



samhall

ANNUAL AND SUSTAINABILITY REPORT

2017


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The audited annual report for Samhall AB (publ) 556448-1397 consists of the governance report and accompanying financial statements on pages 6-15 and 40-74. The summary reviewed sustainability report consists of pages 3-8, 12-39 and 78-80. The annual and sustainability report is published in Swedish and English. The Swedish version is the original.

 Sustainability reporting
 Governance and financial reporting

SAMHALL - SWEDEN'S MOST IMPORTANT COMPANY



Samhall is wholly owned by the Swedish state and assigned to create meaningful work that furthers the development of people with functional impairment.

Samhall has
24,872
employees at
4,757
clients in
587
areas in Sweden

Samhall is Sweden's largest service provider with an annual income of SEK 8.3 billion in 2017. 53% of our income is compensation from the state intended to cover the additional costs Samhall has as a consequence of its labour market policy assignment.

Samhall operates in competition with other companies and offers services at market conditions to clients including:

- COOP
- IKEA
- AXFOOD
- PERMOBIL
- INGRAM MICRO
- VOLVO CARS
- MAX BURGERS AB

We are also hired by many county councils and municipalities: from Malmö and Lomma in the south, to Luleå and Kiruna in the north.

Samhall offers a unique combination of employee benefit, client benefit and society benefit. We call it the Samhall benefit. It means:

- **For employees:** We develop working capacity and employability for people with functional impairment.
- **For clients:** We offer high-quality services and give our clients the opportunity of contributing to a more sustainable society.
- **For society:** By creating paths from social exclusion to a working community, we contribute to a better Sweden.

SAMHALL WAS FOUNDED IN 1980 as an industrial group of regional foundations primarily manufacturing goods in their own premises. Today, operations are based on providing services in the form of sub-contract work or manning solutions. Samhall offers services in everything from property management, logistics and manufacturing to cleaning, laundry, retail and care services. Samhall operates throughout the entire country and has its headquarters in Stockholm.



In total, 7,364 people got a new job or traineeship at Samhall in 2017.

THE YEAR IN BRIEF

1,295 employees left their jobs at Samhall for employment with another employer. It is the highest proportion of employees in the company's history and means Samhall far exceeded the owner's target of at least 1,100 employees making a transition to another employer.



DURING ALMEDALEN WEEK, Samhall arranged a series of activities including a roundtable discussion about tomorrow's skills supply in the care sector. Representatives from Samhall also participated in a number of panel discussions and seminars.

839 NEW CLIENT CONTRACTS were signed in 2017. Of particular significance were new contracts for store cleaning with ICA, logistics assignments for e-retailer Partykungen and warehouse work for Matsmart. se. Samhall also signed a deal with Ricoh Sweden which means Samhall now works at refilling paper and toner in printers at universities and colleges.



RADIO SAMHALL was launched. An internal radio initiative highlighting employees with a new programme podcast each week.

IN MAY, THE SWEDISH AGENCY FOR PUBLIC MANAGEMENT presented its analysis of the process and conditions for employment at Samhall. The Agency concluded that those directed to protected employment at Samhall still have a vulnerable position in the labour market. There is a significant need for support and supervision, even though their working capacity has increased.

IN 2017, Samhall and Coop signed a new framework agreement for store cleaning. The agreement, until 2020, means nearly 800 Samhall employees will initially work at Coop's stores.

IN OCTOBER, Samhall participated in Workability International's world conference in Hong Kong. The meeting elected Samhall's Director of Communications as Vice President for the global organisation, which represents labour market related companies and 3 million people with functional impairment.



20 NOVEMBER, the Pathfinder Prize celebrated its tenth anniversary. At a sold-out Rival theatre in Stockholm, the audience experienced a thrilling gala. Awards were given to Östhammar municipality and Arne Anderstedt. Additionally, an honorary prize of super employer went to Axel Johnson AB. Of the many participants who appeared on stage was Minister for Enterprise and Innovation, Mikael Damberg, singer Louise Hoffsten and hotel entrepreneur Petter Stordalen.



DURING THE YEAR, Samhall successfully expanded the government's assignment, from 2,000 to 3,100 people, regarding positions with wage subsidy for employees under development: adapted positions for people with functional impairment who have been out of work a long time and prioritising young adults.



SAMHALL SIGNED a new contract with Ingram Micro in 2017 regarding warehouse management for e-retail company Zalando. It is Samhall's largest deal for manning solutions so far and more than 150 Samhall employees will work in the newly built premises in Brunna near Stockholm when fully staffed.



SAMHALL'S ANNUAL GENERAL MEETING took place on the 27 April. In conjunction a well-attended seminar was organised on the theme "Greater success with the right person in the right job" which included discussion on Samhall's role as a recruitment partner.

Key performance indicators

	2017	2016	2015	2014	2013
Wage hours, thousands	29,619	29,548	29,539	29,442	29,490
Transitions, number ¹⁾	1,295	1,179	1,059	1,122	912
Prioritised recruitment, %	60	57	46	44	43
Employees with functional impairment ²⁾	18,391	19,259	18,528	19,660	18,321
Employees with 75% sickness benefit ²⁾	357	357	351	321	259
Positions with wage subsidy for employees under development ²⁾	3,149	2,015	1,027	1,043	846
Income and financial results					
Net sales, SEK M	3,036	2,507	2,453	2,498	2,550
State compensation for additional costs, SEK M	4,405	4,405	4,405	4,405	4,405
Profit for the year, SEK M	-237	-175	-63	81	15

1) From 2014 inclusively, transitions are counted as a total number and also include transitions from development positions.

Figures from previous years have not been recalculated.

2) Number at year-end.

MORE JOBS AND RECRUITMENTS THAT DEVELOP PEOPLE

30. THAT'S HOW MANY NEW EMPLOYEES were welcomed by Samhall every working day in 2017. In total, 7,364 persons were given the opportunity to escape from social exclusion and join a working community to develop their working capacity in one of Samhall's client assignments. Not only does it make me proud, but also humble before the incredibly important role that Samhall plays in the Swedish labour market.

IN SUMMARISING 2017, we can look back at a successful year where Samhall surpassed most of the company's targets. We delivered more wage hours than our owner required and the proportion of new recruits from what are called prioritised groups reached a total of 60%, far more than the 40% target.

WE ALSO SURPASSED THE OWNER'S TARGET regarding what are called transitions, the number of employees leaving us for employment outside Samhall. An entire 1,295 employees developed their working capacity so much that they were recruited by other employers. From the perspective of the number of employees with functional impairment it is the highest proportion in the history of the company. This is a consequence of an active and intensified effort regarding long-term recruitment relationships with employers who want to take social responsibility and who, just like us, see abilities where many others see obstacles. But it also shows how employee development in our core assignment has grown and we have become better at giving our employees the prerequisites for building skills that are in demand outside Samhall. When we work closely with our clients, often at their premises, then more contact is created between employees and potential, new employers.

WHILE FULFILLING ALL THE OWNER'S LABOUR MARKET POLICY TARGETS, our equity ratio remained good in 2017. However, we did not meet the owner's target regarding return on average equity. Despite good business growth and significant efficiencies, 2017 posted a negative financial result. This is largely due to the amount of state compensation for additional costs, which is used to cover the extra costs Samhall incurs as a result of fulfilling its labour market policy assignment, remaining unchanged for nine years despite a rise in assignment-related costs of nearly 2 billion kronor.

30
That's how many new employees were welcomed by Samhall every working day in 2017.

INFO ABOUT THE CEO

Monica Lingegård has been Samhall's CEO since 2011. She has more than 25 years of management experience in the private sector including CEO of G4S and senior management positions in Capgemini and internet company Spray.

THE UNCHANGED COMPENSATION FOR ADDITIONAL COSTS has been challenging for Samhall. It has forced us to be on our toes and constantly evaluate our work and effectiveness. Quite simply, we have needed to be hungrier and keenly on the lookout for new business opportunities. But making efficiencies has its limits and sooner or later cost-cutting risks compromising the quality of operations. I dare say Samhall has come close to that limit. Therefore it is very pleasing that the government's budget proposal for 2018 contains significant investments in Samhall in the form of both increased compensation for additional costs and an expansion of the assignment.

HOWEVER, FINANCIAL CONSIDERATIONS are not the driving force behind our huge focus on growth and our clients: it is our assignment to develop our employees through work. Assignments that our clients are prepared to pay for and that build competitiveness in our employees. In 2017 we have continued the work laid out in the ambitious growth plan we launched in 2016. Strong sales efforts during the year led to 839 new client contracts. Thanks to strong business growth and better planning of our operations, a historically high proportion of our employees currently work in paid client assignments. This means both better implementation for the client and higher gross profit; but above all creates better employee development and higher employee satisfaction. Because we know that workplaces where we can provide good working tasks, all day, are also workplaces where we feel the best and develop the most.

2017 WAS A YEAR where Samhall's assignment was frequently discussed. The media, political bodies



and other organisations have problematised Samhall's assignment and the operations we run. That many people have an opinion about Samhall is fundamentally a good thing. We are an important societal actor, ultimately owned by and working for the Swedish people. Therefore we may come under scrutiny with the aim of ensuring, based on our targets, that we manage operations to create the greatest possible benefit for our employees, for our clients and for society in general.

UNFORTUNATELY, I SEE ALL TOO OFTEN that Samhall is criticised for no longer being what we once were. That operations have changed and the company no longer serves its purpose. On the contrary, I would say it is only through changing and developing operations that we can fulfil the assignment of offering our employees work that develops their skills in client assignments for which there is demand.

THE SWEDISH LABOUR MARKET is not what it was 10, 20 or 30 years ago. So it stands to reason that Samhall cannot stay the same either. For a company with a mandate to offer goods and services in demand by business and the public sector, there is a constant necessity to develop and renew itself. Instead of looking backwards and missing the kind of jobs that once dominated Samhall's

operations, we need to look forwards and see the kind of sectors that best create development for tomorrow's Samhall employee.

THE SWEDISH AGENCY FOR PUBLIC MANAGEMENT conducted a comprehensive analysis at the start of the year into the process and conditions around Samhall, as well as how the composition of our workforce has changed. An analysis that clearly showed how the Swedish labour market and Samhall have changed. The Agency stated that the composition of Samhall's employees has changed, but the target group for our initiatives is still vulnerable in the labour market and has a great demand for adapted work tasks. They also established that Samhall follows and fulfils the targets set by our owner.

IN THE FINAL DAYS OF 2017, the EU Commission ruled after several years on a case concerning whether Samhall's construction and financing complies with the EU's rules for state funding; a ruling that gives Samhall and its operations long-term security. Since Samhall was founded long before Sweden joined the EU there are naturally areas where Samhall's construction is not fully compliant with EU law. The measures that the Commission wants the Swedish state to make in order to bring our operations fully in line

with EU law could however be seen as limited in scope. Therefore it is gratifying that Samhall is now given a formal and legal position within the framework of the EU.

I AM DELIGHTED to lead what is probably Sweden's most adaptable company. Our assignment has stayed the same over almost four decades, but our operations today create far more benefit for employees, clients and society in general.

ENTERING 2018, we have clear goals and an operational plan that helps us attain them. Within the framework of our expanded societal assignment, I look forward to welcoming an additional 1,000 new recruits to Samhall's core assignment.

FINALLY, I WOULD LIKE TO THANK all the employees and clients who each day make Samhall a fantastic company to work in. By seeing abilities instead of obstacles and not turning away from challenges, we contribute every day to a better labour market where more people are given the opportunity to participate.

Stockholm, February 2018

Monica Lingegård,
CEO

VISION, BUSINESS CONCEPT AND TARGETS

WHAT WE WANT TO ACHIEVE FOR SWEDEN

Samhall's vision is to contribute to a Sweden where everyone is considered an asset to the labour market.

WHAT WE WANT TO ACHIEVE FOR OUR EMPLOYEES

Samhall's mission is to develop and demonstrate the employability of our employees with functional impairment.

By offering work in client assignments, Samhall can combat social exclusion and contribute to a sustainable Sweden.

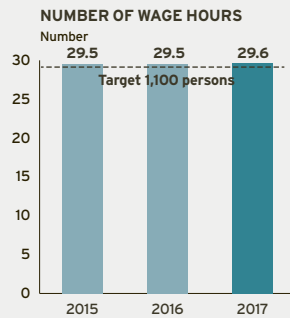
ECONOMIC TARGETS

TARGET 2017	RESULT
A return on average equity of 7 per cent over a business cycle.	Result past 10 years: 1 per cent.
Equity ratio of at least 30 per cent.	Result 2017: 35 per cent.

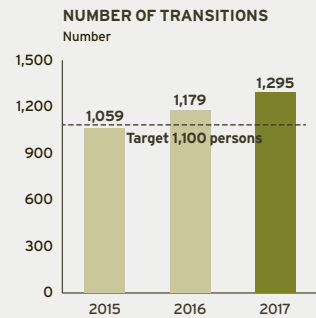


ASSIGNMENT TARGETS

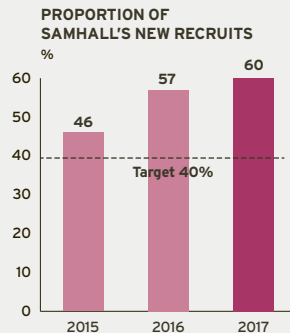
THE NUMBER OF EMPLOYEES with functional impairment in Samhall's core assignment must be equivalent to at least 29.4 million wage hours.



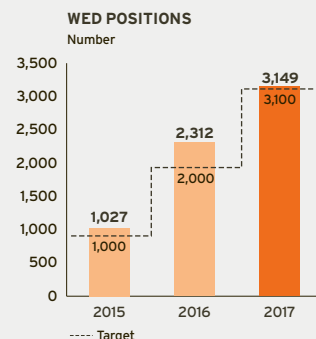
EACH YEAR at least 1,100 Samhall employees should leave the company for a position with another employer.



AT LEAST 40 PER CENT of new recruits should come from groups prioritised by the Public Employment Service and Samhall.

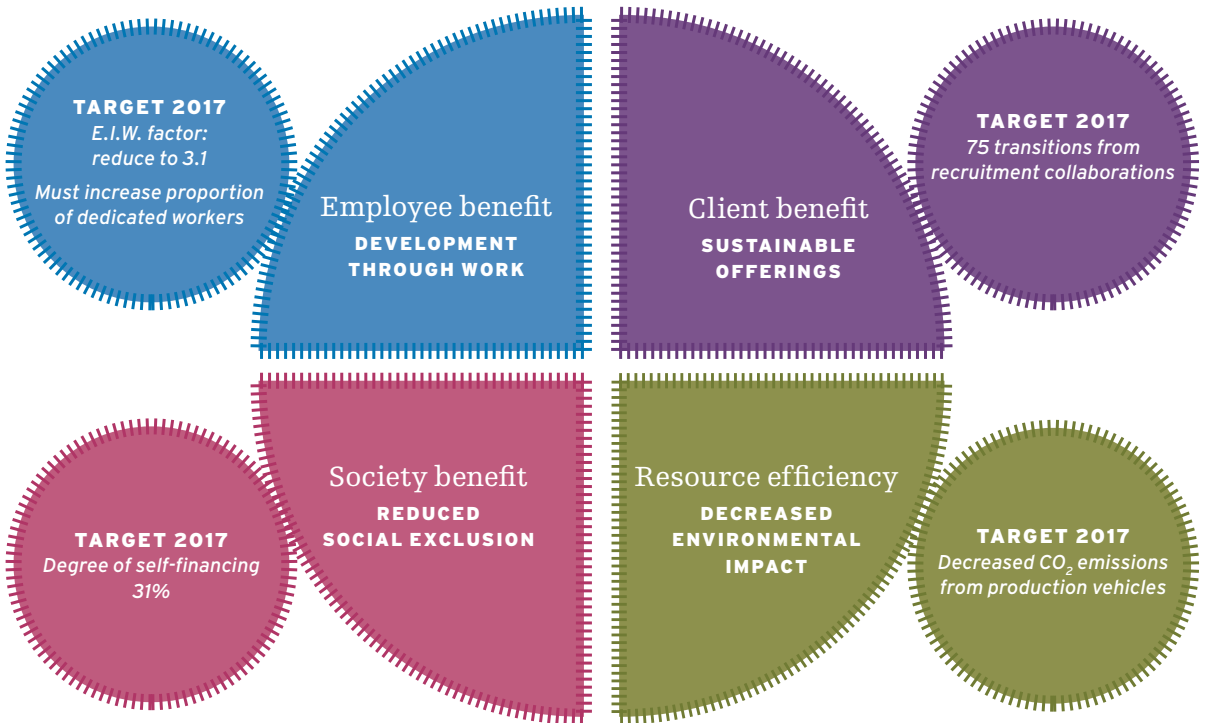


IN 2017, SAMHALL SHOULD offer at least 3,100 people with functional impairment who have been out of work for a long time positions with wage subsidy for employees under development (WED).





SUSTAINABILITY TARGETS



PRIORITISED STRATEGIES

AREA	STRATEGY	ACTIVITIES
More jobs	We need to constantly find a variety of jobs throughout the entire country to ensure that more employees gain experience at work.	<ul style="list-style-type: none"> • Sales corps must be proactive, attentive and in touch • Good market awareness • Build close, open and honest dialogue with clients
Client at the centre	Samhall's clients are important not only because we do business together, but because they enable employee development. Therefore the client's perspective must always be central.	<ul style="list-style-type: none"> • Create solutions based on the client's needs using the right experience and skills • Pay attention to existing clients and be accessible • Guarantee deliveries by encouraging participation and responsibility; keep promises to the client
Development through work	The basis of all Samhall operations is to develop employee working capacity and skills by offering work at market conditions in competition with other companies.	<ul style="list-style-type: none"> • Ensure all employees have a clear goal • Give everyone a good introduction • Develop employees through training, traineeships and work on client assignments • Conduct regular matching meetings • Highlight Samhall as a recruitment company
Effective operations	We must utilise all resources in an effective and responsible way and make the most of our employees' full capabilities.	<ul style="list-style-type: none"> • Follow-up and continual improvement • Follow up resources and calculations • Use experience, structure and existing tools • Develop new, effective IT tools
Culture and leadership	Our common values are the basis for everything we do. A successful culture must support employee development and sales. Samhall's leaders must be visible, brave and clear.	<ul style="list-style-type: none"> • Secure good communication in the workplace • Share good examples • Secure target orientation • Ensure compliance with Samhall's leadership ideals

History

Samhall's operations have successively undergone a complete transformation from an industrial group with its own production facilities to a services company. This evolution has been a necessity to keep up with the times.

