can, Kicki Lundqvist, Vehbi Yasar, Kristoffer Lindström, Maria Sundberg, Elsa Öberg, Kerstin Ollinen, Michaela Johansson, Robert Gabriellson, Sofia Skoog, Leif Strand.



# The year in brief



► **Work began on Nordic Ecolabel compliance** for Samhall's cleaning services during the year. It means most products used by Samhall will carry the ecolabel: everything from chemicals used in Cleaning to soap and toilet paper. Furthermore, chemical use will decrease and waste sorting be improved. Samhall's entire cleaning service will become ecolabel compliant in 2015.



► **"We all need someone who believes in us"** was the theme of this year's Pathfinder Prize ceremony. At a crowded Rival theatre in Stockholm, the audience experienced a gripping gala and applauded the winning employer and individual. Both prizes were handed out by singer Loreen in front of an audience of more than 800 people. Among the many participants in the gala were Carola Lemne (CEO, Confederation of Swedish Enterprise), Randy Lewis (former Senior Vice President, Walgreens) and Isabella "Blondinbella" Löwengrip (entrepreneur and blogger).



► **During Almedalen Week, Samhall arranged** a series of activities including a seminar "The Service Sector – a subsidised industry?" and a roundtable discussion about tomorrow's skills supply. The #23000sätt campaign encouraged people to use a camera and a slate to share with social media how they are making Sweden better. In total, 1,187 people joined the campaign under Almedalen Week.

► **In March, Samhall's leadership development programme commenced: My Vital Leadership.** It is an investment in all first-line managers. The programme and its contents strengthen the manager's ability to develop employees, operations and business; 260 of around 600 managers have already commenced or completed the six-month programme. To strengthen company culture, study circles focusing on Samhall's core values have been conducted for all professional employees around the country.

**700** new client agreements signed in 2014. Major contracts include several store cleaning and logistics assignments within the Axfood group, facility services at Ikea stores and manning the entire production at medical technology company Bactiguard.



► In June, Samhall's employees at Ikea Kungens kurva and Grönsakshallen Sorunda in Hägersten near Stockholm received a visit from Prince Daniel.

"How impressive that progress has come so far that we can perceive benefits in what once were considered illnesses or diagnoses," the prince said on his visit.

► In February, Samhall launched an **employee app for smartphones**. It is part of the company's efforts to improve employee contact and dialogue. It includes news about the company as well as competitions, podcasts, vacant positions and opportunities to comment on a workplace. The employee app empowers a new kind of dialogue between employer and employee.



► In 2014, a new **employee process** was implemented in Samhall. The process will enable clearer guidance towards targets all the way through employment, matching, development and transition, as well as clarifying assignments and ways of working for first-line managers.

► In September, Samhall was named Sweden's "National Champion" in the prestigious European Business Awards. Samhall participated in the category "The Award for Environmental & Corporate Sustainability" in the international competition, which aims to highlight and promote good examples and innovative solutions from European companies.

► The number of long-term unemployed people with functional impairment has risen relatively dramatically in recent years. In the government's spring proposal in April, the four-year project regarding development positions at Samhall was given great weight as an initiative supporting this group.

► A new client offering in care services was developed in 2014 and a number of new collaborations were established. The sector provides great benefits and broadens opportunities for Samhall's employees. Likewise, client interest is high among both private and public firms. Care Services has been identified as one of Samhall's areas of growth.

► Samhall's annual general meeting took place 28 April. In conjunction a well-attended seminar was organised on the theme "Small Companies – Sweden's Future?" where the role of small enterprises in tomorrow's labour market was highlighted and discussed from various perspectives.



**In total 7,071 people got a new job or traineeship at Samhall in 2014. In addition, 1,122 employees left their jobs at Samhall for employment with another employer, which meant the government's target of at least 1,100 transitions for 2014 was achieved.**

## 2014 was a successful year for Samhall

# We can be even better



**7,071.** That's how many new recruits Samhall welcomed in 2014. I'll stick my neck out and say it is a completely unique achievement. 7,071 persons receiving the opportunity to develop through work and build up their working capacity and employability. Another 1,122 employees also chose to leave Samhall for work with another employer.

**FOR ME, AS CEO, IT'S FANTASTIC** seeing all these employees developing and finding new ways into work. Samhall manages to encourage the development of every employee by never giving up and choosing to see opportunities and abilities where others see only obstacles. It not only makes us Sweden's most attractive labour market initiative, but also the most important company in the country.

2014 was a successful year for Samhall. After a concerted effort, we were able to close the books and look back over a year where all assignment-based targets were attained: transitions, wage hours and prioritised recruitments, everything connected to the mandated assignment we have from the state.

**THAT AS MANY AS 1,122 EMPLOYEES** developed their skills to such a degree that they found a position with another employer is a record: a historically high result. Remarkably, 126 of these came directly from Samhall's new government assignment where we recruit young adults from the job and development guarantee's occupational phase. This is a fantastic result based upon structured processes with enormous focus, good follow-up and fine leadership at all levels. And not least, motivated employees! With strengthened self-esteem and courage to

try their wings outside Samhall.

The results for 2014 were extremely good. But one of our strengths is that we are never satisfied. It gives us motivation and energy to constantly improve the company. We can be even better. That's why last year we conducted a major analysis of the company's efficiency and opportunities to reach its full potential. After seeing these evaluations, it is clear that Samhall can improve in a number of areas. Our most important task is to provide work for our employees. Real jobs in competition with other companies. We need to strengthen our focus on clients and our ability to win new business. Consequently, we launched in the last quarter of the year a completely new organisational structure. As from the turn of the year 2014/2015, we have a change to corporate management and a new structure which I believe can help build an even stronger and more efficient Samhall better equipped to raise the proportion of employees in work, improve the rate of growth of our business and increase the degree of self-financing.

Structure be praised! And yet organisation, processes, tools and business strategy may be vital, but even more crucial is our company culture and our leadership. Dependable, dedicated and attentive: these are our core values. This is how we want to be perceived. In 2014 we have carried on our work in developing our culture, our actions and our behaviour. During the year, we played the Samspel game at all our workplaces. We have discussed our core values that need to characterise our operations. Values that guide us in our behaviour with clients and towards each other. An important part of the cultural change process is precisely how we handle clients and our ability to continually understand our clients' needs and expectations.

Because the fact remains that the value of a client to Samhall is more important than to any other company in Sweden. What

## “By never giving up and choosing to see opportunities and abilities where others see only obstacles, Samhall succeeds in finding a way to develop every employee.”

for other businesses is a deal and an opportunity to make money is for Samhall both development opportunities for individuals and a prerequisite for the company's survival. Therefore the roughly 700 new contracts with clients signed in 2014 are absolutely crucial for our ability to develop both our employees and the organisation itself. In 2015, we will work with even greater clarity regarding client handling in all parts of the company.

### **DESPITE OUR SOCIETAL ASSIGNMENT**

remaining largely unchanged throughout the company's now 35-year history, not very much is the same since the beginning in 1980. Few companies can show a transformation such as Samhall has implemented the last 15 years. During that time, we have retrained experienced industrial workers to operate in services and manning assignments in the sectors of Cleaning, Warehousing & Logistics and Care Services, just to give some examples. Now only a few Samhall workshops remain and the majority of our employees work at the workplaces of our valuable clients. In 2014, a chapter in the company's history came to an end, which clearly symbolises developments. A decision was made to cease the production of Ikea beds at Samhall's units in Orsa and Sysslebäck. Samhall has gone from being a leading producer of Ikea's furniture to now having ceased production entirely. At the same time, we have gone from being just a furniture manufacturer to today having employees working in various service assignments in practically all Ikea stores in Sweden. A development that reflects well on the strategy Samhall has implemented throughout the country this past decade.

In 2014, business growth in Services and Manning Solutions has been crucial for the company's progress. This growth completely determines the company's capacity in the long-term to provide developing work. Looking forward, we see how sectors in

both services and manning are growing for us, for example Care Services, Retail, Warehousing & Logistics, as well as Facility Services, which is an incredibly interesting area that could play a major role in the future for our wishes to provide real jobs for all our employees through the business we win in competition with other companies.

### **THERE IS AN INCREASING NEED FOR**

**SAMHALL'S ABILITY** to develop its employees. Currently we have more than 23,000 employees at Samhall being offered some form of opportunity to develop their talent and employability. Needs are rising regarding good employee development and effective matching between the labour market's range of jobs and the individual's ability and skills. Our methods work and many more companies need to do as Samhall does. We need more employers and decision-makers who are prepared to recruit from this group. More companies need to see the opportunities and strengths of offering a workplace and an enterprise characterised by diversity. Every other year, Samhall conducts a survey of the country's employers. They are asked their opinions about people with functional impairment and their potential and attractiveness in the labour market. The results of this year's survey indicate little progress has been made in recent years. In some cases, developments have even regressed. Unfortunately, more businesses claim they could not see any advantage at all in employing people with functional impairment; a development as frightening as it is unacceptable. But it reminds us how important our task is to demonstrate the benefits and opportunities available. I have great respect for the private sector and the challenges facing the public sector, but we must all ensure the development potential for people with the toughest time getting their foot in the door of the labour market. Samhall proves every

day the strength of our employees and the power of the Samhall Method. My wish and hope is that many more people realise this. A job means so much.

**THE INTERNATIONAL INTEREST** that I mentioned in last year's annual report continues. Actually, it has increased. More and more governments, companies and organisations are turning to Samhall for advice and inspiration about how they can provide solutions to their problems, such as combating social exclusion and the supply of skills. Over the year, Samhall has shared its experiences and ways of working with visitors and interested parties from Japan, South Korea, USA, Turkey, Germany, Lithuania, Spain and others. I myself was invited to Japan to talk about how Samhall has become a world leader in developing people with functional impairment for work. While other countries are stuck in the old, sheltered workshop structure, our employees are doing real jobs.

**I AM PROUD** to lead this company, which is unique in the world in so clearly creating opportunities for more people to participate in the Swedish labour market. We have a long history of success in developing our work processes, but at the same time we are curious and adaptable when faced with tomorrow's challenges and Samhall has great dynamism and skill in responding to new challenges. Because the experience of developing tens of thousands, even hundreds of thousands of people, is in Samhall's DNA and makes us Sweden's most important labour market initiative.

Stockholm, February 2015



Monica Lingegård  
CEO Samhall

# Sweden's most important company

Samhall's assignment is to create work that furthers the development of people with functional impairment. In 2014, a total of 7,071 people got a new job or traineeship through Samhall. 1,122 of Samhall's employees also made transitions to employment with another employer.

Samhall is a state-owned company with a mandate to create work that furthers the development of people with functional impairment causing reduced working capacity. Samhall's assignment is regulated by the articles of association, by decisions at the annual general meeting and by directives from the owner.

Samhall's core assignment is to produce goods and services that are in demand, through which meaningful work is created that furthers the personal development of people with functional impairment causing reduced working capacity, where the need exists. Positions in Samhall's assignment are at the disposal of the Public Employment Service, which assesses the need and directs unemployed people with functional impairment to work at Samhall.

As the owner, the state sets annual targets for Samhall in the following areas:

■ **Number of employees**

The number of people with functional impairment employed at Samhall must be equivalent to at least 29.4 million wage hours.

■ **Transitions**

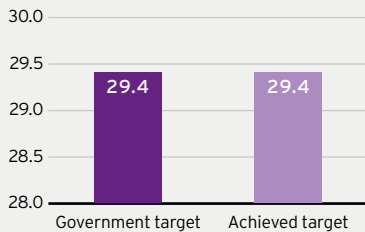
Each year at least 1,100 of Samhall's employees should leave Samhall for a position with another employer. Previously, the transition target was formulated as 6% of employees in Samhall's core assignment, but since 2014 this has changed to a fixed number (1,100). This also covers persons in Samhall's assignments regarding development positions.

Employees in Samhall's core assignment, who make a transition to another employer, are provided with re-employment entitlement valid for 12 months.

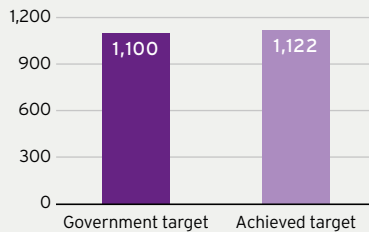
■ **Recruitment from prioritised groups**

At least 40% of new recruits should come from prioritised groups in accordance with the definition established by the Public Employment Service and Samhall. Included here are people with mental impairments, people with intellectual or neurological impairments, people with multiple impairments which cause reduced working capacity and job seekers with functional impairments in the job and development guarantee's occupational phase.

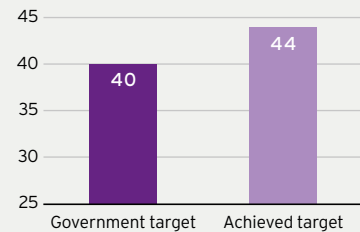
**WAGE HOURS**, millions



**TRANSITIONS**, number

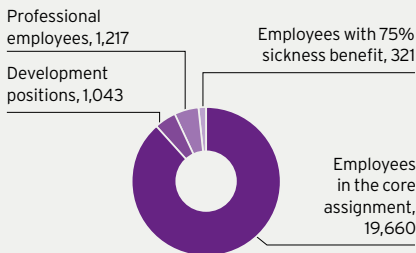


**RECRUITMENT FROM PRIORITISED GROUPS**, %



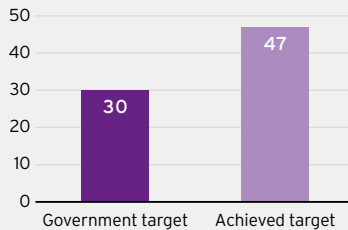
## Employees

**NUMBER OF EMPLOYEES**, 31 Dec 2014



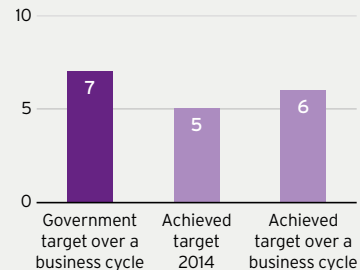
## Financial

**EQUITY RATIO 2014**, %



## Financial

**RETURN ON EQUITY 2014**, %



**Government targets 2014: results.** For 2014, Samhall achieved the owner's targets in all areas, with the exception of return on equity. Calculated from 2006, when the target was established, the return in relation to shareholders' equity is on average 6%, in contrast to the target of 7% over a business cycle. The equity ratio target of 30% was achieved and attained 47%. The number of wage hours totalled 29.4 (29.5) million. Recruitment from prioritised groups was 44% (43%). The number of employees leaving the company for employment with another employer totalled 1,122 which meant the government's target of 1,100 transitions was achieved.



Alongside the core assignment, Samhall is also assigned by the state to offer part-time positions of 25% to people with 75% sickness benefit. Samhall is also assigned to offer development positions to at least 1,000 people, which are time-limited positions for young job seekers in the job and development guarantee's occupational phase.

#### ■ Financial targets

Samhall is required to show a return on shareholders' equity of 7% and an equity ratio of at least 30%. These targets are considered over a business cycle.

#### OPERATIONS

Samhall is part of the state's labour market policy in Sweden and contributes to combating exclusion from the labour market. The assignment covers the development of employees through client assignments to preparing the company's employees to take the next step of employment with another employer. Samhall's operations are conducted under market conditions in competition with other companies. Samhall operates nationwide and has more than 23,000 employees.

Samhall mostly offers services in the areas of Cleaning & Laundry, Warehousing & Logistics, Workplace & Property Services, Care Services, Retail and Industry & Manufacturing. Samhall conducts these business assignments as a subcontractor, through manned solutions or via our own production facilities.

In 2014, a total number of 7,071 new recruits commenced employment or work training at Samhall. 1,122 people left Samhall after moving on to work with another employer.

Alongside Samhall's core assignment, Samhall also offers work-orientated rehabilitation services within the framework of the Labour Market Services business area. Samhall also accepts a number of people for traineeships and work training within the labour market initiative known as the job and development guarantee.

#### ORGANISATION

Until 31 December 2014, Samhall's operations were divided into seven regions and 38 districts. A reorganisation commenced in 2014 and since 1 January 2015 Samhall's operations are geographically divided into three market areas: North, Central and South. Additionally, there are two business areas: Manning Solutions & Industry and Services. In turn, the market areas are divided into 27 geographical districts and one industrial area. The company's headquarters is located in Stockholm and includes the central support functions: Accounting & Finance, Human Resources, Marketing, Information Technology and Business Development. A common service organisation for the whole company is located in Linköping.

#### HISTORY

Samhall, formerly Samhällsföretag, was established as a state-owned group in 1980 and took over 370 workshops that provided sheltered employment along with other operations managed by county councils, municipalities and other authorities. The aim was to co-ordinate and streamline what was a very fragmented operation. Between 1980-1992, operations were run as a foundation with 24 regional county foundations and one central founda-

tion. In 1992, the company was restructured into a corporate group with wholly state-owned Samhall AB as the parent company along with other regional companies. After 1992, the number of regional companies gradually diminished through mergers and since 2002, all operations have been conducted within the framework of one single, common company.

Since the beginning, Samhall has largely had the same assignment, however operating conditions and the direction of the business have changed greatly through the years. In the 80s, Samhall was an industrial group solely with its own production facilities. The company was a contract manufacturer, as well as a significant producer of its own products including furniture, wooden shoes, work clothes and more. In the early 90s, when Samhall was a significant sub-contractor to the telecommunications sector, an effort was made to develop new operations in the services sector. This was in response to structural changes in the economy where more and more production was outsourced abroad. In the 2000s, an increasing share of Samhall's operations was relocated to clients in the form of contract work and manned solutions. Currently 85% of Samhall's employees work in the client's workplace.

ASSIGNMENT:  
GÖTA CANAL



Pontus Källman and Jonas Olin like being responsible for their own work.

## “We’re safeguarding a cultural legacy.”

Between Mem on the Baltic Sea and Sjötorp on Lake Vänern flows 190 km of Swedish historical culture. Göta Canal runs through bewitching forest, past castles and manors and beside Swedish pastures.

When the canal was built between 1810 and 1832, some 16,000 trees were planted along its banks, making it the world’s longest tree-lined avenue. 200 years later, these dear old trees need to be replaced with new, healthy trees.

Samhall will be planting around 100 trees a year for the next five years. Göta Canal is behind most of them, but even tree sponsors can contribute in preserving this chapter of Swedish historical culture.

“These trees we’re planting are a cultural legacy that my grandchildren will enjoy,” says Egon Kjernell, who works with the planting and handling at Samhall.

They are Swedish heritage trees, species of maple and linden, which are now taking root to once again beautify the waterway and reinforce the embankment itself.

Each new tree is planted and bound with a supportive frame to provide stability and allow it to put down roots and grow straight. Trees weigh up to 100 kilos, so it takes two men to put them in the ground.

Samhall isn’t just planting trees along the canal, but also cleans the docks and cuts the grass for the canal company.

“Our aim is to conduct all the landscaping work for the canal company,” says Håkan Holmgren, Operations Manager at Samhall.

*From an article in Story magazine.*



Egon Kjernell, general employee at Samhall.



### About Göta Canal

- Work on Göta Canal began in 1810 and was estimated to finish in 10 years. But it wasn’t until September 1832 that the canal opened, with 58 locks.
- Göta Canal is 190 km long, of which 87 km was dug by hand by 58,000 soldiers.
- Along Göta Canal at regular intervals stand 60 stone markers carved out of limestone. The distance between each stone is 1,000 cubits, in other words 594 metres. Back in the day when canal traffic was driven by oxen and horses, the driver would get paid per stone.

# An important part of labour market policy

Through the production of goods and services for which there is a demand in the market, Samhall creates socio-economic profitability. Due to its breadth, size and geographical distribution, Samhall is an important part of Swedish labour market policy.

Samhall's operations aim to develop the working capacity of people with functional impairment so they are able to move from unemployment to employment by producing goods and services in demand for Samhall's clients. Such a method creates both socio-economic profitability and an improvement of working capacity for employees.

It is by matching employees to jobs in demand that Samhall can highlight both the abilities and development potential of the individual employee. In competition with others in the market, Samhall can demonstrate in a credible way the skills and talent represented by people with functional impairment.

## HUGE SOCIO-ECONOMIC EFFECTS

With its large number of employees and geographical distribution, Samhall is an important part of Swedish labour market policy. When people previously far removed from the labour market are given the opportunity to move from social exclusion to employment, huge socio-economic effects are created. At the same time as welfare expenses decrease, so too new opportunities are created for the individual employee in the form of improved self-esteem, better working capacity, social interaction and a market-level wage.

The Public Employment Service allocates all vacant positions in Samhall and determines who gets employment. The geographical distribution of Samhall's operations is

also determined in consultation with the Public Employment Service.

According to the state's assignment, Samhall should avoid retrenchment of employees in the core assignment due to a shortage of work. Samhall should also, where possible, take into consideration regional political concerns regarding any possible restructuring and avoid the closure of operations in areas with vulnerable labour markets.

## SPECIAL ASSIGNMENT FOR YOUNG ADULTS

During 2012 to 2014 Samhall had, alongside its core assignment, a special assignment to provide 1,000 temporary development positions for people with functional impairment whose sickness insurance days had come to an end. In 2014 this earlier assignment was phased out and replaced by a new assignment to provide 1,000 development positions for people with functional impairment coming from the job and development guarantee's occupational phase. As determined by the government's assignment, the target group to be prioritised for these development positions by Samhall is young adults under 30.

The assignment is well in line with those intentions proposed in Samhall's budgetary documentation to the government. It provides the company with better conditions for being a pathway towards work for young adults. An increased throughput in Samhall

contributes simultaneously to more people with functional impairment getting opportunities to work.

## MORE PATHWAYS TOWARDS WORK THROUGH LABOUR MARKET SERVICES

Alongside the core assignment, Samhall also combats social exclusion in the labour market through initiatives within the framework of the Labour Market Services business area. Unemployed persons in the labour market policy programme, the job and development guarantee, can participate via the Public Employment Service, in reinforced occupational training and in-depth assessment run by Samhall. Work training is also provided by Samhall within the Labour Market Services framework.

Based on the client's needs, work training with language support is also offered within the framework of the Public Employment Service's getting started assignment or reinforced occupational training with the youth guarantee. Since 2012, Samhall has provided the service "Inquiry assignment prior to assessment of working capacity" on behalf of the Public Employment Service.

The main client for Labour Market Services is the Public Employment Service. At year-end 2014, there were 2,438 people in Labour Market Services.

## VULNERABLE GROUPS IN THE LABOUR MARKET

People with functional impairment and reduced working capacity are a vulnerable group who face particular difficulty in the labour market. Currently, one in every four jobseekers registered at the Public Employment Service has a functional impairment causing reduced working capacity. Among these persons, 7% claim they did not get a

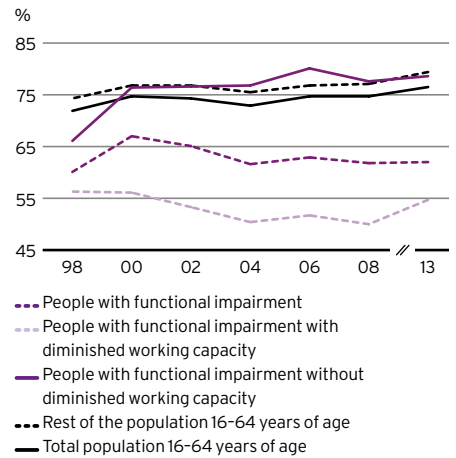
**"It is by matching employees to jobs in demand that Samhall can highlight both the abilities and development potential of the individual employee."**

job they were sufficiently qualified for because of their functional impairment.

The proportion of people with functional impairment with a job is vastly different from the rest of the population. About 76% of the population (16–64 years of age) were employed according to the latest survey by Statistics Sweden (2013). Among people with functional impairment that figure

was significantly lower: 62%. This level of employment for people with functional impairment has stayed at the same level since 2004. Among employed people with functional impairment and diminished working capacity, the trend was downward during 1998–2004 and then stable around 50% until 2008. In 2013, that figure was 55%.

**PROPORTION OF EMPLOYED, AMONG PEOPLE WITH FUNCTIONAL IMPAIRMENT COMPARED TO THE REST OF THE POPULATION. 1998–2013**



**INFLUENCING ATTITUDES AND PREJUDICES**

Negative attitudes and prejudices about people with functional impairment can be significant obstacles for Samhall winning new business. The proportion of employers who could not see any advantage at all in employing people with functional impairment has risen in recent years, according to a survey of 500 employers commissioned by Samhall. This implies worsening possibilities for Samhall to develop people in client assignments.

Therefore Samhall conducts extensive efforts to influence attitudes in society and prejudices about people with functional impairment. Samhall tries to be a permanent presence in the public debate on these issues and organises regular seminars and events to highlight the positive aspects of greater diversity among employees. Samhall participates annually in Almedalen Week and holds the Pathfinder Prize ceremony, a celebration of those people who have done the most in opening up the labour market for people with functional impairment.

For more information, see *The year in brief*.



**Great international interest in Samhall**

Samhall is world leading in terms of developing people with functional impairment through work. That's why international visitors have been queuing up to meet Samhall this year, including visitors from Japan, Turkey, Lithuania, South Korea, Germany, Spain and the USA. Samhall has also been invited to speak about its work at many international conferences in 2014.

"Employers in many more countries are realising that everyone is needed in the labour market. So it's fantastic that we get the chance to show them how it's done," says Albin Falkmer, Head of Public Relations at Samhall and responsible for international affairs.

Interest is especially strong from Japan, where a large number of companies and

authorities have contacted Samhall to learn more. Diversity in the labour market has become a major issue there, particularly regarding people with functional impairment.

"Internationally, Samhall is considered a leader in employing people with functional impairment and we wish to learn more about it," says Jun Yanada, President of Honda Sun, who visited Samhall's clients InkClub and Ikea.

Jun Yanada speaks about the pride his employees with functional impairment show when they come to work in his company.

"They feel connected to society and grow as people. That's the whole point: we make the same demands on them as on employees with no functional impairment."

ASSIGNMENT:  
IAC



Cazime Keultek, Fahrad Farai, Eva Johansson, Najlaa Ashoor and Saad Salih in the assembly department.

## “We feel safe with Samhall.”

IAC's sewing department in Torslanda produces armrests for Volvo Cars.

“This job is like medicine. If I stay at home, I do not feel well, but I am happy every day I wake up and know I'm going to work,” says Samhall employee Fatma Can, who has worked for two years at IAC.

IAC, International Automotive Components, is one of the world's largest sub-contractors to the automotive industry with nearly 140,000 employees around the world. At Torslanda, the company has 350 employees making mostly the instrument and door panels for Volvo.

Samhall runs four departments: assembly, pallet handling, the panel department and the sewing department.

Helped by good communication and perceptiveness from both Samhall and IAC, the collaboration and production have been streamlined.

The work in the panel department used to be done by an industrial robot,

but it wasn't good enough. Instead the solution was to hire Samhall for these tasks too.

“There was a robot that put small screws into panels, but it didn't know when it had dropped a screw. And it halted production. Since we took over, everything has worked perfectly,” says Eric Byrne, Samhall's Area Manager.

Since 2006, Samhall has increased the number of employees tenfold at IAC: from six to almost 60. The large increase is due to IAC being very satisfied with the personnel and, not least, the results.

“In the auto industry there are many jobs that cannot be done on a conveyor belt. They might seem simple, but it is incredibly important that the job be done correctly. We feel safe with Samhall's personnel because they are so thorough,” says Göran Oleander, Processing Engineer at IAC.

*From an article in Story magazine.*



Eric Byrne, Samhall's Area Manager, with Vojislav Kollcic and Abdul Masih Lahdou.

### IAC: employer of the year

At the Pathfinder Prize ceremony in November, IAC won the prize for employer of the year. It is an award for those who have done the most in opening up the labour market for people with functional impairment.

“Fantastic, but we don't consider what we do here to be anything special. This is something we do every day and we want to be profitable just like any company at all,” says Patrik Palm, Vice President Operations at IAC.



Kamil Sabia.



Fatma Can.

# Focus on occupational development

Samhall aims for every employee to develop his or her working capacity and eventually to find employment in the regular labour market. To achieve this Samhall has a clear employee process with tasks and work rates customised to the individual's circumstances.

Samhall's target group for the core assignment is people with functional impairment causing reduced working capacity, who are in need of work that "cannot be fulfilled through other measures". That Samhall offers services and products in demand in the market implies the need of some amount of working capacity in order to make employment in the company meaningful. At the same time, there is no lowest degree of working capacity, which varies with the different client assignments and tasks over time.

Good matching is crucial to Samhall succeeding with its assignments. It is through matching that employees' abilities and skills are matched to the demands of current and new assignments. Samhall's use of resources is made more efficient, while at the same time employees get the opportunity to develop by facing challenges at the right level and the right way.

The basis of Samhall's assignment is that every employee should get the opportunity to develop their skills and increase their chances of finding new work outside Samhall. Therefore, Samhall offers customised tasks, work rates and working hours. Development through work takes place when employees perform various tasks within different professional areas in real client assignments. The development work is

conducted with goals and a focus on the employee's occupational development and opportunities for a future transition to a position with another employer. The aim is for all employees to develop their skills based on individual abilities and conditions.

In the workplace, Samhall strives to mix groups of employees with various working capacities, skills and ages. Employees in the groups complement each other and can manage a complete undertaking together, whereas each one might have struggled alone. In this way, diversity is created where groups with various conditions and backgrounds are mixed and combined together.

## A variety of tasks

Samhall's broad and wide range of services covering Cleaning & Laundry, Warehousing & Logistics, Workplace & Property Services, Care Services, Retail and Industry & Manufacturing create a variety of tasks and development opportunities for employees. The breadth and the fact that employers in various sectors recruit new employees through Samhall create a unique opportunity for persons who previously were far from the workforce by:

- Making work contacts
- Demonstrating their skills
- Gaining another position outside Samhall

## STRUCTURED AND DEVELOPMENTAL WAYS OF WORKING

Samhall's employee process describes how the company works to fulfil its mandate to develop people through work. The employee process is based on the approach that employment at Samhall means, and is based upon, the best development occurring through work on real client assignments and a belief in the abilities of employees.

An important part of the employee process is the dialogue between employee and manager. It is called the target and development dialogue and involves each employee setting concrete goals together with their manager. The aim is to develop the employee's working capacity and skills while at Samhall. Together, the employee and manager agree on the activities and follow-up required for this development to go in the right direction.

## BETTER DEVELOPMENT WITH CLEARER OCCUPATIONAL ROLES

In 2014, work focused on clarifying occupational roles and development pathways at Samhall. The work aims to identify various developmental stages in the respective occupational roles and define the different skills needed. In such a way, employees can develop successively through various occupational roles based on their own circumstances.

## DEVELOPMENTAL AND BUSINESS-LIKE LEADERSHIP

Samhall has a long-term programme to develop leadership in the company's workplaces and thus create better conditions for employees to develop through work.

A leadership ideal describing Samhall's approach to leadership and core values outlining desired behaviour have been developed to guide the work on a daily basis. In coming years, work will continue to

## EMPLOYEE PROCESS



ensure that the leadership ideal and core values are incorporated into all processes and to follow-up leadership at both the individual level and at various levels in the company.

In 2014, Samhall's leadership development programme commenced: *My Vital Leadership*. For all first-line managers, the programme and its contents aim to strengthen the manager's ability to develop employees, operations and business; 260 of around 600 managers have already commenced or completed the six-month programme.

## Samhall offers employees:

- Development through work and the opportunity to try various work tasks at the company or with clients
- Work with products and services that are in demand
- Involvement and participation in a social context with colleagues
- Strong self-confidence and improved self-esteem
- Opportunity to show their strengths
- Financial security and a solid base through collectively bargained wages
- Skills training, individual work adaptation and rehabilitation
- A rate of work suited to their own requirements
- Support in finding work with other employers
- Opportunities to try work with another employer, but with the possibility to return to Samhall within a year
- Increased expertise
- Increased employability and visibility as an obvious resource in the workforce
- An extension of their period of activity in the workforce

ASSIGNMENT:  
IKEA, BORLÄNGE



Thomas André, Serreh Lindblom and their colleagues clean a distance of three kilometres every day at Ikea.

## Pedometer motivates personnel

Serreh Lindblom, Thomas André and their colleagues clean a distance of three kilometres every day at Ikea – motivated by a pedometer from the manager. Their steps have not gone unnoticed: both with their clothes and on the scales.

"We lost 8–10 kilos when the store opened in October 2013 and most of us have kept the weight off since," says Production Leader Sussi Storm, who manages Samhall's 17 employees at Ikea in Borlänge.

Each day, a total area of 34,000 m<sup>2</sup> is cleaned.

"The idea for the pedometer came from wanting to thank and encourage the staff and also show what a fantastic job they do," says Cecilia Morssing, Area Manager for Samhall in Borlänge.

Serreh Lindblom and Sussi Storm mention how the pedometers have contributed to greater harmony and that registering every step motivates them a little bit extra on the job.

"When you come home, you really feel it, that we've done a good job today. Going to the gym or outside for a jog is not on the agenda," says Sussi Storm.

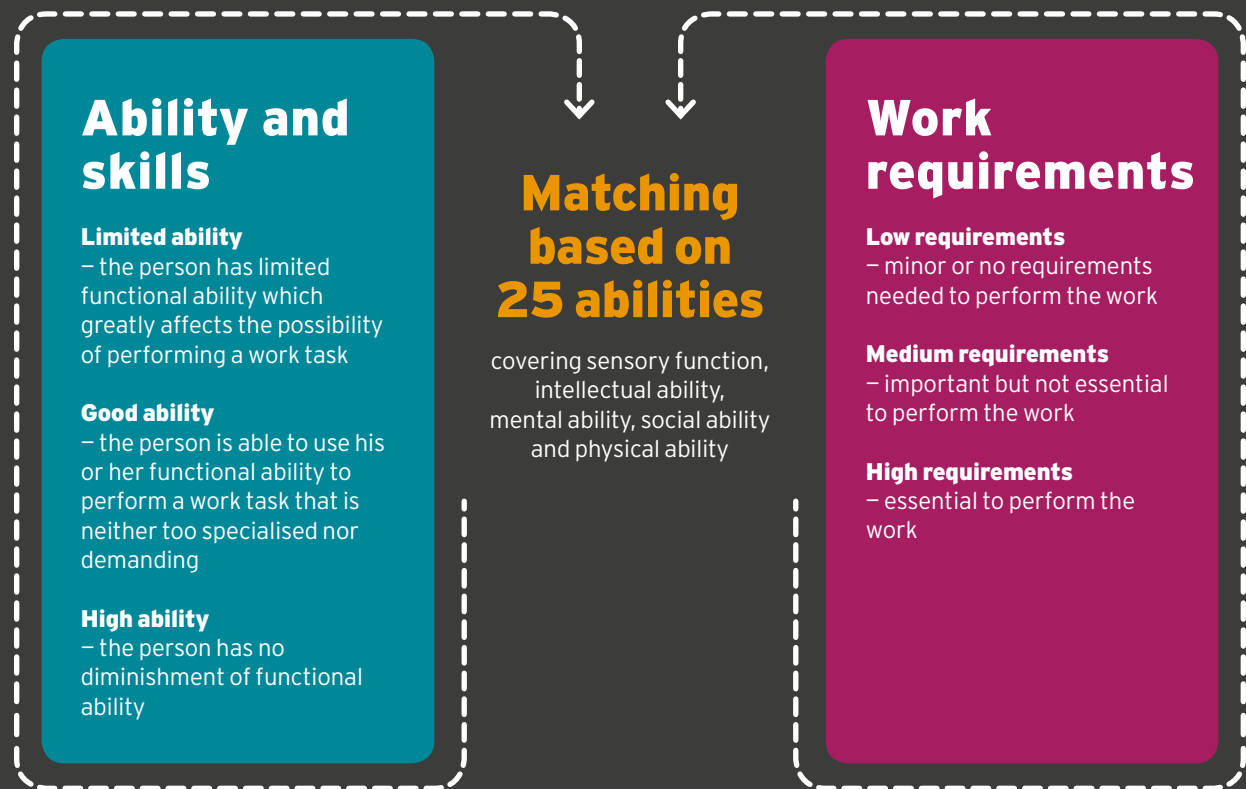


*From an article in Story magazine.*

## The Samhall Method

Part of Samhall's matching work is known as the Samhall Method and can be considered both a tool and a management philosophy. Through the Samhall Method, the company secures that employee's abilities and conditions match those of the job where they can get the greatest benefit.

The Samhall Method considers only functionality and opportunity. Every single employee is matched to work based on their intellectual, psychological, social and physical abilities. By ignoring hindrances and only considering abilities and the skills needed for the job, a win-win situation occurs where the tasks are carried out in a correct and qualitative manner, while the employee gets the opportunity to develop through work that suits him or her. Basically, it is all about seeing talent and ability and based on that matching the right person to the right job.



Matching is a central component of Samhall's operations. It is through matching that employees' abilities and skills are matched to those required by current and new assignments. Samhall's use of resources is made more efficient, while at the same time employees get the opportunity to develop by facing challenges at the right level and the right way.





#### AQ SEGERSTRÖM & SVENSSON ADDED VALUE ON THE QUIET.

AQ Segerström & Svensson in Eskilstuna manufactures sheet metal of high quality with all the ISO certification anyone could wish for. One reason it manages to maintain such high standards could very well be the Samhall Method. Production Manager Richard Miles explains.

"Our philosophy in working with people with functional impairment is based on added value, it's as simple as that."

Some of the company staff are deaf.

"With handwritten notes and spontaneous sign language training, the work goes well."

AQ Segerström & Svensson doesn't see obstacles, it sees functionality. A functional impairment is not the central thing: here they see what the individual can do and their talent. They've learned that ability to do a task is not the same thing as listening.

"For us there's nothing odd about it. It doesn't matter to us what functional impairment people have. The job is the same: for example you don't need to hear to work here."



#### HOME CARE IN KIRUNA WITH MORE TIME FOR THEIR WORK.

On paper, it looks simple. Home Care, consisting of assistant nurses and orderlies, would look after people in their homes. The problem was they spent a lot of time carrying groceries, emptying washing machines and doing other tasks. Things they were neither trained nor educated to do. The municipality's solution was to outsource everything that wasn't healthcare to sub-contractors. Through the Samhall Method, they found people who were fantastic at doing everything the nursing staff couldn't. Results weren't long in coming. Not only were people being better cared for, but their own care staff were healthier too.

"Occupational accidents involving our personnel have decreased over the last decade," says Elisabeth Daunfeldt, Unit Manager in the municipality.

As a consequence of outsourcing these services, the people in their care have gotten to know some new faces.

"Many elderly people live alone," says Elisabeth. When their groceries are delivered, it also means another person visiting them a couple of times each week. I think it's important."



#### DENTSPLY INTERNATIONAL GOT HELP MEETING REQUIREMENTS.

Dentsply International manufactures advanced products in urology and surgery. In a "cleanroom environment" where products are sterilised before being packed, even the tiniest bit of dirt will stop the work. Additionally, the manufacturing takes place across three shifts around the clock, so there is no margin for error. Perhaps that's why the Samhall Method works so well here. Five teams of six people are stationed at the machine called Freja 1. All of them have the skills, abilities and experience needed for the job. Mariette Andreasson, Area Manager at Dentsply International, is very happy with the work.

"Because we have strict requirements concerning what we do, it is very important that we can show everyone here is competent and has the right skills."

The method of matching personnel has grown successively over the years. When personnel are needed for a new machine, Dentsply International know who to call.

# Client benefit with social responsibility

Samhall offers competitive services covering everything from Cleaning & Laundry to Retail and Industry & Manufacturing. Assignments are conducted as a sub-contractor or through manning solutions or our own production and occurs nationwide. A new unit was established during the year, Care Services, targeting the public and private care industry, where Samhall helps with home cleaning, household laundry, grocery shopping and the distribution of meals.

## CLEANING & LAUNDRY

Cleaning is Samhall's single largest product. With around 8,700 employees in Cleaning, Samhall is currently one of Sweden's largest companies in the sector. We clean offices, shopping centres, stores, schools, stairways and much more. In conducting these services, we follow the INSTA 800 quality system, as well as ISO 9001 and ISO 14001. Work in making the company's entire cleaning operation compliant to the Nordic Ecolabel standard is ongoing and expected to be finished in 2015. Samhall's cleaning service clients include Ikea, Bauhaus, Ica, Swedish Armed Forces, Max Hamburger-restaurant, Jernhusen and Swedbank. Alongside cleaning, Samhall also provides large-scale, specialist laundry services of work clothes and textiles for offices, industry, hospitals, hotels and other clients.

## WAREHOUSING & LOGISTICS

In Warehousing & Logistics, Samhall works with all parts of warehouse management. Samhall can offer clients help with seamless and smart logistic solutions to make production more efficient. Samhall's employees work with incoming orders, sorting, packing and distribution. Due to vast experience of practical warehousing, Samhall has also developed strategic competencies in third-party logistics, e-trading, retail logistics, recycling logistics and consumer packing. For example, Samhall's employees run all the warehouse management for Schneider Electric near Stockholm, conduct full third-party logistics for Crossroads in Uddevalla and pick and pack ink

cartridges for InkClub in Uppsala. Samhall also builds store displays for DHL's clients at their plant in Örebro and for Santa Maria in Kungsbacka.

## WORKPLACE & PROPERTY SERVICES

In Workplace & Property Services, Samhall offers various forms of property maintenance both indoors and outdoors. Assignments vary from complex systems to looking after gardens, keeping things tidy and clearing snow. Samhall also offers additional services such as plant arrangement, packing and delivering fruit baskets and working in the reception and janitor's office.

## CARE SERVICES

In Care Services, Samhall offers public and private care providers the opportunity to raise the quality of care and improve working conditions for their own staff. Samhall relieves the burden on professional care staff and frees up their time by performing any number of services and certain care tasks. For example, washing, ironing, making the beds or taking the sheets off, delivering groceries, providing transportation about the care home, maintaining the helping aids, giving pleasant companionship, assisting at activities, accompanying the elderly outside the home, running errands and in some places also providing language support for the foreign-born elderly. A number of new clients have been won in 2014 and several new dialogues are underway. A long-term agreement has been signed with Silver Life, a new actor in the senior homes sector. This area provides great

benefit and also broadens the range of tasks available to Samhall employees. There is great interest among prospective clients, both private and public, which is why Care Services is considered one of Samhall's growth areas.

## RETAIL

Samhall offers services in both e-retail and retailing. It involves everything from warehouse management, order fulfilment and logistics to pick and pack and other related services. With Samhall providing the services, the client can instead spend time and focus on their core tasks while at the same time ensuring social responsibility. Samhall's retail clients include Bröderna Nelson, Cloetta, InkClub and Ica.

## INDUSTRY & MANUFACTURING

Samhall offers production solutions in assembly, mechanics and plastics, cables, electronics, textiles, woodworking and logistics & packing. Based on its total manufacturing competence, Samhall today offers a very broad spectrum of system solutions, enabling Samhall to meet the needs of clients in various sectors.

In mechanics and plastics, Samhall works with both contract manufacturing and the production of components and finished products. Among other things, we make interior systems for service vehicles, bodywork parts for the caravan industry, ventilation equipment and boxes and cabinets for the telecom industry. In electronics manufacturing, Samhall uses modern production equipment to make surface-mounted and hole-mounted circuit boards, coating and fixing of circuit boards and electronic assembly. At the cable plant in Söderhamn, Samhall assembles and delivers approx. 120,000 electric cables for tow bars each year for Volvo Cars. The cable plant in Söderhamn and Samhall's assem-

**“In recent years, Samhall has increasingly profiled recruitment as an integrated part of the company's business development.”**

## Stability and flexibility

Samhall practically has a unique position among Swedish companies. With large-scale operations throughout most of Sweden, yet at the same time having great internal mobility and flexibility regarding tasks, very few companies can match Samhall as a supplier and producer.

In the Swedish market, Samhall conducts assignments as manning solutions or via our own production. It means we can offer very flexible solutions to meet our client's varying needs. As a sub-contractor, the assignment takes place at the client's workplace, but Samhall assumes the overall management for planning, supervising and implementation.

In the manning solutions, Samhall's employees are integrated with the client's business and the work goes under the client's name. Samhall manages the personnel, but the client manages the production. Own production takes place in our facilities and includes everything from advanced industrial production to simple packing, logistics and assembly.

Samhall has many years of experience in production and can offer manning solutions to clients that cover large-scale operations, for example production management at the client's workplace, own handling equipment, purchasing and more.

## In addition to supplying products and services of high quality, Samhall offers its clients value-adding propositions:

- Being an active staff provider for clients and partners
- Combining business with social responsibility
- Sharing Samhall's unique knowledge and experiences in the field of work for persons with functional impairment

bly in Gothenburg are also certified in accordance to the automotive industry's ISO/TS 1609. At Dentsply (formerly Astra Tech) in Gothenburg, Samhall's employees pack medical products and at Q-assembly in Svenstavik, Permobil power wheelchairs are made for global distribution.

### LABOUR MARKET SERVICES

Labour Market Services is a business area offering work-orientated rehabilitation services in competition with others in the sector. For more information about Samhall's Labour Market Services, please turn to page 7.

### RECRUITMENT

Samhall can offer its clients the opportunity to recruit competent personnel. Through work for which there is a demand, Samhall's employees develop their skills to become attractive and competitive employees at

other companies. With the support of employee processes (see page 10) the right person can be recruited for the right job. Thus, Samhall's employees make up a recruitment pool for other employers. For example, Max Hamburgerrestauranger and the Police in Stockholm have recruited personnel from Samhall for years.

In recent years, Samhall has increasingly profiled recruitment as an integrated part of the company's business development. Samhall can also teach other employers how to remove hindrances and make their workplaces accessible to people with functional impairment. It covers, not least, attitudes and developing leadership.

In 2014, work started on developing opportunities to provide direct recruitment of Samhall's employees. A recruitment tool will help clients find the skills they need among Samhall's employees; the tool will be launched in early 2015.

“In a changing world, a company with an assignment like Samhall’s needs to be **constantly at the forefront when it comes to sustainable development.** Samhall does this.”



Samhall is one of Sweden’s most important companies. In working towards a more sustainable society, with room for everyone and no one excluded, few other companies play such an important role.

For us at Samhall, sustainability means continual development. To accept responsibility for our operations and the arena we operate in; to create value that’s greater than just the initial cost. In a changing world, a company with an assignment like Samhall’s needs to be constantly at the forefront when it comes to sustainable development. Samhall does this.

As a starting point, Samhall’s sustainability work begins with providing work to as many employees as possible, that these employees are dedicated and that operations are conducted with great efficiency.

Samhall must also reduce its impact on the environment and its carbon footprint. By delivering and achieving the established targets in these areas, Samhall returns the resources invested in it by society. Profits and any surplus liquidity are reinvested in developing employees and their conditions for work.

Through strategic, structured and goal-orientated work, covering everything from occupational training to electric vehicles, Samhall delivers long-term sustainability every single day throughout Sweden.

We now look back at 2014 that brought in 7,071 new recruits and a historically high proportion of transitions. It is gratifying to see how the company’s employees not only create benefit for clients and society, but also develop their own abilities to the extent that a significant number each year go on to work outside Samhall. Despite this success in employee development, a problem remains that not all employees have work to do. However, it can partially be attributable to the new key performance indicator not yet fully having an impact in the organisation, which can also affect measurability.

In recent years, Samhall has become an increasingly important initiative in combating social exclusion for people far removed from the labour market. In these assignments entrusted to the company by

the state in recent years, alongside the core assignment, Samhall has delivered equally successful results. One example is that during the year, Samhall was assigned to offer positions to long-term unemployed young adults in order to prepare them for a position with another employer. This was very successful.

The strength and experience inherent in an organisation that has matched tens of thousands of people and brought them from social exclusion to comradeship at work is unique. It also creates the conditions for more and larger assignments from the owner. We at Samhall look forward to more new assignments from our owner and our clients.

The path to a sustainable society is through jobs. That all are afforded the same opportunities to participate in the labour market not only provides cohesion, but also a stronger and more dynamic labour market that reflects the whole of society. In this work, Samhall makes a crucial difference.

Stockholm, February 2015

Erik Strand  
Chairman of the Board

# Sustainability at Samhall

For Samhall sustainable business includes long-term resource efficiency and the responsible creation of value for the company and its stakeholders. The total value generated for employees, clients and society at large is what we call the Samhall benefit. It is about achieving long-term balance based on an interplay of environmental, social and economic sustainability in a company whose entire purpose stems from social sustainability.

Samhall's business model integrates the labour market policy assignment with being one of Sweden's largest service providers for everything from cleaning, laundry and property services to logistics and manufacturing.

Samhall benefit is created through an interaction between:

- Employee benefit through development and participation in work: employment with wages at normal market rates, meaningful tasks and social affiliation.

- Client benefit through profitability: right employee, quality, strong brand through sustainable enterprise.
- Society benefit through increased welfare: reduced social exclusion, work lifeline for vulnerable groups, growth.



## STRATEGY

Samhall's sustainability policy is based on three fundamental values:

- The belief that everyone has equal value
- Confidence in the ability of every individual
- The value of work for the development of individuals and society

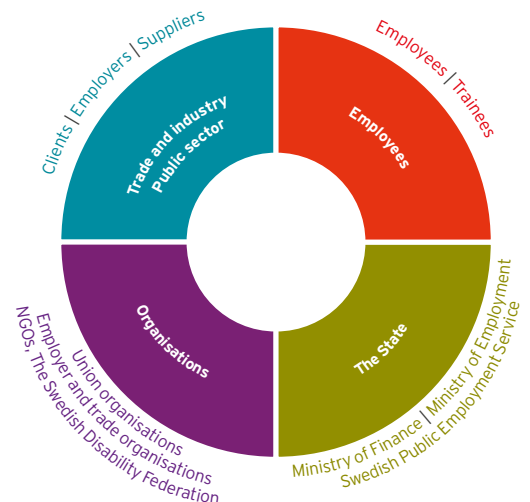
The operative work is guided by three core values: **Dependable, Dedicated, Attentive.**

To achieve these objectives and improve operations based on these fundamental values and the business model, new strategies have been developed during the year based on development through work. Strategies must secure both the labour market policy assignment and business growth.

## MATERIALITY ANALYSIS

Samhall's most important contributions to a sustainable society are governed by the operational targets provided by the state. The materiality analysis is guided by an ongoing development process that provides a balanced assessment of those issues raised by stakeholders and the company's management.









Samhall meets and communicates to stakeholders in various degrees and contexts. Their points of view are considered in operations and included in the materiality analysis, which is the basis for the sustainability targets.



STAKEHOLDERS	MAIN AREAS	HOW SAMHALL HANDLES THE ISSUES
<b>Employees</b> <b>The State and Public Employment Service</b> <b>Organisations</b>	The labour market policy assignments and Samhall's target group Appropriate work Workplace environment Conditions of work and employment Equality and diversity	Development through work Occupational roles to increase employability Training at the Samhall school Employee policy, Sustainability policy Employee process Collective agreements and union collaboration Collaboration with the Public Employment Service
<b>Trade and Industry</b> <b>Trade organisations</b>	Business ethics Competition and pricing	Sustainability policy Participation in Almega's Forum for Ethical Dialogue (FED) Business Council Samhall's competition tools
<b>Clients</b>	Quality of work CSR	ISO 9001 and 14001 Environmentally certified services, e.g. Nordic Ecolabel
<b>Employers hiring Samhall's employees</b>	Skills competence Skills supply	Development through work Occupational roles. Training at the Samhall school Matching
<b>Society</b>	Environmental issues Human rights Anticorruption	Sustainability policy, Financial policy Internal controls Supplier assessment

**SUSTAINABILITY TARGETS**

The materiality analysis results in the following four long-term sustainability targets established by the board. Target attainment for all targets is measured in relation to the previous year's results.

 <b>EMPLOYEES IN WORK</b>	 <b>DEDICATED EMPLOYEES</b>	 <b>INCREASED DEGREE OF SELF-FINANCING</b>	 <b>ENVIRONMENTAL TARGETS</b>
Target: Employees in paid client assignments. Increased billable time without decreased gross profit/hour.	Target: Increase employee survey sub-index "Dedication".	Target: More society benefit per tax krona. Income from all operations (gross profit etc) compared to the total costs.	Target: Reduce CO <sub>2</sub> emissions. Increase the proportion of environmentally friendly vehicles by two percentage points.
 2014 Billable time fell. Gross profit/hour increased.	 2014 Unchanged index for dedication at 76% (conducted only for professional employees).	 2014 Degree of self-financing increased from 28% to 30%.	 2014 Proportion of environmentally friendly vehicles increased from 9% to 11.4%.
Pages 21–23	Pages 24–27	Pages 28–31	Pages 32–33

EMPLOYEE:  
SUSANNE HJELTE,  
LULEÅ

“I got the chance  
to show what I can do.”



**Susanne Hjelte**

Job: Production  
Co-ordinator at Samhall.  
Age: 45.  
Town: Luleå.  
Family: Partner and one son.



One day in January 2000, Susanne Hjelte's life changed completely. She collided head on with a truck at 70 km/hour.

She survived, but the 30-year-old Susanne had to stop her engineering studies and endure a long rehabilitation process. Fortunately she has an iron will. Because three years after the accident, when the Social Insurance Agency informed her she would be placed on disablement pension, Susanne was determined to prove otherwise.

“I wanted to work. But had just a few days to find a traineeship. It was all about hanging on in the labour market and demonstrating what I could do. For many years, I went from one temporary position to another,” says Susanne Hjelte.

Susanne's goal was always to land a full-time job. But she also had to take one step at a time due to a whiplash injury causing chronic pain and sensory loss.

Susanne noticed that many employers were uncertain how much she could cope with and one temporary job followed another. So when an acquaintance told her about Samhall, she was in no doubt.

“At Samhall, I got the chance to show what I could do. I don't have to think about clinging on to my place in the workforce. It gives me peace of mind and I can put my energy into what really matters: finding an approach that lets me work despite the pain.”

Her employment at Samhall began with a summer job in 2011 and led to a

permanent position as a production co-ordinator.

Susanne currently co-ordinates eight assignments, does the scheduling and makes sure her work groups are feeling well. In March 2013 she achieved her goal: to work full-time again.

Now she's wondering about the next step.

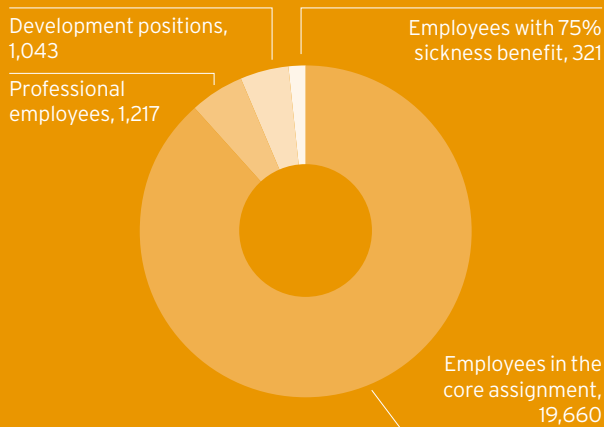
“It's an exciting time for me right now. I've been working full-time for a while and feel it has gone well. Even though I take one day at a time, the future seems bright. I'm starting to feel ready for a job outside Samhall.”

*From an article in Story magazine.*

# Social sustainability

In 2014, Samhall welcomed 7,071 new employees: the most ever. While at the same time, the transition target was achieved.

## Number of employees



Samhall's sustainability target means:

- The proportion of employees in paid client assignments increases.
- Employees themselves feel dedicated to their work.



# Employees in work

The sustainability target “employees in work” means raising the proportion of employees in paid client assignments.

## TARGET FULFILMENT:

In 2014, the sustainability target “employees in work” was not attained. Gross profit per hour rose, but billable time sank. As a key performance indicator “billable time” is new and aims to report staff capacity in the core assignment in relation to the demand for staff from client assignments. Assessment of actual capacity during the year has

become more realistic and this calibration will continue in 2015.

The target achieves:

- A growing proportion of employees in client assignments and the opportunity to employ even more.
- More competitive assignments and tasks; in other words business growth.

- Better ability to match employees with the right tasks; in other words combining employee development and business development.

Employees in work also means that a high number of employees in the labour market policy assignments is a good achievement.