1980s

SAMHALL FOUNDED AS AN INDUSTRIAL GROUP

Samhall, formerly Samhällsföretag, was established as a state-owned group in 1980 and took over 375 workshops that provided sheltered employment previously managed by county councils, municipalities and other authorities. The aim was to co-ordinate and streamline what was a very fragmented operation. Throughout the 80s, Samhall was an industrial group using only its own production facilities. The company produced sub-contract work and a significant production of its own products, such as furniture, wooden clogs and work clothes. The administration took place through foundations: 24 county foundations and one central foundation.

1990s

SAMHALL BECOMES A LIMITED LIABILITY COMPANY AND STARTS PROVIDING SERVICES

In 1992 the company was reorganised into a group of limited companies with wholly state-owned Samhall AB as the parent company with regional subsidiaries. Over time, the number of regional companies decreased through mergers. In the early 90s, when Samhall was a significant sub-contractor to the telecom sector, initiatives began to develop new service operations. The background included changes in current business affairs, with ever more production moving abroad.

2000s

MANNING SOLUTIONS DEVELOPED

Since 2002, all operations have been within the framework of one company. Samhall operates only in the Swedish market. In the 2000s an increasing proportion of Samhall's operations takes place at clients in the form of sub-contract work and manning solutions. Today, more than 90% of Samhall's employees work in the client's workplace and operations.

Samhall's restructuring continues in order to create the greatest possible benefit for employees, society and clients; away from Industry and Packing in our own premises, towards Services and Manning Solutions for Swedish businesses and the public sector.

Allwin and Samhall collaborate to help the needy

“
This job gives meaningful content to the working day.
Abdiwahab Farah
”

EACH YEAR around 75 million kilograms of left-over food and unsold produce is thrown away by grocery stores. At the same time, churches and local aid organisations struggle to get food to the needy. Allwin's business concept is to collect the surplus food from the stores and deliver it to vulnerable people throughout society, and Samhall employees play a vital role.

Samhall employees carry out the actual food transportation. With a long-term collaboration with Samhall, Allwin has been able to grow and Samhall now drives all of Allwin's assignments in Stockholm, Gothenburg and Malmö.

“The contract with Samhall gives Allwin a longed-for opportunity to conduct our work across 200 municipalities where Samhall is present. Now there is no obstacle for more stores to join up throughout Sweden and find a standard solution for redistribution of food waste. We currently handle more than 1,000 tonnes of food per year; the dream and the vision have become real,” says Simon Eisner, CEO at Allwin.

ABDIWAHAB FARAH is one of Samhall's workers who drives for Allwin. He enjoys the driving and transports large amounts of food from stores to aid organisations daily. For many stores, seeing Abdiwahab is now a routine and the waste food is often placed in a specific area in the stores.

Hallanda Church near Stockholm is one of those who gratefully receive food deliveries from stores. The food coming in from Samhall employees gets sorted and divided up, then handed out to those in need who come every day.

AN IMPORTANT PART OF THE SWEDISH LABOUR MARKET

With its large number of employees and geographical distribution, Samhall is an important part of the Swedish labour market.

PEOPLE WITH FUNCTIONAL IMPAIRMENT and reduced working capacity face particular difficulty in the Swedish labour market. In total, there are more than 600,000 people in the age range 16–64 with functional impairment causing reduced working capacity in Sweden. Of these, about half were without employment in 2016.

One in every four jobseekers at the Public Employment Service has a functional impairment causing reduced working capacity. Among these persons, about 20% claim to have experienced negative attitudes from an employer in the past five years.

About 81% of employed people with functional impairment causing reduced working capacity require adaption or support to be able to work. The most common form of adaption is a customised work tempo. Among unemployed people with functional impairment causing reduced working capacity 66% state they could work if they received one or more types of support or adaption.

EMPLOYED BY SAMHALL

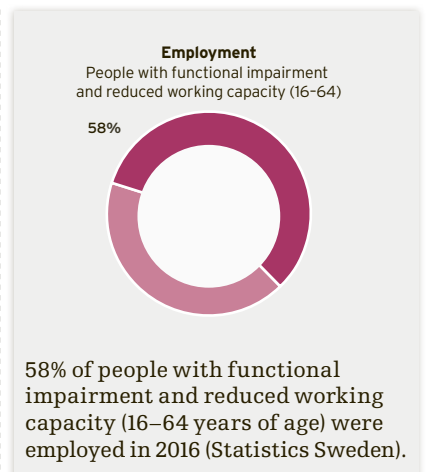
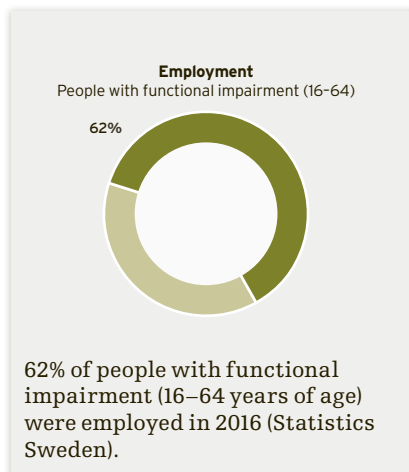
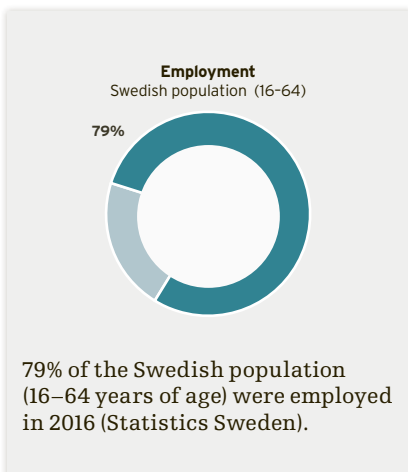
Since Samhall was founded in 1980, major changes have been made to the composition of the labour market policy initiatives for people with functional impairment causing

reduced working capacity. Today, there are many more types of support measures available than before. This has meant that fewer people now work at Samhall than, for example, in the 80s, but that more people with functional impairment are participating in initiatives.

Of the total number of people at the end of 2017 who took part in specific initiatives for people with functional impairment and reduced working capacity, 23% were employed at Samhall in the core assignment or with wage subsidy for employees under development at Samhall.

LARGE SOCIO-ECONOMIC EFFECTS

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



The proportion of people with functional impairment with a job is vastly different from the rest of the population.



can decrease, so too new opportunities are created for the individual employee in the form of improved self-esteem, better working capacity, social interaction and secure earnings.

THE PUBLIC EMPLOYMENT SERVICE DETERMINES WHO GETS TO WORK FOR US

The Public Employment Service allocates all vacant positions in Samhall and determines who fulfils the requirements to get employment with us. The geographical distribution of Samhall’s operations is also

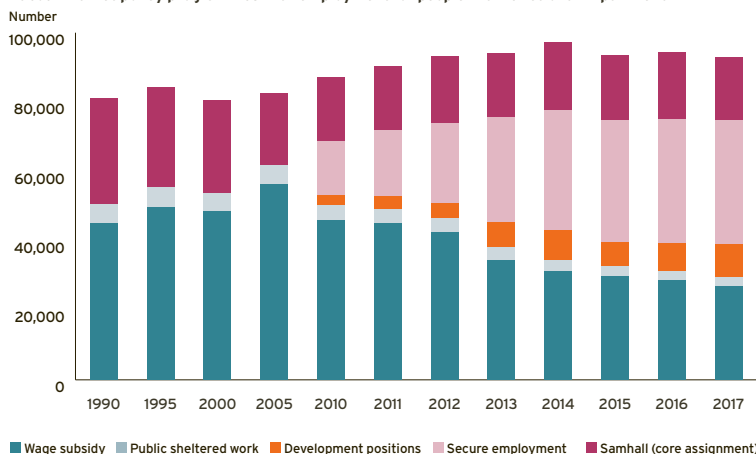
determined in consultation with the Public Employment Service. According to the state’s directives as owner, Samhall should avoid retrenchment of employees in the core assignment due to a shortage of work. If one type of operation should cease, then a conversion project should commence with the aim of finding new work to develop employees in the surrounding area. Samhall should also, where possible, take into consideration regional political concerns regarding any restructuring and avoid the closure of operations in areas with vulnerable labour markets.

ATTITUDES AND PREJUDICES

Samhall conducts extensive efforts to influence negative attitudes in society and combat prejudices about people with functional impairment. Samhall tries to be present in the public debate on these issues and organises regular seminars and events to highlight the positive aspects of greater diversity in the workforce.

LABOUR MARKET POLICY INITIATIVES

Labour market policy programmes with employment for people with functional impairment



Source: The Public Employment Service weekly statistics 52/53

Compared to 1990, there are more types of support initiatives for people with functional impairment. In 1990, 38% of those participating in specific initiatives for people with functional impairment and reduced working capacity were employed by Samhall. In 2017, it was 20%.

Samhall's core assignment

The person is employed in Samhall’s core assignment. The Public Employment Service decides who gets employed.

Employment with wage subsidy for security in employment

The employer receives a wage subsidy for recruiting an employee with functional impairment. The position must be on the same terms as others in the workplace.

Public sheltered work

Same as a wage subsidy, but in the public sector.

Secure employment

A position that means someone who might otherwise only work at Samhall under secure forms can be employed by other companies and organisations.

Positions with wage subsidy for employees under development

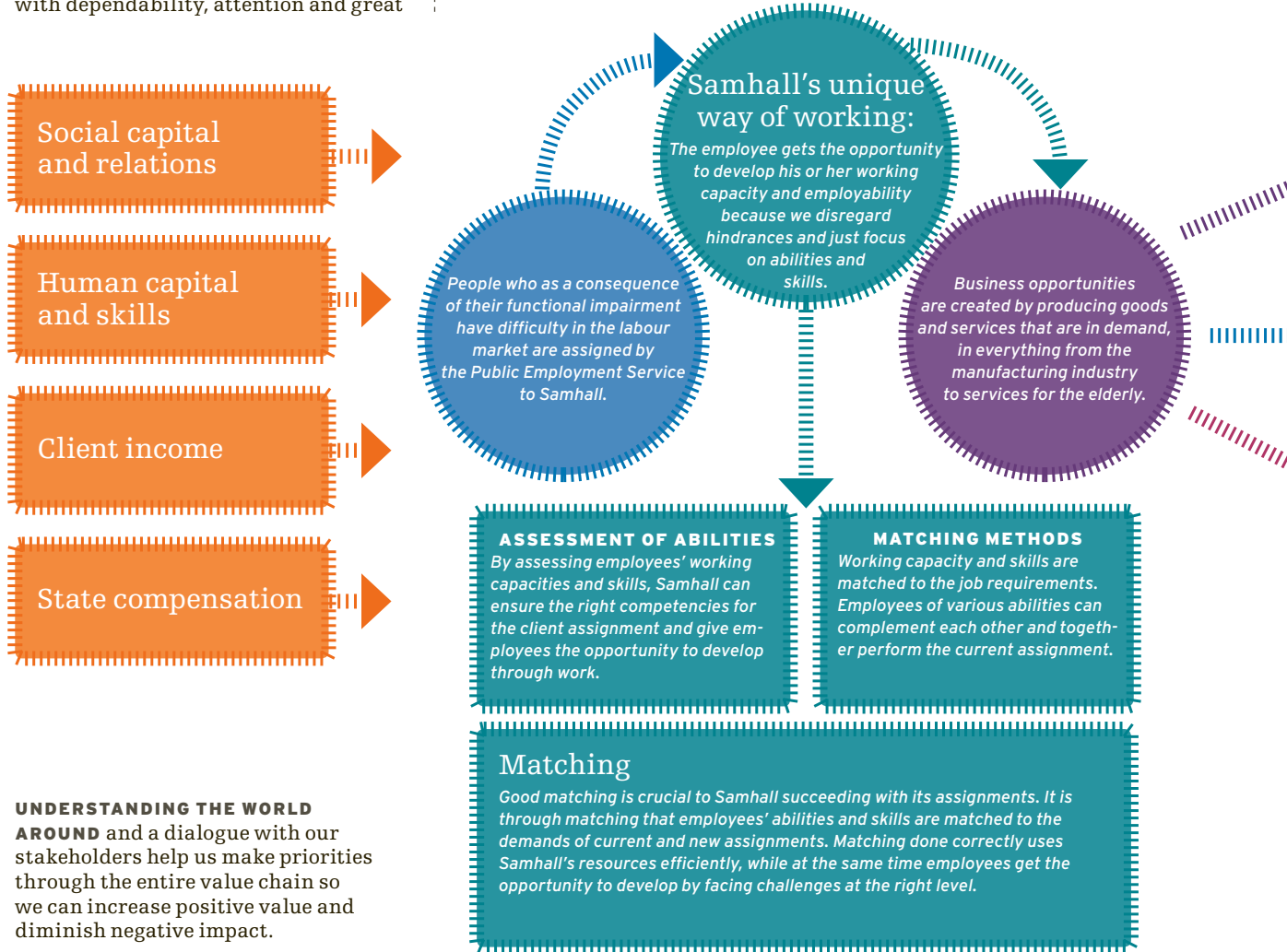
Through a development position, a person can both work and participate in other developmental activities simultaneously, e.g. training, find-a-job activities and instruction. Work is planned based on the circumstances of the person. A development position lasts one year at most. Samhall also offers development positions, see page 33.

SAMHALL'S BUSINESS MODEL

Samhall primarily offers services and manning solutions to Swedish businesses and the public sector. Operations are run on market terms and conditions as a sub-contractor or through manning solutions or via our own production facilities. Samhall also offers clients the opportunity to recruit skilled personnel in a range of sectors and areas. Through work for which there is a demand, Samhall's employees develop their skills to become attractive and competitive workers for other employers.

CLIENTS CHOOSING SAMHALL have the opportunity to combine commercial benefit with society benefit. They receive high-quality services delivered with dependability, attention and great

dedication, while at the same time they contribute to combating social exclusion in the Swedish labour market and help build a more sustainable society.



UNDERSTANDING THE WORLD AROUND and a dialogue with our stakeholders help us make priorities through the entire value chain so we can increase positive value and diminish negative impact.

Samhall's vision is to contribute to a Sweden where everyone is considered an asset to the labour market.

Client benefit:

Nearly **4,800** clients benefited from our high-quality services and, in addition, were given the opportunity to take social responsibility.

Employee benefit:

In 2017, another **7,364** employees received work or traineeships which gave better skills and often better self-confidence.

1,295 got jobs with other employers after working at Samhall.

Society benefit:

Present in almost 600 areas, Samhall contributes to greater diversity and combats social exclusion throughout the entire country.

Samhall benefit -
of course



SAMHALL'S BUSINESS AREAS

SERVICES

SAMHALL TAKES RESPONSIBILITY for supervision and execution including choice of method, materials and equipment.

Proportion of employees



EXAMPLES INCLUDE cleaning, laundry, janitorial services and facility management.

MANNING SOLUTIONS

THE WORK IS INTEGRATED with the client's operations. Samhall is always responsible for personnel and often also for the supervision.

Proportion of employees



EXAMPLES INCLUDE warehousing and logistics, manufacturing/production, care services, retail and janitorial services.

PACKING AND ASSEMBLY

SAMHALL RUNS industrial production, packing and assembly operations on behalf of clients in its own premises or at the client's.

Proportion of employees



EXAMPLES INCLUDE assembly of towing cables, packing medical products, electronics assembly, coating and fixing of circuit boards.



CLEANING & LAUNDRY

Samhall is a major company in the cleaning and laundry sector. We clean offices, shopping centres, stores, schools, stairways and also offer bulk and specialist services for work clothes and textiles, for offices, industries, hospitals, hotels and other clients. We follow the INSTA 800 quality system, as well as ISO 9001 and ISO 14001 and our services are compliant with the Nordic Ecolabel standard.

In 2017, new contracts included Coop and the Swedish Agency for Public Management. Current clients include Axfood, SF Bio, ICA, Max Burgers AB, Ikea, Bauhaus, Swedish Police, Åhléns and Swedbank.



WAREHOUSING & LOGISTICS: GROWING WITH E-RETAIL

Besides the practical warehousing work, Samhall has also developed more strategic competencies in third-party logistics, e-retail, retail logistics, recycling logistics and consumer packing. We see large growth potential in e-retail.

In 2017, new contracts included Ingram Micro and Partykungen online store. Samhall conducts full third-party logistics for Crossroads in Uddevalla and pick and pack ink cartridges for InkClub in Uppsala. Samhall builds and packs store displays for DHL, Santa Maria and Aditro among others.



WORKPLACE & PROPERTY SERVICES BOTH INDOOR AND OUTDOOR

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.

Major clients in the sector include Svenska Förpacknings- & Tidningsinsamlingen and PEAB.



CARE SERVICES TO PUBLIC AND PRIVATE OPERATORS

Samhall's employees offer 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 simple care tasks requiring no care training. For example, Samhall can do the laundry, ironing, making the beds, filling cupboards, providing transportation about the care home, offering pleasant companionship and running errands.

Samhall currently works with a large number of municipalities, county councils and private companies. A new client this year was Östhammar municipality.



PICKING ORDERS AND OTHER RETAIL SERVICES

Samhall offers services in retailing. It involves everything from picking ordered items off the shelves in the store to other associated services. With Samhall providing the services, the client can instead spend time focusing on their core tasks while taking social responsibility.

Samhall's major retail clients include Axfood, ICA, Coop and Mat.se.



VARIOUS PRODUCTION SOLUTIONS IN INDUSTRY & MANUFACTURING

Samhall offers production solutions in assembly, mechanics, cables, logistics and packing.