## IN

Number of new employees recruited	
January-December 2014	4,633
Job and development guarantee, trainees	2,438
<b>Total number of employees and trainees IN</b>	<b>7,071</b>

In 2014, Samhall welcomed 7,071 new employees: the most ever. A new assignment involving development positions means almost 800 new positions in the first quarter, in addition to the usual turnover in personnel.

## EMPLOYEES IN WORK. TARGET AND STRATEGY

Employees in work is the most critical element of the entire organisation. It is the basis for both employee development and balanced finances. Therefore “employees in work” is an essential sustainability target.

Samhall does not retrench employees due to a shortage of work in the labour market policy assignments. This even applies when demand falls or during restructuring. It implies that a number of employees will always be found between assignments. The aim is to make this number as small as possible, in other words the billable time must rise through business growth and more efficient operations.

Samhall includes time in the labour market policy assignment for employee development in the form of introduction to new

## NUMBER OF EMPLOYEES 31 DEC 2014

Core assignment	19,660
Employees with 75% sickness benefit	321
Development positions 2012-2014	29
Development positions 2014-2017	1,014
<b>Total number employees</b>	<b>21,024</b>
Job and development guarantee, trainees	1,311

tasks, training, traineeships or preparations for a transition. Therefore, this time is not available for client assignments and not included in the billable time reported.

Samhall’s strategy since 2011 has been to strive for a basis of permanent positions in the core assignment, supplemented by time-limited development positions. This should mean:

- Decreases lock-in effects in the core assignment.
- Increases throughput with the time-limited positions for development.
- Unchanged target group, but better flexibility in which groups to prioritise for new recruits.

Since 2012, Samhall, in addition to the core assignment, has had assignments involving development positions (see page 23). The development positions have shown that the strategy has great potential. Samhall has used its competence and established company structure to bring in various groups that are far removed from the labour market and prioritised by the government. Among other effects,

## OUT

<b>Transitions to another company</b>	
core assignment	891
development positions	231
Other departures	4,473
<b>Total number of employees and trainees OUT</b>	<b>5,595</b>

it has led to a rise in throughput: both in terms of new recruits and transitions. Some of those in need of further support have moved into the core assignment, whereas the majority of those who have moved on have entered the regular labour market.

Employees in work require both a strong structure to the business organisation and that the work is based on common values. Therefore continued progress covers both the organisation, culture and processes. It includes:

- A new organisation to better meet the challenges of a greater focus on employees, as well as business.
- Business development to promote growth of business volumes and secure assignments suitable to Samhall’s target group.
- Continued development of company culture and leadership. Ongoing initiatives in the leadership programme for first-line managers.
- Matching continues to evolve, selecting the right person for the right job, so everyone can contribute according to their ability.

**SAMHALL'S EMPLOYEES**

More than 21,000 employees with functional impairment work in Samhall's labour market policy assignment and this is the majority of total personnel, mostly in the core assignment, but also includes development positions and persons with 75% sickness benefit.

Samhall as an organisation has an even gender distribution with 46% women and 54% men. The figure for assignments covering development positions is somewhat different, with 39% women and 61% men.

In total, the average age is 48. Here too the development positions for the new assignments are different, with an average age of 30, however the prioritised target group is young adults with functional impairment in the occupational phase.

31% of employees were born abroad according to a survey conducted by Statistics Sweden on behalf of Samhall.

**INCREASED THROUGHPUT**

By providing employment or a traineeship to people with functional impairment and diminished working capacity, Samhall

helps combat social exclusion. In 2014, Samhall had the largest influx of new recruits ever. Of this total, 1/3 were trainees with reinforced job training from the job and development guarantee. Of the new recruits, roughly 1/4 were for development positions, which is also the main reason for the record number.

Even the number of people leaving Samhall on transitions exceeded the owner's target of 1,100. Namely 1,122 employees moved on to work outside Samhall. Of these, 388 (35%) were women and 734 (65%) men. 231 transitions were made from development positions and 891 from the core assignment. Roughly 80% of transitions went

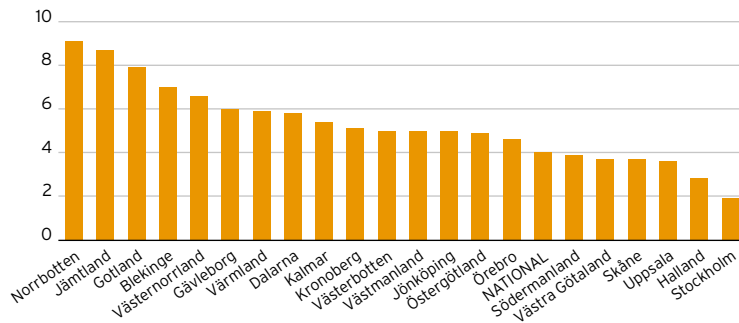
to private companies, the majority to businesses with fewer than 100 employees.

Permanent employees in the core assignment who make a transition are entitled to return to Samhall within 12 months. Known as returns, this number continues to remain at a high level. Of transitions made in 2013, 56% returned. More than 60% of returns during 2014 were due to temporary employment ending or the downsizing of operations.

Both inward and outward flows and the skills development during employment place great demands on a well-functioning employee process that also includes goal-orientated processes for matching. This is described on pages 10–12.

**EMPLOYEES IN LABOUR MARKET POLICY ASSIGNMENTS**

31 Dec 2014. Geographical distribution, per county, per 1,000 persons in workforce



The distribution has been relatively stable over time. Since permanent positions are the main form of employment in the core assignment it is not possible to make major changes in the short term. Compared to every 1,000 persons in the workforce, the number of Samhall employees in the core assignment varies from 1.8 in Stockholm to 9.5 in Norrbotten.

**EMPLOYEES**

	Women	Men
Core assignment, %	46	54
Development positions, %	39	61
Professional employees, %	51	49
Part-time, %	31	16
Full-time, %	69	84

Meet **3** people who got new chances in the labour market thanks to Samhall



**IDA THOREBRING**

When Ida Thorebring's traineeship in peer support ended, she expected a couple of tough years of unemployment to come. But then she got the chance to start working with cleaning at Samhall.

"When the chance came, I didn't have a list of prejudices, just the intention to do my best."

Today, Ida has her own home and routines that make her feel good.

**What's your dream for the future?**

"In 10 years, I have a small café giving teenagers a place to meet up."

**Age:** 28. **Town:** Tranås. **Occupation:** Cleaner.

**GEOGRAPHICAL DISTRIBUTION**

Samhall must be present nationwide, where the need exists. The allocation is agreed annually with the Public Employment Service that assesses the need. The distribution per county is shown on a diagram on page 22.

**DEVELOPMENT POSITIONS**

During 2012–2014, Samhall had an assignment with 1,000 development positions on average/year for a target group of people with functional impairment whose sickness insurance days had come to an end. As planned, this assignment was wound down in 2014. During 2014–2017, the company has a new assignment with 1,000 development positions for people with functional impairment in the occupational phase. The priority here is young adults under 30.

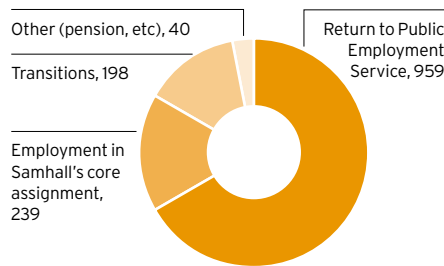
Samhall applies a common employee process for the systematic work of improving employees’ working capacities and employability.

The limited period of employment of the development positions necessitates a concentrated process and above all tighter follow-up both with managers in Samhall and as a third party with the Public Employment Service. Both of Samhall’s assignments with development positions frequently require intensive motivation initiatives.

In the now largely completed assignment for people whose sickness insurance days

had come to an end, Samhall’s processes resulted in 14% finding employment outside Samhall and another 17% gaining employment in Samhall’s core assignment. That means 31% of a target group that was largely displaced from the labour market for more than 10 years (according to statistics from Public Employment Service) are now back at work.

**DEVELOPMENT POSITIONS 2012–2014**



The new assignment, starting from 2014, has so far seen a total 1,298 persons employed and 126 transitions. 22 people have found employment in Samhall’s core assignment. The challenge here is to introduce and motivate young adults with no previous work experience and ensure they take the opportunity to advance their working lives.

Employee development takes place through working on client assignments which have

been won in competition with other companies. For employees, this means developing in three stages.

1. Developing their working capacity.
2. Increasing their employability by contributing productive tasks and gaining real experience and skills.
3. Finding and keeping a position outside Samhall.

About 25% of time at work is spent on various development activities, of which rehabilitation activities are the largest. People have an opportunity to learn a variety of tasks during their employment, take on greater responsibility and develop the ability to work independently, switch work groups, change client assignments, attend occupational training at the Samhall school, get certification, apply for jobs, write a CV and get traineeships prior to a transition.

Factors of success, in addition to those above, have been expanding people’s own networks, which provides better conditions to take control of their own development. Other factors of success include documentation based on making a current CV and facilitating continued support from the Public Employment Service and also the Social Insurance Agency.



**MICHAELA JOHANSSON**

Michaela Johansson has always struggled because of her functional impairment: Asperger syndrome. She was registered at the Public Employment Service but didn’t get a job.

“That’s when Samhall called and offered me a temporary position for two months. Then I was given a permanent job there.”

**What do you do now, that you wouldn’t have dared to before?**

“Now I am open and much more positive. I dare to say what I think and I’m one of the gang.”

**Age:** 25. **Town:** Ramsele.  
**Occupation:** Industrial worker.



**JOHAN BROLEN**

Johan Brolen’s eyesight has progressively deteriorated since a retinal disease at the age of six. When he could see better, he worked at a computing firm, but since then it has been tough. Today he is almost completely blind. But through Samhall, he has a job as a customer service manager.

“Technology opens many doors for me through a braille keyboard.”

**How has Samhall helped you?**

“Thanks to Samhall, I can try various kinds of jobs and discover my potential.”

**Age:** 30. **Town:** Östersund.  
**Occupation:** Customer service manager.

# Dedicated employees

The sustainability target “dedicated employees” means employees feel committed to their work. This is measured by the annual employee survey.

## TARGET FULFILMENT:

The target was reached through no change in results. In 2014, the employee survey only included the professional employees.

The target achieves:

- Pride in one's own efforts and of working for Samhall.
- Dedicated employees taking greater responsibility for their own development.
- Dedicated employees with greater focus on clients.

## DEDICATED EMPLOYEES. TARGETS AND STRATEGY.

Samhall's most important resource is all its employees who work together. **Dedicated** is one of Samhall's three core values. Dedication is crucial for employee development and client satisfaction. Dedication is measured by the annual employee survey.

As planned, the 2014 survey covered professional employees only. The survey took place immediately after changes were made to all frontline management positions providing new and clearer content. In 2015, the survey will only cover employees in the labour market policy assignments.

Samhall's strategy to further increase dedication is to strengthen company culture and leadership. Key elements include taking responsibility for one's own development and following-up operational procedures. This is also reflected in the core values **Attentive** and **Dependable**.

Dedication is further reinforced when an employee feels that he or she is contributing and part of the company. Good leadership is crucial. It is also about having the right skills and opportunities to further develop competencies in order to face the demands and challenges of the future. Healthy and inclusive workplaces are also important prerequisites enabling all employees to enjoy the same opportunities regardless of functional impairment, gender, sexual orientation, ethnic background, religion and age.

All professional employees receive training and regular information about the employee and sustainability policy. It is included in company introductions and is a recurring element in leadership development programmes and specialised training.

## LEADERSHIP

A long-term project is currently being conducted, at all levels of the company, to develop a strong company culture and leadership skills based on Samhall's fundamental values and leadership ideals. The development programme *My Vital Leadership* reinforces first-line managers. In 2014, 260 of 600 managers had commenced or completed this leadership programme. The aim is to develop managers who, based on the company's targets and strategies, can develop employees, assignments and business, as well as operational efficiency.

Development through work means employees gradually learn new skills. Employees have the opportunity to take responsibility for their own development. The line manager is responsible for support initiatives and the fundamental conditions for skills development. Therefore matching and distribution of work is very important.

From 1 January 2015, a new organisation comes into effect. It aims to strengthen operations and create more jobs. This will occur through leadership with greater business focus, focus on employees in work, clearer roles and accountability for financial results and increased efficiency. More information about the new organisation is given in the corporate governance report on page 36.

## EMPLOYEE DEVELOPMENT THROUGH OCCUPATIONAL ROLES

The aim of employee development is to increase skills and thereby raise the employability of the individual and his or her competitiveness in the labour market.

Central to the employee's development is the target and development dialogue that takes place at least once a year. This dialogue is based on the employee's circumstances and the district's client base. It aims to ensure that the employee has clear development goals for both the short and long term, including following up and prioritising activities from the previous year. Assessment of the individual's functional impairment is also updated.

In 2014, 95% of employees in the labour market policy assignments had target and development dialogues with their line managers.

Samhall's processes regarding development through work were made even clearer in 2014 with the introduction of occupational roles. Clear occupational roles and job requirements help support the employee's skills development in Samhall and ensure the right competencies for client assignments.

## 20 defined occupational roles

At year-end 2014, there were 20 defined occupational roles, for example:

- cleaner
- janitor
- property caretaker
- service attendant
- care assistant

The occupational roles make clear the opportunities available to the employee; they create ambition and motivation at the start of employment. It facilitates matching the right person to the right work and supports the target and development dialogue and clarifies development needs in the development plan. The occupational roles also provide a clear structure to the offerings of the Samhall school.

During the year, the Samhall school has developed its structure and processes that are chiefly aimed at securing occupational skills in Samhall. The Samhall school’s curriculum follows the same structure for all vocational courses:



“Clear occupational roles and job requirements help support the employee’s skills development in Samhall and ensure the right competencies for client assignments.”

<b>EMPLOYEE DEVELOPMENT</b>		
	<b>Women</b>	<b>Men</b>
Target and development dialogue, all employees, %	95	94
Development time, core assignment (hours/employee)	9.4	9.8
Development time, development positions (hours/employee)	22.6	28.2
Transition trainee positions, core assignment (hours/employee)	13.0	19.2
Transition trainee positions, development positions (hours/employee)	75.8	69
Transitions, core assignment	300	591
Transitions, development positions	88	143

ASSIGNMENT:  
HÄRNÖSAND  
MUNICIPALITY



Production Co-ordinator Elsa Öberg delivers groceries to Kerstin Ollinen.

“We are creating new services.”

### Samhall's services for Härnösand municipality

#### 1. Grocery shopping

Each week, Samhall does the grocery shopping for around 70 persons. This gives nursing staff more time for their tasks.

#### 2. Helpful Sam

A service for the elderly that helps them avoid accidents and falls in the home. Samhall staff helps with common tasks such as changing lightbulbs and hanging curtains, etc.

#### 3. Chair workouts

Activate the elderly with chair workouts. These exercises have been developed by a physiotherapist and are especially suited to the elderly sitting in chairs, but still exercising the body.

#### 4. Meal distribution

Transportation of meals from the main kitchen to local home care groups.

#### 5. Cleaning

Cleaning services at a number of elderly care homes.



Kicki Lundqvist, Samhall's gymnastics instructor.



Deliveries from the main kitchen.



Folo Tokpah, cleaner.

At the municipal elderly care home, Solbrännan in Härnösand, Kerstin Ollinen is waiting for a helping hand. It's time to take down the Christmas star and to make sure she doesn't fall and hurt herself, she's asked for assistance from Helpful Sam, a service developed by Samhall.

“When the municipality took responsibility to offer all seniors help in preventing injuries due to falls, then we came up with this service. It is popular and also demonstrates that we can act based on what is happening in society,” says Catrine Rehnström, Area Manager at Samhall.

In the elderly care home's lobby, about 15 pensioners do exercises with their arms and legs. Kicki Lundqvist, Samhall's gymnastics instructor, holds the class. She shows great dedication and encourages the elderly in a gentle, playful way.

“I try to encourage more and more of the elderly to come and join our group. Not just for the exercise, but it is equally important that they meet others and have a nice chat,” says Kicki Lundqvist.

In total, Samhall in Härnösand has 15 employees working the municipal assignment, which began in 2001. In recent years, five people have made transitions to regular employment.

“It's vital that those living here really get what they need. Samhall's staff definitely play an important part for us. It's also a cost-effective solution for us,” says Maritha Nordin, Unit Manager at Härnösand municipality.

*From an article in Story magazine.*

## WORKPLACE ENVIRONMENT AND REHABILITATION

Leadership development and a values-based company culture have great importance in creating a healthy workplace environment where employees thrive, develop and feel well. Systematic and preventive processes promoting health, workplace environment and rehabilitation diminish the risk of an increase in absences due to illness.

Good workplace environment and health contribute to the attainment of operative targets. Samhall's objective is a good, safe workplace environment where employees can develop their skills, which is accessible and adapted to employees' needs and prerequisites. A good production set-up can lower the prerequisites of the work and make it accessible for more workers. Therefore, health and workplace environment issues are also a part of product development, and contribute to the fulfilment of operative targets.

A survey of the workplace environment is conducted each year; risks that could lead to illness or accident are taken care of immediately or documented in an action plan with clear responsibilities. Upon large changes in operations, a specific risk assessment is made.

Occupational injuries (accidents, travel accidents, occupational illnesses) have decreased in total in 2014. Initiatives continue that encourage increased reporting of incidents as a means of developing preventive measures and thereby decreasing the number of occupational injuries.

Absences due to illness have increased during the year for both employees in the core assignment and professional employ-

ees. Long-term absence has risen the most. It means absences due to illness are once again at a level not seen since 2006. The increase follows the wider trend in the labour market. The rehabilitation process has been reinforced and an analysis of absenteeism patterns is underway as a basis for further initiatives.

Samhall's health initiatives can create the conditions for every employee to develop and maintain a healthy lifestyle covering both physical and mental health. Numerous projects have been initiated to improve health and lower absences due to illness.

## INITIATIVES AGAINST HARASSMENT AND DISCRIMINATION

All forms of harassment and discrimination are prohibited. It is a manager's duty to prevent and quickly take action upon any eventual case of such abuses.

There has been no litigation related to discrimination or harassment in 2014. No cases have been reported to the Discrimination Ombudsman.

Most employees in the core assignment are covered by the LO union's collective agreement. The salary stipulations in the collective agreement are based on an evaluation of work where all kinds of tasks are categorised according to salary levels one-four. Each placement in the wage level occurs after negotiation with the unions.

Samhall makes an annual salary survey in conjunction with salary evaluations and there are collective agreements covering salary statistics. For LO unions, which cover most employees, the wage survey for 2014

showed that 44% of employees were women and their wages were 99% that of the men's.

Salaries for professional employees are individual and differentiated taking into consideration the work's content and the individual's performance. There are established job descriptions for the most usual positions. An analysis is made for each position of the differences in salary between men and women. For the largest personnel group, namely the area and group managers, 44% were women and their wages were 99% that of the men's.

## CO-OPERATION WITH TRADE UNIONS

A common agreement for all Samhall operations falling under the jurisdiction of the LO union was reached between the Almega Samhall federation and trade union organisations covering: property, retail, hotel, restaurant and catering, metalworking, municipal, as well as service and communication. Regarding professional employees, there are agreements with Unionen, Ledarna and Akademikerförbunden.

Collective agreements include a workplace environment agreement. That means Samhall and the unions collaborate in planning the workplace environment, corporate healthcare, rehabilitation, major organisational changes and so on. Preventive workplace environment efforts are managed by the workplace environment committees on several levels within the company. The organisation and work in reaching common agreement is comprehensive. There are in total several hundred employees with various union roles.

### ABSENCE DUE TO ILLNESS

% of contracted time	Women	Men	Total
2014 (compared to 2013)	17 (15)	12 (11)	14 (13)
of which >59 days	9 (8)	6 (5)	7 (6)

### OCCUPATIONAL ACCIDENTS

	2014	2013	2012
Total no. accidents at work	790	782	753
of which women	382	367	375
of which men	408	415	378
Accidents per 1,000 employees	36	38	35
Fatal accidents at work	0	0	0

Occupational accidents concern accidents at work. Not included here are transport accidents or occupational illnesses.

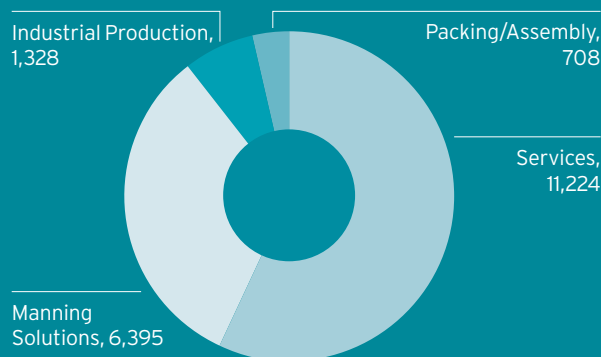
# Economic sustainability



Samhall's strategy for increasing growth is based, above all, on the ongoing structural change towards Services and Manning Solutions, as well as strengthening the brand and reinforcing credibility by improving transparency concerning the use of the compensation for additional costs.

## Employees in the core assignment

Number, per business area



# 30%

The degree of self-financing increased in 2014 from 28% to 30%. The target was to reach 30%.

Samhall's sustainability target means:

- Business operations need to cover a greater proportion of total costs and thereby relieve state coffers, without jeopardising the fulfilment of the labour market policy assignment.



# Increased degree of self-financing

Sustainability target “more Samhall benefit per tax krona” or an increased degree of self-financing, means that business operations need to cover a greater proportion of total costs and thereby relieve state coffers, without jeopardising the fulfilment of the labour market policy assignment.

## TARGET FULFILMENT:

In 2014, the target was attained through a rise in self-financing from 28% to 30%. The target was to reach 30%.

The target achieves:

- Business growth
- Efficient use of resources
- Increased productivity

Samhall’s strategy for increasing growth is based, above all, on the ongoing structural change towards Services and Manning Solutions, as well as strengthening the brand and reinforcing credibility by improving transparency concerning the use of the compensation for additional costs.

## ECONOMIC TARGETS OVER A BUSINESS CYCLE

	Target	Result 2014
Return on shareholders’ equity, %	7	5
Equity ratio, %	>30	47

## INCREASED SELF-FINANCING, TARGET AND STRATEGY

Samhall’s business logic is somewhat the opposite of other companies. Samhall needs to create jobs for a set number of employees, not the reverse, as in other enterprises: employ staff on a commercial basis according to a given amount of business. In other words, for Samhall it is the number of employees mandated in the state’s ownership directives that govern the business volumes.

Therefore operations must continually adapt to market demands and assignments that provide appropriate tasks for the target group. It implies constant structural change where Samhall has gone from being a purely industrial company to currently one of Sweden’s largest suppliers of services. This has been a deliberate strategy since the late 90s.

Winning new clients and maintaining the

## “Services are the foundation for securing assignments and jobs not dependent on economic cycles.”

support of stakeholders requires credibility, reinforced by a strong brand. Therefore transparency concerning operations, competitive neutrality and business ethics becomes even more important and more strategic for Samhall than for other companies. At stake is not only the company’s success, but the jobs of all our employees.

## ONGOING STRUCTURAL CHANGE

Samhall’s assignment demands a variety of diverse operations.

- Services are the foundation for securing assignments and jobs not dependent on economic cycles.
- Manning solutions provide the greatest employee benefit in terms of transitions. This is where skills from industrial operations can be used. It is a cost-effective operation, however it is dependent on economic cycles.
- Industrial production is mostly relevant in securing the geographical coverage of

the mandate, especially in areas where demand in the labour market is otherwise weak.

In the last decade, operations in industrial production and packing/assembly have decreased from nearly 50% to 7% and this is planned to continue falling. Instead, employees’ skills derived from industrial production are more valuable when demonstrated in the client’s workplace through Manning solutions.

As from 1 January 2015, a new matrix organisation will be implemented that better manages these strategic challenges, raises the degree of self-financing and carries on the restructuring programme. Objectives include a clear focus on business and clients, which will promote growth through the effective use of resources in assignments and the ability to deliver quality and operational competence. A description of the new organisation is provided on page 36.

## DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

SEK M	2014	2013	2012
<b>Direct economic value generated</b>			
State compensation for additional costs	4,405	4,405	4,405
Other income	3,138	2,969	2,766
<b>Distributed economic value</b>			
Operating expenses	-1,076	-1,220	-1,199
Wages and remuneration to employees	-6,339	-6,114	-5,915
Payments to capital providers	-	-	-
Payments to the public sector	-	-	-
Investments in society	-	-	-
<b>Retained economic value</b>	<b>128</b>	<b>40</b>	<b>57</b>

2013 amounts have been recalculated according to K3 accounting principles. For more information, see note 36.

**INCREASED TRANSPARENCY**

On an annual basis, Samhall receives financial compensation from the state for the additional costs of operations in fulfilling its assignment, which achieves public benefit. This also implies that Samhall is expected to show transparency concerning the use of such compensation.

Samhall must fulfil certain conditions that do not apply to other companies:

- Conduct operations throughout the country and take into consideration regional political concerns regarding any possible restructuring and avoid the closure of operations in areas with vulnerable labour markets.
- Avoid making employees redundant due to a shortage of work.
- Offer a wide range of jobs that meet the needs of employees.
- 40% of new recruits should come from prioritised groups that have especial difficulty in entering the labour market.
- Provide support, rehabilitation and training for employees.
- Enact initiatives that prepare employees for employment in the regular labour market, as well as providing the possibility of a return to Samhall within 12 months of making a transition to employment outside the company.

Work is underway in developing a new reporting model that will show the uses of the compensation for additional costs. Compensation falls under two categories:

1. Wage and employment additional costs which are comparable to the subsidies offered by the Public Employment Service to all companies that provide sheltered employment for people with functional impairment.
2. Samhall’s assignment-related additional costs that arise from the unique labour market policy assignment, in other words those based on the regulations in the ordinance and owner’s directives. Clarification of Samhall’s additional costs is shown in the following fact box.

**Samhall’s additional costs**

**Wage additional costs**

Compensation according to the model available to all employers:

- Wage additional costs (comparable to wage subsidies)
- Employment additional costs (comparable to arrangement subsidies)

**Assignment-related compensation**

Compensation for assignments, not available to other employers.

- Employment additional costs. Higher wage costs attributable to the nature of the assignment which Samhall cannot cover through client revenues; Samhall has two to three as many employees on an assignment as comparable companies.
- Capacity costs. Mostly adaptation capacity and costs in avoiding retrenchment due to a shortage of work.
- Employee development. Samhall employs people completely without skills requirements. This necessitates regular skills development for employees covering present and future tasks both within Samhall and for employability with other employers.
- Transitions. Costs for external traineeships and management capacity in finding workplaces, coaching and following up transitions.
- Geographical coverage requiring business expertise and geographical presence in the form of sales resources, data and transportation, premises.

**COMPETITIVE NEUTRALITY**

Samhall is exposed to the same competitive pricing pressures as other companies. According to the sustainability policy, Samhall must “*compete with other companies on equal terms in its market pricing and calculations. Pricing must comply to Swedish and EU legislation on fair competition. Our clients pay for the actual work done, while the state’s compensation for additional costs cannot be used to compete on price. Pricing is regulated by guidelines, including that the sales price of a good or service cannot be less than the current market price taking into account all relevant circumstances and terms of sale affecting price.*”

**Competitively neutral pricing**

Samhall’s methods and tools to ensure quoted prices are professional and competitively neutral:

- Competitor analysis of quoted prices and allocation decisions from public tenders involving Samhall.
- Price calculations are made by a centralised specialist function.
- Norm calculations are based on the normal costs of competing companies. Not included are the additional personnel costs that are covered by the compensation for additional costs.
- Use of a pricing calculation tool as is standard in the market.

In July 2014, Samhall arranged a breakfast seminar during Almedalen Week: “The Service Sector – a subsidised industry?”



Samhall welcomes dialogue and transparency regarding issues of competition. During Almedalen Week, Samhall arranged a panel debate with the sector's stakeholders and the Swedish Competition Authority.

In March 2014, Almega Service Contractors submitted a complaint to the European Commission about the state's compensation for additional costs to Samhall being a breach of EU rules on state aid. The case is ongoing and being handled by the Government Offices of Sweden.

For many years, Samhall has been an established part of trade and industry and a member of Almega and the Confederation of Swedish Enterprise. Almega has founded the Forum for Ethical Dialogue (FED) to cover a broad dialogue about ethical and business matters, including work for people with functional impairment. Additionally, Samhall is a local member of many business organisations.

In 2014, no cases concerning Samhall's pricing were registered with the Swedish Competition Authority.

#### BUSINESS ETHICS

The giving or taking of bribes or other undue influence is forbidden. Samhall's employees should demonstrate restraint in all kinds of representation, gifts, travel, sponsorship, loyalty discounts and bonuses. Samhall follows the directives and recommendations of the Swedish Tax Agency, as well as the ethical rules of business relations formulated by the Institute Against Bribery (Institutet Mot Mutor). No incidents of corruption were detected in 2014.

Ethical aspects such as respect for human rights and environmental aspects must be observed in conjunction with purchasing and financial transactions. However, in terms of Samhall's operations, these areas have not been judged among the most significant sustainability risks. Development work has begun in establishing a method of supplier evaluation based on continuous risk and materiality assessments.

ASSIGNMENT:  
CLAS OHLSON,  
VÄXJÖ



Bernt Pettersson cleaning at Clas Ohlson in Växjö.

“I’m proud to be cleaning here.”

It's just after seven in the morning and Bernt Pettersson is already mopping the floor and wiping the surfaces. Five minutes past eight, he gets out the scrubber machine. At 10 o'clock, the Clas Ohlson store at the Grand Samarkand shopping centre in Växjö is ready to open its doors: sparkling fresh and clean. That's when Bernt carries on his cleaning in the staff room, office and toilets.

“I cannot stand mess. I like to work and feel good when I can manage my own area. I'm proud to be cleaning here,” he says.

Since April this year, Samhall has been taking good care of Clas Ohlson stores across the country.

“Good references, good pricing and social responsibility settled it. We had references close at hand because Samhall cleans other stores in the shopping centre.”

“We knew Samhall delivers quality,” says Johan Barrdahl, Business Controller at Clas Ohlson.

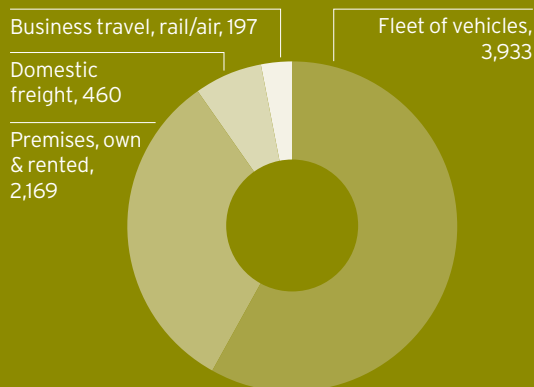
*From an article in Story magazine.*

# Sustainable environment



Samhall has gone from being a purely industrial company with its own production facilities to a service company where much of the work is conducted in the client's workplace. This restructuring has also meant changes concerning risks to the environment and priorities of the environmental work.

## CO<sub>2</sub> emissions 2014, tonnes



# 11.6%

The sustainability target was attained with the number of environmentally friendly vehicles rising from 9.0% to 11.6% of the total number of production vehicles used in operations.

Samhall's sustainability target means:

- Reducing CO<sub>2</sub> emissions by raising the proportion of environmentally friendly vehicles in the fleet by two percentage points.

# Reduced environmental impact

The sustainability target “sustainable environment” means Samhall must increase the proportion of environmentally friendly vehicles in its fleet by two percentage points and thereby reduce CO<sub>2</sub> emissions.

## TARGET FULFILMENT:

The target was achieved with the proportion of environmentally friendly vehicles rising from 9.0% to 11.6% of production vehicles used in operations.

The target achieves:

- Reduced CO<sub>2</sub> emissions
- More efficient use of the fleet of vehicles

Samhall’s strategy for a sustainable environment, based on a materiality analysis, is to reduce the company’s environmental impact through integration of these initiatives into the business model and business development plans, as well as financial controls.

A significant event during the year has been Samhall’s cleaning services in the Väjö region fulfilling the criteria for Nordic Ecolabel accreditation.

## REDUCED CO<sub>2</sub> EMISSIONS. TARGET AND STRATEGY

The sustainability target aims to reduce CO<sub>2</sub> emissions from production vehicles. The target is expressed as a growing proportion of environmentally friendly vehicles comprising gas, hybrid and electric vehicles.

The target was attained through the acquisition of 22 environmentally friendly

vehicles, while the overall fleet was also reduced in total.

Samhall’s largest impact on the environment comes from CO<sub>2</sub> emissions. Based on the principle of materiality, it follows that the environmental target is connected to reducing CO<sub>2</sub> emissions that in 2014 totalled 6,759 (7,606) tonnes. The fleet of vehicles is the largest source of emissions, accounting for 3,933 (4,440) tonnes. Thereafter follow emissions from own properties and rented premises.

## SUSTAINABLE SERVICES

Building sustainability into products makes the environmental qualities more apparent for clients. Cleaning services is Samhall’s largest product. Compliance by cleaning services to the Nordic Ecolabel initiates improvements in chemical use, waste amount and sorting for recycling and fuel consumption.

In 2014, Väjö became the first of Samhall’s regions to have its cleaning services approved to carry the Nordic Ecolabel. In 2015, compliance is planned for all the cleaning services in Sweden.

Samhall’s own brand of cleaning products – Samhall Allrent and Samhall Sanitetsrent – already carry the Nordic Ecolabel.

## SAMHALL’S ENVIRONMENTAL WORK

Samhall has gone from being a purely industrial company with its own production facilities to a service company where much of the work is conducted in the client’s workplace. This restructuring has also meant changes concerning risks to the environment and priorities of the environmental work. For example, material use and the risk of a major chemical spill have diminished, while on the other hand emissions from vehicles and travel have become a leading issue.

The environmental management system is certified according to ISO 14001 and integrated with the company’s management system.

Samhall has been an early adopter in environmental issues and an important objective has been to prevent the occurrence of environmental liabilities. Municipalities classify the risks of various business operations according to an inventory based on the Environmental Code. Relevant here is a segment of Samhall’s former industrial operations, particularly those that used trichloroethylene. Environmental liabilities are assessed and noted by the municipalities. At present, there are no environmental liabilities requiring further action.

## Ecolabel for Samhall’s cleaning services.

During the year, work began on fulfilling the criteria for Samhall’s cleaning services to carry the Nordic Ecolabel, otherwise known as the “Swan”. Most products used by Samhall must be environmentally friendly: everything from chemicals to soap and toilet paper. Furthermore, chemical use must decrease and waste sorting improved.

“We are now even more attractive to clients during the tender process and it broadens our environmental approach,” says Christel Genberg, Product Manager at Samhall.

The first region to get cleaning services with the ecolabel will be Väjö and then the aim is for all Samhall cleaning services to follow in 2015.

*From an article in Story magazine.*

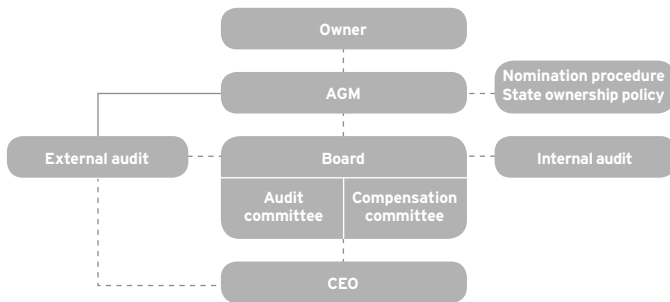


# Corporate governance report

Samhall's assignment, in accordance to the articles of association, is to produce goods and services in demand and therefore create meaningful work that furthers the personal development of people with functional impairment causing reduced working capacity. By having workplaces situated throughout the entire country, Samhall is able to provide work opportunities with a pathway for people with functional impairment to enter the workforce.

Responsibility for Samhall's management and control procedures is divided between the owner, the board and the CEO and in accordance with the Swedish Companies Act, Annual Accounts Act, Swedish Corporate Governance Code (the Code), the company's articles of association, ownership policies from the state and the annual agreement with the state.

## Division of responsibility



## Samhall applies the Code with the following principal deviations:

- Publication of information about the owner's right of initiative is not applied.
- The Code's regulations on the initiation of the election of board members and nominations of members and external auditors, as well as proposing a chairman at the annual general meeting, are replaced in state-owned companies by a structured procedure of board nominations according to state ownership policy.
- The independence of board members in relation to the state as a majority owner is not reported. The Code is chiefly aimed at companies with diverse ownership. There is no reason for wholly state-owned companies to report this sort of independence.
- Flexible salaries are not permitted to senior management according to state ownership policy, which replaces the Code's regulations on flexible remuneration.

## OWNERSHIP

Samhall AB is wholly owned by the Swedish state. Ownership is administered by the Ministry of Finance. The owner's directives, as approved by the annual general meeting, contain, among other things, labour market policy objectives and financing of the additional costs incurred by Samhall in fulfilling its special assignment, as well as certain reporting requirements.

## ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is the company's highest decision-making body. In accordance with state guidelines, the AGM is held no later than 30 April. The AGM is open to the public. Members of parliament receive a special notification sent to the offices of parliament.

## Decisions made at the AGM include:

- Articles of association
- Members of the board, the chairman and external auditors
- Fees to board members and external auditors
- Adoption of the income statement and balance sheet
- Allocation of the profit or loss
- Discharge of liability to the board and CEO for the closed financial year
- Guidelines for remuneration to senior management
- Owner's directives

An annual seminar takes place, in conjunction with the AGM, with external delegates on a topic relevant to Samhall's operations.

## NOMINATION PROCEDURE

Samhall has no initiation process for the election of board members. Nominations of members and external auditors are replaced in state-owned companies by a structured procedure of board nominations co-ordinated by the Ministry of Finance. The government's objective is that the board of directors possesses a high degree of expertise well suited to the operations of the company, its situation and challenges of the future. Members of the board are expected to have a high degree of integrity and show sound judgement, as expected of representatives of the state.

## BOARD OF DIRECTORS

In accordance to the articles of association, the board of directors has at least seven and at most nine members.

The chairman's responsibilities include organising and managing the board's work, ensuring the board fulfils its tasks and that decisions are put into effect. The chairman presents the opinions of the board to the owner in matters of significance to the company and monitors the progress of the company through contact with the CEO and checks that the board's decisions are implemented.

The board has established a compensation committee and an audit committee. Minutes are taken of the meetings and presented to the board. Committee members are appointed at the constitutive board meeting.

The board's work is specified by its rules of procedure. The board also establishes overall policies regarding company operations. Currently there are four such documents: finance policy, communications policy and Samhall's code of conduct and sustainability policy.

#### EXTERNAL AUDITORS

The responsibility for selecting external auditors of state-owned companies is with the owner. The 2014 AGM re-elected the authorised auditor Deloitte AB until the next AGM with authorised public accountant Peter Ekberg as chief auditor. Remuneration to auditors is detailed in note 7.

Auditors independently review the governance of the board and CEO, as well as the integrity of the annual report and bookkeeping. Auditors also make a summary review of the third quarter interim report. The external auditors are present and report findings to the board on at least two occasions.

#### ANNUAL GENERAL MEETING 2014

The 2014 AGM was held 28 April. The AGM established the number of AGM-elected members as eight and appointed the board members and chairman until the next AGM. Of the board's AGM-elected members, three of eight are women. No board member is part of company management or employed at the company. The board includes three members and three deputies appointed by employee organisations.

The AGM approved the board's proposals for 2014 regarding guidelines for salaries and other remuneration to the CEO and other senior management. The external auditor's review showed that guidelines adopted at the AGM 2013 were applied.

In conjunction with the AGM a seminar was held on the topic *Small Companies – Sweden's Future?* where the role of small enterprises in the future labour market was highlighted and discussed from various perspectives.

An extraordinary general meeting was held 19 November to elect a member of the board.

Minutes from the general meetings, in Swedish, are available on Samhall's website. The composition of the board is presented on pages 40–41.

#### THE BOARD'S WORK IN 2014

During the year, the board met 10 times, of which one was a phone meeting, one per capsulam and one a constitutive meeting. The board receives a detailed financial report every quarter on the company's results and standing, briefer monthly reports and when necessary a letter from the CEO about significant events.

The CEO and Vice CEO are not members of the board, but participate in the board's meetings.

#### The board's work follows an annual cycle with the following main topics

January	Communication issues and communication policy. Statement of annual accounts. Evaluation of the board's work and the CEO. The internal auditor's report for the year and annual plan.
February / March	Annual and sustainability report. Budget documentation to the government. Board meets the external auditors. Preparation for the AGM.
April	Financial results and external first quarter report and prognosis. Constitutive meeting after the AGM.
June	Personnel development and Labour Market Services. Finance policy. Workplace visit.
July / August	Financial results and external second quarter report and prognosis.
September	Risk assessment and strategic discussions. Samhall's code of conduct and sustainability policy. Workplace visit.
October	Financial results and external third quarter report and prognosis. Business development. Direction of the business plan. Board meets the external auditors.
December	Business plan. Budget and sustainability targets for the coming year.

Besides these recurring duties and topics handled by the board, 2014 has seen discussion concerning strategies, objectives and organisation. Issues that were given particular attention include:

- The complaint to the European Commission regarding Samhall's compensation for additional costs
- Development of a new and transparent model for Samhall's compensation for additional costs
- Business strategy and development of a number of major business projects
- Focus on leadership development for first-line managers *My Vital Leadership*
- Transitions and the work with employee development
- Internal auditor's report on the sustainability work at Samhall
- Initiation and implementation of organisational change

To ensure that the board has sufficient knowledge of Samhall's operations, there is a special introductory programme for new board members. The board makes annual workplace visits and meets clients and Samhall's local management and employees. In June, the board visited a major assignment in Stockholm and in September visited several Samhall workplaces around Malmö and their clients.

After 2013, when the board's work was evaluated by an external consultant, the review of the board's work in 2014 was conducted through individual discussions between the chairman and all members.

The composition of the board and members' attendance at board and committee meetings are presented on pages 40–41.

#### Compensation committee

After the 2014 AGM, the members of the compensation committee have been chairman Erik Strand, Kenneth Johansson and Magnus Skåniger, who was replaced in November by Leif Ljungqvist.

The compensation committee supports the board with recommendations concerning remuneration and other terms of employment for the CEO and other senior management, including other matters regarding benefits and incentive programmes.

The committee had two meetings in 2014.

**Audit committee**

After the 2014 AGM, the members of the audit committee have been chairman Erik Strand, Bertil Carlsén, Helen Fasth Gillstedt and Magnus Skåniger, who was replaced in November by Leif Ljungqvist.

The audit committee supports the board in matters regarding the company’s financial reporting, the effectiveness of the company’s internal governance and control procedures, risk management, as well as internal audits. The committee also reviews and monitors impartiality and independence. The head of internal auditing reports regularly to the committee. The CEO and CFO participate in the meetings.

In 2014, the audit committee held seven meetings.

**SAMHALL'S MANAGEMENT**

**CEO**

Monica Lingegård  
 Born 1962  
 BSc. Econ. Stockholm University

Formerly CEO for G4S Secure Solutions AB in Sweden. The CEO’s private assignments are always pending approval by the board and in 2014 these included the following: board member of Wireless Main-gate AB, Orio AB, the Confederation of Swedish Enterprise, Almega AB and Sida.

The CEO is responsible for the ongoing management of the company. The CEO’s areas of responsibility and mandate are regulated by annual instructions from the board and instructions to the CEO regarding reporting to the board. Within this framework, the CEO leads operations and keeps the chairman regularly informed of key business events and helps prepare the board for its meetings.

Internal governance by the CEO occurs jointly through governing documentation and through the company’s management system. Chiefly, the *Samhall Process* combines personnel and business processes. Delegation is regulated from the CEO by an order of delegation and complementary guidelines regarding responsibilities and authorities.

**Samhall’s organisation and governance**

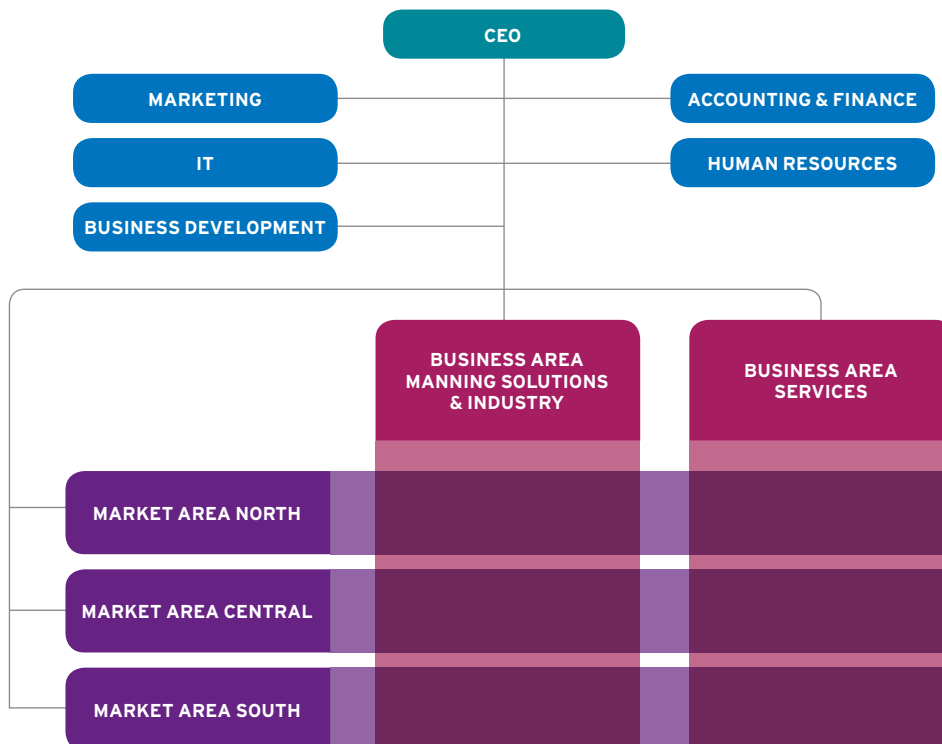
The CEO organises the management of the company in a way that ensures appropriate governance and control of operations.

Samhall has an organisational structure striving for decentrali-sation and cost-effectiveness. Both sustainability work and risk management are integrated into the company’s processes and are part of operative planning.

In 2014, there was a reorganisation. The new organisation comes into effect 1 Jan 2015 and is represented by the diagram below.

**Samhall’s organisation**

Samhall operates only in Sweden. Operations are spread throughout the entire country. Samhall’s organisation, as from 1 Jan 2015, is represented by the diagram below.





A geographically organised company with seven regions has been replaced by a matrix organisation with three geographical market areas, 27 geographical districts and one industry area and two business areas. The aim of the new organisation is to both increase business focus and emphasise the employee at work. At the same time, roles and accountability for performance will be streamlined and clarified. Efficiencies can be improved by securing management skills, resource efficiency and utilisation of competencies.

After the reorganisation, the company has an integrated management group that includes the company-wide support functions and the directors of the market areas and business areas. The executive group is presented on pages 42–43.

In 2014, a strategic executive group led the company, whose terms of employment are reported in note 2, and a large operative management. Recurring items on the agenda include following up financial and personnel development targets, monitoring business conditions, media surveillance and following up the management system. In 2014, strategically important matters have been the complaint to the European Commission regarding Samhall's compensation for additional costs and the reorganisation.

Operational guidance is set through formulated objectives that are followed up by monthly management reports and the CEO's quarterly briefings with the regions. Matters handled by company management are specific to that manager who according to the order of delegation has the authority to make decisions and is responsible for these being carried through.

## REMUNERATION

### Remuneration to the board and committees

The 2014 AGM established the remuneration to the chairman and members of the board. No remuneration is paid to members employed by the Swedish Government Offices or employee representative members. Remuneration to the board is reported in note 2, page 57.

### Remuneration to senior management

Principles for remuneration to senior management are determined annually at the AGM. Samhall follows the government's current guidelines regarding conditions of employment for senior management.

Total remuneration should be reasonable and well balanced. It should also be competitive, capped and appropriate, as well as contribute to good ethics and corporate culture. Remuneration should not be leading in terms of salary when compared to similar companies, but reflect moderation. These guidelines for remuneration should also be a guide for other employees. Flexible salaries are not permitted for senior management, however it is possible for other employees. Remuneration to the CEO and senior managers is reported in note 2, page 58.

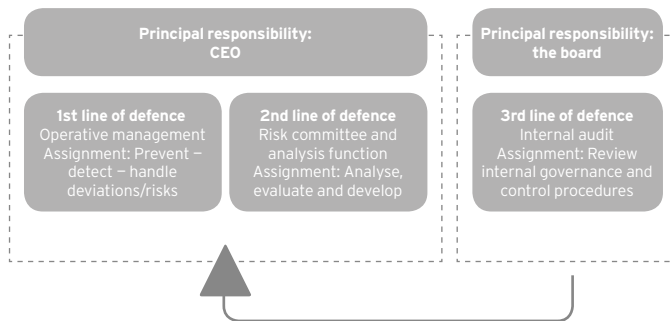
# Internal control procedures and risk management regarding financial reporting

The board is responsible for internal governance and control measures under the terms of the Swedish Companies Act, Swedish Annual Accounts Act and the Swedish Corporate Governance Code for internal control.

## FRAMEWORK FOR INTERNAL CONTROL

This report has been prepared in accordance with chapter 6, section 6, second paragraph, second point of the Swedish Annual Accounts Act and is therefore limited to internal control procedures concerning financial reporting, which also involve reporting applicable to the company's role and objectives in Swedish labour market policy.

Samhall's internal governance and control is based on a model with three lines of defence. The diagram below shows how responsibilities and tasks are assigned.



## CONTROL ENVIRONMENT, INFORMATION AND COMMUNICATION

The control environment is the basis of the company's internal control procedures and includes the company culture and ethical values, competence, management philosophy, organisational structure, responsibility and authority.

### The company's control environment is based on:

- Governance and follow-up by the board and its audit committee
- Distribution of work between the board and CEO
- The company's organisation and areas of responsibility and delegation of authority
- Governing documentation and a common management system based on clearly defined procedures and control activities
- Regular follow-up
- Quality assurance in the reporting

On an annual basis, the board establishes the rules of procedure and instructions regulating, among other matters, the tasks of the CEO and the distribution of work between them. The board also sets the overall policy documents, operational plan and budget at corporate level.

An independent internal audit function within the company reviews and evaluates Samhall's internal governance and controls, as well as ensuring the management processes are effective and fit for purpose. Internal auditing is directly subordinate to the board and conducts auditing activities in accordance with the board's approved audit plan. Completed reviews are reported primarily to the audit committee.

The Accounting & Finance support facility has overall responsibility for work involving operational planning, management and follow-up. The facility's area of responsibility also includes ensuring that financial reporting is correct and fair, developing financial reporting and work involving risk management.

Samhall has a common management system. The chief process, the *Samhall Process*, covers both labour market policy objectives and commercial objectives. The management system is ISO 9001 and ISO 14001 certified.

Samhall's information and communication channels seek to promote complete and transparent financial reporting. The board receives quarterly and monthly reports about operations. The board is responsible for interim and annual reports. The documents are published on the company's website. Documents about internal governance in the form of policies, CEO directives and guidelines are contained in the company's management system and published on Samhall's intranet.

## RISK ASSESSMENT

Samhall's risk management aims to contribute to the attainment of the company's goals, while at the same time avoiding negative operational and financial effects. Effective risk management protects the company's values, leads to better governance and control, gives a better background for making decisions and provides increased transparency in reporting.

Risk management is conducted by the company both at a strategic and operational level. It is a management issue with the board

and CEO responsible for managing the company's strategic risks. Risk management is integrated into the operative plan, which is annually set by the board. In the operative work, risk management is integrated into the management system's processes. Accounting & Finance takes overall responsibility and plays a cohesive role in the risk work.

The company has a risk committee consisting of the chiefs of the central support facilities, who are also in charge of the company's central processes. The risk committee's task is to identify and analyse the company's overall and strategic risk situation and prioritise measures to secure the company's fulfilment of its targets. The risk committee's risk evaluation is based on changes in current affairs, external and internal audits, client satisfaction index, employee surveys and other systematic monitoring.

Risks are compiled in an overall risk registry and handled by the audit committee and the board.

#### **CONTROL ACTIVITIES AND FOLLOW-UP**

Follow-up and control of the company's operations towards established targets are made on a regular basis. The aim is to prevent and, at an early stage, uncover faults so these can be managed and corrected.

The board's follow-up of internal control processes is primarily conducted through the audit committee, including follow-up of reporting by management, internal and external auditors. The company's internal audit conducts annual, planned evaluations and analyses to evaluate efficiency and demonstrate areas of improvement concerning risk management, internal governance and control, as well as the management process. The external auditors conduct reviews of selected parts of the internal control procedures and report findings to the audit committee.

A clear division of responsibility and detailed work procedures apply to the financial reporting. The company's accounting processes, both manual and automated systems and procedures, are continuously evaluated to ensure compliance with the current regulations applicable to financial reporting. Each region has had controllers who are responsible for financial information being correct, complete and delivered on time.

Control activities exist at various levels within the company and

are both manual and automated. Those in charge of the process are responsible for control activities within their specific management areas. Through internal audits of the management system, known as improvement days, compliance to the company's essential processes is monitored. The result of these audits provides the basis in developing these processes.

The Accounting & Finance function regularly analyses the integrity of financial reporting. The second line of control includes the integrity of current governance and control procedures, largely conducted in an analysis unit in the Shared Service centre managing accounting and wage processes. The risk committee is the overall forum where matters relating to internal governance and control are handled.

# Board of Directors



**Erik Strand**  
Chairman

Born 1951. Chairman since 2011. Economics and Sports Master. Works on various boards and as a consultant. Previous 34 years in trade and industry of which 23 as CEO/President.

Board attendance	10 (10)
Compensation committee attendance	2 (2)
Audit committee attendance	7 (7)



**Bertil Carlсэн**  
Member

Born 1960. Member since 2010. BSc. Econ. Stockholm School of Economics and UC Berkeley Business School, USA. CFO Anticimex. Previously Vice CEO and CFO Polygon Group, CFO Billerud AB, Vice CEO and CFO Acando AB. Various international senior management positions in AGA Group. Board member of Anticimex Försäkringar AB.

Board attendance	8 (10)
Audit committee attendance	6 (7)



**Helen Fasth Gillstedt**  
Member

Born 1962. Member since 2012. BSc. Econ. Stockholm School of Economics. Senior management positions at Statoil and SAS Group. Board member of Academedia AB, NAI Svefa AB, Rätts Barnen Advisory Board and Humana AB.

Board attendance	9 (10)
Audit committee attendance	5 (7)



**Kenneth Johansson**  
Member

Born 1956. Member since 2004. County governor of Värmland. Former member of parliament, chairman of the committee on health and welfare. Chairman of the National council for organ and tissue donation.

Board attendance	9 (10)
Compensation committee attendance	2 (2)



**Hans Kilsved**  
Member

Born 1955. Member since 2012. CFO Xpandia-Vision co-operative society. Former CEO at Ingeus AB, Vice CEO at Sjukvårdsrådgivningen AB, CEO at Journalisterna i Sverige AB, Director of Planning at the Ministry of Finance, among others. Previously chairman of Iris Hadar AB and others, board member of several companies. Founder of five companies.

Board attendance	10 (10)
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**Leif Ljungqvist**  
Member

Born 1971. Member since 19 Nov 2014. BSc. Econ. Assistant undersecretary at the division for state-owned enterprises in the Ministry of Finance. Board member of Apoteket AB and Akademiska Hus AB. Former stock analyst at Kaupthing Bank, Nordiska Fondkommission and Hagströmer & Qviberg. Former board member of Vasallen AB, AB Bostadsgaranti and AB Svensk Bilprovning.

Board attendance	2 (2)
Compensation committee attendance	1 (1)
Audit committee attendance	0 (1)



### Maria Nilsson

Member

Born 1957. Member since 2009. Strategic consultant in business development. Previously Vice CEO Manpower, CEO Right Management Consultants and CEO 2Secure. Chairman and partner of Humana Group AB, chairman Store-Support and board member of SOS Alarm AB and Ewalie AB.

Board attendance	10 (10)
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### Gunnel Tolfes

Member

Born 1958. Member since 2010. BSc. Econ. Stockholm School of Economics. Previously Director of Human Resources at Nordea, Vice President at Caggemini, Vice CEO at Acando and CEO at Servo. Board member of Avega Group AB and Gaia Leadership AB. Chairman of Stureplans-kliniken AB, Seling Group and Blidö Mur & Puts AB.