This can occur in the client's workplace or in Samhall's own premises. The broad range of manufacturing competencies enables Samhall to meet the needs of clients in various sectors. Among other things, we make ventilation equipment and towing cables for auto industry.

Our many clients include International Automotive Components, Plastal, Roxel, Volvo Cars and Dentsply.



LABOUR MARKET SERVICES THAT COMBAT SOCIAL EXCLUSION

Samhall makes available to the Public Employment Service positions for work training and other kinds of labour market services in our many workplaces. Unemployed people, via the Public Employment Service, can participate in reinforced work training programmes and receive in-depth assessment by Samhall.

CHAIRMAN'S STATEMENT

FEW COMPANIES MEAN as much to Swedish society as Samhall. By creating new pathways into the workforce for people with functional impairment, Samhall contributes to a more inclusive society every day, where more people are given an opportunity to participate based on their own circumstances.

SINCE BECOMING SAMHALL'S CHAIRMAN SEVEN YEARS AGO, more than 43,000 persons have made the journey from social exclusion to a job or a traineeship at one of Samhall's many workplaces. That's more people than the entire population of Enköping, Kungälv or Motala.

IT IS A GREAT RESPONSIBILITY to work in a company with such an extensive and important assignment for society. A responsibility to the company's employees and clients, but above all to the people of Sweden, for whom ultimately Samhall conducts its assignment. Each individual decision and every krona invested must consider the society benefit it can deliver. And I dare say, never before has Samhall created so much value for our owner than in 2017.

AS WE CLOSE THE BOOKS, we see that Samhall not only met, but surpassed, all the owner's labour market policy targets for 2017. The target for prioritised recruitment, in other words the proportion of new employees facing particularly vulnerable situations in the labour market, was surpassed by an entire 50%, while at the same time we tallied the highest

number of transitions in Samhall's 38-year history. Never before have so many employees with functional impairment developed their working capacity by so much that they could leave Samhall to work at another employer. Clearly, it is proof that Samhall is better than ever at its core mission: to develop employees through work.

WHILE ACHIEVING ALL OUR MANDATED TARGETS, we also saw a positive development regarding most of Samhall's sustainability targets. Both CO2 emissions and energy consumption continued to decrease in 2017, while we increased our degree of self-financing. I am proud to be part of a management team for a company that is not only an important component of the state's labour market policy, but also takes clear responsibility for its operations being sustainable in the long term.


IN 2017, SAMHALL CONTINUED TO SHOW a good equity ratio, but did not meet the owner's target for return on average equity. After many years of an unchanged level of compensation, despite the rising costs of fulfilling the assignment, the budget for 2018 proposes a rise in Samhall's funding. The adjusted compensation, which better covers the additional costs Samhall incurs due to its labour market policy assignment, establishes the conditions to further improve the quality of our operations, while we secure balanced finances for continued development.

AS A CONSEQUENCE OF SAMHALL'S GOOD business growth and high target fulfilment, the government has proposed enlarging Samhall's assignment in the 2018 budget. During the year, a further 1,000 new recruits are to be given employment in the core assignment, while in 2019 another additional 1,000 persons are to be given employment. Together with the other members of the board, senior management, employees and the unions, I look forward to welcoming them all to Samhall.



Erik Strand
Chairman





“
I am a new employee at
the factory and I like my
new assignments.
”

Nafiso Hassan Araye

55 dedicated employees at BabyBjörn

AT BABYBJÖRN IN SKILLINGARYD, 55 Samhall employees assemble baby bouncers. Every day, 1,000 bouncers are assembled and despatched for export to more than 50 countries worldwide. There are 63 baby bouncer models and the entire assembly and packaging chain is run by Samhall.

One of those working at BabyBjörn is Per-Arne Pedersen who had a stroke some years ago and is gradually making his way back to health. Almost fully recovered now, BabyBjörn and Samhall have given him a new lease on life. Nafiso Hassan Araye is a new employee at the factory. Previously she worked as a cleaner at Samhall, but enjoys assembling baby bouncers more.

“SAFETY IS VITALLY IMPORTANT concerning products for children. With Samhall’s assemblers, clients can rest assured that no defectively assembled product leaves Skillingaryd,” says Ulf Ingemarsson, CEO for BabyBjörn. Furthermore, products proudly carry a “Made in Sweden” label as everything except the fabric is manufactured and assembled in the surrounding area.

EVERY SINGLE BABY BOUNCER from BabyBjörn has been assembled by Samhall employees and the collaboration works fantastically well. Employees are very dedicated and their focus is on safety and security for the client.

GREATEST POSSIBLE SAMHALL BENEFIT

Samhall contributes to a more sustainable society through its operations and employees. As a company, we wish to be perceived as a long-term, responsible partner and employer. We must utilise our resources in an effective and responsible way and make balanced trade-offs in all decisions to maximise the “Samhall benefit”, i.e. the benefit to our employees, clients and society as a whole.



OUR COMPANY IS BASED ON THREE FUNDAMENTAL VALUES

- Belief in the equal value of all people
- Faith in the ability of every individual
- The value of work in the development of individuals and society

Framework

EVERYTHING COMES FROM our vision, our business concept and our assignment: to create meaningful work that furthers the personal development of people with functional impairment.

The framework for our sustainability work is established by our policies, our targets and our integrated work process. As a wholly state-owned company, we must act responsibly and actively follow international guidelines regarding the environment, human rights, working conditions, anti-corruption and business

ethics. We support and respect the international principles and guidelines set down as the 10 principles of the UN’s Global Compact, the UN’s guiding principles for businesses and human rights and the OECD’s guidelines for multinational companies.

POLICY

The board has established the Sustainability policy and Employee policy as the basis of the sustainability work. In 2017, we have updated our sustainability policy including clarification from a human right’s

perspective. Samhall’s requirements and expectations on employees, suppliers and sub-contractors are given in specific codes of conduct.

SUSTAINABILITY TARGETS

Sustainability targets are set annually by the board after stakeholder dialogue and materiality analysis.

SUSTAINABILITY WORK

Sustainability issues are completely integrated into Samhall’s operational processes, where action plans and target follow-up are included in the

UN's guiding principles on business and human rights

In 2015, the UN passed a resolution on the guiding principles on business and human rights. The principles set out a global standard on how states and companies worldwide can prevent commerce's negative influence on human rights. The principles cover all companies, regardless of size or sector. In 2017, the compliance of state-owned companies to the framework was reviewed. Samhall updated its sustainability policy to further clarify its commitment to human rights.

responsibilities of the process managers. The tasks are delegated according to the established order of delegation.

SUSTAINABILITY RISKS

In overall risk management, sustainability issues are a separate area of focus. It covers, for example, the risk that the company fails to reach its sustainability targets, non-compliance with the sustainability policy and associated guidelines, the company's negative impact on the environment and human rights, or failure to act in a transparent and responsible manner.

Working conditions

We are one of Sweden's largest employers. As in all personnel-intensive companies, there is a varying degree of risk associated with the workplace environment. Of utmost concern is the health and safety of our employees and we continually work to diminish risks through systematic workplace environment programmes.

Human rights

Samhall's fundamental principle is the equal value of all people. Zero tolerance is shown regarding discrimination and this is part of basic training. Samhall respects personal integrity and in 2017 conducted a review of the management of personal data in accordance with the new data protection ordinance. We also require our suppliers to respect human rights in the production of the goods and services that we purchase.

Business ethics

It is of the utmost importance that Samhall acts correctly and competes with other companies on common terms through market pricing and calculations in accordance with the appropriate laws. Basic company introduction and leadership training cover both business ethics and anti-corruption measures. In 2017, guidelines for anti-corruption and competitively neutral pricing were

updated and a new code of conduct established.

Environmental impact

Samhall has no operations requiring a permit and the number of activities to be reported under the Environmental Code totalled three. Our environmental impact comes primarily through energy consumption in transportation and premises, as well as waste and chemical management. We systematically work to reduce our impact through the environmental management system ISO 14001 and, for example, by offering Nordic Ecolabel cleaning services.

WHISTLE-BLOWER FUNCTION

A neutral, open and secure whistleblower function is available for those who suspect serious irregularities and misconduct at Samhall. Those with more general opinions concerning the company should first contact the appropriate manager.

Our core values

Our core values - dependable, attentive and dedicated - define how we should behave towards our clients and each other.



DEPENDABLE

Being dependable is to take responsibility. To keep promises made to clients and colleagues. Samhall must be trustworthy and so too everyone who works at Samhall.



ATTENTIVE

Being attentive is to see everything a little clearer. Receiving attention is to be seen and recognised. At Samhall, we must be the best at seeing things others don't. We always try harder to be attentive to the individual's talent and the needs of the client.



DEDICATED

Being dedicated is to be present and always caring that little bit extra about the client and the work; it also includes how you and your colleagues are feeling. A strong sense of dedication easily transfers itself to others and makes life and work better and more enjoyable.



STAKEHOLDERS

Stakeholder dialogue and materiality analysis

Our aim is to continually evolve in order to optimise the “Samhall benefit”, i.e. create benefit for employees, clients and society as a whole. The expectations of stakeholders is captured through stakeholder dialogues that take place continually, both in formal and informal forums and in surveys of employees, clients and brand metrics.

Working to maximise the Samhall benefit requires balanced trade-offs, as our stakeholders value results and activities differently. Therefore, it is vital to identify the economic, social and environmental issues that Samhall influences and stakeholders view as significant. Ultimately, it is the board and management who decide how to balance the various priorities.

STAKEHOLDERS

Stakeholder groups have been identified and defined: partly based on the various components of the state’s assignment, partly from general

conditions applicable to a service company.

Samhall’s most important stakeholders are employees, clients, the state as owner and other authorities, suppliers, interest organisations and unions.

OUR MATERIALITY ANALYSIS FOR 2017 is still based on the survey conducted in late 2015. It has been updated partly through regular contact with trade and industry, politicians, parties in the labour market, the Public Employment Service, internal management forums and workplace meetings. In 2017, commissioned by

the Ministry of Employment, the Swedish Agency for Public Management analysed the process and conditions for employment at Samhall AB (report 2017:7).

The overall view shows unambiguously that Samhall’s most important contribution to sustainable development is in the dimensions of social and economic sustainability. In addition, expectations are very high among all stakeholders that the company acts as a role model in areas where unmannerly behaviour must be avoided, e.g. harassment and corruption.

STAKEHOLDER	DIALOGUE THROUGH	KEY ISSUES
Employees	<ul style="list-style-type: none"> • Workplace environment follow-up • Introduction, training, skills development • Wage surveys and wage reviews • Employee survey • Target and follow-up dialogue, individually • Co-operation with the trade unions at all levels 	<ul style="list-style-type: none"> • Employment and earning a living • Good workplace environment, work adaptation • Good leadership • Moving on to work outside Samhall • Individual focus with personal development plans
Clients	<ul style="list-style-type: none"> • Requirements in purchasing negotiations • Client and sales meetings • Client surveys • Seminars and events • Follow-up meetings and regular contact 	<ul style="list-style-type: none"> • Employee development with focus on occupational skills and raised employability • Business ethics • Combat social exclusion for the functionally impaired in the labour market • Trustworthiness of the Samhall brand • Competitively neutral pricing • Quality, capacity and client handling • Environmental issues as part of the purchasing process
Owner/ authorities (primarily the Public Employment Service)	<ul style="list-style-type: none"> • Meetings with politicians in parliament, county councils, municipalities • Collaboration with the Public Employment Service • The state's ownership policy • Dialogue with the owner through the Ministry of Enterprise and Innovation • Checks with the Ministry of Employment 	<ul style="list-style-type: none"> • Business ethics, transparency and openness • Responsibility for the entire value chain • Combat social exclusion for the functionally impaired in the labour market • Socio-economic benefit and long-term economic sustainability • Geographical distribution • Equality and diversity • Competitively neutral pricing • Employee development with focus on occupational skills and raised employability • Environmental considerations
Suppliers	<ul style="list-style-type: none"> • Dialogue with suppliers in conjunction with purchasing negotiations • Internal operations advisory - sustainability requirements on suppliers • Supplier follow-up and evaluation 	<ul style="list-style-type: none"> • Business ethics • Quality, capacity and client handling • Environmental considerations • Human rights and good working conditions
Organisations	<ul style="list-style-type: none"> • Dialogue forum for handling the ethical and commercial matters related to labour market initiatives for people with functional impairment in Almega • Dialogue with <ul style="list-style-type: none"> - trade unions - Funkis movement - representatives for socially work-integrated business 	<ul style="list-style-type: none"> • Combat social exclusion for the functionally impaired in the labour market, employment and earning a living • Employee development with focus on occupational skills and raised employability • Environmental considerations • Samhall's role as a labour market policy initiative

Areas of significance

The sustainability report, which is based on materiality analysis, has four main areas.

<div style="border: 2px dashed blue; padding: 10px;"> <p>EMPLOYEE BENEFIT</p> <p>Covers significant sustainability issues associated with social relations, personnel and human rights.</p> <ul style="list-style-type: none"> • Development through work • Health and workplace environment • Positions with wage subsidy for employees under development </div>	<div style="border: 2px dashed purple; padding: 10px;"> <p>CLIENT BENEFIT</p> <p>Covers significant sustainability issues associated with client offerings, business ethics and anti-corruption.</p> <ul style="list-style-type: none"> • Quality and client offering • Business ethics and anti-corruption </div>	<div style="border: 2px dashed pink; padding: 10px;"> <p>SOCIETY BENEFIT</p> <p>Covers significant sustainability issues associated with economic sustainability and our geographic presence.</p> <ul style="list-style-type: none"> • Balanced finances • Samhall's additional costs • Geographical distribution </div>	<div style="border: 2px dashed green; padding: 10px;"> <p>RESOURCE EFFICIENCY</p> <p>Covers significant sustainability issues associated with our impact on the environment.</p> <ul style="list-style-type: none"> • The environment </div>
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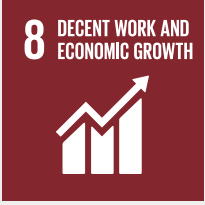
Throughout, the report covers all Samhall with a boundary regarding the influence on Samhall's own operations.

AGENDA 2030




Samhall's agenda

In 2015, UN member countries adopted Agenda 2030 which covers 17 global sustainability goals addressing the greatest challenges of our era. The agenda puts an emphasis on leaving no one behind. Samhall's agenda and vision is a Sweden where everyone is considered an asset to the labour market. Through work that develops people in our client assignments, Samhall combats social exclusion and contributes to greater equality in Sweden.

In 2017, Samhall's board conducted a workshop to identify which global sustainability goals the company influences and contributes to.

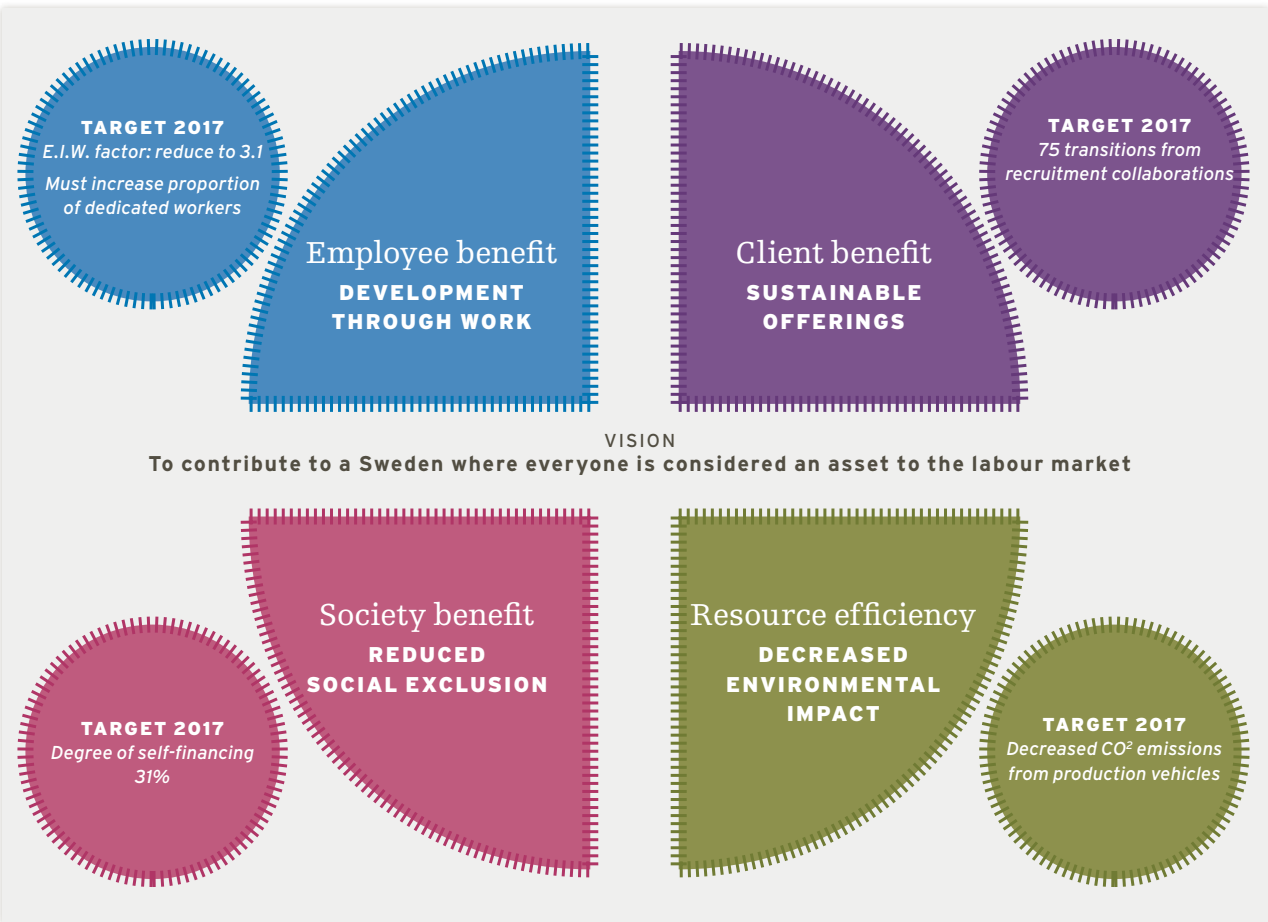
GOAL	SUB-GOAL	SAMHALL'S CONTRIBUTION TO AGENDA 2030
<p>Goal 4</p>  <p>4 QUALITY EDUCATION</p>	<p>4.4 Increase the number of youths and adults who have relevant skills for employment and decent jobs.</p> <p>4.5 Ensure equal access to all levels of education and occupational training for the vulnerable, including persons with functional impairment.</p>	<p>Through tasks that develop people in our client assignments, employees become competitive workers ready for the labour market.</p> <p>Samhall conducts a large number of training and occupational programmes each year for people with functional impairment.</p> <p>An annual target covers employees in the labour market policy assignments who receive the opportunity and support to become employed outside Samhall.</p>
<p>Goal 5</p>  <p>5 GENDER EQUALITY</p>	<p>5.1 End all forms of discrimination against women and girls everywhere.</p> <p>5.5 Ensure women's full and effective participation and equal opportunities for leadership.</p>	<p>Samhall actively works against discrimination.</p> <p>Samhall has a comprehensive leadership development programme.</p> <p>Samhall has an even gender distribution of senior management positions.</p>
<p>Goal 8</p>  <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including young people and people with functional impairment.</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers.</p>	<p>Samhall's assignment is to create meaningful work that develops people with functional impairment and has approx. 20,000 employees. Annually, several thousand new employees are given positions from this target group.</p> <p>All employees are covered by collective agreements.</p> <p>Samhall's objective is a safe workplace environment where employees can develop their skills, which is accessible and adapted to employees' needs. Workplace environment issues covering the physical, social and organisational workplace environment are integrated into everything we do.</p>

IT IS NOT ONLY in Sweden that we promote an active dialogue. Since 1987, Samhall has been a member of “Workability International”. With more than 130 members from 40 countries worldwide, we all work towards the common goal of enabling people with functional impairment to have better opportunities in the labour force.