Board attendance	10 (10)
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### Ann-Christin Andersson

Employee representative

Born 1960. Member since 2008, deputy to 21 April 2010.

Board attendance	10 (10)
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### Pia Litbo

Employee representative

Born 1959. Member since 2009.

Board attendance	10 (10)
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### Hans Abrahamsson

Employee representative

Born 1961. Member since 2009.

Board attendance	9 (10)
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### DEPUTY MEMBERS

#### Hans Janeman

Employee representative

Born 1964. Deputy since 2012.

Board attendance as a deputy	1 (1)
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Board attendance	6 (10)
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#### Kristina Jakobsson

Employee representative

Born 1950. Deputy since 2013.

Board attendance	9 (10)
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### MEMBER TO 19 NOV 2014

#### Magnus Skåninger

Member

Born 1971. Member since 2012. M.Pol.Sc Lund University. Diploma in financial analysis, Stockholm School of Economics. Assistant undersecretary and head of the division for state-owned enterprises in the Ministry of Finance, Executive Director Ernst & Young, Director PwC, deputy assistant undersecretary, Budget Department, Ministry of Finance.

Board attendance	8 (8)
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Compensation committee attendance	1 (1)
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Audit committee attendance	6 (6)
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# Executive group from 1 Jan 2015



**Monica Lingegård**  
CEO

Born: 1962. Education: BSc. Econ. from Stockholm University. Previous employment: More than 20 years of experience in senior management positions. The past 10 years as CEO of Prenax (global subscription agent) and Swedish G4S (security). Previously a consultant in IT and management consulting, including Capgemini and Spray Razorfish. Joined Samhall 2011.



**Tomas Andersson**  
Market Area Director South

Born: 1953. Education: Chemist. Previous employment: Salubrin/Druvan, AB R Lundberg and PW Möllers Fabriker AB. Joined Samhall 1998.



**Åsa Berg**  
Market Area Director North

Born: 1955. Education: Designer and preschool teacher. Previous employment: Fjällräven Finland and Härnösand municipality. Joined Samhall 1988.



**Mats Eliasson**  
Director of Marketing

Born: 1964. Education: Engineering. Previous employment: Stora corporation. Joined Samhall 1999.



**Monica Höglind**  
Director of Human Resources

Born: 1962. Education: Diploma in Personnel Strategy. Previous employment: Managerial positions within Apoteket, Coop, B&W and Svenska Pressbyrån. Joined Samhall: 2013.



**Paul Lidbom**  
CFO, Vice CEO

Born: 1961. Education: Economics. Previous employment: Ministry of Defence and SVT. Joined Samhall 1991.



**Sara Nordström**  
Business Development Manager

Born: 1975. Education: B.Eng. Previous employment: Managerial roles in Xpedio Support Solutions and TDC Internordia, former leadership roles in product development, business development and sales. Past six years, CEO and owner of management consultancy Market Brick. Joined Samhall 2014.



**Göran Olinder**  
Business Area Director  
Manning Solutions & Industry

Born: 1962. Education: Construction engineering, Navy Defence College. Previous employment: Senior management positions at G4S, Proffice and the IT sector. Joined Samhall 2011.



**Jonas Rieck**  
Business Area Director Services  
Born: 1978. Education: Executive MBA. Previous employment: Security sector, latest senior appointment in G4S. Joined Samhall 2011.



**Anders Sundin**  
IT Manager  
Born: 1963. Education: Organisation and staff development at Stockholm University, Management at Stockholm School of Economics and Institute for Management Development. Previous employment: Senior roles at Tieto and Itella Information. Joined Samhall 2012.



**Katarina Viebke**  
Market Area Director Central  
Born: 1964. Education: BSc. Econ. Previous employment: Director of sales Kronans Droghandel, other senior positions in sales, marketing and purchasing at Coop/KF. Joined Samhall 2012.

**TO 31 DEC 2014, CORPORATE GOVERNANCE COMPRISED OF AN EXECUTIVE GROUP AND AN OPERATIVE MANAGEMENT.**

**Executive group**  
**Monica Lingegård,**  
CEO

**Paul Lidbom,**  
CFO, Vice CEO

**Monica Höglind,**  
Director of Human Resources

**Mats Eliasson,**  
Director of Marketing

**Göran Olinder,**  
Director of Sales

**Anders Sundin,**  
Director of Operational Development

**Leif Alm** (to 31 July 2014),  
Director, CEO Secretariat

**Operative management**  
**Tomas Andersson,**  
Regional Manager Malmö

**Åsa Berg,**  
Regional Manager Sundsvall

**Robert Cortinovic,**  
Regional Manager Luleå

**Pernilla Elving,**  
Regional Manager Linköping

**Anders Knutsson,**  
Regional Manager Växjö

**Anette Lindgren,**  
Regional Manager Gothenburg

**Sara Nordström,**  
Product and Business Development Manager

**Jonas Rieck,**  
Key Account Manager

**Katarina Viebke,**  
Regional Manager Stockholm

ASSIGNMENT:  
APOTEKSTJÄNST  
IN LIDINGÖ



Ahmed Osman.



Ahmed Osman and Lennart Wolszleger like to get a lot done before the evening shift starts. Each roll of dose bags needs to be inspected.



Erik Alfredsson of Apotekstjänst likes the collaboration with Samhall.

## “Our customers can’t wait for their medicine.”

Every single day of the year, Apotekstjänst’s 90,000 customers need their bags of medicine. Samhall’s Lennart Wolszleger and Ahmed Osman work the machines that check every little bag contains the right medicine for the right patient.

“The dose bags make it simpler for those who need many different medicines. One bag contains all the tablets the customer has to take at one and the same time,” says production manager Erik Alfredsson at Apotekstjänst.

The bags are distributed to elderly care homes, for instance, at least in those counties using Apotekstjänst. The company began in 2013. Today it has roughly half the market producing and distributing dose bags.

The medicine sector demands high quality. This is unique work and security classified.

“If someone is sick, then you cannot bring in a substitute. Instead you have to rearrange the schedule,” says Anna

Nilsson, site manager at Samhall.

Fortunately, her team is highly motivated and they support each other. Lennart and Ahmed are two good examples.

“Let’s go! The challenge is to keep production up and running. We want to get as much done as possible before the evening shift starts,” says Lennart.

The collaboration started in January 2014. Today the assignment involves 30 employees from Samhall. They work side by side with Apotekstjänst’s 200 employees. It is not important who they “belong” to emphasises Erik Alfredsson:

“We are all colleagues. That’s self-evident because the collaboration with Samhall is long term. Their commitment to the job is very important. Our customers can’t wait for their medicine, so the work has to go smoothly.”

*From an article in Story magazine.*

### The assignment in figures

30 Samhall employees in total work at Apotekstjänst.

2014: the collaboration begins between Apotekstjänst and Samhall.

90,000 customers of Apotekstjänst need their bags of medicine.



# Financial results

## 10-YEAR FINANCIAL OVERVIEW

SEK M unless otherwise stated	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>KEY INDICATORS</b>										
Wage hours, thousand	-	-	-	-	-	-	29,595	29,573	29,490	29,442
Working hours, thousand	25,701	24,736	24,424	23,929	24,617	24,410	24,561	24,629	24,449	24,441
Transitions, number <sup>1</sup>	1,072	1,044	1,017	948	1,029	977	1,039	987	912	1,122
Prioritised recruitment, %	43	44	51	51	45	41	40	43	43	44
Number of employees with functional impairment (at year-end)	20,682	21,219	19,394	19,383	19,141	18,414	18,641	19,148	18,321	19,660
Number of employees in Labour Market Services (at year-end)	-	530	817	115	-	8 <sup>2</sup>	21 <sup>2</sup>	1 <sup>2</sup>	-	-
Number of employees with 75% sickness benefit (at year-end)	92	115	148	177	198	207	223	228	259	321
Number of employees with development positions (at year-end)	-	-	-	-	-	-	-	1,158	846	1,043
<b>INCOME STATEMENT</b>										
Sales	3,112	2,907	3,065	2,890	2,287	2,390	2,456	2,412	2,550	2,498
Change of work in progress and finished goods	-6	-3	-2	-4	-6	1	1	-2	-3	-1
State compensation for additional costs	4,245	4,186	4,148	4,220	4,405	4,405	4,405	4,405	4,405	4,405
Other income	134	128	219	165	115	73	95	256	361	549
<b>Total</b>	<b>7,485</b>	<b>7,218</b>	<b>7,430</b>	<b>7,271</b>	<b>6,801</b>	<b>6,869</b>	<b>6,957</b>	<b>7,071</b>	<b>7,313</b>	<b>7,451</b>
Material costs etc	-1,263	-1,140	-1,225	-1,020	-647	-685	-725	-663	-692	-548
Wage costs for employees with functional impairment	-4,506	-4,389	-4,733	-4,756	-4,875	-4,832	-4,902	-5,096	-5,132	-5,256
Wage costs for employees with development positions, etc	-	-	-	-	-	-	-	-90	-260	-308
Other operating costs, etc (incl. depreciation)	-1,673	-1,618	-1,437	-1,394	-1,368	-1,223	-1,270	-1,299	-1,269	-1,339
Financial items	38	25	55	84	48	27	83	100	61	92
<b>Profit after financial items</b>	<b>82</b>	<b>96</b>	<b>90</b>	<b>185</b>	<b>-41</b>	<b>156</b>	<b>143</b>	<b>23</b>	<b>21</b>	<b>92</b>
Balance-sheet allocations	-	-	-	-24	24	-	-17	3	4	2
<b>Profit before tax</b>	<b>82</b>	<b>96</b>	<b>90</b>	<b>161</b>	<b>-17</b>	<b>156</b>	<b>126</b>	<b>26</b>	<b>25</b>	<b>94</b>
Tax	-	-	-	-8	-8	0	-	21	-10	-13
<b>Profit for the year</b>	<b>82</b>	<b>96</b>	<b>90</b>	<b>153</b>	<b>-25</b>	<b>156</b>	<b>126</b>	<b>47</b>	<b>15</b>	<b>81</b>
<b>BALANCE SHEET</b>										
Tangible and intangible fixed assets	211	145	124	120	104	99	106	118	133	135
Financial fixed assets incl. deferred tax	785	1	1	1	7	8	4	26	13	19
Inventories	224	230	209	155	105	114	131	126	115	90
Accounts receivable	408	475	495	399	331	426	417	464	450	402
Other current receivables	145	104	127	104	117	95	102	117	125	133
Cash, bank and current investments	783	1,898	1,922	2,202	2,282	2,275	2,489	2,533	2,524	2,743
<b>Total assets</b>	<b>2,556</b>	<b>2,853</b>	<b>2,878</b>	<b>2,981</b>	<b>2,946</b>	<b>3,017</b>	<b>3,249</b>	<b>3,384</b>	<b>3,360</b>	<b>3,522</b>
Shareholders' equity	917	1,013	1,103	1,256	1,231	1,387	1,513	1,560	1,575	1,656
Untaxed reserves	-	-	-	24	-	-	17	14	10	8
Provisions and long-term liabilities	23	43	14	9	15	13	18	15	13	47
Current liabilities	1,616	1,797	1,761	1,692	1,700	1,617	1,701	1,795	1,762	1,811
<b>Total shareholders' equity and liabilities</b>	<b>2,556</b>	<b>2,853</b>	<b>2,878</b>	<b>2,981</b>	<b>2,946</b>	<b>3,017</b>	<b>3,249</b>	<b>3,384</b>	<b>3,360</b>	<b>3,522</b>
<b>FINANCIAL RATIOS</b>										
Inventories as % of sales	7.2	7.9	6.8	5.4	4.6	4.8	5.3	5.2	4.5	3.6
Accounts receivable as % of sales	13.1	16.3	16.2	13.8	14.5	17.8	17.0	19.2	17.6	16.1
Acid-test ratio, %	83	138	144	160	161	173	177	173	176	181
Equity ratio, %	36	36	38	42	42	46	47	46	47	47
Return on average equity, %	9.3	9.9	8.5	13.0	-2.0	11.9	8.7	3.1	1.0	5.0
Investments	28	32	33	37	23	25	40	49	35	40

1) From 2014 inclusively, transitions are counted as a total number and even include transitions from development positions. Figures from previous years have not been recalculated.

2) Regards persons who previously had 75% sickness benefit and whose days of sickness allowance or time-limited sickness benefit had ended.

2013 and 2014 in the overview have been reported according to K3 accounting principles, while other years are according to the previous principles.

Unless stated otherwise, all amounts in SEK millions. Amounts in brackets refer to the equivalent period last year. Rounding differences may occur.

## FINANCIAL RESULTS CONT.

## FINANCIAL RESULTS 2014

- Total revenue including compensation for additional costs was SEK 7,451 (7,313) million, of which sales were SEK 2,498 (2,550) million.
- Operating profit totalled SEK 0 (–40) million. Operating profit was influenced positively by a one-time item from Fora regarding sick-pay insurance for employees for 2005–2006, compensation for high-cost cover for sick-pay costs, lower collectively bargained contributions and a reversal of provisions, totalling SEK 166 (78) million. In addition, reversals of property write-downs in 2013 contributed SEK 18 million. Operating profit was influenced negatively by provisions for adaption and development costs, as well as write-downs of tangible fixed assets of SEK 49 (27) million.
- Profit after financial items totalled SEK 92 (21) million.
- Profit for the year was SEK 81 (15) million.
- Return on average shareholders' equity was 5% (1%). The state's guideline target over a business cycle is 7%. Calculated from 2006, when the target was established, return on shareholders' equity is more than 6%.
- Equity ratio continues to remain at a high level: 47% (47%). The state's guideline target over a business cycle is at least 30%.
- Shareholders' equity increased and at year-end was SEK 1,656 (1,575) million. Unrestricted shareholders' equity increased to SEK 870 (789) million.

## FINANCING

## COMPENSATION FOR ADDITIONAL COSTS

Compensation for additional costs is recompense provided by the state to Samhall for conducting its core assignment related to labour market policy: to further the personal development of people with functional impairment. Compensation is to cover the additional costs that are unique to Samhall's operations compared to other companies. Compensation for additional costs is to cover both individually related and structural costs incurred by Samhall as a result of a lower work rate, personnel development initiatives, reinforced security of employment, workplace adaptations for both the individual and in general, work involving transitions, geographical distribution, high personnel mobility and diversity of assignments. The compensation for additional costs is determined annually and paid on a monthly basis and reported as operating income with reference to its nature as compensation for completed assignments. Received compensation for additional costs is reported as income for the ongoing year based on it providing a share of the salary costs for employees in the core assignment calculated on an annual basis. Compensation cannot be used to compete unfairly through low prices for goods and services. Samhall's pricing complies with Swedish and EU competition laws.

For the financial year 2014, Samhall received compensation for additional costs totalling SEK 4,405 (4,405) million. This amount of compensation to Samhall has remained unchanged for six years.

## INVESTMENTS IN TANGIBLE FIXED ASSETS

Investments in land and buildings were SEK 2 (3) million. Investments in technical facilities within properties totalled SEK 4 (6) million. Investments in machinery, other technical plant, equipment and tools amounted to SEK 17 (28) million. No procurement of intangible fixed assets was made in 2013 and 2014.

Ongoing investments at year-end totalled SEK 17 (1) million.

The majority of Samhall's fleet of vehicles is leased from external suppliers. Leasing costs paid totalled SEK 43 (42) million and the current value of future leasing costs for leased vehicles totalled SEK 112 (119) million. Other paid rental costs totalled SEK 142 million and future payments amounted to SEK 168 million.

## SIGNIFICANT EVENTS IN THE FISCAL YEAR

A basic outline regarding the budget for 2015–2017 was submitted to the government in February. Samhall proposed unchanged volumes for both the core assignment and development positions. Samhall also proposed reinforcing the compensation for additional costs in order to maintain the quality of employee development and geographical coverage.

Renewal in the second quarter of Samhall's certifications according to ISO 9001:2008 and ISO 14001:2004 and these cover all Samhall operations.

Compensation for additional costs and operative targets are unchanged for 2015 compared to 2014. This means Samhall will receive in 2015 SEK 4,405 million in compensation for additional costs with a volume of 29.4 million wage hours.

In December, a decision was made to implement a new organisational structure on 1 January 2015. The new organisation means the present seven regions will be replaced by a matrix organisation with three market areas and two business areas.

## NEW ACCOUNTING PRINCIPLES

This is Samhall AB's first annual report using new accounting principles in compliance with BFNAR 2012:1 Annual report and consolidated accounts (K3). For more information, see note 36.

## EMPLOYEES

The average annual number of employees is calculated statistically on time worked, absences and staff composition and was 17,908 (17,401) of which 7,967 (7,878) were women. For more information, see note 2.

## RISKS AND RISK MANAGEMENT

## RISK MANAGEMENT AND INTERNAL GOVERNANCE AND CONTROLS

At Samhall, risk management is an executive issue and a central component of internal governance and controls. The board and CEO are responsible for managing the company's strategic risks. The board has established an audit committee with duties including

the monitoring of Samhall's overall risk management on behalf of the board.

To clarify the connection between risk management and objective attainment, Samhall has a risk committee at executive level responsible for analysing risk situations as well as prioritising and taking actions/initiatives to secure that the company fulfils its objectives and simultaneously avoids negative operational or financial effects.

Risk management operates at both strategic and operative levels in the company and has been integrated into the management system's processes and operational planning and must be a natural part of the daily work. Samhall's processes are governed by the common management system that covers the control environment and control activities. The company's central support functions are responsible for risk management and monitoring within the respective processes. Responsibility for operational risks follows the linear management of the company and its operations. Accounting & Finance takes overall responsibility and plays a co-ordinating role.

#### **ROLES AND RESPONSIBILITIES: THREE LINES OF DEFENCE**

The board takes ultimate responsibility for the company's risk organisation and that operations are conducted with good internal governance and control (IGC).

To secure risk management and IGC, the division of responsibility is based on a principle of three lines of defence. The model distinguishes between functions that own the risk and compliance (first line), functions that monitor and control (second line) and internal audits (third line). For more information, please see the corporate governance report.

Samhall's framework for risk management is based on the COSO model's system and structure.

Samhall's control environment consists of common values, clear objectives, policies and guidelines and a clear delegation of responsibility. An open dialogue and internal communication are also necessary.

On an annual basis, Samhall establishes a risk registry and a risk management plan based on an analysis compiled from changes in current affairs, certification audits, client follow-up and other systematic monitoring. Each risk is accompanied by a strategy and actions for managing that risk, as well as responsibilities for follow-up duties.

The risk registry and risk management plans are handled by the audit committee and the board.

Risks are categorised and evaluated in the following areas: general conditions, stakeholders and the Samhall brand, employee development and matching, workplace environment, sales and products, leadership and company culture, operations, accounting and finance, IT and sustainability.

#### **General conditions**

There is a risk that Samhall cannot cover its contractual annual wage rises and other additional costs when compared to the requirements on other companies. Additionally, there is a risk that employees choose not to make transitions, even though they satisfy the job requirements at other companies, and instead stay with

Samhall and the security it offers. These risks are reduced through an active dialogue with the Ministries of Employment and Finance and by a newly proposed focus in the "New Samhall" on operations covering both positions for development and secure employment being replaced by a general compensation for additional costs.

#### **Stakeholders and the Samhall brand**

There is a risk that Samhall faces criticism and questioning in the media on issues such as unfair competition, under-employment and mismatching, which may affect the perceived credibility of Samhall. This could lead to approved restructuring being delayed or cancelled. These risks are reduced through pro-active communication providing a balanced message, as well as crisis management with a clear communication strategy and trained spokespeople. Risk is further reduced through Samhall applying a clear pricing process, with calculation mostly taking place within a centralised specialist function, structured processes for following up business and marketing and a focus on business development.

#### **Employee development and matching**

Crucial to bringing more employees into work and developing their skills, therefore increasing their employability, is Samhall's process of employee development and matching. There is a risk that Samhall fails in its ability to match employees to the right tasks in competitive assignments or that development through work fails to give results. Deficiencies could lead to employees being without work or mismatched personnel being unproductive. These risks are reduced by a clear process of employee performance with goals along the way that cover recruitment, matching, development and working towards making a transition, as well as clarification of the assignment and work methods for first-line managers. Furthermore, education initiatives are being expanded through the "Samhall school" that offers training with a focus on certified professional skills and leadership.

#### **Workplace environment**

A sound and secure workplace environment is a vital prerequisite in achieving the company's targets and enabling the development of employees through work. There is a risk that continued high levels of absence due to illness can lead to high costs and diminished quality. Furthermore, there is a risk that deficiencies in the workplace environment, particularly at a client's workplace where Samhall cannot control production, lead to more incidents and accidents. These risks are reduced through systematic and preventive measures covering the workplace, rehabilitation, health and safety. Various initiatives regarding health and absence due to illness try to reduce absenteeism and reverse the negative trend. A basis for health management providing clear guidelines has been developed and there is a health page on Samhall's intranet that supports the preventive work. Non-smoking during working hours has been introduced for all employees at Samhall as a natural part of the health work and to promote good workplace environment for both smokers and non-smokers.

### Sales and products

The main risks concern Samhall not achieving the necessary volume of business, losing current contracts and being hit by negative changes in volumes. This would imply that the planned new and follow-on sales would not have the intended effect, which would threaten Samhall's opportunity to offer work throughout the country that develops its employees. As the majority of Samhall's employees cannot be made redundant during a recession or lack of work, it would be difficult for the company to quickly adapt costs to meet diminished business volumes.

These risks are reduced by diversification through product development involving the environment and sustainability. Furthermore, risks are reduced through sales in more cyclically insensitive sectors, as well as increased focus on client segmentation, selection and follow-up.

### Leadership and company culture

There is a risk that Samhall's leadership fails to promote its goals and values, which are the basis of Samhall fulfilling its mandate. These risks are reduced by the "Vital Leadership" project that has been running for several years and aims to strengthen leadership skills and develop a strong company culture through actions and approaches based on Samhall's values.

### Operations

There is a risk that Samhall fails to start new assignments flawlessly, which could bring into question Samhall's credibility and jeopardise follow-on sales. These risks are reduced through clear start-up and manning procedures for new assignments.

### Accounting and finance

An unchanged level or new model of compensation for additional costs carries the risk of Samhall failing to provide self-finance and cover the annually contracted wage rises through increasing receivables and contractual price adjustments. This risk is diminished chiefly through streamlining the sales process and an active dialogue with the owner.

Through its operations, the company is exposed to a variety of financial risks categorised as credit risk, interest risk, liquidity risk and currency risk.

Risks are reduced through a careful investment policy and risk hedging in accordance to financial policies.

Samhall's financial policy is established annually by the board and regulates risks concerning capital management, credit facilities and currency exposure. For more information, please see note 24.

Insurable risks are transferred through comprehensive insurance cover. Property risks are diminished by the disposal of production plants in favour of Manning Solutions and Services.

Samhall's fixed assets and inventories are insured against the customary damages. The property portfolio is insured at the full value for the replacement cost of the respective properties. The insurance is floating and valid for all property.

Samhall is insured against the customary damages of a proprietary nature regarding the environment, product liability etc.

### IT

Risk exists concerning unauthorised access and abuse of confidential data about personnel and clients. This could imply that Samhall is in breach of confidentiality requirements and in violation of personal integrity. These risks are reduced through controlling access, internal checks and clear procedures regarding IT security.

### Sustainability

Samhall's targets regarding strategic sustainability cover areas such as the degree of self-financing, dedicated employees, "Employees in Work" and reduced CO<sub>2</sub> emissions. Risks relate to credibility and a negative impact on the Samhall brand. The risk of losing assignments is mitigated through ongoing initiatives in marketing and sales. This affects the degree of self-financing and the number of employees in work. The "Vital Leadership" development programme aims to increase engagement in Samhall.

CO<sub>2</sub> emissions, the company's largest impact on the environment, have been reduced thanks to clear governance that aims to increase the number of environmentally friendly vehicles in Samhall's fleet. Risks are reduced through a procurement process that regulates requirements for suppliers, as well as through Samhall's code of conduct and sustainability policy.

### ANALYSIS OF THREATS AND WEAKNESSES

Samhall's financial result is influenced by many factors. Those having the greatest impact are:

- The increasing necessity to provide self-finance, due to the amount of compensation for additional costs remaining unchanged for the past six years, means that business needs to grow by SEK 165 million to compensate for the increase in wages in the core assignment.
- Samhall's ability to conduct business and therefore secure work for all employees has a great impact on financial results. Samhall cannot adjust to lost business by reducing the number of employees. For Samhall, lower receivables of SEK 100 million would need cost reductions of approx. SEK 80 million to maintain unchanged profit levels.

### CAPITAL MANAGEMENT

The state has two financial targets for Samhall's operations: a return on shareholders' equity of 7% over a business cycle and an equity ratio of at least 30%.

For 2014, return on shareholders' equity was 5% (1%) for the year and the equity ratio as per 31 December 2014 was 47% (47%). Calculated from 2006, when the target was established, return on shareholders' equity is more than 6%.

Samhall's articles of association stipulate that no dividend be paid to the owner.

To fulfil the assignment of furthering the personal development of people with functional impairment, Samhall's operations require a certain measure of capital to cover market fluctuations. To secure the assignment, Samhall needs liquid funds, partly in the form of a liquidity reserve and partly as a buffer against risk. Samhall's risk buffer is defined as that capital required to cover a five-year period

of annual losses totalling SEK 1,000 million. The remaining liquidity stays within the company for investment to support the assignment. See also note 24.

## OTHER

### ENVIRONMENTAL INFORMATION

At year-end 2014, there were no operations requiring a permit and the number of activities to be reported under the Environmental Code totalled 15 (15).

Those activities that required reporting were:

- 2 (2) Plants with metalworking machinery where the total tank volume of concentrated cutting fluids, process lubricants and hydraulic oil is greater than one cubic metre
- 2 (2) Plants for iron phosphate
- 4 (4) Plants with a solid fuel furnace
- 2 (2) Plants using more than one tonne of plastic per calendar year
- 1 (1) Plant with final assembly of electronic products, casting with two-component resin containing isocyanates
- 4 (4) Plants washing more than two tonnes of laundry per day

Activities that require reporting or a permit affect the external environment mainly through discharge into watercourses and air, as well as the production of waste.

For the year, environmental impact has decreased by 1% (g/km) in terms of lower emissions of CO<sub>2</sub> from Samhall's production vehicles compared to 2013. Significant environmental aspects in service operations are transportation, waste and the use of cleaning chemicals. For further information, please see page 33 and the website.

### EVENTS AFTER THE BALANCE-SHEET DATE

No significant events have occurred after the balance-sheet date that affect the annual accounts.

### OUTLOOK FOR THE FUTURE

In 2015, Samhall will receive compensation for additional costs totalling SEK 4,405 million.

The established number of wage hours for 2015 is at least 29.4 million hours. If the number of hours is less than 29.4 million, then the state is to be reimbursed for its compensation for additional costs by the equivalent amount in proportion to the hours lower than the target. If the number of hours exceeds 29.4 million then no extra compensation is paid to cover this excess.

The number of transitions made to another employer during 2015 is set at a minimum 1,100 persons for the core assignment and development positions.

Recruitment from prioritised groups in 2015 is to total at least 40%.

# Proposed allocation of profit

### The following profit is at the disposal of the AGM:

Profit brought forward	789,352,193
Profit for the year	81,154,140
<b>Total SEK</b>	<b>870,506,333</b>

### The board proposes that profit be allocated as follows:

Carried forward to new account	870,506,333
<b>Total</b>	<b>870,506,333</b>

All shares are owned by the Swedish state. The articles of association stipulate that no dividend be paid to the owner.

# Income statement

SEK M	Note	2014	2013
<b>OPERATING INCOME</b>			
Sales	3, 4, 5, 34	2,498	2,550
Change of work in progress and finished goods		-1	-3
State compensation for additional costs	6	4,405	4,405
Other operating income	4	549	361
		<b>7,451</b>	<b>7,313</b>
<b>OPERATING EXPENSES</b>			
Raw materials and consumables	34	-548	-692
Merchandise		0	0
Other external costs	7, 9	-528	-528
Personnel costs	2	-6,339	-6,114
Depreciation and write-downs on tangible and intangible fixed assets	8	-36	-19
		<b>-7,451</b>	<b>-7,353</b>
<b>OPERATING PROFIT</b>		<b>0</b>	<b>-40</b>
<b>PROFIT ON FINANCIAL ITEMS</b>			
Interest income and similar items	10	94	62
Interest expenses and similar items	11	-2	-1
		<b>92</b>	<b>61</b>
<b>Profit after financial items</b>		<b>92</b>	<b>21</b>
<b>BALANCE-SHEET ALLOCATIONS</b>			
Balance-sheet allocations	12	2	4
<b>Pre-tax profit</b>		<b>94</b>	<b>25</b>
Tax on profit for the year	13	-13	-10
<b>Profit for the year</b>		<b>81</b>	<b>15</b>
Earnings per share before and after dilution (SEK)		16.2	3.0
Average number of shares before and after dilution		5 million	5 million

## COMMENTS ON THE INCOME STATEMENT

### SALES AND GROSS PROFIT

Sales for 2014 decreased by SEK 52 million, or the equivalent of 2% compared to 2013, and totalled SEK 2,498 (2,550) million.

Gross profit increased by SEK 94 (108) million, to SEK 1,949 (1,855) million, an increase of 5% compared to 2013. Changes to the business structure with increased sales in Services and Manning Solutions contributed to this, as well as decreased sales in business areas with lower gross profit margins.

### COMPENSATION FOR ADDITIONAL COSTS

Samhall receives compensation from the state to cover the extra costs generated through the fulfilment of its labour market policy core assignment, namely to further the personal development of people with functional impairment. This is determined annually and paid on a monthly basis. These funds are compensation for completed assignments and are therefore reported as operating income.

### OTHER OPERATING INCOME

In total, 2 (1) properties was divested in 2014.

Profits from the sale of tangible fixed assets were SEK 3 (2) million.

Revenue from the job and development guarantee within Labour Market Services increased to SEK 89 (86) million.

Samhall has two separate assignments from the state regarding development positions. In total, revenue from both these assignments reached SEK 336 (256) million. SEK 118 (256) million came from the assignment concerning people returning from long-term sick leave, an assignment Samhall has had since 2012, while revenue from the new assignment in 2014, concerning development positions in the job and development guarantee's occupational phase focusing on young adults under 30, amounted to SEK 218 million.

In 2014, SEK 90 million was received as a one-time item from Fora regarding sick-pay insurance for employees for 2005 and 2006.

### RAW MATERIALS AND CONSUMABLES

Raw materials and consumables decreased by SEK 144 million compared to 2013. A contributing factor was lower sales in Industrial Production, which accounts for a large proportion of purchasing of raw materials and consumables.

### PERSONNEL COSTS

Personnel costs totalled SEK 6,339 (6,114) million, an increase of SEK 225 million, mainly due to contractual increases in wage costs and a higher number of development positions compared to 2013.

### OTHER EXTERNAL COSTS

Other external costs are in line with the previous year. Restraint on the cost side has contributed to maintaining a low level of costs.

### OPERATING PROFIT

Operating profit improved by SEK 40 million compared to 2013.

Operating profit for 2014 was influenced positively by SEK 166 (78) million, including a one-time item from Fora regarding sick-pay insurance for employees for 2005–2006, compensation for high-cost cover for sick-pay costs, lower collectively bargained contributions and a reversal of provisions. In addition, reversals of property write-downs contributed SEK 18 million.

Initiatives and decisions taken in 2014 have meant adjustment and restructuring costs of SEK 49 (27) million encumbering profits of which personnel-related costs were SEK 32 (12) million.

Profit from the disposal of fixed assets attained SEK 3 (2) million.

Underlying profit minus these items fell by SEK 12 million compared to 2013, mainly due to an unchanged level of compensation for additional costs and higher wage costs. The higher gross profit has partly helped to compensate for this.

### PROFITS FROM FINANCIAL ITEMS

Financial items consist of the total profit of the company's portfolio investments including the market value of financial instruments at the balance date. Profit from financial operations after market valuation attained SEK 92 (61) million. The higher net interest is a result of an optimised investment strategy in relation to earnings performance. Samhall's financial policy governs that at least 80% of administered capital must be placed in interest-bearing securities and a maximum 20% in structured investments. Net interest includes unrealised gains totalling SEK 47 (19) million.

# Balance sheet

SEK M	Note	31 Dec 2014	31 Dec 2013
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible fixed assets</i>			
Capitalised expenses on software	14	1	2
		<b>1</b>	<b>2</b>
<i>Tangible fixed assets</i>			
Land and buildings	15	42	43
Plant and machinery	16	37	46
Equipment, fixtures and fittings	17	38	41
Construction in progress and advance payments for tangible fixed assets	18	17	1
		<b>134</b>	<b>131</b>
<i>Financial fixed assets</i>			
Other long-term portfolio investments	19	0	0
Deferred tax receivables	13	–	11
Other long-term receivables	20	19	2
		<b>19</b>	<b>13</b>
<b>Total fixed assets</b>		<b>154</b>	<b>146</b>
<b>Current assets</b>			
<i>Inventories etc</i>			
Raw materials and consumables		65	84
Goods in hand		11	15
Finished goods and merchandise		14	16
		<b>90</b>	<b>115</b>
<i>Current receivables</i>			
Accounts receivable		402	450
Other receivables	21	72	57
Prepaid costs and accrued income	22	61	68
		<b>535</b>	<b>575</b>
<i>Current investments</i>			
Other current investments	23, 24	2,250	2,162
Cash and bank	23	493	362
<b>Total current assets</b>		<b>3,368</b>	<b>3,214</b>
<b>TOTAL ASSETS</b>		<b>3,522</b>	<b>3,360</b>

## COMMENTS ON THE BALANCE SHEET

### TANGIBLE FIXED ASSETS

Investments in fixed assets totalled SEK 40 (35) million.

At year-end 2014, Samhall owned 28 properties with a total area of approx. 88,000 (92,200) m<sup>2</sup> and rented properties with an area of approx. 122,300 (140,800) m<sup>2</sup>. Compared to year-end 2013, this is a decrease of rented property area of approx. 18,500 m<sup>2</sup>. In total, this represents roughly a 10% (2%) decrease of disposable property area.

### INVENTORIES

Inventories decreased by SEK 25 million compared to 2013 and tied-up capital in inventories related to sales decreased from 4.5% to 3.6%. This is a result of Samhall's long-term plan to reduce its industrial operations.

### ACCOUNTS RECEIVABLE

Accounts receivable as a percentage of sales decreased from 17.6% to 16.1% compared to 2013. The average credit period decreased by two days, partly due to higher sales in business areas with short terms of payment. The company's bad debts remain very low.

### OTHER RECEIVABLES

Other receivables increased by SEK 15 million compared to 2013. The increase is mostly due to higher payments regarding provisional tax payments that have yet to be settled.

Samhall is entitled to compensation from the Swedish Social Insurance Agency for high-cost cover applicable to sick pay costs. Compensation for 2013 is reported in 2014, but according to current rules compensa-



SEK M	Note	31 Dec 2014	31 Dec 2013
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<i>Restricted shareholders' equity</i>			
Share capital	25	500	500
Statutory reserve		286	286
		<b>786</b>	<b>786</b>
<i>Non-restricted shareholders' equity</i>			
Profit brought forward		789	774
Profit for the year		81	15
		<b>870</b>	<b>789</b>
<b>Total shareholders' equity</b>		<b>1,656</b>	<b>1,575</b>
<b>Untaxed reserves</b>			
Accumulated depreciation exceeding plan	26	8	10
		<b>8</b>	<b>10</b>
<b>Provisions</b>			
Provisions for pensions and similar obligations	27	16	–
Deferred tax liabilities	13	1	–
Other provisions	28	30	13
		<b>47</b>	<b>13</b>
<b>Current liabilities</b>			
Accounts payable		128	161
<i>Other current liabilities</i>			
Non-interest-bearing liabilities	29	468	434
Current tax liabilities		2	7
Accrued expenses and deferred income	30	1,213	1,160
		<b>1,811</b>	<b>1,762</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>3,522</b>	<b>3,360</b>
Pledged collateral		None	None
Contingent liabilities	31	0.3	0.3

tion for 2014 has not yet been reported. The amount due depends partly on the national sick pay total for 2014, partly on Samhall's total salaries and sick pay costs during 2014 as a whole. The parameters determining the calculation of the receivable are finalised in April 2015. Therefore, as of the balance date, Samhall lacks the necessary information to estimate the amount with reasonable accuracy, and thus the receivable has not been reported.

#### CURRENT INVESTMENTS

For Samhall's investment regulations, please see note 24. Samhall's current investments on the balance date totalled SEK 2,250 (2,162) million. Market value of existing holdings has risen and reinvestments of dividends and profits have occurred.

#### PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Refers to capital insurance for present and former senior executives, which was not previously reported gross.

#### OTHER PROVISIONS

Provisions include approved adjustment and restructuring measures including the costs of premises, redundancies, loss contracts etc. These measures are expected to be completed in 2015 and 2016.

# Changes in shareholders' equity

SEK M	Note	Share equity	Statutory reserve	Capitalised profit	Profit for the year	Total shareholders' equity
<b>Shareholders' equity 1 Jan 2013</b>		<b>500</b>	<b>286</b>	<b>727</b>	<b>47</b>	<b>1,560</b>
Allocation of the previous year's profit				47	-47	-
Profit for the year					15	15
<b>Shareholders' equity 31 Dec 2013</b>		<b>500</b>	<b>286</b>	<b>774</b>	<b>15</b>	<b>1,575</b>
Allocation of the previous year's profit				15	-15	-
Profit for the year					81	81
<b>Shareholders' equity 31 Dec 2014</b>	25	<b>500</b>	<b>286</b>	<b>789</b>	<b>81</b>	<b>1,656</b>

Shareholders' equity for 2013 has been recalculated according to K3 accounting principles. Thus shareholders' equity has been affected positively by SEK 3 million. For further details, please refer to note 36.

# Cash flow statement

SEK M	Note	2014	2013
<b>OPERATING ACTIVITIES</b>			
Operating profit		0	-40
Interest received, vouchers, dividends, capital gains	10	48	43
Interest paid, capital losses	11	-2	-1
Adjustment for non-cash-flow items, etc	32	51	15
Tax on profit for the year	13	-	-
<b>Cash flow from operating activities before changes in working capital</b>		<b>97</b>	<b>17</b>
Increase/decrease of inventories		25	11
Increase/decrease of receivables		39	6
Increase/decrease of liabilities		49	-33
<b>Total change in working capital</b>		<b>113</b>	<b>-16</b>
<b>Cash flow from operating activities</b>		<b>210</b>	<b>1</b>
<b>INVESTMENT ACTIVITIES</b>			
Acquisition of intangible fixed assets		-	-
Acquisition of tangible fixed assets		-40	-35
Sale of tangible fixed assets		5	3
Increase/decrease of financial current assets		-48	69
<b>Cash flow from investment activities</b>		<b>-83</b>	<b>37</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flow for the year</b>		<b>127</b>	<b>38</b>
Liquid assets at year-start		366	328
<b>Liquid assets at year-end</b>	23, 24	<b>493</b>	<b>366</b>

## COMMENTS ON THE CASH FLOW STATEMENT

Liquid funds cover: cash/bank, current investments of a duration < 3 months and investments with an insignificant risk of fluctuation.

Cash flow for the year was SEK 127 (38) million. Compared to 2013, cash flow was mostly affected by a decrease in current receivables and inventories. Cash flow from operating activities at year-end, affected mainly by higher accrued costs regarding vacation pay liabilities and social security expenses, was SEK 210 (1) million.

Cash flow from operating activities during the year was affected by income from the sale of tangible fixed assets totalling SEK 5 (3) million.

Investments totalled SEK 40 (35) million. These have included production equipment, increasing capacity in laundry operations and investments in premises.

# Notes

Amounts in brackets refer to 2013.

## NOTE 1 Accounting and valuation principles

The annual report has been compiled in accordance with the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Board's recommendations (BFNAR 2012:1 *Annual report and consolidated accounts* (K3)).

As from 2014, Samhall applies new accounting principles in compliance with BFNAR 2012:1 *Annual report and consolidated accounts* (K3).

Compared to the accounting principles of previous reports, K3 implies a number of differences. These differences and their effects on the financial reporting arising through K3 compliance are described in note 36.

### INCOME

Sales are reported at the fair value of what is received or will be receivable. Sales are reported net after deducting VAT, discounts and exchange differences for sales made in foreign currencies.

*Sale of goods:* Revenue from the sale of goods is reported as income when the following conditions are met:

- The essential risks and rewards associated with ownership of the goods have been transferred to the buyer.
- Samhall does not retain any active part in the ongoing administration or exercise any actual control over the goods sold.
- Income and expenses arising or expected to arise as a consequence of the transaction can be calculated in a reliable way and it is likely that the financial benefits that the company expects to accrue from the transaction will occur.

These conditions are normally considered fulfilled upon delivery of the goods to the client, according to the terms and conditions of sale.

*Sale of services:* Income and expenses for completed service and contractual assignments are reported as income and costs, respectively, in proportion to the degree of completion on the balance date (percentage of completion). The percentage of completion of an assignment is determined by comparing expenses incurred, on the balance date, with the estimated total expenditure. When the outcome of the service assignment or contractual assignment cannot be estimated with any degree of certainty, the income is reported only to the extent that it corresponds to the accrued assignment costs that are likely to be reimbursed by the client. An anticipated loss on an assignment is reported promptly as a cost.

*Rental income:* revenue reported linearly in the period of the rental contract's duration.

*Royalties, etc:* revenue reported according to the actual financial terms of each agreement.

Interest income is reported over its term using the effective interest method. The effective interest is the interest that makes the current value of all future receipts and payments during the fixed term equal to the reported value of the asset.

### STATE COMPENSATION FOR ADDITIONAL COSTS

Samhall's assignment according to its articles of association is to produce goods and services that are in demand as a means of providing meaningful work that furthers the personal development of persons with functional impairment causing reduced working capacity. This assignment is regulated by a contract between the Swedish state and Samhall AB covering the specific commitments and conditions applicable to the state's contribution to Samhall and the company's operations. This contribution to Samhall's assignment is termed compensation for additional costs and is determined annually. Received compensation for additional costs is reported during the current year as income based on it providing a share of the salary costs for employees in the core assignment calculated on an annual basis.

### INTANGIBLE ASSETS

Intangible assets cover reported expenses for software development. Fees for software developed or extensively modified on behalf of the company are reported as intangible assets under the heading "Capitalised expenses on software" when the following criteria are met:

- It is technologically possible and the company intends to complete the software for use
- Prerequisites are met that enable the use of the software

- It can be shown that the software will, in all probability, contribute future economic benefits
- There are sufficient resources to complete development and to use the software
- Expenses relating to the software can be reliably calculated

Intangible assets are reported at acquisition cost and depreciated according to the linear method over their estimated useful life, between 1.5–3 years.

### TANGIBLE FIXED ASSETS

Tangible fixed assets are reported at acquisition value diminished through depreciation and any eventual write-downs.

Acquisition value consists of the purchasing price and expenses directly attributable to that acquisition in order to bring it into place and in working order. Subsequent expenses are only included in the asset or reported as a separate asset, when it is likely that future economic benefits associated with the item will accrue to the company and the acquisition value is measurable in a reliable manner. All other expenses for repairs, maintenance and subsequent expenditure are reported as costs in the period that they occur.

When the difference regarding the use of a fixed asset's significant components is substantial, the asset is divided into these components.

Depreciation of tangible fixed assets are apportioned as costs so that the asset's acquisition value, which eventually decreases to a calculated residual value at the end of its useful life, is applied linearly across the estimated period of use. If an asset has been divided into various components, then the depreciation applies to each component separately across its useful life. Depreciation begins once the tangible fixed asset can be put to use. The useful life of tangible fixed assets is estimated as follows:

Buildings	15–60 years
Plant and machinery	3–5 years
Fixtures	3–5 years
Equipment	3–5 years
Fittings	3–5 years

The useful life of land is unlimited and therefore does not depreciate.

The period of useful life and depreciation methods are reviewed if there are indications that expected usage has changed significantly compared to the estimate from the previous balance-sheet date. When the company alters its assessment regarding the period of useful life, then the eventual residual value of the asset is also reviewed. The effects of these changes are reported prospectively.

### Removal from the balance sheet

The reported value of a tangible fixed asset is removed from the balance sheet upon disposal or sale, or when future economic benefits are not expected from its use or disposal/sale of the asset or component. The profit or loss arising when a fixed asset or component is removed from the balance sheet is the difference between the amount eventually received, minus direct expenses for the sale, and the asset's reported value. The capital gain or loss arising from the removal from the balance sheet of a tangible fixed asset or component is reported as other operating income or other operating expenses.

Accelerated depreciation for machinery and fixtures, permitted for tax purposes, in addition to planned depreciation is reported as an appropriation in the income statement and as an untaxed reserve in the balance sheet.

### WRITE-DOWNS

The reported values of the company's assets are determined on the balance date to see whether any write-down is needed. Assets are grouped into cash-generating units in order to assess if write-downs are required. If such a need is indicated, the recoverable value of the asset is calculated to establish the value of any eventual write-down. The asset is written down if the recoverable value is less than the reported value. A write-down is reversed if a change has occurred in the calculations used to determine the realisable value. A reversal is made only to the extent that the asset's book value does not exceed the book value that would have been reported, with deductions for depreciation, if no write-down had been made.

### INVENTORIES

Inventories are valued by applying the first-in first-out principle, at the lower of acquisition or actual net sales value on the balance date.

Individual assessment for obsolescence applies to all inventory items, implying a reduction for obsolescence made at the necessary amount.

**ACCOUNTS RECEIVABLE**

Receivables with a due date more than 12 months after the balance date are reported as fixed capital assets, others as current assets. Receivables are valued individually and reported at the amount they are anticipated to contribute. Receivables with no interest applied or at a rate other than the market rate and with a duration in excess of 12 months are reported at a discounted current value and changes over time are reported as interest income in the income statement.

**ASSETS AND LIABILITIES IN FOREIGN CURRENCIES**

Assets and liabilities denominated in foreign currencies are valued at the exchange rate on the balance date. The forward rate is used in cases where hedging has been contracted. Transactions in foreign currency are valued at the transaction day's spot rate.

**FINANCIAL INSTRUMENTS**

A financial asset or financial liability is reported on the balance sheet when the company becomes a party to the instrument's contractual terms and conditions. A financial asset is removed from the balance sheet when the contractual rights to the cash flows from the asset expire, are settled or when the company loses control of it. A financial liability, or part of a financial liability, is removed from the balance sheet when the contractual obligations are fulfilled or otherwise cease.

**Evaluating fair value**

Financial assets and liabilities are evaluated at fair value, determined as follows:

The fair value of financial assets and liabilities traded in an active market is determined by referencing the quoted market price.

The fair value of other financial assets and liabilities is determined by generally accepted models of evaluation such as discounted cash flow valuation and information available from current market transactions.

Regarding all financial assets and liabilities, the reported value is considered a good approximation of its fair value, unless stated otherwise in the accompanying notes.

**Financial instruments reported on the balance sheet**

Financial instruments reported on the balance sheet include securities, accounts receivable, accounts payable and other liabilities.

The company's long- and short-term holdings comprising of interest-bearing funds and structured investments are reported at fair value (listed acquisition price at the close of trading) on the balance date. This principle applies to the portfolio in its entirety, which means that unrealised losses are deducted from unrealised gains. Profits and losses are reported in the income statement under the headline, Interest income and similar items, as well as Interest costs and similar items.

**State support**

Compensation from the state is reported at fair value in the balance sheet and income statement when there is reasonable assurance that the conditions attached to the support will be fulfilled and that compensation will be received. The compensation is systematically divided into periods in the same way, and over the same periods, as the costs they are intended to compensate.

State support for the acquisition of tangible fixed assets reduces the reported value of the asset.

**PROVISIONS AND RESTRUCTURING COSTS**

Provisions are reported in the balance sheet when the company has a formal or informal undertaking as a result of an event that has already happened and which is likely to incur an outflow of resources and for which a reliable estimate can be made.

Provisions for loss contracts are made when the contracted income is not sufficient to cover the direct and divisible costs of fulfilling the contract.

Provisions are valued at the amount estimated to settle the undertaking. If the period of time is substantial, then the expected payments are calculated at present value.

Restructuring measures are a normal part of ongoing short- and long-term changes necessary to secure the business concept and meet requirements for improved profitability. During the year, ongoing and approved restructuring initiatives encumber profits. A provision for restructuring costs is made only when the general criteria for provisions are met. This includes the occurrence of an informal measure to restructure only when the company has a formal plan in detail for restructuring its operations, or relevant parts, the workplaces affected and an approximate number of employees facing retrenchment, their placement and tasks, the costs expected to be incurred by the company and when the plan will be put into effect, as well as the creation of a well-founded expectation among those affected that the company is implementing the restructure. This may occur through general knowledge of the restructuring plan or at the start of the implementation.

**IMPACT ON INCOME FROM ONE-TIME ITEMS**

Income effects of one-time events and transactions of significant importance are specified in the relevant income classification. These items are specified under the appropriate note in the income statement.

**LEASE AGREEMENTS**

Financial leasing occurs when the financial risks and benefits associated with ownership have essentially been transferred to the lessee; if this is not the case, then it is an operating lease. However, Samhall has certain leasing agreements covering cars and computers that constitute financial leasing agreements.

According to K3 accounting principles, all of the company's lease agreements are reported according to the rules for operating leases. For an operating lease, the leasing fee is reported as a cost linearly over the duration, from the point at which utilisation begins, which may differ from the actual lease fee paid during the year.

**INCOME TAX**

Tax costs comprise of the total current tax and deferred tax.

**Current tax**

Current tax is calculated on the taxable profit for the period. Taxable profit differs from the reported profit stated in the income statement due to adjustments for non-taxable income and non-deductible expenses, as well as income and expenses taxable or deductible for other periods. Current tax is calculated according to the tax rates applicable on the balance-sheet date.

For items reported in the income statement, their associated tax effects are also reported in the income statement. The tax effects of items reported directly to shareholders' equity are reported in shareholders' equity.

**Deferred tax**

Deferred tax is reported on temporary differences between the reported value of assets and liabilities and the taxable value used to calculate the taxable profit. Deferred tax is calculated by the balance-sheet method. In principle, deferred tax liabilities are reported for all taxable temporary differences and deferred tax receivables are reported in principle for all deductible temporary differences to the extent that the deduction can reasonably be balanced against future taxable profits. Untaxed reserves are reported inclusive of deferred tax liabilities. These temporary differences arise mainly through the depreciation of property, pension provisions, market value of investments and fiscal deficits.

Evaluating deferred tax is based on how the company, as per the balance-sheet date, expects to recover the reported value for the corresponding asset or settle the reported value of the associated liability. Deferred tax is based on the tax rates and regulations enacted prior to the balance-sheet date.

**REMUNERATION TO EMPLOYEES**

Samhall has benefit-determined and fee-determined pensions for employees in accordance with the binding collective agreements, meaning the ITP plan for professional employees and the SAF-LO plan for collective employees. In addition, there are binding capital insurance solutions valued at fair value for senior managers, as well as former employees, in accordance with pension plans in SPP.

Pension plans to which Samhall pays fixed contributions to a separate legal entity and where Samhall has no legal or informal obligation to pay additional fees, if the legal entity does not have sufficient funds to pay all pension commitments, are fee-determined pension plans. Pension plans other than fee-determined pension plans are benefit-determined plans.

Samhall reports benefit-determined pension plans. Commitments regarding benefit-determined pension plans according to the ITP plan for professional employees, financed through Alecta insurance, are reported as though a fee-determined plan, due to Samhall having insufficient information to report commitments as benefit-determined plans.

Obligations regarding contributions to fee-determined plans are reported as a cost in the income statement when they occur.

**CASH FLOW STATEMENT**

The cash flow statement is prepared using the indirect method. The reported cash flow covers only transactions that involve payments received or paid.

In addition to cash and bank balances, liquid funds are classified as current financial investments valued at market rates traded in an open market at quoted prices.

All amounts in the following notes are denominated in millions of Swedish kronor (SEK M) unless stated otherwise.

## NOTE 2 Employees, personnel costs and remuneration to the board and senior management

Average annual number of employees	31 Dec 2014	of which women, %	31 Dec 2013	of which women, %
Sweden	17,908	44	17,401	45
<b>Total</b>	<b>17,908</b>	<b>44</b>	<b>17,401</b>	<b>45</b>

The average annual number of employees for the year is calculated statistically using time worked, absences, level of employment and staff composition and totalled 17,908 (17,401) of which 7,967 (7,878) were women.

The average annual number of employees with functional impairment was 15,610 (15,412) of which 6,890 (6,826) were women, while the number of professional employees was 1,115 (1,078) of which 553 (503) were women. The average annual number of employees for persons with 75% sickness benefit was 72 (58) of which 49 (40) were women. Regarding development positions for the state's assignment concerning people returning from long-term sick leave and persons from the job and development guarantee, the average annual number of employees was 1,111 (853) of which 475 (509) were women.

The total number of employees at year-end was 22,241 (20,583) of which 391 (86) were temporary employees with functional impairment, 105 (77) were temporary professional employees and 321 (259) persons with 75% sickness benefit. The number of employees with development positions regarding the state's assignment concerning people returning from long-term sick leave was 29 (846) and 1,014 persons concerning the job and development guarantee.

That the number of employees exceeds the number of annual full-time employees is chiefly attributable to part-time appointments.

## GENDER BREAKDOWN OF BOARD AND SENIOR MANAGEMENT

	31 Dec 2014	of which women, %	31 Dec 2013	of which women, %
Board	11	45	11	45
Other senior management	6	33	7	29
<b>Total</b>	<b>17</b>	<b>41</b>	<b>18</b>	<b>39</b>

## SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

	31 Dec 2014	Social security expenses	31 Dec 2013	Social security expenses
Board and CEO	4.3	2.2	4.2	2.2
(of which pension costs)		0.9		0.8
Other employees	4,578.9	1,686.8	4,406.8	1,636.9
(of which pension costs)		200.2		195.0
<b>Total</b>	<b>4,583.2</b>	<b>1,689.1</b>	<b>4,411.0</b>	<b>1,639.1</b>
(of which pension costs)		201.1		195.8

Regarding salaries and remuneration to other employees, SEK 9.4 (9.1) million refers to senior management other than members of the board and CEO.

Fees for the year covering Alecta pension insurance totalled SEK 35 (34) million, of which SEK 35 (34) million was for old-age pensions and family pensions and included in the item covering personnel costs. Premiums paid to Alecta are considered a defined contribution plan.

Total salary expenses, including social security expenses, amounted to SEK 6,339 (6,114) million. Salaries, remuneration and social security expenses include redundancy costs of SEK 32 (12) million for directly employed personnel in connection with the reorganisation and restructuring of operations. Salary expenses were reduced by SEK 38 (37) million due to compensation from the Swedish Social Insurance Agency for high-cost cover applicable to 2013 and 2012, which could be applied for in 2013 and 2014. Salary expenses including social security expenses for development positions concerning people returning from long-term sick leave came to SEK 122 (260) million, with wage subsidies totalling SEK 82 (186) million and arrangement subsidies of SEK 26 (60) million. Salary expenses relating to the state's new assignment of development positions for persons in the job and development guarantee totalled SEK 185 million with wage subsidies totalling SEK 128 million.

Compensation amounting to SEK 90 million was received from Fora regarding premiums for sick-pay insurance for employees from 2005 and 2006. This amount is reported as other income which was not attributable to 2014.

## REMUNERATION TO THE BOARD

SEK thousands	Board fees 2014	Board fees 2013	Audit committee 2014	Audit committee 2013	Compensation committee 2014	Compensation committee 2013
Chairman, Erik Strand	310	308	62	62	33	33
Member, Bertil Carlsén	130	129	42	42	–	–
Member, Helen Fasth Gillstedt	130	129	42	42	–	–
Member, Kenneth Johansson	130	129	–	–	17	17
Member, Hans Kilsved	130	129	–	–	–	–
Member, Leif Ljungqvist, from 19 Nov 2014	–	–	–	–	–	–
Member, Maria Nilsson	130	129	–	–	–	–
Member, Magnus Skåniger, to 19 Nov 2014	–	–	–	–	–	–
Member, Gunnell Tolfes	130	129	–	–	–	–
<b>Total</b>	<b>1,090</b>	<b>1,082</b>	<b>146</b>	<b>146</b>	<b>50</b>	<b>50</b>

Remuneration to the chairman and board members is determined at the AGM.