GOAL	SUB-GOAL	SAMHALL'S CONTRIBUTION TO AGENDA 2030
Goal 9 	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.	Samhall is present throughout Sweden as a resource for both employees and clients.
Goal 10 	10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, gender, functional impairment, race, ethnicity, origin, religion or economic or other status.	Through work that develops people in our client assignments, Samhall combats social exclusion and contributes to greater equality in the labour force.
Goal 12 	12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains. 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment. 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	Samhall's cleaning service complies with the Nordic Ecolabel. That includes using environmentally friendly cleaning agents, decreasing impact on the climate, reducing emissions through cleaning agents, better waste management and recycling. Through chosen client assignments, Samhall can, for example, contribute to reducing food waste by better management.



SUSTAINABILITY TARGETS



Employee benefit
DEVELOPMENT
THROUGH WORK

TARGET 2017	RESULT	TARGETS PROMOTE
E.I.W. factor: reduce to 3.1.	3.1 (3.4) Samhall's objective is that all employees can develop in our client assignments. E.I.W. (employees in work) measures how well Samhall creates good assignments for employees and provides the right conditions for all employees to participate in meaningful and developmental work.	More employees in client assignments. The ability to match employees with the right tasks. Improved skills in occupational roles. More competitive assignments and tasks. Dedicated employees take greater responsibility for their own development and have greater focus on the client.
Dedicated workers: Need to improve compared to previous employee survey.	Both the sub-index for dedicated workers and the total index for the whole organisation increased by two percentage points to 68% and 65% respectively.	

Client benefit
SUSTAINABLE
OFFERINGS

TARGET 2017	RESULT	TARGETS PROMOTE
Recruitment offering . Develop collaborations with companies wanting to recruit employees from Samhall so it generates 75 transitions.	106 transitions to companies with a recruitment collaboration. By engaging and recruiting from Samhall, these clients have actively chosen to combat social exclusion and increase diversity in the labour market.	The recruitment offering boosts employees, gives clients a sustainable staffing alternative and creates lasting transitions.

Society benefit
REDUCED
SOCIAL EXCLUSION

TARGET 2017	RESULT	TARGETS PROMOTE
Degree of self-financing: 31%.	32% (31%) accumulated over 2017. Business growth along with matching for efficient use of resources means client income increasingly contributed to cover total operational costs.	An increased degree of self-financing helps Samhall create more benefit per tax kronor. To manage this, Samhall needs continual business growth and high productivity.

Resource efficiency
DECREASED
ENVIRONMENTAL
IMPACT

TARGET 2017	RESULT	TARGETS PROMOTE
Decreased CO₂ emissions. Decreasing fossil fuels in relation to sales.	0.53 (0.55) Fossil fuel consumption per thousand SEK in sales has fallen by 0.02 litres. Sales have risen without requiring more fossil fuel use.	Less CO ₂ emissions by using renewable fuels and an efficient use of the fleet of production vehicles.

Employee benefit

Employee benefit is the very core of Samhall's operations. Our assignment is to further the personal development of employees with functional impairment through work in our client assignments.

BASED ON THE PRINCIPLE OF MATERIALITY THIS SECTION FOCUSES ON:

- Employee development
- Opportunity to move on to another job
- Health and workplace environment

21,897
employees
with functional
impairment

1,296
professional
employees

NUMBER OF EMPLOYEES

At year-end, Samhall had 21,897 employees in labour market policy assignments for people with functional impairment and reduced working capacity, of which the core assignment is the largest. Included here are positions with wage subsidy for employees under development that target people with functional impairment who have been unemployed for a long time, as well as positions including persons with 75% sickness benefit.

Samhall had 1,296 professional employees. All Samhall employees have collective agreements.

GENDER AND AGE DISTRIBUTION

Samhall has a relatively even gender distribution: 45% women and 55% men. The average age for all is 47. In total, 27% of women work part-time and 13% of men.

ORGANISATION AND RESPONSIBILITY

The centralised Human Resources facility has overall responsibility for the strategic work regarding employee development and the employee process.

The operative responsibility rests with the market areas down to the first-line managers. Collaboration with the Public Employment Service is important, both in recruitment to Samhall and when employees begin new jobs outside Samhall.



SAMHALL EMPLOYEES 31 DEC 2017

	Total	Women, %	Men, %	Average age, years
Management				
Board	11 (11)	55 (45)	45 (55)	55 (55)
Executive group	10 (10)	40 (40)	60 (60)	55 (53)
Employees				
Core assignment	18,391 (19,259)	46 (45)	54 (55)	50 (49)
Development positions	3,149 (2,015)	36 (33)	64 (67)	29 (29)
75% sickness benefit	357 (357)	69 (69)	31 (31)	51 (51)
Professional employees	1,296 (1,206)	52 (52)	48 (48)	47 (48)
Total	23,193 (22,837)	45 (45)	55 (55)	47 (47)

45%
women

55%
men

47
average age

Jani got his dream job



“
**This job makes me
happy inside.**
Jani Nurminen
”

Jani Nurminen from Västerås was previously employed at Samhall but has now found employment as a personal assistant at Humana.

Congratulations on becoming a personal assistant! What makes it your dream job?

“This job makes me happy inside. When I can help people feel better, I feel better too. After I got a development position at Samhall, I hoped it could lead to work as a personal assistant.”

Was it difficult to find work as a personal assistant?

“Yes and no. Last spring when I started at Samhall, there was no work similar to a personal assistant. Instead I tried other things like cleaning and delivering groceries. It was quite good, but I kept searching for the job I really wanted.”

What did you do?

“In autumn, I contacted my boss again to see how things were. That’s when I heard Samhall had started a collaboration with Humana, a private care company. I asked to meet them. When a job became available early the next year, I went to meet Humana’s client. We liked each other from the start and he wanted me to get the job. So even though it took a little time to get the job I wanted, it all worked out well in the end.”

Are you learning things in your new job?

“I learn new things all the time. It’s not a job you get good at just by doing a course. Everyone is different. I think my transition was successful because I was determined and had my own ideas about how I wanted to grow and what I wanted to do.”

Development through work

Samhall's assignment is to further the development of employees through work. Dedicated and skilled employees are the starting point in matching the right competencies to clients and recruitment assignments. The journey is different for many employees, but the work process is the same. We have developed a matching process that highlights each individual's strengths and abilities to enable matching the right person to the right tasks and building teams where employees complement each other.



SAMHALL'S OFFERING TO EMPLOYEES

Our objective is that every employee develops their working capacity and ultimately finds work outside Samhall. This occurs through matching and development in clear occupation roles. The target and development dialogue clarifies the employee's development goals in the short and long term and the client assignments provide the framework for occupational roles that the employee can work on and develop their skills.

TARGET GROUP

The target group for Samhall's labour market policy assignments is people with functional impairment causing reduced working capacity, who are in need of work that "cannot be fulfilled through other measures". However,

the person needs to be able to develop their skills at Samhall, in order to make employment in the company meaningful.

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.

INDIVIDUALLY CUSTOMISED TASKS

To increase the opportunity to develop their skills, Samhall employees are offered individually customised tasks and work rates. The development work is conducted with goals focusing on the employee's occupational development and opportunities for a future transition to a posi-

tion with another employer. The aim is for all employees to develop their skills based on individual abilities and conditions.

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.

This breadth and the fact that employers in various sectors recruit new employees through Samhall create a unique opportunity for persons who previously were struggling in the labour market. Through Samhall, they make new work contacts and get the opportunity to demonstrate their

Employee process



skills and eventually gain another position outside Samhall.

SAMHALL SCHOOL

Samhall's training operation is called the Samhall school. It provides training that supports an employee's entire journey through Samhall: from introduction to training for a new job with another employer. This year, the Samhall school offered around 3,000 courses connected to the company's 24 occupational roles, as well as courses for professional employees. Major training areas have centred around cleaning, facility management and health care, as well as leadership and diversity.

In total, more than 27,000 training places were offered and taken in 2017, which is 7,000 more than 2016. Samhall also trains other employers in how to set aside hindrances and open their workplaces to people with functional impairment. Not least by influencing attitudes and developing leadership. This can also occur in development collaborations with major clients.

DEVELOPMENTAL WORK PROCESS

A crucial part of Samhall's employee process is the target and development dialogue between employee

and manager, which sets concrete goals for the position. Together, the employee and manager agree on the activities and follow-up required during the year for this development to proceed in the right direction.

OCCUPATIONAL ROLES - CLARIFYING COMPETENCIES

Samhall's occupational roles support goals for skills learning and clarify which competencies Samhall can offer clients both as a supplier and recruitment partner.

At year-end 2017, 81% of all employees had documented skills in one or more occupational roles. For example: 10,700 cleaners, 3,800 assemblers and 3,700 stockroom workers. Developing and following up occupational roles also gives information enabling proactive work in matching employees to current and new client assignments.

TRAINING AND DEVELOPMENT IN VARIOUS OCCUPATIONAL ROLES

The daily work provides employees with opportunities to meet clients, perform tasks, collaborate with colleagues and receive support and feedback. Training for various occupational roles is also important and provides the right basis for the work.

Included in "development through work" are traineeships outside Samhall that help develop practical occupational skills.

Training is available to support the entire journey within Samhall: from introduction to preparation for a new job with another employer. There is basic training for all occupational roles. Support tools make an inventory of training needs and analyse gaps at district and individual level. Good basic planning is an important prerequisite for the structured work of employee development and to satisfy the demands of clients.



EMPLOYEE DEVELOPMENT IN LABOUR MARKET POLICY ASSIGNMENTS

	Women	Men
Target and development dialogue %	78	77
Development time and transition traineeship, core assignment (hours/employee)	18	21
Development time and transition traineeship, development positions (hours/employee)	227	250
Transitions, core assignment	245	473
Transitions, development positions	168	409

24 defined occupational roles

Administrator	Care attendant	Driver	Instructor	Laundry worker	Property care-taker - outdoor	Shop assistant	Team leader
Assembler	Cleaner	Forester	Internal teacher	Machinist	Receptionist	Stockroom worker	Waiter/waitress
Attendant	Customer-service clerk	Garbage collector	Janitor	Property care-taker - indoor	Service attendant	Superintendent	Window cleaner



The opportunity to move on; high throughput over the year

Number of new employees and trainees 2017

NUMBER OF EMPLOYEES ARRIVING AT SAMHALL IN 2017

Number of new employees recruited January - December 2017	4,485
Job and development guarantee, New arrivals, Project with Employment Service	2,879
Total employees and trainees IN	7,364

NUMBER OF EMPLOYEES WITH FUNCTIONAL IMPAIRMENT 31 DEC 2017

Core assignment	18,391
Employees with 75% sickness benefit	357
Wage subsidy for employees under development	3,149
Total number employees	21,897
Job and development guarantee, trainees	1,679

TRANSITIONS TO ANOTHER COMPANY IN 2017

Core assignment	718
Wage subsidy for employees under development	577
Other departures	5,620
Total number of employees and trainees OUT	6,915

PRIORITISED RECRUITMENT

Recruitment from prioritised groups at year-end, according to figures from the Public Employment Service, was 60% (57%) of new recruitment to the core assignment. This group consisted of 40% (37%) women and had an average age of 46 (42).


TRANSITIONS

Transitions are part of Samhall's assignment and included as an operative target set by the state. The assignment involves giving employees the proper conditions to leave Samhall for a position with another

employer. At the same time, it provides Samhall with room to employ new recruits who are struggling in the labour market. The number of transitions was 1,295 (1,179) of which 577 (342) were people with wage subsidy for employees under development. The proportion of women in all transitions was 32% (34%). The decrease in the proportion of women making transitions is mainly due to the higher proportion of men with wage subsidy for employees under development making transitions. The average age of transitions was 44 (41).

RETURNS

Permanent employees who make a transition are entitled to return to Samhall within one year. Known as "returns", this entitlement is included in the state's directives and regulated in the collective agreements for employees in the core assignment. In 2017, the number of returns was 422 (419). The number of women returning was 130 (136). Most returns were due to the temporary employment ending or the new employer's down-sizing of operations.



I focus and make sure things get done

“
I like it a lot and the people I work with are nice.”

Caroline Gustavsson

Caroline Gustavsson from Åkersberga has worked at Samhall, but is now employed at Burger King.

Congratulations! How did you get the job at Burger King?

“I was on a cleaning assignment for Samhall and after a while I wanted to do something new. My boss at Samhall said that Burger King was looking for people. I was super nervous about the interview, but I had a good feeling.”

At the age of 22 you were diagnosed with Asperger’s syndrome. How has it affected your working life?

“I used to feel inadequate, because employers often want someone who can handle stress. I can’t lie about it, I’m not that person. After my diagnosis, I began to understand myself better.”

How do you like the job?

“I like it a lot and the people I work with are nice. I started with cleaning, but now I have more tasks. My boss knows that if I get clear directives then I make sure things are done. Many people think that working in a fast-food restaurant is stressful, but it’s only at certain moments. Then I concentrate fully and focus on what I’m doing.”



Health and workplace environment

SAMHALL'S OBJECTIVE is a safe workplace environment where employees can develop their skills, which is accessible and adapted to employees' needs and prerequisites. Good workplace environment and health contribute to the attainment of operative targets. Leadership development and a values-based company culture have great importance in creating a healthy workplace environment where employees thrive, develop and feel well. In 2017, workplace environment processes were reinforced including risk analysis of specific areas and during the start-up phase of new assignments. Next year will see the implementation of improved workplace environment rounds.

OCCUPATIONAL ACCIDENTS AND ABSENCES DUE TO ILLNESS

Occupational accidents increased from last year. The most common causes are noted as "injury due to a fall" and "injury due to being struck, caught or bumping into something." We note that the rise in occupational accidents in relation to the number of employees primarily consists of injuries not causing an absence from work. Even if injuries do not result in serious personal injury, it is important to report all accidents as it provides data that can lead to preventive measures. As a result of follow-up and analysis, the basic training for Clean-

ing and Warehouse/Logistics has evolved and likewise environmental workplace training for all managers.

Samhall conducts annual follow-up of the workplace environment programme, where results are handled company-wide and at scheduled improvement days, as well as in local workplace environment committees. Suggestions for improvement and action plans are based on the circumstances of the local organisation.

Absences due to illness are measured as a percentage of time from the employment contract. Absences due to illness have decreased in all personnel categories during the year. For employees in the core assignment it totalled 15.5% (16.2%). Primarily long-term absences (>59 days) have decreased. Absences due to illness for professional employees was 3.9% (4.7%).

Various health initiatives have been implemented during the year aiming to decrease absences due to illness. Common health activities

are organised and daily exercise is encouraged.

ZERO TOLERANCE OF DISCRIMINATION

2017 saw an intensive debate in Sweden around sexual harassment, initiated by the "Me Too" movement. According to the Employee policy, zero tolerance is shown regarding discrimination, offensive acts and sexual harassment, as well as wage differences based only on gender. These are important areas for Samhall, and our stakeholders have high expectations. Such issues are discussed at introductory training and regularly within the organisation as part of the systematic workplace programme. The annual employee survey is another method of monitoring the issue.

A wage survey takes place in conjunction with the wage review. In 2017, no relevant wage difference by gender was noted.

OCCUPATIONAL ACCIDENTS AND ABSENCES DUE TO ILLNESS

	2017	2016	2015
Total no. accidents at work	955	784	829
- of which women	430	367	390
- of which men	525	417	439
Accidents per 1,000 employees	41	34	39
Absences due to illness (total for all), % of contracted time	15	15	15
- of which women	17	18	18
- of which men	13	13	13



Positions with wage subsidy for employees under development (WED)

By providing WED positions we can, on a yearly basis, offer a large number of people a big step forward in their working life.

IN 2017, SAMHALL was assigned to offer WED positions to at least 3,100 people with functional impairment who have been out of work for a long time. The target group prioritises young adults under 30. The period of employment is one year, which may be extended a further 12 months.

Over the year, 3,051 people had positions with wage subsidy for employees under development of which 69% were under 30 years of age. An additional 98 persons had extended periods of employment. In total, 3,149 had WED position at year-end. 577 people with positions with wage subsidy for employees under development then found work outside Samhall and of these 73% were under 30.

The one-year period of employment combines development and work in a structured process with close follow-up. Not least, it is important to introduce and motivate young adults without previous work experience to become accustomed to their working lives and move on with their work.

About 25% of time at work is spent on various development activities: e.g. introduction to working life, increasing working hours which often includes training to maximise their

working potential, skills training in one or more of Samhall's occupational roles in client assignments, traineeships with another employer, basic and occupational training at the Samhall school and other initiatives.

The individual development activities give the employee the possibility to achieve better insight into their own abilities, strengths and sustainable working range.

The activities also provide new skills and documented experience and references from various workplaces and tasks. This documented competence is in demand, as is reflected by a large number of the WED group being recruited by other employers.

Collaboration with the Public Employment Service is crucial at all stages:

- Prior to employment, so the individual gets the right picture regarding conditions and goals.
- Regular three-party checks during employment.
- Support at the termination of employment or upon gaining a position outside Samhall where the new employer may require various initiatives from the Public Employment Service.



Client benefit

Through our clients, we enable the development of our employees, combat social exclusion and contribute to a sustainable Sweden. Therefore we must provide services of high quality and look after our clients. Trustworthiness is essential in winning new clients and receiving support from stakeholders. Therefore business ethics and competitive neutrality are strategically vital to Samhall.

BASED ON THE PRINCIPLE OF MATERIALITY THIS SECTION FOCUSES ON:

- Client offering and quality
- Business ethics, competitively neutral pricing and anti-corruption measures

With the client in focus

AS A SUPPLIER IN SWEDEN to businesses and the public sector, Samhall has the skills in a large range of labour-intensive services and production of goods. Samhall conducts these assignments as a sub-contractor or through manning solutions or via our own production facilities, with operations nationwide. Samhall has about 4,800 clients, where the primary target group is large- and medium-sized companies and municipalities. In smaller communities, however, small enterprises often play a very important role in employee development.

VALUE IS CREATED NOT ONLY BY WHAT IS DONE, BUT BY WHO DOES IT Offering competitive services, performed by people who otherwise have had difficulty finding their role in the labour market, adds value to clients' operations. By turning to Samhall, they have the opportunity

to contribute to a more sustainable society.

SAMHALL AS A RECRUITMENT PARTNER

Samhall offers clients the opportunity to recruit skilled personnel. Through work for which there is a demand, Samhall's employees develop their skills to become attractive and competitive employees at other companies.

RECRUITMENT CHALLENGE 2017

In 2017, significant work was conducted in developing long-term recruitment collaborations and successful work processes. Together with Samhall, 22 cities joined in with the Recruitment Challenge 2017. It aims to develop long-term recruitment collaborations with select clients across the country and profile Samhall as a professional recruitment partner. Participating companies included Nordic Choice Hotels,

Humana, Lernia, Max Burgers AB and Nordic Service Partners (a franchisee for Burger King).

In 2017, around 106 employees received employment with employers collaborating with Samhall over recruitment. The aim is for a rising proportion of employees leaving Samhall to do so through the long-term recruitment collaboration with major companies.

LABOUR MARKET SERVICES THAT COMBAT SOCIAL EXCLUSION

Samhall makes available to the Public Employment Service positions for work training and other kinds of labour market services at many of our workplaces. Via the Public Employment Service, unemployed people with functional impairment can participate in reinforced work training programmes and receive in-depth assessment conducted by Samhall.



Business ethics

BUSINESS ETHICS AND ANTI-CORRUPTION are important components of Samhall's sustainability policy. This policy is supplemented with specific guidelines about corruption that were updated and expanded during the year. New guidelines have been introduced into Samhall's code of conduct for employees, ready for implementation. Core values and rules on business ethics and corruption are part of the company introduction and leadership development programme.

Corruption is part of the internal auditor's basic area of investigation. There is a whistle-blower function allowing employees or members of the public to anonymously report suspected irregularities.

COMPETITIVELY NEUTRAL PRICING

Just like other companies, growth is important to Samhall. The company is exposed to the same competitive

pricing pressures as other companies, but competitively neutral pricing is even more important because of the state's compensation for additional costs.

Samhall's pricing complies with 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. Careful pricing analysis and sounding of markets are necessities before Samhall enters new markets.

Samhall's methods and tools to ensure that quoted prices are professional and competitively neutral include:

- Competitor analysis of quoted prices and allocation decisions from all public tenders involving Samhall.
- Price calculations are made by a centralised specialist function.
- Use of a market-established pricing calculation tool.
- 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.

In 2017, three cases concerning Samhall were registered with the Swedish Competition Authority. All cases were concluded without the Competition Authority finding cause to investigate further the circumstances around the complaints. Under its own instigation, the Competition Authority has begun a review of Samhall's pricing for cleaning services.

Society benefit

Samhall contributes to greater diversity in the labour market, combats social exclusion and helps create a sustainable Sweden with operations throughout the country. Our societal mission requires economic sustainability. Since the state provides a share of the financing, transparency around our additional costs is also a requirement.

BASED ON THE PRINCIPLE OF MATERIALITY THIS SECTION FOCUSES ON:

- Geographical distribution
- Balanced finances
- Samhall's additional costs

Samhall's most important contribution to the sustainable development of society is to create new pathways towards employment for persons with functional impairment and help Swedish businesses and the public sector benefit from their skills.

SAMHALL'S BUSINESS LOGIC is somewhat the opposite of other companies. Samhall needs to create work for a set number of employees, not employ staff on a commercial basis according to a given amount of business. For Samhall it is the number of employees mandated in the state's ownership directives that governs the need for business volumes. The number of employees in the various labour market policy assignments drives the costs other companies do not have.

To maintain and create new jobs, Samhall needs to constantly adapt operations to the structural changes in the economy. Over the past decade, Industry and Packing/Assembly has decreased from 35% to 5% at year-end 2017.

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 county distribution of the workforce in 2017 is shown in the diagram below.

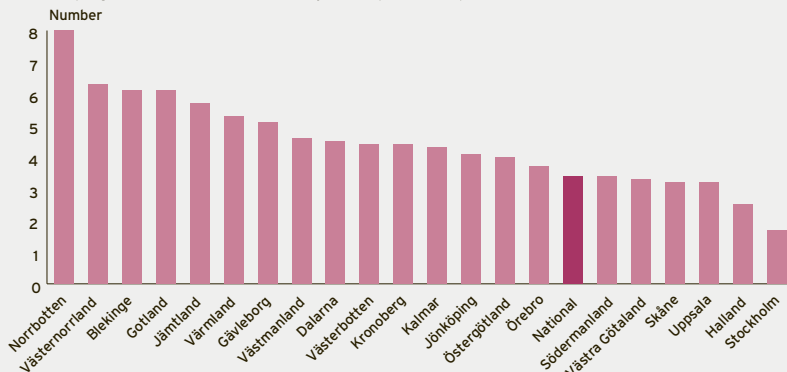
Since permanent positions are the main form of employment in the core assignment it is not possible to make major changes in the short term.

The distribution has been relatively stable over time, which reflects conditions in the labour market of the 80s and 90s. Since 2015, there is a long-term plan for less redistribution between counties, based on current needs. The reallocation is agreed with the Public Employment Service and based only on approaching retirements.

OPERATIONAL BRANCH IN THE CORE ASSIGNMENT

	% women	% men	TOTAL
Services	47	53	11,769
Manning Solutions	43	57	5,636
Industry and Packing/Assembly	47	53	986

Employees in Samhall's core assignment per 1,000 persons in the workforce



Balanced finances

BALANCED FINANCES ARE CRUCIAL if Samhall is to conduct its assignment in a sustainable way with the financing it receives. A certain financial surplus is required to generate new jobs in the future. Samhall's articles of association also prevent a dividend, meaning any profits are applied to Samhall's continued development.

The historical development of Samhall's economic sustainability target, "the degree of self-financing" has partly been driven by the owner's requirement on a return on its investment and been pursued and realised jointly through restructuring from an industrial to a services company and less underutilisation. Business results have improved and costs have fallen.

2017 is the third year in a row of financial losses. At the same time, it is the ninth year straight of unchanged compensation for additional costs. However, the state has proposed an increase in the compensation for additional costs to cover the actual additional costs and enable more positions in Samhall's core assignment.

As Samhall has approx. three times as many employees per assignment compared to other companies in the same sectors, there is a limit to how quickly and by how much the degree of self-financing can increase. Through rising sales we can compensate for cost increases for the same number of employees as competitors, but for the personnel costs for other employees requires additional cost coverage. In recent years, Samhall

has become increasingly underfinanced as compensation for additional costs from the state fails to cover the actual additional costs of the assignment. The increased personnel costs in the company's labour market policy assignment can no longer be compensated for through productivity gains and increased growth.



Samhall's additional costs

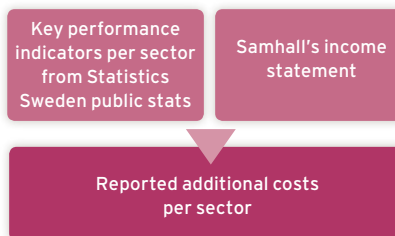
SAMHALL RECEIVES COMPENSATION from the state for the additional costs attributed to its labour market policy assignment. There is no other state compensation for the core assignment.

Samhall's additional costs related to its assignment are based on regulations in legislation, the articles of association and directives from the owner, and this means the company must:

- Run production using employees with functional impairment causing reduced working capacity.
- Conduct operations throughout the entire country and take into consideration regional political concerns regarding any restructuring and avoid the closure of operations in areas with vulnerable labour markets.
- Avoid the retrenchment of employees due to a shortage of work.
- Offer a broad spectrum of work to satisfy the needs of its employees.
- New recruits should come from specified groups that have particular difficulty in the labour market.
- Provide support, rehabilitation and training to employees.
- Take measures to prepare employees for a position in the regular workforce, with the possibility to return to Samhall within a year after making a transition to another employer outside Samhall.

The EU Commission has ruled, after more than three years, on a case brought by Almega Stådföretagen against the Swedish state regarding the compensation for additional costs paid to Samhall. The EU Commission concluded that the compensation for additional costs, in itself, is not contrary to rules about state support. Since the present model of compensation was established before Sweden joined the EU and prior to the existence of current EU regulations concerning state support, the Commission wants the Swedish government to make the necessary steps to update the governance and legal framework according to EU regulations before 31 December 2018. This includes the introduction of a compensation and control mechanism to ensure no overcompensation occurs, as well as a review of Samhall's assignment at least every tenth year.

Samhall has developed a model this year to show the compensation for additional costs. The state determines the amount of compensation for additional costs, the aim of the model being to ensure that Samhall is not overly compensated according to the regulations for state support. The model is described in summary by the following illustration:



BASIS FOR THE MODEL:

- Transparency based on public, annually updated figures from Statistics Sweden and financial figures reported in Samhall's audited annual accounts.
- Comparison by sector of the proportion of personnel costs to net sales. This shows Samhall's personnel costs to be several times higher than the average for the sector. Samhall's wage hours are used for sectoral allocation as the number of employees is primarily governed by the requirement for wage hours, not by the market demand through the client assignment.

Samhall's additional costs, according to the model, reached a total in 2017 of SEK 5,192 million, which should be compared to the received compensation of SEK 4,405 million.

Resource efficiency

Through resource-efficient operations, we decrease our ecological footprint and contribute to the attainment of global climate targets. In stakeholder dialogue, all groups consistently rank Samhall's contributions to employee benefit and society benefit higher than environmental issues. However, in negotiating agreements with clients, there is an interest in diminishing environmental impact. Environmental and climate effects are also included in demands that state-owned companies act as a model in the environmental field.

BASED ON THE PRINCIPLE OF MATERIALITY THIS SECTION FOCUSES ON:

- Environmental and quality governance
- CO₂ emissions and energy consumption

Environmental and quality governance

SAMHALL'S STRATEGY is to integrate environmental considerations into its services and client offerings, which enables work with these issues to become part of daily operations. Training in all occupational roles includes the environment, e.g. environmental cleaning methods and the correct use of chemical products.

Samhall is certified according to ISO 9001 and 14001. Environmental and quality control, as well as the Nordic Ecolabel, cover continual improvements regarding emissions, chemical use, energy and fuel consumption and waste management. Guidance is provided by the precautionary principle. Upon risk or suspicion of negative impact, materials and working procedures are selected to ensure that characteristics are as good as possible.

NORDIC ECOLABEL CLEANING

Product development incorporates environmental factors from a life-cycle perspective, which is increasingly demanded by various stakeholders. Since 2015, Samhall's cleaning services have complied with the Nordic Ecolabel. Nearly 10,000 clean-

ers work according to the label's high environmental standards. This includes the use of environmentally friendly cleaning agents, decreasing our impact on the climate and reducing chemical use.



SAMHALL'S ENVIRONMENTAL RESPONSIBILITY

Energy consumption and CO₂ emissions, have the largest impact on the environment and climate.

Samhall's operations are organised into business areas: Services and Manning Solutions, as well as the smaller Industry and Packing/Assembly. From an environmental perspective, Services and Industry account for the company's effects on the environment. For Manning Solutions, the client is responsible for the environment and the environmental consequences.

Results are monitored regularly through quarterly reports measuring targets and key performance indicators. Internal sources and suppliers provide the data, e.g. energy consumption and waste.

Swedish environmental objectives: Sweden has 16 national environmental objectives in a range of areas to provide clear guidelines for Sweden's environmental work. State-owned companies have a great responsibility to ensure that environmental objectives are met and to create long-term sustainable growth. Samhall has identified two objectives which our operations can actively contribute to:



Reduced climate impact



A non-toxic environment



Reduced CO₂ emissions

IN 2017, TOTAL CO₂ EMISSIONS decreased by approx. 6%. To maintain low emissions, Samhall only purchases certified environmental electricity. Emissions amounted to 5,097 (5,417) tonnes.

Because CO₂ emissions from Samhall's fleet of vehicles is its largest environmental effect, the sustainability target has focused on diminishing emissions from production vehicles.

Total energy consumption fell by approx. 7% over the year, mostly due to a reduction in premises. About 32% of the total energy was renewable energy.

CO₂ EMISSIONS

Tonnes	Direct emissions EN15	Indirect emissions EN16	Other indirect emissions EN17	Total
Vehicles	3,033		854	3,887
Premises	188	84	596	868
Other			342	342
Total CO₂ emissions	3,221	84	1,792	5,097

ENERGY CONSUMPTION

MWh	2017	2016	2015
Renewable energy, EN3	2,149	1,921	2,391
Renewable energy, EN4	11,085	12,180	14,725
Non-renewable energy, EN3	12,089	12,149	13,508
Non-renewable energy, EN4	15,590	17,637	21,379
Total energy consumption	40,913	43,887	52,003

CORPORATE GOVERNANCE

Samhall is a Swedish public limited liability company registered in Stockholm. The framework of governance consists of the Swedish Companies Act, Annual Accounts Act, Swedish Corporate Governance Code (the Code) and laws and regulations applicable to the company.

DEVIATIONS FROM THE CODE

Where appropriate the Code is to be applied, in accordance with the state's ownership policy. With the following exceptions:

- The Code's regulations in chapters two and four on the initiation of the election of board members and nominations of members and external auditors are not applied but replaced by rules in sections 4.3 and 4.4 in the state's ownership policy.
- The code's rules in point 1.1 on information about the owner's right of initiative are not applied because the company is wholly owned by the Swedish state.

DIVISION OF RESPONSIBILITY

Responsibility for Samhall's management and control procedures is divided between the owner, the board and the CEO.

1 OWNERSHIP

Samhall AB is wholly owned by the Swedish state. Ownership is administered by the Ministry of Enterprise and Innovation.

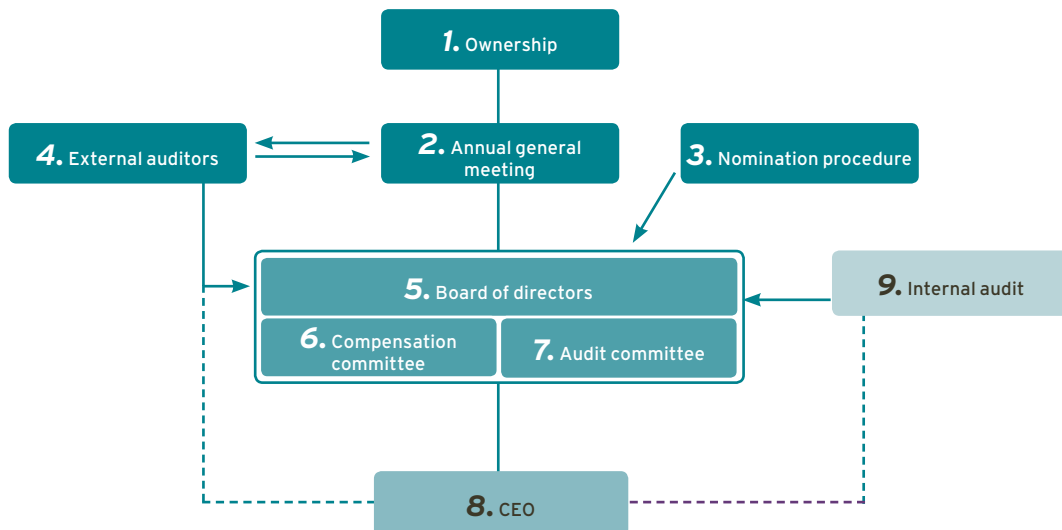
The owner's directives, set at the annual general meeting, contain among other things, labour market policy objectives and the financial targets, financing of the additional costs incurred by Samhall in fulfilling its assignment, as well as certain reporting requirements that supplement the general reporting regulations.

In addition to specific instructions from the owner to Samhall AB, the state's ownership policies and guidelines apply regarding exemplary action in the areas of sustainable enterprise.

2 ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is the company's highest decision-making body. Members of parliament have the right to be present and ask questions at the AGM, which is also open to the public. An annual seminar takes place, in conjunction with the AGM, with external delegates on a topic relevant to Samhall's operations.