Employee representatives on the board receive no remuneration. As from the AGM held 21 April 2010, no fees are issued to members employed at the Swedish Government Offices.

**SALARIES AND BENEFITS TO SENIOR MANAGEMENT**

SEK thousands	Salaries 2014	Salaries 2013	Other benefits 2014	Other benefits 2013	Pension costs 2014	Pension costs 2013	Pension- able age	Period of notice, months	Severance pay, months
CEO, Monica Lingegård	2,997	2,900	62	60	883	853	65	6	18
CFO, Vice CEO, Paul Lidbom	2,114	2,056	66	48	551	553	65	6	12
Director, CEO Secretariat, to 31 July 2014, Leif Alm	538	894	32	47	53	256	65	*	*
Director of Marketing, Mats Eliasson	1,648	1,608	67	65	382	377	65	6	12
Director of Human Resources, from 18 March 2013, Monica Höglind	2,145	1,634	65	42	630	485	65	6	12
Director of Sales, Göran Olinder	1,753	1,664	104	102	432	409	65	6	12
Director of Operational Development, Anders Sundin	1,237	1,231	64	63	355	323	65	6	12
<b>Total</b>	<b>12,432</b>	<b>11,987</b>	<b>460</b>	<b>427</b>	<b>3,286</b>	<b>3,256</b>			

\* According to LAS (Employment Protection Act) and collective agreements

In addition to a salary, Monica Lingegård is also entitled to the use of a company car and health insurance. Regarding old-age pension, invalidity pension and provision for surviving dependants, Samhall pays a premium each month, to benefit Monica Lingegård, of 30% of the monthly salary to the chosen insurance company. The pensionable age is 65. Upon termination, a mutual period of notice of six months applies. In addition, in the case of termination enacted by the company, severance pay of 18 months, equivalent to the monthly salary, is to be paid. Severance pay will be paid on a monthly basis. If other income is earned during this period, the salary and severance pay is fully reduced by that amount.

Other senior management has consisted of 6 executive officers up to 31 July 2014 and thereafter 5 (6) persons. In addition to salaries, executive officers are also entitled to a company car and health insurance. Flexible salaries have not occurred. Other senior management are covered by the ITP plan. In the event of dismissal by the company, executive officers are entitled to receive dismissal pay for six months. Severance pay may be issued in addition to this amount for 12 months. Dismissal and severance pay may total a maximum of 18 monthly salary amounts and be reduced by any other earned income. Leif Alm left the executive group on 31 July 2014 and had a notice of termination of employment in accordance with LAS (Employment Protection Act) and collective agreements.

Regarding old-age pension, invalidity pension and provision for surviving dependants, Samhall will pay a premium each month, to benefit Monica Höglind, of 30% of the monthly salary to the chosen insurance company. Paul Lidbom, in addition to the ITP plan, receives a provision of 30% of salary in excess of 30 monthly salary amounts.

**NOTE 3 Sales per geographic market**

	2014	2013
Sweden	2,355	2,330
Switzerland	66	88
Norway	18	18
Denmark	14	7
Belgium	12	80
Germany	9	8
United Kingdom	9	0
Poland	5	3
Czech Republic	3	3
Hungary	2	2
USA	2	2
France	1	0
Netherlands	1	1
Spain	0	3
Estonia	0	3
Finland	0	1
Other countries	1	1
<b>Total net sales</b>	<b>2,498</b>	<b>2,550</b>
Percentage for export	6%	9%

Exports decreased by SEK 77 million to SEK 143 (220) million with the percentage of export sales falling to 6%. Most exports involve Swedish companies abroad. Switzerland and Norway were the largest export destinations in 2014.

## NOTE 4 Income categories

SEK M	2014	2013
<b>Sales include income from:</b>		
Goods	751	939
Services	1,747	1,611
<b>Total</b>	<b>2,498</b>	<b>2,550</b>
<b>Other income includes:</b>		
EU grants, transport subsidies, etc	3	2
Job and development guarantee compensation	89	86
Insurance compensation	0	4
Rental income	6	5
Wage and arrangement subsidies, development positions	326	246
Wage and project subsidies from Public Employment Service	18	3
Special compensation from the state regarding development positions for people returning from long-term sick leave	10	10
Profits from fixed asset sales	1	1
Profits from property sales	1	1
Reimbursement of sick-pay insurance for employees for the years 2005 and 2006	90	–
Other income	5	3
<b>Total</b>	<b>549</b>	<b>361</b>

## NOTE 5 Information about operational branches

### DETAILS ABOUT THE COMPANY'S OPERATIONAL BRANCHES

Operational branches: Samhall is organised into five main business areas, Industrial Production, Packing/Assembly, Services, Manning Solutions and Labour Market Services. These business areas comprise the primary foundation for operative governance and reporting of Samhall's assignment to further the personal development of people with functional impairment through work. Operating profit includes costs for non-billable hours. Comparable figures according to the new principle are not available. Labour Market Services reports under common income and costs, as essential parameters are not met.

Income and costs from Samhall's assignment concerning development positions is not regarded as a business area but a separate assignment from the state and is included under common income and costs.

### SEGMENT DATA

Net sales, compensation for additional costs and other income per operational branch, SEK M <sup>1</sup>	Full year 2014	Full year 2013
Industrial Production	1,013	1,206
of which net sales	667	822
Packing/Assembly	274	395
of which net sales	84	117
Services	3,742	3,076
of which net sales	1,239	1,147
Manning Solutions	1,763	1,559
of which net sales	502	461
Common income/Unallocated	781	877
Eliminations <sup>2</sup>	–122	200
<b>Total income</b>	<b>7,451</b>	<b>7,313</b>

1. Includes internal income and costs that are eliminated at company level

2. Income and costs between segments

Net sales for **Industrial Production** decreased in 2014 by SEK 155 million or 19% compared to 2013, while the gross profit margin increased by 5% compared to 2013. The drop in sales is mainly attributable to clients in timber production and the automotive industry. Operating profit totalled SEK –22 million and billable time was 86%. About 1,330 persons work in Industrial Production or 7% (9%) of employees in the core assignment.

Net sales for **Packing/Assembly** decreased in 2014 by SEK 33 million or 28% compared to 2013. Decreased sales have partly been compensated for through a higher gross profit margin totally 5 percentage points. Operating profit totalled SEK –39 million and billable time was 61%. The business area is undergoing major restructuring. About 710 persons work in Packing/Assembly, equivalent to 4% (7%) of employees in the core assignment.

Net sales for **Services** increased in 2014 by SEK 92 million compared to 2013, a rise equivalent to 8%. The increase has largely been due to rising growth in cleaning services. Operating profit totalled SEK –186 million and billable time was 78%. Around 11,220 persons work in Services, equivalent to 57% (54%) of employees in the core assignment.

Net sales for **Manning Solutions** increased in 2014 by SEK 41 million compared to 2013, a rise equivalent to 9%. Operating profit totalled SEK –67 million and billable time was 73%. Around 6,400 persons work in Manning Solutions, equivalent to 32% (30%) of employees in the core assignment.

Income from the Employment Service for the job-and-development guarantee in **Labour Market Services** is reported as other income and totalled SEK 89 (86) million. This business area does not satisfy certain essential criteria for a self-contained segment and therefore is reported under common income and costs. Sales regarding investigative services attained SEK 6 million.

Income and costs for development positions, covering two separate assignments from the state, are reported as common income and costs. Income received concerning the assignment regarding development positions for people returning from long-term sick leave was SEK 118 (256) million. For the state's new assignment concerning development positions for people from the job and development guarantee's occupational phase, income received was SEK 218 million.

## NOTE 6 State compensation for additional costs

Compensation for additional costs is remuneration provided by the state for Samhall conducting its core assignment related to labour market policy: to further the personal development of people with functional impairment. The compensation is reported as operating income with reference to its nature as remuneration for completed assignments.

For 2014, Samhall, in total, received compensation for additional costs of SEK 4,405 (4,405) million.

## NOTE 7 Other external costs

Other external costs include items attributable to development and restructuring costs of SEK –11 (–8) million relating to the year's costs and SEK 1 (1) million to a reversal of provisions for 2013.

Development and restructuring costs include the settlement of rental agreements and other expenses related to the shutdown of operations and are included in the balance-sheet items for accrued expenses and other provisions.

### AUDITORS' FEES

SEK M	2014	2013
<b>Auditing assignment</b>		
Deloitte AB	1.0	1.0
Swedish National Audit Office	–	0.1

### Assignments other than the auditing assignment

Deloitte AB	0.2	0.2
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### Tax consultancy

Deloitte AB	–	–
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### Other services

Deloitte AB	–	–
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<b>Total</b>	<b>1.2</b>	<b>1.3</b>
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The auditing assignment includes the auditing of the annual report and bookkeeping, as well as the governance of the board and CEO, other tasks that the company's auditors are requested to perform, as well as consulting or other forms of assistance related to findings made in such audits. Anything else is defined as other assignments.

## NOTE 8 Depreciation and write-downs on intangible and tangible fixed assets

### Depreciation by asset class

SEK M	2014	2013
<b>Capitalised expenses for software</b>		
Capitalised expenses for software	–1	–1
<b>Land and buildings</b>		
Land and buildings	–3	–2
<b>Plant and machinery</b>		
Plant and machinery	–10	–14
<b>Equipment, fixtures and fittings</b>		
Equipment, fixtures and fittings	–16	–15
<b>Total depreciation</b>	<b>–30</b>	<b>–32</b>
<i>Write-downs by asset class</i>		
Land and buildings	0	18
Plant and machinery	–4	–5
Equipment, fixtures and fittings	–2	–
<b>Total write-downs</b>	<b>–6</b>	<b>13</b>
<b>Total depreciation and write-downs</b>	<b>–36</b>	<b>–19</b>

Previous accounting principles did not apply component depreciation to tangible fixed assets. According to K3, component depreciation is applied to significant components if the difference regarding the use of these components is substantial. Samhall has machinery where significant components have been differentiated. In 2013 the application of component depreciation has meant lower depreciation totalling SEK 1 million.

Plant and machinery was written down by SEK 6 (5) million. A reversal of previous write-downs of SEK 18 million occurred in property values for 2013.

Property values are based on the cash flow from each property during its remaining economic life, calculated using the expected rent at market rates for the area. Net operating income is calculated based on the local vacancy rates and the company's own need for premises. A write-down is made in those cases where estimated yield is less than the book value of the property.

In some cases where investments were made to adapt a building for a specific business and where the business relationship has been discontinued, the value of the fixtures has been written down.

## NOTE 9 Operational lease agreements

The nominal values of future minimum leasing fees, for lease agreements that cannot be terminated, are as follows:

SEK M	2014	2013
Payment due within one year	144	138
Payment due later than one year but within five years	112	128
Payment due later than five years	0	1
<b>Total</b>	<b>256</b>	<b>267</b>
Leasing costs for operational lease agreements	185	189

Amounts include rental costs for premises according to K3 accounting principles. The previous year has been recalculated accordingly.

## NOTE 10 Interest income and similar items

SEK M	2014	2013
Interest, vouchers and dividends	14	19
Capital gains	33	24
Market value of administered capital	47	19
<b>Total</b>	<b>94</b>	<b>62</b>

Regarding interest, vouchers and dividends, SEK 1 (0) million applies to changes in accrued interest.

Market value of the company's current investments has influenced net interest income by SEK 47 (19) million.

## NOTE 11 Interest costs and similar items

SEK M	2014	2013
Capital losses	–2	–1
Interest costs, external	0	0
<b>Total</b>	<b>–2</b>	<b>–1</b>

## NOTE 12 Balance-sheet allocations

SEK M	2014	2013
Difference between depreciation entered on the balance sheet and depreciation according to plan	2	4
<b>Total</b>	<b>2</b>	<b>4</b>

## NOTE 13 Tax

SEK M	2014	2013
Tax on profit for the year	–	–
Deferred tax	–13	–10
<b>Total</b>	<b>–13</b>	<b>–10</b>

Deductible deficits carried forward, which are not time limited, amounted to SEK 17 (77) million. Of this, SEK 47 million of last year's amount has not been assigned a value in the form of deferred tax receivables to be used against future taxable profits.



**Difference between tax cost and tax cost based on applicable rate of tax**

SEK M	2014	2013
Profit before tax	94	25
Tax according to applicable tax rate	-21	-6
Effect of non-deductible costs	-3	-4
Change in value adjustment reserve	11	-
<b>Deferred tax in the income statement</b>	<b>-13</b>	<b>-10</b>

**TAX RATE**

The applicable tax rate is the income tax rate, which is 22% (22%).

**TEMPORARY DIFFERENCES**

Temporary differences occur in those cases where the reported respective tax rates of assets or liabilities are different. Temporary differences regarding the following items have resulted in deferred tax receivables:

31 Dec 2013	Deferred tax receivable	Deferred tax liability	Net
Land and buildings	4	-	4
Plant and machinery	2	-	2
Current receivables	1	-	1
Current investments	-	-12	-12
Pensions	10	-	10
Deductible deficits	17	-	17
Value adjustment of deductible deficits	-11	-	-11
<b>Deferred tax receivables</b>	<b>23</b>	<b>-12</b>	<b>11</b>

31 Dec 2014	Deferred tax receivable	Deferred tax liability	Net
Land and buildings	5	-	5
Plant and machinery	2	-	2
Current receivables	0	-	0
Current investments	-	-22	-22
Pensions	10	-	10
Deductible deficits	4	-	4
Value adjustment of deductible deficits	-	-	-
<b>Deferred tax receivables</b>	<b>21</b>	<b>-22</b>	<b>-1</b>

Adjustments to deferred tax occurred as a result of effects caused by the necessary transition to K3 accounting principles. In total, adjustments amount to SEK 1 million as of 31 Dec 2013, which have been reported against balanced profit.

**NOTE 14 Intangible fixed assets**

SEK M	31 Dec 2014	31 Dec 2013
<i>Accumulated acquisition value</i>		
At year-start	11	11
New acquisitions	-	-
Divestitures and disposals	-	-
<b>Total acquisition value</b>	<b>11</b>	<b>11</b>
<i>Accumulated depreciation according to plan</i>		
At year-start	9	8
Divestitures and disposals	-	-
Depreciation for the year according to plan	1	1
<b>Total depreciation</b>	<b>10</b>	<b>9</b>
<b>Residual value according to plan at year-end</b>	<b>1</b>	<b>2</b>

**NOTE 15 Land and buildings**

SEK M	31 Dec 2014	31 Dec 2013
<i>Accumulated acquisition value</i>		
At year-start	185	186
New acquisitions	2	3
Divestitures and disposals	-5	-4
<b>Total acquisition value</b>	<b>182</b>	<b>185</b>
<i>Accumulated depreciation according to plan</i>		
At year-start	119	119
Divestitures and disposals	-4	-2
Depreciation for the year according to plan	3	2
<b>Total depreciation</b>	<b>118</b>	<b>119</b>
<i>Accumulated write-downs</i>		
At year-start	23	42
Divestitures and disposals	-1	-1
Write-downs for the year	-	-18
<b>Total write-downs</b>	<b>22</b>	<b>23</b>
<b>Residual value according to plan at year-end</b>	<b>42</b>	<b>43</b>
Book value, buildings	37	38
Book value, land	5	5

Previous accounting principles did not apply component depreciation to tangible fixed assets. According to K3, component depreciation is applied to significant components if the difference regarding the use of these components is substantial. In 2013 the application of component depreciation has activated depreciation totalling SEK 1 million regarding the switching of components in buildings.

The company's property portfolio is insured at the full value for the replacement cost of the respective premises.

**NOTE 16 Plant and machinery**

SEK M	31 Dec 2014	31 Dec 2013
<i>Accumulated acquisition value</i>		
At year-start	360	362
New acquisitions	7	17
Divestitures and disposals	-27	-19
<b>Total acquisition value</b>	<b>340</b>	<b>360</b>
<i>Accumulated depreciation according to plan</i>		
At year-start	292	298
Divestitures and disposals	-25	-20
Depreciation for the year according to plan	10	14
<b>Total depreciation</b>	<b>277</b>	<b>292</b>
<i>Accumulated write-downs</i>		
At year-start	22	17
Divestitures and disposals	-	0
Write-downs for the year	4	5
<b>Total write-downs</b>	<b>26</b>	<b>22</b>
<b>Residual value according to plan at year-end</b>	<b>37</b>	<b>46</b>

A recalculation according to K3 of the balance sheet at 31 Dec 2013 produces an adjustment of SEK 1 million regarding depreciation and SEK 2 million regarding switching of components. No adjustment has been made to the year-start balance 1 Jan 2013.

**NOTE 17 Equipment, fixtures and fittings**

SEK M	31 Dec 2014	31 Dec 2013
<i>Accumulated acquisition value</i>		
At year-start	191	182
New acquisitions	15	17
Divestitures and disposals	-20	-8
<b>Total acquisition value</b>	<b>186</b>	<b>191</b>
<i>Accumulated depreciation according to plan</i>		
At year-start	149	141
Divestitures and disposals	-20	-7
Depreciation for the year according to plan	16	15
<b>Total depreciation</b>	<b>145</b>	<b>149</b>
<i>Accumulated write-downs</i>		
At year-start	1	1
Divestitures and disposals	0	0
Write-downs for the year	2	0
<b>Total write-downs</b>	<b>3</b>	<b>1</b>
<b>Residual value according to plan at year-end</b>	<b>38</b>	<b>41</b>

**NOTE 18 Construction in progress and advance payments for tangible fixed assets**

SEK M	31 Dec 2014	31 Dec 2013
<b>At year-start</b>	<b>1</b>	<b>3</b>
Accrued expenses during the year	16	-2
<b>Book value at year-end</b>	<b>17</b>	<b>1</b>

**NOTE 19 Other long-term portfolio investments**

SEK M	31 Dec 2014	31 Dec 2013
<i>Accumulated acquisition value</i>		
At year-start	0	0
<b>Book value at year-end</b>	<b>0</b>	<b>0</b>

Mainly concerns shareholdings in stakeholder organisations.

**NOTE 20 Other long-term receivables**

SEK M	31 Dec 2014	31 Dec 2013
At year-start	2	5
Future receivables	18	0
Transfer to current receivables	-1	-3
<b>Book value at year-end</b>	<b>19</b>	<b>2</b>

Future receivables covers transfer from current receivables due to contracts with a duration up to 31 Dec 2018, as well as capital insurance regarding pension provisions to senior management that was not previously reported separately.

**NOTE 21 Other receivables**

SEK M	31 Dec 2014	31 Dec 2013
Tax receivables	54	42
Tax account	2	3
Other current receivables	16	12
<b>Book value at year-end</b>	<b>72</b>	<b>57</b>

**NOTE 22 Prepaid costs and accrued income**

SEK M	31 Dec 2014	31 Dec 2013
Rent	17	19
Interest income	0	0
Insurance claims	2	4
Wage and arrangement subsidies	22	24
Other	20	21
<b>Book value at year-end</b>	<b>61</b>	<b>68</b>

**NOTE 23 Liquid funds**

SEK M	31 Dec 2014	31 Dec 2013
Other current investments	2,250	2,162
<b>Total current investments</b>	<b>2,250</b>	<b>2,162</b>
Cash and bank	493	362
<b>Book value at year-end</b>	<b>2,743</b>	<b>2,524</b>

Liquid funds consist of the liquidity reserve, represented in the form of bank accounts and current investments, which make up the administered capital. Administered capital on the balance date attained a market value of SEK 2,250 (2,162) million. Administered capital includes the following financial instruments: interest-bearing funds, 86%, and structured investments, 14%.

**NOTE 24 Financial instruments and financial risk management**

Samhall's financial operations are an integrated part of the overall business. Financial transactions and choice of partners must ensure that Samhall's general reputation is not damaged and its overall objectives are not counteracted. Financial operations are to be based on the company's conditions and financial requirements, flows, exposures and risks as a consequence thereof. The company's strategy is to receive the highest possible return on its capital from secure and cost-effective financial management that ensures good control and high-quality risk management.

Through its operations, Samhall is exposed to a variety of financial risks, which result in fluctuations in the company's income and cash flow as the result of changes in the creditworthiness of the company's associated partners, as well as fluctuations in interest and exchange rates. Samhall's financial policy is annually approved by the board. The policy regulates risks in capital management, credit facilities and currency exposure.

**CREDIT RISK.** Samhall has established guidelines to ensure that the sale of goods and services is made to clients with acceptable creditworthiness. The CEO's directive for credit policy contains regulations that should secure the management of client credit including credit evaluation, credit limits, rating levels, decision levels and management of unsecured receivables. The credit risk entailed in commercial client receivables has historically been low.

Credit risk implied in capital management is regulated through a range of limits per issuer and rating requirements in financial policy. Regarding investment in the money market, maturing in a year or less, the lowest applicable ratings are A-2 (Standard &

Poor's) or P-2 (Moody's) or equivalent. For investments in the bond market, with maturities greater than one year, then at least 90% of the total holding must have, at the lowest, BBB+ (Standard & Poor's) or Baa1 (Moody's) or equivalent. Additionally, the only interest funds permitted are those with low to medium risk on a seven-grade scale.

**INTEREST RISK.** An interest risk is the risk of a negative effect on an investment's market value in the event of changes in the general interest rate level. Interest risk increases the longer an interest rate is fixed. Samhall's interest risk is measured by duration and the maximum average duration is three years. To further diminish risk regarding duration, the company has established maximum durations for separate securities. The duration as of the balance date was 1.5 (1.4) years and interest risk was SEK 33 (28) million calculated at a 1% fluctuation of the interest curve.

**LIQUIDITY RISK.** Samhall is exposed to risk involving the lack of sufficient liquid funds at a given point in time. This risk is managed through the establishment of a liquidity reserve consisting of company funds in its bank account.

**CURRENCY RISK.** Samhall operates internationally and is exposed to transaction risks when purchasing and selling in foreign currencies. This exposure primarily involves EUR and USD and the outflow is greater than inflow. Samhall can manage currency risk through forward rates of contract. No contract purchases of foreign currency were in place on the balance date.

The book value of other current assets and current liabilities can be considered a good approximation of actual value due to the short terms of duration.

## NOTE 25 Shareholders' equity

Capital stock consists of 5,000,000 shares with a par value of SEK 100. All shares are owned by the Swedish state through the Ministry of Finance. The articles of association stipulates that no dividend be paid.

Details of changes to shareholders' equity are given under the headline Changes to shareholders' equity.

## NOTE 26 Untaxed reserves

SEK M	31 Dec 2014	31 Dec 2013
Accumulated difference between the depreciation book value and depreciation according to plan	8	10
<b>Book value at year-end</b>	<b>8</b>	<b>10</b>

## NOTE 27 Provisions for pensions and similar obligations

SEK M	31 Dec 2014	31 Dec 2013
Provisions at year-start	–	–
Provisions for the year	16	–
<b>Book value at year-end</b>	<b>16</b>	<b>–</b>

Concerns pension obligations, previously not reported gross, covering present and former senior management.

## NOTE 28 Other provisions

SEK M	31 Dec 2014	31 Dec 2013
Provisions at year-start	13	15
Provisions for the year	43	22
Used during the year	–25	–23
Reversal of unused amount for the year	–1	–1
<b>Book value at year-end</b>	<b>30</b>	<b>13</b>

Provisions refer to approved restructuring measures in a number of localities, Gothenburg, Stockholm and Växjö, and include rent, removal and reconstruction costs of premises. These measures are estimated to be completed 2015–16. Provisions for the year include those covering loss contracts.

Residual reversals refer to older, unused provisions.

## NOTE 29 Other current liabilities

SEK M	31 Dec 2014	31 Dec 2013
Settlement of salaries	350	326
Personnel pay-as-you-earn tax	86	83
Value added tax	24	21
Other	8	4
<b>Book value at year-end</b>	<b>468</b>	<b>434</b>

## NOTE 30 Accrued expenses and deferred income

SEK M	31 Dec 2014	31 Dec 2013
Vacation pay liability	611	590
Payroll tax	487	448
Salary tax	49	48
Other	66	74
<b>Book value at year-end</b>	<b>1,213</b>	<b>1,160</b>

## NOTE 31 Contingent liabilities

SEK M	31 Dec 2014	31 Dec 2013
Swedish Customs	0.1	0.1
Hyresbostäder i Norrköping AB	0.2	0.2
<b>Total contingent liabilities</b>	<b>0.3</b>	<b>0.3</b>

Contingent liabilities refer to the sureties submitted to cover the fulfilment of assignments. No significant liabilities are expected to arise as the result of any of the contingent liabilities.

## NOTE 32 Adjustment for items not included in cash flow

SEK M	31 Dec 2014	31 Dec 2013
Depreciation and write-downs	36	37
Reversal of previous write-downs	0	–18
Proceeds of sold fixed assets	–3	–2
Capital insurance	–16	–
Provisions	34	–2
<b>Total adjustment items</b>	<b>51</b>	<b>15</b>

The definition of liquid funds is: cash/bank, current investments of a duration < 3 months and investments with an insignificant risk of fluctuation.

## NOTE 33 Events after the balance-sheet date

No significant events have occurred after the balance-sheet date that affect the annual accounts.

**NOTE 34 Transactions with associated companies**

**Associated companies.** Samhall is wholly owned by the Swedish state. Purchasing from, and sales to, other state-owned companies occur at market prices and in accordance with customary terms and conditions.

Samhall's main transactions with the state and other companies under state control, common influence or significant influence make up approx. 3% (3%) of Samhall's sales and approx. 2% (3%) of its purchasing of raw materials.

**NOTE 35 Company information**

Samhall AB (publ) is a limited liability company with its registered office in Stockholm, Sweden.

The address of the company's headquarters is:  
Klarabergsviadukten 90, Building C  
Box 27705  
115 91 Stockholm, Sweden

**NOTE 36 Transition to K3**

As from 2014 inclusively, Samhall applies new accounting principles in accordance with the Swedish Financial Accounting Standards Board's recommendations (BFNAR 2012:1 *Annual report and consolidated accounts* (K3)). The K3 framework has been applied retroactively although with some exceptions as laid out by K3 and involves recalculation of the company's income statement for 2013 and balance sheet at the time of transition: 1 January 2013 and 31 December 2013.

The following income and balance sheet calculations present and quantify the adjudged effects of K3 transition for Samhall AB.

**Tangible fixed assets**

According to K3, fixed assets are divided into significant components if the difference regarding the use of these components is substantial. The company has buildings, machinery and equipment where components have been differentiated. This has implied lower depreciations compared to previous reports. The incoming balance as of 1 Jan 2013 has not been affected by the new rules due to a restriction on the retroactive application concerning those areas that influence Samhall's reporting. In 2013 the application of component depreciation has implied lower depreciations of SEK 1 million for the period January–December. For the balance-sheet date, 31 Dec 2013, an adjustment of SEK 1 million has been made.

**Activation of previously accrued costs concerning switching of components**

According to previous accounting principles, the switching of components in properties was reported as a cost. According to K3, this should be activated. As of 31 Dec 2013, this means SEK 3 million is reported regarding switching of components in buildings during 2013.

**Income taxes**

Adjustments in deferred tax create a tax effect as a consequence of K3 transition. In total, the adjustments for the period January–December 2013 are SEK 1 million.

**Capital insurance**

Samhall has capital insurance covering pension obligations to former and present employees that was previously offset and therefore not reported in the balance sheet. After K3 transition, capital insurance is reported as a long-term receivable and pension obligations reported as pension provisions and similar obligations. This capital insurance has been estimated at fair value. The reported amount is SEK 15 million. Recalculation for 2013 has not occurred.

**Other information**

No significant differences arise between the cash flow analyses according to the previous accounting principles and K3. Cash flow from operating activities has increased by SEK 3 million and cash flow from investing activities has decreased by an equivalent amount as per 31 Dec 2013.