An extraordinary general meeting was held 30 January 2017 to accept new directives from the owner. The AGM took place 27 April 2017 in Stockholm. Minutes from the year's meetings are available on Samhall's website (in Swedish).



Remuneration principles

The AGM establishes remuneration to the members of the board and committee members. No fee is paid to members employed by the Swedish Government Offices or employee representative members.

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. The external auditors' report presented at the AGM showed that the guidelines established at the 2016 AGM had been applied.

Remuneration to board members chosen at the AGM and senior management is reported in note 2.

3 NOMINATION PROCEDURE

As a state-owned company, Samhall has no initiation process for the election of board members. Preparation for nominations takes place through a nomination process in accordance with the state's ownership policy. The work is co-ordinated by the Ministry of Enterprise and Innovation.

4 EXTERNAL AUDITORS

Auditors independently review the governance of the board and CEO, as well as the annual report and bookkeeping. Auditors also make a summary review of the third quarter interim report. The external auditor is present at all the audit committee's meetings and reports to the board directly on at least one occasion. The auditor also meets the board once a year with no representative from senior management present.

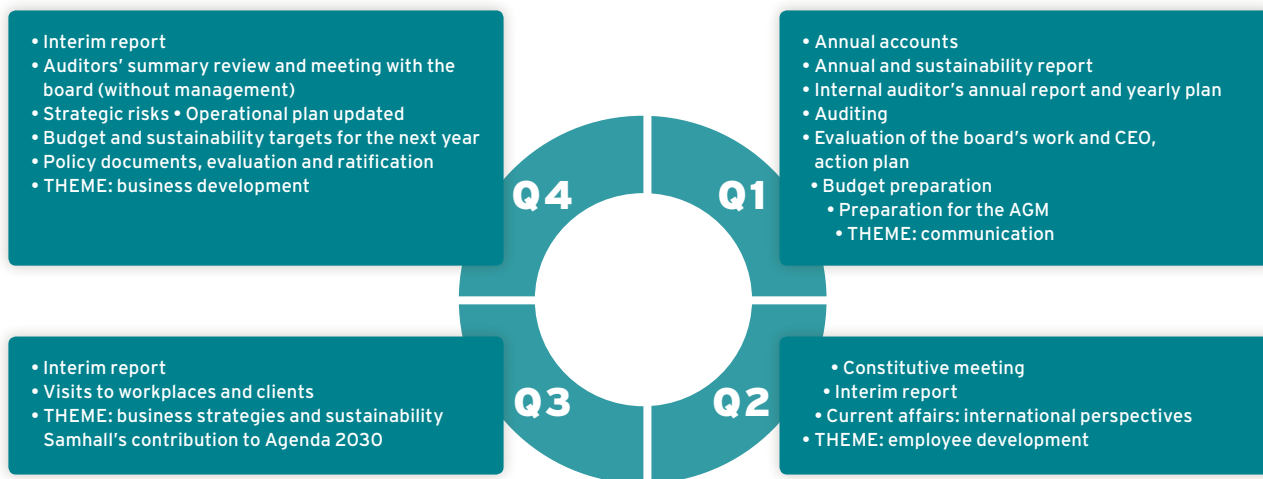
The responsibility for nominating external auditors of state-owned companies is always with the owner and is taken at the AGM. As from 2017 AGM, the board will propose an auditor and the fee. The 2017 AGM re-elected the authorised auditor Deloitte AB until the next AGM with authorised public accountant Peter Ekberg as chief auditor. Remuneration to auditors is detailed in note 7.

5 BOARD OF DIRECTORS

The board of directors is responsible for the organisation of the company and manages the company's affairs on behalf of the owner.

In accordance with the articles of association, the board of directors has at least seven and at most nine members. In addition, according to laws about boardroom representation, three members and three deputies may be included as employee representatives. The current board

The board's work 2017



consists of four men and four women. According to state ownership policy, the composition of the board should take into consideration diversity and equality. The board also includes three members and three deputies who represent employee organisations. The composition of the board and members' attendance at board and committee meetings is shown on pages 46–47.

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

The board annually updates and establishes operational regulations and divisions of responsibility through rules of procedure, directives to the CEO, instructions regarding reporting to the board and instructions to the board's committees that guide division of responsibility and methods of working. The board also sets instructions for the internal audit.

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

There is an internal audit function mandated by the board that regularly reports to the audit committee.

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

The board's work

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

The board's work follows an annual cycle with appointed themes. 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. This

year the board also invited external experts to discuss current issues.

During the year particular attention was given to:

- The ongoing implementation and follow-up of the growth strategy set in 2016, with special emphasis on the necessary operational transformations covering leadership, resource planning and matching, as well as the need for a variety of working tasks.
- In addition to annual communications initiatives, a special effort was made to raise the number of client assignments in areas needing more jobs. Company and local management met with local business figures, as well as present and prospective clients.
- Radio Samhall was launched at the start of the year, an internal radio initiative highlighting employees. Radio Samhall is podcast each week with a new programme.
- The Finance Policy established stricter requirements concerning a more sustainable investment strategy.
- The Swedish Competition Authority's ongoing review of Samhall's pricing has been processed.
- The underfinancing of the core assignment, and the consequences, has been a major issue in Samhall's budgetary documents and dialogue with the owner. As a result of the state budget's proposed increase in Samhall's core assignment and an adjustment to the compensation for additional costs, the board's budget for 2018 has planned to reinforce the first-line and transition work and prepare for a necessary IT transformation.
- Discussion with analysts from the Swedish Agency for Public Management who are conducting a review of the processes and conditions for employment at Samhall AB. The board stated, among other things, that it was Samhall's opinion that it has a more "challenging" target group than before, while the outside world may see it differently given all the registrations at the Swedish Public Employment Service, where many people are presently far from entering the labour market.
- Samhall's digitalisation strategy was presented. It aims to increase efficiency and resource use, as well as securing more jobs and a high rate of utilisation at Samhall.

- Workplace environment, processes and routines combating harassment and offensive acts have been processed.

The board's work and that of the CEO are evaluated annually. In addition to this evaluation there are individual annual discussions between the chairman and all members. The latest evaluation from February 2017 reported that the board functions well and has a high degree of common understanding.

6 COMPENSATION COMMITTEE

The members of the compensation committee are chairman Erik Strand, Leif Ljungqvist and Kenneth Johansson who was replaced by Dario Aganovic after the AGM.

The compensation committee supports the board with recommendations concerning remuneration to senior management, including matters of application of its guidelines and other issues regarding benefits and incentive programmes.

The committee had three meetings during the year.

7 AUDIT COMMITTEE

The members of the audit committee are chairman Erik Strand, Bertil Carlsén, Helen Fath Gillstedt and 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 and risk management. The committee also reviews and monitors the auditors' impartiality and independence, evaluates internal and external auditing initiatives and participates in the procurement of external auditing services. The head of internal auditing reports regularly to the committee. The CEO, CFO, accounting chief, the head of internal auditing and the relevant auditor participate in the meetings.

During the year, the audit committee held six meetings.

8 CEO

The CEO is responsible for the ongoing management of the company in accordance with the board's

instructions. 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. The CEO keeps the chairman regularly informed of key business events and helps prepare the board for its meetings.

The CEO leads the company's operations. Internal governance occurs jointly through governing documentation and through the company's management system. Chiefly, "The Samhall Process" combines personnel and client-delivery processes. Delegation is regulated from the CEO by an order of delegation and complementary guidelines regarding responsibilities and authorities.

9 INTERNAL AUDIT

The internal audit is an independent and objective facility that evaluates, recommends and follows up im-

provements regarding the effectiveness of Samhall's risk management, internal governance and control, as well as the management process in the entire company.

The facility is directly subordinate to the board and audit committee and conducts its work according to an approved internal audit plan prepared by the audit committee and approved by the board. The chief of the internal audit reports administratively to the Vice CEO.

10 SAMHALL'S ORGANISATION AND GOVERNANCE

Samhall operates in Sweden only. Operations are spread throughout the entire country.

The CEO organises the management of the company in a way that ensures appropriate governance and control of operations. Samhall strives for decentralisation and cost-effectiveness. Both sustainability work and risk management are integrated

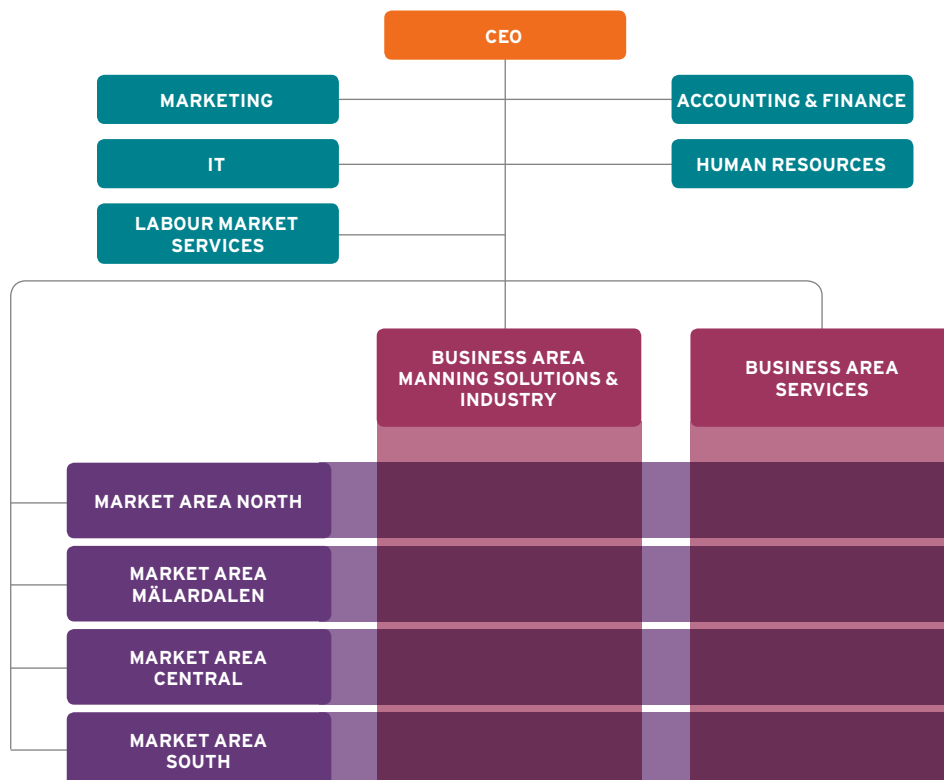
into the company's processes and are part of operative planning.

The diagram below shows Samhall's organisational structure, current from 1 January 2018, with recent adjustments showing the expansion from three to four market areas. The number of districts, meaning the level at which operations are conducted, is unchanged at 27 geographical districts and one industrial district.

Samhall has an integrated management group that includes the company-wide support functions and the directors of the market areas and business areas. Management is presented on pages 48–49.

Operations are guided through formulated objectives that are followed up by monthly management reports which are broken down for the various parts of the organisation and the line managers' areas of responsibility. The CEO has monthly briefings with the market areas and business areas, along with quarterly reviews of prognoses and action plans in detail.

Samhall's organisation



INTERNAL GOVERNANCE AND CONTROL PROCEDURES

THE BOARD'S RESPONSIBILITY FOR internal governance and control procedures is regulated by the Swedish Companies Act, Annual Accounts Act and the Swedish Corporate Governance Code. Internal control procedures aim to provide reasonable assurance concerning the reliability of externally reported financial figures and compliance to laws, appropriate reporting standards and other demands placed on public limited liability companies.

The audit committee is responsible for preparing the work that ensures the quality of the company's financial reporting, regularly monitors the effectiveness of the company's system and formulation of the internal governance and control procedures, as well as following up that recommendations have been attended to.

CONTROL ENVIRONMENT

The structure of the internal control procedures is based on a defined division of responsibility between the board, the board's committee and the CEO. The internal control structure is based on the company's organisation and the manner in which operations are conducted. The structure follows well-defined roles and areas of responsibility, delegation of authority, governing documentation and clearly defined planning and support processes. 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
- Company culture and ethical values, competence, management philosophy, organisational structure, responsibility and authority
- Governing documentation and a common management system based on clearly defined procedures and control activities
- Control activities are partly conducted as integrated parts of the processes and partly as the second line of defence within the Accounting facility
- IT control systems and IT risks. Risk analysis provides the basis for a comprehensive IT transformation to be implemented.
- Regular follow-up
- Quality assurance in the reporting

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 securing and developing the financial reporting, and work involving risk management.

Samhall has a common quality and environmental system that is ISO 9001 and ISO 14001 certified.

INFORMATION AND COMMUNICATION

Samhall's information and communication channels seek to promote complete and transparent financial reporting. Management reports continuously to the audit committee and the board. The board receives a detailed financial report every

quarter on the company's results and position, briefer monthly reports and when necessary a letter from the CEO about significant events. Interim and annual reports are published on Samhall's website.

Information about policies, governance documents, processes and routines are available on Samhall's intranet. In terms of governance, both external and internal communications follow the communications policy approved by the board.

To increase transparency, there is a whistle-blower function allowing anonymous reporting of suspected irregularities.

RISK MANAGEMENT

Samhall's risk management must protect the company's values, provide improved governance and control and increased transparency. The aim is to contribute to the attainment of the company's goals, while at the same time avoiding negative operational and financial effects.

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 work and processes.

Accounting & Finance takes overall responsibility and plays a cohesive role in the risk work. The company has a risk committee chaired by the Vice CEO/CFO and reporting to the board's audit committee. The risk committee reports annually.

RISK MANAGEMENT STRUCTURE:

- Identification annually of new risks and possible changes in previously stated risks based on developments in current affairs, external and internal audits, client satisfaction index, employee surveys and other systematic monitoring.
- Operative risks are regularly handled within operations.
- General and company-wide risks are handled by the risk committee, where the risk is assessed in terms of probability and consequence. The risks with the highest priority and strategic relevance are compiled and reported to the audit committee/board who approve the final risk assessment. Risk management includes analysis of financial risks, sustainability risks, IT risks, brand risks and risks connected to operations.
- Risks are categorised from the perspective of client benefit, employee benefit and society benefit with a

strong connection to both operational targets and the operational plan.

- Scheduled action plans are developed that also cover control procedures and follow-up.

The external auditors and internal audit check Samhall's risk situation in conjunction with planning the annual audits.

SAMHALL'S CORE VALUES

Company culture and core values are vitally important at Samhall. It starts with the board's policy documents: employee policy, sustainability policy, communications policy and finance policy. Comprehensive work has been conducted in recent years. The operational plan describes the common points of departure, objectives and the way there. A crucial part of the work with culture and values is the leadership programme where previous programmes and

change processes are evaluated before the continual development of initiatives to improve leadership at all levels.

SUSTAINABLE ENTERPRISE

The sustainability programme is integrated into Samhall's operative processes. Sustainability targets are followed up quarterly throughout the entire company.

Overall responsibility for sustainability issues rests with the Vice CEO/CFO. Operative responsibility is with the line managers in the organisation.

Internally, the work of sustainable enterprise is followed up systematically. External review is conducted by the company's auditors as part of the annual and sustainability report. Additionally, external reviews are conducted in accordance with ISO 9001 and ISO 14001.

Three lines of defence for internal governance and control procedures



BOARD OF DIRECTORS



Erik Strand
Chairman

Born: 1951.

Chairman since 2011.

Economics and Sports Master. Works on various boards and as a consultant. CEO and board work, Praktikertjänst. Chairman Svenska Spel. Previous 37 years in trade and industry of which 25 as CEO/President.

Board attendance	8 (9)
Compensation committee attendance	4 (4)
Audit committee attendance	6 (6)



Dario Aganovic
Member

Born: 1974.

Member since 1 July 2016.

Exec. Ed. in corporate finance at the London Business School, Ph.D. in industrial technology and management at the Royal Institute of Technology in Stockholm, B.Sc. in mechanical engineering at Uppsala University. Chairman and CEO, CCS Healthcare AB. Previously, commercial director, Nordic region, at ISS World Services, Global business area manager at CPS Color Group, head of Nordic product innovation at Accenture Management Consulting, Centre director, researcher and teacher at the Royal Institute of Technology.

Board attendance	8 (9)
Compensation committee attendance	1 (2)



Bertil Carlsén
Member

Born: 1960.

Member since 2010.

BSc. Econ. Stockholm School of Economics and UC Berkeley Business School, USA. COO Brainheart Energy Sweden AB. Previously CFO Anticimex Group, Vice CEO and CFO Polygon Group, CFO Billerud Korsnäs AB, Vice CEO and CFO Acando AB. Various international senior management positions in AGA Group.

Board attendance	8 (9)
Audit committee attendance	6 (6)



Hillevi Engström
Member

Born: 1963.

Member since 27 April 2017.

Chief Director of Upplands Väsby municipality. Previously, Minister for Employment, Minister for International Development Co-operation, member of parliament, chairman of the parliamentary committee on the labour market, as well as a police inspector and ombudsman for the Swedish Police Union.

Board attendance	5 (7)
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Pia Litbo
Employee representative

Born: 1959.

Member since 2009.

Board attendance	9 (9)
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Hans Abrahamsson
Employee representative

Born: 1961.

Member since 2009.

Board attendance	9 (9)
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Ann-Christin Andersson
Employee representative

Born: 1960.

Member since 2008.

Board attendance	9 (9)
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Angelica Frithiof
Member

Born: 1961.

Member since 2015.

Consultant in service, communication and leadership. Broad national and international experience in the area of functional impairment and patient rights. Advisor to WHO and others.

Board attendance 9 (9)



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 Humana AB, Handelsbanken Fonder AB, Munters AB and Rädda Barnen Advisory Board.

Board attendance 9 (9)
Audit committee attendance 6 (6)



Leif Ljungqvist
Member

Born: 1971.

Member since 2014.

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

Board attendance 8 (9)
Compensation committee attendance 4 (4)
Audit committee attendance 6 (6)



Maria Nilsson
Member

Born: 1957.

Member since 2009.

Consultant in business development and strategy. Previously Vice CEO Manpower, CEO Right Management Consultants and CEO 2Secure. Chairman Swesale AB and Wellma Health Partner AB, as well as a board member of SOS Alarm AB and Ewalie AB.

Board attendance 8 (9)

Deputy members



Hans Janeman
Employee representative

Born: 1964.

Deputy since 2012.

Board attendance 5 (9)



Anders Lehult
Employee representative

Born: 1975.

Deputy since 2016.

Board attendance 8 (9)



Marcus Merilä
Employee representative

Born: 1982.

Deputy since 27 April 2017.

Board attendance 7 (9)

Member until 27 April 2017

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 2 (2)
Compensation committee attendance 2 (2)

MANAGEMENT



Monica Lindegård
CEO

Born: 1962.

Education: BSc. Econ. from Stockholm University.

Previous employment: More than 25 years of experience in senior management positions, including 10 years as CEO of Prenax and G4S. Previously a consultant in IT and management consulting, including Capgemini and Spray. Chairman of the Swedish Space Corporation and board member of Nobina, Humana and Orio.

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 Härnösands kommun.

Joined Samhall: 1988.



Paul Lidbom
CFO, Vice CEO

Born: 1961.

Education: Economics.

Previous employment: Ministry of Defence and SVT.

Joined Samhall: 1991.



Göran Olinder
*Business Area Director
Manning Solutions & Industry*

Born: 1962.

Education: Construction engineering, Navy Defence College.

Previous employment: Includes 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 at G4S.

Anställd sedan: 2011



Mats Eliasson
Director of Marketing
Born: 1964.
Education: Engineering.
Previous employment: Stora corporation.
Joined Samhall: 1991.



Monica Höglind
Director of Human Resources
Born: 1962.
Education: Diploma in Personnel Strategy.
Previous employment: Managerial positions in Apoteket, Coop, B&W and Svenska Pressbyrån.
Joined Samhall: 2013.



Charlotte Karlsson
Market Area Director Central
Born: 1973.
Education: BEd. Headmaster training, Master's Degree in Leadership and Organisation.
Previous employment: Teacher, headmaster, HR Chief Inwido Sweden and District Manager at Samhall.
Joined Samhall: 2014.



Joined management 13 June 2017
Pär Rasmusson
IT Director
Born: 1962.
Education: Computer engineering at the Royal Institute of Technology.
Previous employment: Senior positions including digital development and transformation at the Swedish Tax Agency, the Swedish National Heritage Board and the Enforcement Authority.
Joined Samhall: 13 June 2017.



Joined management 1 Jan 2018
Elisabeth Hansson
Acting Market Area Director Mälardalen
Born: 1975.
Education: Economics.
Previous employment: Consultant and advisor.
Joined Samhall: 2016.

In management until 31 Dec 2017

Ludmilla Bjerke
Market Area Director Central
Born: 1966.
Education: BSc. Econ.
Previous employment: Exportrådet, SAS, Securitas and Lernia.
Joined Samhall: 2015.

In management until 8 June 2017

Stefan Stigendal
IT Director
Born: 1972.
Education: Computer/Electronic engineering and IT management with Enterprise Architecture.
Previous employment: More than 15 years in the IT business, of which 10 in senior roles, including Ramböll Group, G4S and Prenax.
Joined Samhall: 2015.

HOW TO READ THE INCOME STATEMENT

The income statement summarises the finances of the past year. All income and costs are summarised and the result is the company's profit or loss. For comparison, figures for the previous year are provided. The notes refer to explanatory texts appearing further in the annual report.

INCOME STATEMENT

Operating income

Shown here are the company's total net sales, in other words sales to clients together with the state compensation for additional costs that Samhall receives for its mandated assignment.

Operating expenses

The costs of making and selling the company's goods and services. Personnel costs for almost 23,000 employees are the largest item.

Operating profit

Shows if sales are proceeding at a profit or a loss. Income minus costs.

Financial items

Income and costs of financial investments and securities.

Balance-sheet allocations

Adjustments of profits between years for taxation reasons.

Profit for the year

Profit after tax.

SEK M	Note	2017	2016
OPERATING INCOME			
Net sales	3, 4, 5, 34	3,036	2,507
Change of work in progress and finished goods		1	-1
State compensation for additional costs	6	4,405	4,405
Other operating income	4	839	557
Total income		8,281	7,468
OPERATING EXPENSES			
Raw materials and consumables	34	-695	-355
Merchandise		0	0
Other external costs	7, 9	-563	-537
Personnel costs	2	-7,265	-6,758
Depreciation and write-downs on tangible and intangible fixed assets	8	-29	-27
Total costs		-8,552	-7,677
Operating profit		-271	-209
PROFIT ON FINANCIAL ITEMS			
Interest income and similar items	10	34	57
Interest expenses and similar items	11	0	-10
Total financial items		34	47
Profit after financial items		-237	-162
BALANCE-SHEET ALLOCATIONS			
Balance-sheet allocations		0	0
Pre-tax profit		-237	-162
Tax on profit for the year	12	0	-13
PROFIT FOR THE YEAR		-237	-175
Earnings per share before and after dilution (SEK)		-47.4	-35
Average number of shares before and after dilution		5 million	5 million

HOW TO READ THE BALANCE SHEET

The balance sheet shows the company's assets and how they are financed by shareholders' equity and liabilities. The value of total assets is always equal to the value of total liabilities.

BALANCE SHEET

Fixed assets

A fixed asset is one intended to be used or owned for a longer period, at least one year, and during that time contributes to the company's value. They are divided into three categories: intangible, tangible and financial. Intangible assets are non-physical assets with a lasting value. Tangible assets are the physical value of items such as property, machinery and equipment. Financial assets consist of long-term investments in stocks, receivables and securities.

SEK M	Note	2017	2016
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalised expenses on software	13	3	2
		3	2
<i>Tangible fixed assets</i>			
Land and buildings	14	19	25
Plant and machinery	15	19	19
Equipment, fixtures and fittings	16	59	59
Construction in progress and advance payments	17	1	0
		98	103
<i>Financial fixed assets</i>			
Shares in group companies	18	0	0
Other long-term portfolio investments	19	0	0
Deferred tax receivables	12	0	0
Other long-term receivables	20	16	17
		16	17
Total fixed assets		117	122

Current assets

Current assets are items regularly used or sold during operations. They can quickly be turned into cash and finance daily operations. For example, inventories, accounts receivable and current investments are reported here.

CURRENT ASSETS			
<i>Inventories, etc</i>			
Raw materials and consumables		43	47
Goods in hand		10	7
Finished goods and merchandise		9	7
		62	61
<i>Current receivables</i>			
Accounts receivable		618	435
Other receivables	21	71	81
Prepaid costs and accrued income	22	101	72
		790	588
<i>Current investments</i>			
Other current investments	23, 24	1,993	2,213
Cash and bank	23	416	419
TOTAL CURRENT ASSETS		3,261	3,281
TOTAL ASSETS		3,378	3,403

Shareholders' equity

Shareholders' equity shows the company's net assets that belong to the owner. It consists of the share capital as well as any saved profits and is the value on which a return is expected. Samhall's overall target is a long-term return of 7% over a business cycle.

MSEK	Note	2017	2016
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
<i>Restricted shareholders' equity</i>			
Share capital	25	500	500
Statutory reserve		286	286
		786	786
<i>Non-restricted shareholders' equity</i>			
Profit brought forward		632	807
Profit for the year		-237	-175
		395	632
Total shareholders' equity		1,181	1,418
<i>Provisions</i>			
Provisions for pensions and similar obligations	26	16	16
Deferred tax liabilities	12	2	2
Other provisions	27	10	13
		28	31
<i>Current liabilities</i>			
Accounts payable		233	125
<i>Other current liabilities</i>			
Non-interest-bearing liabilities	28	569	503
Current tax liabilities		0	0
Accrued expenses and deferred income	29	1,367	1,326
		2,169	1,954
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,378	3,403

Liabilities

An obligation to pay a set amount within a certain time. Provisions may be estimates in amount and time, yet still involve an obligation in the near future.

HOW TO READ THE CASH FLOW STATEMENT

A cash flow statement is a report showing how operations have affected the company's financial flows, in other words the inward and outward payments over the year.

CASH FLOW STATEMENT

Operating activities

Inward and outward liquidity flows from income-generating operating activities, as well as changes in working capital, such as inventories, accounts receivable and accounts payable. For example, fewer inventories release capital and the number of credit days changes on client and delivery invoicing. On the other hand, changes to reported values such as depreciations and write-downs of various assets and inventories are not included.

Investment activities

Investment activities show inward and outward liquidity flows that do not correspond to effects of revenue generation. For example, the purchase or sale of a fixed asset. It also includes changes in current financial investments that are not dependent on revenues.

SEK M	Note	2017	2016
OPERATING ACTIVITIES			
Operating profit		-271	-209
Interest received, vouchers, dividends, capital gains	10	32	57
Interest paid, capital losses	11	0	-2
Adjustment for non-cash-flow items, etc	31	11	27
Tax on profit for the year	12	-	-
Cash flow from operating activities before changes in working capital		-228	-127
Increase/decrease of inventories		-1	13
Increase/decrease of receivables		-202	-67
Increase/decrease of liabilities		215	182
Total change in working capital		12	128
Cash flow from operating activities		-216	1
INVESTMENT ACTIVITIES			
Acquisition of intangible fixed assets		-2	-1
Acquisition of tangible fixed assets		-29	-30
Sale of tangible fixed assets		22	7
Increase/decrease of financial current assets		216	-128
Cash flow from investment activities		207	-152
FINANCING ACTIVITIES			
Cash flow from financing activities		-	-
CASH FLOW FOR THE YEAR			
Liquid assets at year-start		461	612
Liquid assets at year-end	23,24	452	461

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FINANCIAL RESULTS

10-year overview

SEK M	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
KEY INDICATORS										
Wage hours, thousand	-	-	-	29,595	29,573	29,490	29,442	29,539	29,548	29,619
Working hours, thousand	23,929	24,617	24,410	24,561	24,629	24,449	24,441	-	-	-
Transitions, number ¹	948	1,029	977	1,039	987	912	1,122	1,059	1,179	1,295
Prioritised recruitment, %	51	45	41	40	43	43	44	46	57	60
Number of employees with functional impairment (at year-end)	19,383	19,141	18,414	18,641	19,148	18,321	19,660	18,528	19,259	18,391
Number of employees in Labour Market Services (at year-end)	115	-	8 ²	21 ²	1 ²	-	-	-	-	-
Number of employees with 75% sickness benefit (at year-end)	177	198	207	223	228	259	321	351	357	357
Number of positions for employees under development	-	-	-	-	1,158	846	1,043	1,027	2,015	3,149
INCOME STATEMENT										
Net sales	2,890	2,287	2,390	2,456	2,412	2,550	2,498	2,453	2,507	3,036
Change of work in progress and finished goods	-4	-6	1	1	-2	-3	-1	-1	-1	1
State compensation for additional costs	4,220	4,405	4,405	4,405	4,405	4,405	4,405	4,405	4,405	4,405
Other income	165	115	73	95	256	361	549	371	557	839
Total	7,271	6,801	6,869	6,957	7,071	7,313	7,451	7,228	7,468	8,281
Material costs, etc	-1,020	-647	-685	-725	-663	-692	-548	-400	-355	-695
Wage costs for employees with functional impairment	-4,756	-4,875	-4,832	-4,902	-5,096	-5,132	-5,256	-5,353	-5,543	-5,732
Wage costs for employees with development positions, etc	-	-	-	-	-90	-260	-308	-235	-398	-664
Other operating costs, etc (incl. depreciation)	-1,394	-1,368	-1,223	-1,270	-1,299	-1,269	-1,339	-1,320	-1,381	-1,461
Net financial items	84	48	27	83	100	61	92	-3	47	34
Profit after financial items	185	-41	156	143	23	21	92	-83	-162	-237
Balance-sheet allocations	-24	24	-	-17	3	4	2	8	-	-
Profit before tax	161	-17	156	126	26	25	94	-75	-162	-237
Tax	-8	-8	0	-	21	-10	-13	12	-13	0
Profit for the year	153	-25	156	126	47	15	81	-63	-175	-237
BALANCE SHEET										
Tangible and intangible fixed assets	120	104	99	106	118	133	135	107	105	101
Financial fixed assets incl. deferred tax	1	7	8	4	26	13	19	28	17	16
Inventories	155	105	114	131	126	115	90	74	61	62
Accounts receivable	399	331	426	417	464	450	402	382	435	618
Other current receivables	104	117	95	102	117	125	133	139	153	172
Cash, bank and current investments	2,202	2,282	2,275	2,489	2,533	2,524	2,743	2,664	2,632	2,409
Total assets	2,981	2,946	3,017	3,249	3,384	3,360	3,522	3,394	3,403	3,378
Shareholders' equity	1,256	1,231	1,387	1,513	1,560	1,575	1,656	1,593	1,418	1,181
Untaxed reserves	24	-	-	17	14	10	8	-	-	-
Provisions and long-term liabilities	9	15	13	18	15	13	47	29	31	28
Current liabilities	1,692	1,700	1,617	1,701	1,795	1,762	1,811	1,772	1,954	2,169
Total shareholders' equity and liabilities	2,981	2,946	3,017	3,249	3,384	3,360	3,522	3,394	3,403	3,378
FINANCIAL RATIOS										
Inventories as % of sales	5.4	4.6	4.8	5.3	5.2	4.5	3.6	3.0	2.4	2.0
Accounts receivable as % of sales	13.8	14.5	17.8	17.0	19.2	17.6	16.1	15.6	17.4	20.4
Acid-test ratio, %	160	161	173	177	173	176	181	180	165	147
Equity ratio, %	42	42	46	47	46	47	47	47	42	35
Return on average equity, %	13.0	-2.0	11.9	8.7	3.1	1.0	5.0	-3.9	-11.6	-18.2
Investments	37	23	25	40	49	35	40	25	31	31

1) From 2014 inclusively, transitions are counted as a total number and even include transitions from positions for employees under development. 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 under new regulations.

FINANCIAL RESULTS 2017

- Total revenue including compensation for additional costs was SEK 8,281 (7,468) million, of which net sales were SEK 3,036 (2,507) million.
- Operating profit totalled SEK 271 (209) million.
- Profit after financial items totalled SEK 237 (162) million.
- Profit for the year was SEK 237 (175) million.
- Return on average shareholders' equity was 18% (12%). The state's guideline target over a business cycle is 7%. Seen over a business cycle of five and 10 years, return on shareholders' equity was 6% and 1% respectively.
- The equity ratio continues to remain at a high level: 35% (42%). The state's guideline target over a business cycle is at least 30%.
- Shareholders' equity at year-end was SEK 1,181 (1,418) million. Unrestricted shareholders' equity amounted to SEK 395 (632) 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 wage 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 2017, Samhall received compensation for additional costs totalling SEK 4,405 (4,405) million. This amount of compensation to Samhall has remained unchanged for nine years.

Investments in tangible fixed assets

Investments in land and buildings amounted to SEK 0 (3) million. Investments in technical facilities within properties totalled SEK 6 (5) million. Investments in machinery, other technical plant, equipment and tools amounted to SEK 23 (25) million. Procurement of intangible fixed assets totalled SEK 2 (1) million. Ongoing investments at year-end totalled SEK 1 (0) million.

SIGNIFICANT EVENTS IN THE FISCAL YEAR

A new directive from the owner was received 30 January 2017 at an extraordinary general meeting. The directive kept Samhall's core assignment unchanged. However, in 2017 Samhall was to offer development positions to at least 3,100 persons with functional impairment who had been out of work for long periods, prioritising young adults under 30.

In February, Samhall submitted to the government a budgetary outline for 2018–2020, which highlighted the need to reinforce the compensation for additional costs to maintain the quality of the assignment.

New contracts signed in the first quarter included Coop and Partikungen.

In late March 2017, Samhall published the annual and sustainability report for 2016 on its website. A digital popular version was launched in April 2017.

Samhall's annual general meeting was conducted on 27 April and in conjunction a seminar was held on the theme "Greater success with the right person in the right job". Almega Samhall federation signed a three-year agreement for professional employees represented by Unionen, Ledarna, Akademikerförbunden dur-

ing the second quarter, valid from 1 April 2017 to 31 March 2020.

The Swedish Agency for Public Management was tasked in December 2016 to analyse whether the composition of Samhall's employees has changed over time and how Samhall's operations influence who is assigned work. They would also evaluate development positions. The analysis was presented in late May 2017. The Swedish Agency for Public Management found that Samhall on the whole fulfils the government's formal requirements.

In June 2017, Samhall's Director of Communications, Albin Falkmer, was elected Vice President of Workability International, the world's largest association of companies and organisations offering support and work for people with functional impairment. Albin has previously been a member of the board and will now be Vice President.

Samhall's CEO was nominated in the second quarter, as one of three finalists, for the Sustainable Leadership Award 2017. The annual award from the Network for Sustainable Enterprise rewards an individual whose competent leadership has contributed to successful sustainability programmes and sustainable business.

From 1 July 2017, the new ordinance (2017:462) came into effect regarding special measures for persons with functional impairment causing reduced working capacity. In conjunction with the new ordinance, the government changed the names of the various types of wage support. Therefore funding for development positions is now called wage subsidy for employees under development (WED).

The government proposed in September's budget to raise Samhall's compensation for additional costs from 2018 inclusively. The government also proposed expanding Samhall's core assignment by 1,000 people during 2018 and a further 1,000 people during 2019.

For the second year in a row, Samhall had an employee in the final of the Clean Bright Awards, the cleaning and service industry's quality prize. Beatrice Degerman was a finalist in the category "Cleaner of

the Year". Unfortunately she didn't take home the top prize, which was awarded in September.

In September a decision was taken to make the Labour Market Services unit a separate subsidiary company in order to comply with EU regulations concerning state support. Thus Samhall Arbetsmarknadstjänster AB (corporate identification number 559167 1381) was formed.

A new three-year collective agreement with LO union and Samhall federation was reached in October for employees at Samhall.