**INCOME STATEMENT****SEK M**

	<b>Full year 2013 according to established calculations</b>	<b>K3 transition effect</b>	<b>Full year 2013 according to K3</b>
Sales	2,550		2,550
Change of work in progress and finished goods	-3		-3
State compensation for additional costs	4,405		4,405
Other operating income	361		361
<b>Total income</b>	<b>7,313</b>		<b>7,313</b>
Raw materials and consumables	-692		-692
Other external costs	-531	3	-528
Personnel costs	-6,114		-6,114
Depreciation and write-downs on tangible and intangible fixed assets	-20	1	-19
<b>Total costs</b>	<b>-7,357</b>	<b>4</b>	<b>-7,353</b>
<b>Operating profit</b>	<b>-44</b>		<b>-40</b>
Profit on financial items	61		61
<b>Profit after financial items</b>	<b>17</b>		<b>21</b>
Balance-sheet allocations	4		4
<b>Pre-tax profit</b>	<b>21</b>		<b>25</b>
Tax	-9	-1	-10
<b>Profit for the year</b>	<b>12</b>	<b>3</b>	<b>15</b>

<b>BALANCE SHEET</b>	<b>According to</b>	<b>K3 transition effect</b>	
<b>SEK M</b>	<b>established calculations</b>	<b>31 Dec 2013</b>	<b>K3 31 Dec 2013</b>
<b>ASSETS</b>			
Fixed assets	129	4	133
Financial fixed assets	14	-1	13
<b>Total fixed assets</b>	<b>143</b>	<b>3</b>	<b>146</b>
Inventories	115		115
Accounts receivable	450		450
Other receivables	125		125
Current investments / Cash and bank	2,524		2,524
<b>Total current assets</b>	<b>3,214</b>		<b>3,214</b>
<b>TOTAL ASSETS</b>	<b>3,357</b>	<b>3</b>	<b>3,360</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	1,572	3	1,575
Untaxed reserves and provisions	23		23
Other current liabilities	1,762		1,762
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,357</b>	<b>3</b>	<b>3,360</b>

### The board of directors and CEO's affirmation upon signing the annual report for 2014

The company's income statement and balance sheet are due to be submitted to the annual general meeting for adoption, 23 April 2015.

The board and CEO affirm that the annual report has been compiled in accordance with the Annual Accounts Act and the Swedish Financial Accounting Standards Board's recommendations (BFNAR 2012:1 *Annual report and consolidated accounts* (K3)) and in accordance with the owner's ownership policy. The annual report has

been compiled according to generally accepted accounting principles and provides a fair image of the company's current position and financial results.

The annual report gives a fair overview of the progress of the company's operations, current status and financial results, as well as describing significant risks and factors of uncertainty facing the company.

Stockholm, 5 March 2015

Erik Strand  
*Chairman*

Hans Abrahamsson

Ann-Christin Andersson

Bertil Carlsén

Helen Fasth Gillstedt

Kenneth Johansson

Hans Kilsved

Pia Litbo

Leif Ljungqvist

Maria Nilsson

Gunnel Tolfes

Monica Lingegård  
*Chief Executive Officer*

Our auditor's report was submitted 5 March 2015

Deloitte AB  
Peter Ekberg  
*Authorised public accountant*

# Auditor's report

To the annual general meeting of Samhall AB (publ) corporate identification number 556448-1397

## REPORT ON THE ANNUAL ACCOUNTS

We have audited the annual accounts for Samhall AB (publ) for the year 2014 with the exception of the corporate governance report on pages 34–43. The company's annual accounts are presented in the printed version of this document on pages 4–15 and 34–65.

### Responsibilities of the board and CEO regarding the annual accounts

The board and CEO are responsible for the preparation of the company's annual accounts and that these give a fair representation in accordance with the Annual Accounts Act and for internal controls, as the board and CEO deem necessary, to enable the preparation of annual accounts that are free from material misstatement, whether due to irregularities or error.

### Responsibilities of the auditor

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with the International Standards on Auditing and generally accepted auditing principles in Sweden. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves obtaining audit evidence, through various procedures, about the amounts and other information in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to irregularities or error. In making these risk assessments, the auditor considers those parts of the internal controls relevant to the company's preparation and fair representation of the annual accounts in order to make audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board and CEO, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Statements

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and fairly present, in all material respects, the financial position of Samhall AB (publ) as of 31 December 2014 and its financial performance and cash flows for the year in accordance with the Annual Accounts Act. The administrative report is consistent with the other parts of the annual accounts. Our opinions do not cover the corporate governance report on pages 34–43.

We therefore recommend that the annual general meeting adopt the income statement and balance sheet.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts, we have also examined the proposed allocation of the company's profit or loss and the governance of Samhall AB (publ) by the board and CEO for the year 2014. We have also conducted a statutory examination of the corporate governance report.

### Responsibilities of the board and CEO

The board is responsible for the proposed allocation of the company's profit or loss, and the board and CEO are responsible for governance under the Companies Act and that the corporate governance report on pages 34–43 is prepared in accordance with the Annual Accounts Act.

### Responsibilities of the auditor

Our responsibility is to make a statement with reasonable assurance on the proposed allocation of the company's profit or loss and on the governance based on our audit. We conducted the audit in accordance with generally accepted auditing principles in Sweden.

As a basis for our statement on the board's proposed allocation of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts, we examined significant decisions, actions and circumstances in the company to determine whether any member of the board or the CEO is liable to the company. We also examined whether any member of the board or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the articles of association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our statement.

Furthermore, we have read the corporate governance report and based on that reading and our knowledge of the company we believe that we have a sufficient basis for our statements. This means that our statutory examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing principles in Sweden.

### Statements

We recommend to the annual general meeting that the profit be allocated in accordance with the proposal in the annual report and that the members of the board and the CEO be discharged from liability for the fiscal year. A corporate governance report has been prepared and its statutory information is consistent with the other parts of the annual accounts.

Stockholm, 5 March 2015

Deloitte AB  
Peter Ekberg  
*Authorised public accountant*



It was Sofia Skoog, Area Manager at Samhall, who discovered Leif Strand's talents.

## “It’s the best job **in the world.**”

Around a year and a half ago, Samhall in Luleå won a new major client. Riksbyggen assigned Samhall for cleaning services covering about 1,000 staircases in its apartment buildings.

Area Manager Sofia Skoog realised she would need a number of people to manage the assignment and accept great responsibility.

Among her choices was Leif Strand, one of her colleagues with vast experience of cleaning assignments, not to mention his positive, can-do attitude. It was the beginning of a productive collaboration that led to new methods enabling people with functional impairments to develop in new jobs.

Today Leif manages the cleaning of about 100 staircases and the associated laundry rooms. But he isn't the one doing most of the cleaning. That's done by all the new employees he trains: in total 120 persons last year.

Together with Sofia, he has produced a completely new training concept called “Training

Base”. He teaches colleagues with various functional impairments how to clean the staircases, the routines of working life and Samhall's core values. Not just in theory, but actually in the staircases.

There is no pressure, it is allowed to take time and training can take anything from three days to three months.

“We give them the time they need,” says Leif. Most of them have never had a job before, but with Leif everyone has the chance to feel they can succeed and continue making progress.

Sofia has always supported Leif 100%. And the appreciation is mutual.

“Leif gives me a lot of energy, he is always positive and no suggestion I might come up with is impossible to “bandy about” or trial with him,” says Sofia.

Her work is both tough and challenging in many ways.

“But at the same time it is very enjoyable. Being a part of creating something that's good for both clients and the individual worker, then it's the best job in the world,” she says.

Leif already worked with cleaning staircases and she perceived him from the start as someone a positive, forward-looking person.

“If people show an interest and commitment, then in my experience it often leads to something you can build upon further: something good,” she says.

Yet she didn't fully realise what a great decision she had made in choosing Leif for the assignment.

*From an article in Story magazine.*

Leif and Sofia bandy ideas about the training concept “Training Base”.



### Leif Strand

Town: Luleå  
Age: 54  
Occupation: Instructor and quality controller at Samhall  
Family: One adult son  
Years at Samhall: Seven  
Hobbies: Computer games  
Favourite book: Money by Victoria Benedictsson

### Sofia Skoog

Age: 44  
Town: Södra Sunderbyn outside Luleå  
Family: Husband and two kids  
Years at Samhall: Two  
Hobbies: Cooking  
Favourite book: Peaches for Monsieur le Curé by Joanne Harris

# Reporting and independent verification

## CONTENT OF THE REPORT

The sustainability report's content is based on the government's targets for operations, an analysis of the essential materiality of the stakeholders' dialogue, as well as internal assessments of risks and opportunities. Samhall has regular dialogue with its foremost stakeholders. To maintain a high degree of trustworthiness, Samhall strives to listen and consider stakeholders' opinions and needs.

The overall result indicates that Samhall's employees must be the report's main focus. Through dialogue with stakeholders, the most significant interest paid to Samhall's assignment is to further the development of people with functional impairment through work. Samhall's work to ensure fair competition is also an important issue. Regarding the environment, the most significant issue is CO<sub>2</sub> emissions.

## GENERAL SCOPE

Samhall's operations are conducted nationwide throughout Sweden and in 2014 are organised into seven regions, which in turn are divided into districts. The general scope of this report is not to comment on local or regional differences, but to give an overall report on the whole organisation.

To enable comparison over time, all earlier values have been recalculated in accordance with the methods applied in 2014, unless stated otherwise.

The GRI indicator protocol is the basis for data collection and calculations, following the principle of comply or explain. In certain cases, internal key performance indicators have been used instead of defined GRI indicators, based on Samhall's specific assignments and target groups.

The sustainability report is complemented by additional details published on Samhall's website. Where necessary, reporting principles for complementary data are shown on the website in conjunction with the information.

## WORKING CONDITIONS AND WORKPLACE ENVIRONMENT

The sustainability report uses the term "professional employees" for those employees not part of the labour market policy assignments, but recruited directly from the regular workforce. Among employees in the labour market policy assignments are those covered by specific collective agreements for professional employees in Samhall's labour market policy assignment. These are not included in the "professional employees" category.

Information regarding Samhall's employees, training, occupational injuries and such is retrieved from internal databases that collect and aggregated relevant information from operations.

Information regarding Samhall's employees, training, occupational injuries and such is retrieved from internal databases that collect and aggregated relevant information from operations.

Information is reported for all assignments from the state, but based on the principle of materiality detailed reporting concerning personnel does not take place for categories with fewer than 500 people. The reporting of employees does not cover people in the job and development guarantee in Samhall's Labour Market Services. These people are not employed as such, but reported as trainees attending a form of work training.

Regarding workplace accidents, the GRI indicator is not used; instead the internal indicator and target used by Samhall is applied. Reporting does not include travel accidents to and from work and occupational diseases. From 2013, accident reporting is per registration year, instead of occurrence year, which aims to increase the accuracy of reporting and comparability between years.

Regarding lifelong learning, Samhall reports only that concerning work. Samhall only operates in Sweden, conducting an assignment limited to people's working life. That means initiatives for learning and living once retired cannot be undertaken through the assignment and financing that Samhall has. If an employee's working capacity becomes so diminished that he or she is no longer "available in the labour market" then this person is not retrenched, but instead Samhall aims to find a solution, e.g. sickness benefits. Such measures are part of the regular employee development work.

## ENVIRONMENT

The environmental reporting does not include employees' travel to and from work. Neither is the energy consumption of rental vehicles and private cars in company service reported.

The basis for calculating energy and emissions from travel and transport comes from internal databases and statistics from suppliers.

Property related data covers both own and rented premises. Respective emission values for renewable energy and non-renewable energy are calculated with standard values in case the property owner/supplier cannot specify the source of energy.

Conversion values for calculating emissions from own transport and own and rented premises come from the Swedish Environmental Protection Agency, Swedish District Heating Association and the Swedish Petroleum and Biofuel Institute. Conversions have been made of emissions from own vehicles for both 2013 and 2014.

## INDEPENDENT VERIFICATION AND ASSURANCE

Samhall has commissioned Deloitte to make a summary review and assure the sustainability report. The independent review focuses on the most significant aspects of sustainability, as well as assurance that the report satisfies reporting criteria in line with GRI application level B. Samhall aims to develop further the quality of reporting and consequently the application of quality assurances through independent review.



# GRI index

Additional information is available at [www.samhall.se](http://www.samhall.se)

Profile indicator	Description	Page reference	Comments
<b>STRATEGY AND ANALYSIS</b>			
1.1	Statements from the CEO and chairman	Pages 2–3, 16	CEO's statement. Chairman's statement.
1.2	Description of key impacts, risks and opportunities	Pages 17–18	
<b>ORGANISATIONAL PROFILE</b>			
2.1	Name of the organisation	Cover	Samhall Aktiebolag
2.2	Primary products and/or services	Pages 5, 14–15	
2.3	Organisational structure	Pages 36–37	
2.4	Location of headquarters	Back cover	Klarabergsviadukten 90C, Stockholm
2.5	Countries of operation	Pages 5, 15	Operations in Sweden only
2.6	Ownership structure and legal form	Page 34	Limited liability company, wholly owned by the Swedish state
2.7	Markets	Pages 14–15	
2.8	Scale of operations	Pages 4–5	Number of employees and personnel structure. Employees in Samhall's various assignments.
2.9	Significant changes during the reporting period of the company's size, structure, ownership		No significant changes
2.10	Awards received during the reporting period		No awards during 2014
<b>INFORMATION AND REPORTING</b>			
3.1	Reporting period	Cover	Fiscal year 2014
3.2	Date of previous report		Annual and sustainability report 2013, February 2014
3.3	Reporting cycle	Cover	Established dates for interim reports and statement of annual accounts
3.4	Contact person for sustainable reporting	Cover	Mari-Ann Levin Pölde, Sustainability Manager
3.5	Process for defining report content	Pages 17–18	
3.6	Boundary of the report	Page 68, cover	Reporting and independent verification
3.7	Specific limitations on the scope of the report	Page 68	Reporting and independent verification
3.8	Reporting principles for joint ventures, subsidiaries, etc, that can affect comparability		Not relevant
3.9	Bases of calculation and methods of data measurement	Page 68, Website	General and reporting principles given in "Reporting and independent verification" in the published annual and sustainability report. Additional reporting on the website includes any comments on the reporting principles in conjunction with the report.
3.10	Comparison with previous reports		Key indicators have been recalculated in accordance with methods applied in 2013, unless stated. Otherwise comparable with previous reports.
3.11	Significant changes from previous reports		No significant changes
3.12	GRI index table	Pages 69–71	
3.13	Policy and practice regarding external assurance	Page 68	Auditor's report on independent review of Samhall AB's sustainability reporting
<b>GOVERNANCE, COMMITMENTS AND RELATIONS WITH STAKEHOLDERS</b>			
4.1	Governance structure of the organisation	Pages 34–37	
4.2	Chairman's role in the organisation	Pages 34–37	Chairman has no executive role in the organisation
4.3	Number of independent, non-executive board members	Pages 34–37	All board members are independent and non-executive
4.4	Mechanisms for shareholders and employees to provide recommendations to the board and management	Pages 34–37	The Swedish state is the sole shareholder. Employee representatives on the board; co-determination agreements and understanding about the forms of information and negotiation.
4.5	Performance-related compensation to the board, senior management	Pages 57–58	Note 2 Employees, personnel costs and remuneration to the board and senior management. Corporate governance report.
4.6	The board's routines and processes to avoid conflicts of interest	Pages 34–37	Audit committee and internal audit
4.7	Nomination process to the board covering qualifications in economic, environmental and social topics	Page 34	Nomination process for state-owned companies
4.8	Code of conduct and principles for economic, environmental and social performance	Page 35	Samhall's code of conduct and conduct policy
4.9	The board's monitoring of economic, environmental and social issues	Pages 34–37	Regular financial reporting in accordance with instructions to the CEO

Profile indicator	Description	Page reference	Comments
4.10	Processes for evaluating the board's own performance, particularly with respect to economic, environmental and social factors	Pages 34–37	In accordance with established rules of procedure for the board
4.11	How the precautionary principle is addressed	Pages 29–31, 35	Financial policy, Sustainability policy (business ethics and transparency)
4.12	Externally economic, environmental and social declarations to which the organisation subscribes or endorses		No endorsements to any such declarations
4.13	Memberships in associations		Memberships in trade organisations and similar not reported
4.14	List of stakeholder groups in contact with the organisation	Pages 17–18	
4.15	Basis for identification and selection of stakeholders	Pages 17–18	
4.16	Approaches to stakeholder dialogue	Pages 17–18	
4.17	Key issues raised through stakeholder dialogue	Pages 17–18	

Result indicator	Description	Page reference	Comments
<b>ECONOMIC</b>			
EC1	Direct economic value generated and distributed	Page 29	Income statement and balance sheet
EC3	Defined benefits plan of the organisation	Note 2 pages 57–58	Note 2 Employees, personnel costs and remuneration to the board and senior management
EC4	Significant financial assistance received from the government	Note 4 page 59	Note 4 Income categories
<b>ENVIRONMENTAL</b>			
EN1	Materials used	Website	Reported for packaging, steel, cables, timber and cleaning chemicals
EN2	Percentage of recycled materials used	Website	Reported for packaging, steel, cables, timber, plastic, cleaning chemicals, plastic bags
EN3	Direct energy consumption per primary energy source	Website	Reported for transportation (production and service vehicles), own premises
EN4	Indirect energy consumption per primary energy source	Website	Reported for transportation (rental vehicles and private cars in company service), rented premises
EN8	Total water use per source	Website	Water source is municipal water
EN16	Total direct and indirect greenhouse gas emissions	Website	Reported for production and service vehicles and own properties
EN17	Other relevant indirect greenhouse gas emissions	Website	Reported for rented premises, rail, air, rental vehicles, private cars in company service
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved		Samhall's internal environmental targets
EN20	NO <sub>x</sub> , SO <sub>2</sub> and other significant air pollutants	Website	Reported for transportation (own transportation and domestic freight), own properties. Rented premises not included, air/rail/rental vehicles do not report SO <sub>x</sub> .
EN22	Total amount of waste	Website	Reported in part for waste managed by principal contractor
EN26	Initiatives to diminish the environment impact of products and services	Pages 32–33	Description of initiatives to diminish chemical use, emissions etc, above all regarding cleaning services. Quantitative reporting lacking.
EN28	Fines and non-monetary sanctions as a consequence of breaching environmental legislation and regulations		No costs or breaches reported
<b>LABOUR PRACTICES AND WORKPLACE ENVIRONMENT</b>			
LA1	Total number of employees	Pages 4, 20–23	Note 2 Employees, personnel costs and remuneration to the board and senior management. Geographic distribution per county per 1,000 persons in workforce
LA2	Employee turnover	Page 21	
LA3	Benefits for full-time employees		No benefits exclude part-time employees
LA4	Percentage of workforce covered by collective agreements	Page 27	The majority of employees are covered by collective agreements
LA5	Minimum period of notice and its specification in collective agreements		Notice for professional employees according to employment protection legislation. For employees in the labour market policy assignments, generally an exception to employment protection legislation, according to procedural regulations in collective agreements.
LA6	Proportion of workforce represented in committees for health and safety		All employees in workplaces with >50 employees in accordance with workplace environment legislation
LA7	Work-related accidents and illnesses	Page 27	
LA 9	Areas of the workplace environment formally covered by union organisations	Page 27	All areas in workplace environmental legislation are covered by workplace environment agreements
LA10	Average number of hours of training per employee and year	Page 25	
LA11	Programmes for skills development	Page 25	
LA12	Proportion of employees participating in regular development discussions	Pages 24–25	
LA13	Composition of senior management and other employees	Note 2 page 57 Pages 21–22	
LA14	Percentage difference in wages between men and women per employee category	Page 27	No unjustified wage differences

<b>Result indicator</b>	<b>Description</b>	<b>Page reference</b>	<b>Comments</b>
<b>HUMAN RIGHTS</b>			
HR2	Proportion of major suppliers and subcontractors reviewed concerning HR	Page 31	Principles for supplier review
HR3	Number of personnel development hours covering training in policies and procedures for HR	Page 25	Samhall's code of conduct and sustainability policy: covered by all new recruits. Included in seminars on "Vital Leadership". Regular dialogue within the company. No specific time reporting.
HR4	Number of discrimination cases and measures taken	Page 27	

<b>Result indicator</b>	<b>Description</b>	<b>Page reference</b>	<b>Comments</b>
<b>SOCIETY</b>			
SO2	Percentage of business units analysed for risks related to corruption		No specific units analysed in 2014. New internal auditing function follows an established plan.
SO3	Proportion of employees trained in the organisation's anti-corruption policies and procedures	Page 25	Samhall's code of conduct and sustainability policy: covered by all new recruits. Included in seminars on "Vital Leadership". Regular dialogue within the company.
SO4	Measures taken as a result of incidents of corruption		No incidents reported in 2014. No measures taken.
SO7	Number of legal actions against the organisation for anti-competitive behaviour, breach of competition legislation and monopoly practices and their outcome	Page 31	No breaches or costs reported in 2014
SO8	Fines and non-monetary sanctions against the organisation for breaches of applicable laws and regulations	Page 31	No breaches or costs reported in 2014
<b>PRODUCTS AND COMPLIANCE</b>			
PR5	Client satisfaction		According to the client satisfaction survey 37% (37%) of surveyed clients were "super satisfied" a decrease from previous years and not in line with the target of 50% of clients who are super satisfied.
PR9	Fines for non-compliance with laws and regulations		No breaches or fines reported in 2014

# Auditor's report on the summary review of Samhall's sustainability report

To Samhall AB (publ)

## INTRODUCTION

We have been commissioned by the corporate management of Samhall AB (publ) to review Samhall's sustainability report 2014. Samhall has defined the scope of the sustainability report on page 73.

## THE BOARD AND CORPORATE MANAGEMENT'S RESPONSIBILITY FOR THE SUSTAINABILITY REPORT

It is the responsibility of the board and corporate management to oversee the sustainability report in accordance with the appropriate criteria, presented on page 68 of the sustainability report and consisting of those parts of the Sustainability Reporting Guidelines (issued by the Global Reporting Initiative (GRI)) as applied to sustainability reporting, and the company's own principles of reporting and calculation. This responsibility also includes the internal checks deemed necessary to produce a sustainability report free from material misstatement, whether due to irregularities or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion regarding the sustainability report based on our summary review.

Our summary review has been conducted in accordance with RevR 6 Assurance of sustainability reports published by FAR (the institute for the accountancy profession in Sweden). A summary review consists of making inquiries, firstly to those responsible for the preparation of the sustainability report and applying analytical and other review procedures. A summary review has a different

focus and a significantly smaller scope than the purpose and scope of an audit according to IAASB standards for auditing and quality control and general auditing practice. The procedures performed in a summary review do not enable us to obtain an assurance that would make us aware of all significant matters that might be identified in an audit. The stated conclusion is based on a summary review and therefore does not have the same level of assurance as a stated conclusion based on an audit.

Our review is based on the criteria chosen by the board and corporate management, as defined above. We consider these criteria appropriate for the preparation of the sustainability report.

We consider the evidence gathered during our review to be sufficient and appropriate in providing the basis for our conclusion below.

## STATEMENT

Based on our summary review, there have been no findings that give us cause to believe that Samhall's sustainability report has not, in all material aspects, been prepared in accordance to the above criteria chosen by the board and corporate management.

Stockholm, 5 March 2015  
Deloitte AB

Peter Ekberg  
Authorised public accountant

Andreas Drugge  
Specialist member FAR

# Definitions

## COMPENSATION FOR ADDITIONAL COSTS

Samhall receives compensation from the state to cover the additional costs attributed to the fulfilment of its state-assigned mandate. These additional costs occur because of a lower work rate, development initiatives, workplace adaptations, reinforced security of employment, as well as the geographical distribution of operations and diversity of assignments.

## CSR

“Corporate Social Responsibility” refers to the company’s conduct in its business operations, so it not only provides financial return, but also contributes to the life quality of its employees and their families and to the betterment of society in general.

## DEVELOPMENT POSITIONS

A labour market policy initiative providing employment with a wage subsidy for a limited time. The position must be suitable to the job seeker’s circumstances and particular needs. The position must facilitate the development of skills and working capacities.

## DISTRICT

The operative level of the company. Geographically, Samhall is divided into districts that are active in the local market and have direct contact with clients, trade and industry.

## FUNCTIONAL IMPAIRMENT

Functional impairment implies reduced physical, mental or intellectual ability. Functional disorders imply limitations created by the impairment for a person in relation to his or her surroundings. The Swedish Public Employment Service decides whether a person has a functional disorder causing reduced working capacity and thereafter can be assigned work at Samhall.

## GRI

The “Global Reporting Initiative” provides a set of standard international guidelines for reporting sustainability that facilitates appraisal and comparison of companies based on social, environmental and financial perspectives.

## PRIORITISED GROUPS

This covers people with mental impairments, people with intellectual or neurological impairments, people with multiple impairments that together cause a comprehensive reduction in working capacity and people with functional impairment and reduced working capacity from the job and development guarantee’s occupational phase.

## PROFESSIONAL EMPLOYEES

The term for employees not covered by the labour market policy assignments, but recruited directly from the regular workforce. Previously, the term “direct employees” was used, however this was deemed difficult to understand.

## RETURN

A former Samhall employee hired by another employer, who enacts his or her re-employment entitlement. The re-employment entitlement is valid for 12 months from the date of transition.

## SUSTAINABILITY, SUSTAINABLE DEVELOPMENT

The actions of companies and organisations to fulfil today’s needs without jeopardising the possibility of future generations to fulfil their needs.

## SUSTAINABILITY REPORT

Measures and presents to the company’s stakeholders initiatives taken by the company that promote sustainable development. Reports the company’s financial, social and environmental impact.

## TRANSITION

An employee who leaves Samhall to start work with another employer.

## UTILISATION RATE

The proportion of available time spent by an employee working on client assignments. Available time does not include time dedicated to employee development.

## Financial definitions

### ACID-TEST RATIO

Current assets excluding inventories and work in progress expressed as a percentage of current liabilities.

### EQUITY RATIO

Adjusted shareholders’ equity in relation to the balance sheet’s total year-end assets.

### RETURN ON AVERAGE EQUITY

Annual profits in relation to the year’s average shareholders’ equity.

## ANNUAL REPORT

The board of directors and CEO of Samhall AB (publ), corporate identification number 556448-1397, hereby submit the annual report for the 2014 financial year. The board of directors’ report covers pages 4–15 and 34–49.

Samhall’s annual report for 2014 can also be read at [www.samhall.se](http://www.samhall.se)

## REPORTING DATES

Samhall reports financial information for 2015 on the following dates:

23 April 2015	Interim report 1	January–March 2015
14 August 2015	Interim report 2	January–June 2015
23 October 2015	Interim report 3	January–September 2015
29 January 2016	Statement of annual accounts	January–December 2015

## ANNUAL GENERAL MEETING

The AGM will be held 23 April 2015 in Stockholm.

## SUSTAINABILITY REPORT

Samhall’s contribution to sustainable development has featured in the annual reports for many years. For the seventh year running, Samhall highlights its sustainability work and the results

by publishing a joint annual and sustainability report in accordance with the owner’s guidelines: “Guidelines for external reporting for companies with state ownership” (Swedish Government Offices, Ministry of Enterprise and Innovation).

The sustainability report is produced within the framework of the Global Reporting Initiative (GRI) and covers Samhall’s Sustainability Report 2014, pages 16–33 and 68–72, and the document “Supplementary GRI Indicators 2014” published in Swedish on Samhall’s website ([www.samhall.se/hallbarhet](http://www.samhall.se/hallbarhet), see *Kompletterande GRI-indikatorer 2014.pdf*). Cases of significant deviation from GRI’s Sustainability Reporting Guidelines, version 3.0, are accompanied by notes in Samhall’s sustainability report (Reporting and independent verification). Reporting covers the calendar year 2014. The last report (Sustainability Report 2013) was published in March 2014.

In Samhall’s self-assessment, the Sustainability Report 2014 fulfils the requirements necessary for reporting according to a B+ application level, as defined by the Global Reporting Initiative. Deloitte AB has assured Samhall’s Sustainability Report 2014 and confirmed its accordance to a B+ application level. See the assurance report on page 72.

Read more about GRI at [www.globalreporting.org](http://www.globalreporting.org).

The contact person regarding the sustainability report is Mari-Ann Levin Pödde, Sustainability Manager, Samhall AB.

The contact person for the annual report and information about Samhall’s operations is Albin Falkmer, Head of Public Relations.

# samhall

Samhall AB, Box 27705, 115 91 Stockholm, Sweden  
Visiting address: Klarabergsviadukten 90, building C  
Phone: +46 (0)8-553 411 00  
E-mail: info@samhall.se  
www.samhall.se  
Corporate identification number: 556448-1397  
Registered office: Stockholm