In October, Samhall signed an agreement with Ingram Micro Nordic Services which will manage Zalando's new fulfilment centre in Brunna, Stockholm. It covers 150 Samhall employees.

Samhall hosted the annual Pathfinder Prize gala in November. Around 800 guests from trade and enterprise, stakeholder organisations and politicians attended. This year's individual prize went to Arne Anderstedt and the employer prize to Östhammar municipality. An honorary prize of super employer went to Axel Johnson AB.

In November, Samhall decided to divide national operations into four market areas. From 1 January 2018, we go from three to four market areas: North, Mälardalen, Central and South.

EMPLOYEES

The average annual number of employees is calculated statistically using time worked, absences, utilisation rates and staff composition and totalled 19,459 (18,628) of which 8,310 (8,067) were women. For more information, see note 2.

RISKS AND RISK MANAGEMENT

Internal governance and controls

The board takes ultimate responsibility for the company's risk organisation and that operations are conducted with good internal governance and control (IGC). The board has established an audit committee with duties including the monitoring of Samhall's overall risk management on behalf of the board.

Samhall's framework for risk management is based on the COSO model's system and structure. 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 Internal Governance and Control Procedures in the corporate governance report.

Samhall has a risk committee at executive level responsible for analysing risk situations as well as taking action to secure that the company fulfils its objectives and simultaneously avoids negative operational or financial effects.

Risk management has been integrated into the management system's processes and operational planning. Samhall's processes are governed by the common management system that covers the control environment and control activities.

Responsibility for operational risks follows the linear management of the company. Accounting & Finance takes overall responsibility and plays a co-ordinating role.

Risk management

On an annual basis, Samhall updates a risk registry and a risk management plan based on an analysis compiled on changes in current affairs, internal and external audits and reviews, 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. Strategic risks are grouped into the following areas: client benefit, employee benefit and society benefit. The greatest challenges and risks are that business growth is not sufficient to provide meaningful work that develops all employees, as well as the implied operational challenges of such a case. Other highly ranked risks include diminishment of the brand through negative publicity in the media and that geographical cover-

age is difficult to maintain in areas with insufficient market demand.

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

Analysis of threats and weaknesses

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

- Contractual wage increases mean assignment costs rise in the core assignment. If these costs cannot be offset through increased compensation for additional costs, then the necessity to provide self-finance increases.
- Samhall cannot adjust to decreasing business by reducing the number of employees in the core assignment. 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 2017, return on shareholders' equity was 18% (12%) for the year; seen over a business cycle of five and 10 years, return on shareholders' equity was 6% and 1% respectively. The equity ratio as per 31 December 2017 was 35% (42%).

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

Sustainability report

Samhall AB has produced a sustainability report in accordance with the Annual Accounts Act, chapter 6, section 12. The report shows the GRI index on pages 79–80. Reporting has been drawn up according to GRI G4: Core.

Environmental information

At year-end 2017, there were no operations requiring a permit and the number of activities to be reported under the Environmental Code totalled 3 (9).

Those activities that required reporting were:

- 2 (2) Plants with metalworking machinery and where the total tank volume of concentrated cutting fluids, process lubricants and hydraulic oil is greater than one cubic metre
- 0 (1) Plant for iron phosphate
- 0 (1) Plant with a solid fuel furnace
- 1 (2) Plants using more than one tonne of plastic per calendar year
- 0 (3) 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, as well as the production of waste.

Events after the balance-sheet date

A new directive from the owner for 2018 was received on the 29 January 2018 at an extraordinary general meeting. The directive stipulated increasing Samhall's compensation for additional costs as from 2018. The government also proposed expanding Samhall's core assignment by 1,000 people during 2018 and a further 1,000 people during 2019.

The EU Commission has ruled, after more than three years, on a case brought by Almega Städföretagen against the Swedish state regarding the compensation for additional costs paid to Samhall. The EU Commission concluded that the legal framework around the compensation for additional costs paid

to Samhall needs adjustment to be in line with current EU regulations concerning state support. Since the present model of compensation was established before Sweden joined the EU and prior to the existence of current EU regulations concerning state support, the Commission wants the Swedish government to make the necessary steps to update the governance and legal framework according to EU regulations before 31 December 2018. This includes the introduction of a compensation and control mechanism to ensure no overcompensation occurs, as well as a review of Samhall's assignment at least every tenth year.

The conversion of Labour Market Services (LMS) into an independent subsidiary company has been moved forward to 1 January 2019. The EU decision regarding state support gives Samhall until 31 December 2018 to secure compliance with the legal framework.

No other significant events have occurred after the balance-sheet date that affect the company's accounts and position as per 31 December 2017.

OUTLOOK FOR THE FUTURE

In 2018, Samhall will receive compensation for additional costs relating to its core assignment totalling SEK 4,975 million. The established number of wage hours for 2018 is at least 30.2 million hours. If the number of hours is less than 30.2 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 30.2 million then no extra compensation is paid to cover this excess.

The number of transitions to another employer during 2018 is set at a minimum 1,500 persons for the core assignment and the programme with wage subsidies for employees under development. Recruitment from prioritised groups in 2018 is to total at least 40%.

PROPOSED ALLOCATION OF PROFIT

THE FOLLOWING PROFIT IS AT THE DISPOSAL OF THE AGM:

Profit brought forward	633,166,248
Profit for the year	-237,161,454
Total SEK	396,004,794

THE BOARD PROPOSES THAT PROFIT BE ALLOCATED AS FOLLOWS:

Carried forward to new account	396,004,794
Total	396,004,794

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	2017	2016
OPERATING INCOME			
Net sales	3, 4, 5, 34	3,036	2,507
Change of work in progress and finished goods		1	-1
State compensation for additional costs	6	4,405	4,405
Other operating income	4	839	557
Total income		8,281	7,468
OPERATING EXPENSES			
Raw materials and consumables	34	-695	-355
Merchandise		0	0
Other external costs	7, 9	-563	-537
Personnel costs	2	-7,265	-6,758
Depreciation and write-downs on tangible and intangible fixed assets	8	-29	-27
Total costs		-8,552	-7,677
Operating profit		-271	-209
PROFIT ON FINANCIAL ITEMS			
Interest income and similar items	10	34	57
Interest expenses and similar items	11	0	-10
Total financial items		34	47
Profit after financial items		-237	-162
BALANCE-SHEET ALLOCATIONS			
Balance-sheet allocations		0	0
Pre-tax profit		-237	-162
Tax on profit for the year	12	0	-13
PROFIT FOR THE YEAR		-237	-175
Earnings per share before and after dilution (SEK)		-47.4	-35
Average number of shares before and after dilution		5 million	5 million

Comments on the income statement

SALES AND GROSS PROFIT

Net sales for the year totalled SEK 3,036 (2,507) million, an increase of SEK 529 million, or the equivalent of 21% compared to the previous year. Net sales include onward invoicing costs for a client, the Swedish Defence Materiel Administration, of SEK 340 million. The effect on operating profit is SEK 0 million. Cleared of this, the increase in net sales is SEK 189 million, equivalent to 8%.

Gross profit totalled SEK 2,342 (2,151) million, an increase on the previous year of SEK 191 million or 9%. Gross profit margins fell nine percentage points to 77% (86%). The main reasons were onward invoicing costs and changes to the business structure with increased sales in Services with a lower level of added value.

Regarding Services and Manning Solutions, sales increased by SEK 527 million and SEK 64 million, the equivalent of an increase of 36% and 10% respectively. Cleared of onward invoicing costs for the Swedish Defence Materiel Administration, the increase in net sales for Services is SEK 187 million, equivalent to 13%. The increase in Services is primarily due to facility management. For Manning Solutions, the increase is according to plan within established growth areas. For Industry and Packing/Assembly, which is being restructured, net sales decreased by SEK 61 million, equivalent to 14%.

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. The amount of compensation has remained unchanged from the previous year. See notes 1 and 6 for further information.

OTHER OPERATING INCOME

The state's assignment concerning positions with wage subsidy for employees under development

targeting young adults is a separate assignment. Received income was SEK 696 (423) million. Revenue from the Public Employment Service for Labour Market Services totalled SEK 83 (75) million. In 2017, a repayment of SEK 12 (26) million was received from Fora regarding collective group insurance for 2004. In 2017, 4 (1) properties were divested. Profit from the sale of tangible fixed assets was SEK 15 (2) million.

RAW MATERIALS AND CONSUMABLES

Raw materials and consumables increased by SEK 340 million compared to 2016. The entire increase covers the onward invoicing costs for a client: the Swedish Defence Materiel Administration.

PERSONNEL COSTS

Personnel costs totalled SEK 7,265 (6,758) million, an increase of SEK 507 million, mainly due to contractual increases in wage costs and a rise in the number of employees.

OTHER EXTERNAL COSTS

Other external costs totalled SEK 563 (537) million, an increase of SEK 26 million. However, other external costs in relation to sales have fallen compared to last year.

OPERATING PROFIT

Operating profit for the year totalled SEK 271 (209) million. Profit for the year was positively affected by lower contractual fees (Fora) of SEK 14 (14) million, repayment of SEK 12 (26) million received from FORA regarding premiums for contractual group insurance (AGS) and from the disposal of fixed assets totalling SEK 15 (2) million. Provisions for adjustment and restructuring costs including write-downs totalled SEK 13 (16) million, which encumbered profits. Other one-time items totalled SEK 5 (3) million.

Taking these items into consideration, the adjusted operating profit was SEK 304 (238) million, or SEK 66 million lower than the previous year.

Samhall surpassed the number of wage hours regarding the state's target, by 219,000 hours, equivalent to a cost of roughly SEK 40 million. This means a greater number of people had the opportunity to develop their skills at Samhall, a possibility that was financed without state support.

An increase in the number of professional employees has affected salary costs by SEK 53 million compared to the previous year, mostly as a result of Samhall's enlarged assignment regarding positions for employees under development. Higher gross profit of SEK 191 million has, to a certain extent, compensated for higher wage costs.

PROFIT FROM FINANCIAL ITEMS

Profit from financial items totalled SEK 34 (47) million and profit after financial items totalled SEK 237 (162) million. Net financials consist of the accumulated profit of the company's portfolio investments including the market value of financial instruments at the balance date. Samhall's investments during the year were affected positively by rising stock markets.

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. Unrealised profits/losses totalled SEK 2 (8) million, while realised profits and losses amounted to SEK 24 (44) million. Dividends totalled SEK 6 (10) million.

PROFIT FOR THE YEAR

Profit after balance-sheet allocations and tax totalled SEK 237 (175) million. Profit for the previous year was affected by deferred tax of SEK 13 million largely attributable to an increase in the market value of current investments, as well as a changed assessment regarding the possible utilisation of taxable deficits in the future. For 2017, the effect of deferred tax is SEK 0 million.

BALANCE SHEET

SEK M	Note	2017	2016
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalised expenses on software	13	3	2
		3	2
<i>Tangible fixed assets</i>			
Land and buildings	14	19	25
Plant and machinery	15	19	19
Equipment, fixtures and fittings	16	59	59
Construction in progress and advance payments	17	1	0
		98	103
<i>Financial fixed assets</i>			
Shares in group companies	18	0	0
Other long-term portfolio investments	19	0	0
Deferred tax receivables	12	0	0
Other long-term receivables	20	16	17
		16	17
Total fixed assets		117	122
CURRENT ASSETS			
<i>Inventories, etc</i>			
Raw materials and consumables		43	47
Goods in hand		10	7
Finished goods and merchandise		9	7
		62	61
<i>Current receivables</i>			
Accounts receivable		618	435
Other receivables	21	71	81
Prepaid costs and accrued income	22	101	72
		790	588
<i>Current investments</i>			
Other current investments	23, 24	1,993	2,213
Cash and bank	23	416	419
TOTAL CURRENT ASSETS		3,261	3,281
TOTAL ASSETS		3,378	3,403

Comments on the balance sheet

TANGIBLE FIXED ASSETS

Investments in fixed assets totalled SEK 29 (31) million. At year-end 2017, Samhall owned 16 (20) properties with a total area of approx. 47,700 (64,600) m² and rented properties with an area of approx. 108,100 (108,500) m². Compared to year-end 2016, this is a decrease of rented property area of approx. 400 m². In total, this represents roughly a 10%

(5%) decrease of disposable property area.

INVENTORIES

Inventories increased by SEK 1 million compared to 2016, but tied-up capital in inventories related to sales decreased from 2.4% to 2.0%.

ACCOUNTS RECEIVABLE

Accounts receivable as a percentage of sales increased from 17.4% to 20.4% compared to 2016. The last days of the year fell on a weekend, which assisted earlier billing and an increase in accounts receivable at year-end. The average credit period increased by one day. The company's client losses remain very low.

SEK M	Note	2017	2016
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
<i>Restricted shareholders' equity</i>			
Share capital	25	500	500
Statutory reserve		286	286
		786	786
<i>Non-restricted shareholders' equity</i>			
Profit brought forward		632	807
Profit for the year		-237	-175
		395	632
Total shareholders' equity		1,181	1,418
<i>Provisions</i>			
Provisions for pensions and similar obligations	26	16	16
Deferred tax liabilities	12	2	2
Other provisions	27	10	13
		28	31
<i>Current liabilities</i>			
Accounts payable		233	125
<i>Other current liabilities</i>			
Non-interest-bearing liabilities	28	569	503
Current tax liabilities		0	0
Accrued expenses and deferred income	29	1,367	1,326
		2,169	1,954
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,378	3,403

PREPAID COSTS AND ACCRUED INCOME

This item increased by SEK 29 million compared to 2016. The rise is mostly due to accrued income for the expanded LFU assignment as well as prepaid costs.

CURRENT INVESTMENTS

For Samhall's investment regulations, please see note 24. Samhall's current investments on the balance date totalled SEK 1,993 (2,213) mil-

lion. Samhall's investments during the year were affected positively by rising stock markets.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Refers to capital insurance for present and former senior executives.

DEFERRED TAX LIABILITIES

Refers to deferred tax liabilities on temporary differences between the reported value of assets and liabil-

ities and the taxable value used in calculating taxable profit.

OTHER PROVISIONS

Other provisions include those for potential loss contracts and approved adjustment and restructuring measures primarily the costs of premises. These measures are expected to be completed in 2018.

CHANGES IN SHAREHOLDERS' EQUITY

SEK M	Note	Share equity	Statutory reserve	Capitalised profit	Profit for the year	Total share-holders' equity
Shareholders' equity 1 Jan 2016		500	286	870	-63	1,593
Allocation of the previous year's profit				-63	63	-
Profit for the year					-175	-175
Shareholders' equity 31 Dec 2016		500	286	807	-175	1,418
Allocation of the previous year's profit				-175	175	-
Profit for the year					-237	-237
Shareholders' equity 31 Dec 2017	25	500	286	632	-237	1,181

CASH FLOW STATEMENT

SEK M	Note	2017	2016
OPERATING ACTIVITIES			
Operating profit		-271	-209
Interest received, vouchers, dividends, capital gains	10	32	57
Interest paid, capital losses	11	0	-2
Adjustment for non-cash-flow items, etc	31	11	27
Tax on profit for the year	12	-	-
Cash flow from operating activities before changes in working capital		-228	-127
Increase/decrease of inventories		-1	13
Increase/decrease of receivables		-202	-67
Increase/decrease of liabilities		215	182
Total change in working capital		12	128
Cash flow from operating activities		-216	1
INVESTMENT ACTIVITIES			
Acquisition of intangible fixed assets		-2	-1
Acquisition of tangible fixed assets		-29	-30
Sale of tangible fixed assets		22	7
Increase/decrease of financial current assets		216	-128
Cash flow from investment activities		207	-152
FINANCING ACTIVITIES			
Cash flow from financing activities		-	-
CASH FLOW FOR THE YEAR			
Liquid assets at year-start		461	612
Liquid assets at year-end	23,24	452	461

Comments on the cash flow statement

Samhall's cash and bank holdings at year-end attained SEK 416 (419) million and current investments of a duration < three months totalled SEK 36 (42) million. Samhall's total liquid funds were SEK 452 (461) million.

Cash flow from operating activities during the year was SEK 216 (1) million, the difference from the previous year mainly being lower profit and changes to working capital.

Cash flow for the year was SEK 9 (151) million, affected mostly by short-term current investments.

NOTES

Amounts in brackets refer to 2016. Unless stated otherwise, all amounts are denominated in millions of Swedish kronor (SEK M). Rounding differences may occur.

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 BFNA 2012:1 Annual report and consolidated accounts (K3).

INCOME

Income is reported at the fair value of what is received or will be receivable. Income is reported net after deducting VAT, discounts and exchange differences for sales made in foreign currencies. Differences in recalculation are reported as net profit/loss in the income statement under Other Operating Income, or alternatively Other External Costs.

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.
- 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 is reported linearly in the period of the rental contract's duration.

Royalties and similar items:

Revenue is reported according to the actual financial terms of each agreement.

Interest income:

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. The owner's directives to Samhall AB regulate the specific commitments and condi-

tions applicable to the state's contribution to Samhall and the company's operations. This contribution to Samhall 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 the provision and implementation of software.

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 feasible 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 value and depreciated according to the linear method over their estimated useful life, between 1.5-5 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, in other words 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. If such a need is indicated, the recoverable value of the asset is calculated to establish the value of any eventual write-down. Recoverable value is determined by the highest of current value minus sales costs and value in use. If it is not possible to determine a particular asset's recoverable value, then a calculation is made of the recoverable value of the entire cash-generating unit to which it belongs. 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 at the lower of acquisition or actual net sales value on the balance date. Acquisition value is established by applying the first-in first-out method.

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. Differences in recalculation are reported as net profit/loss in the income statement under Other Operating Income, or alternatively Other External Costs.

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 over 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 valuation such as discounted future cash flow valuation and information available from current market transactions.

The company's 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.

Financial assets and liabilities reported at accrued acquisition value include accounts receivable, accounts payable and other liabilities. 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.

Accounts receivable

Accounts receivable are valued at the accrued acquisition value. The expected duration of accounts receivable is short, thus reporting is at face value without discounting. Reductions are made for accounts deemed unsecure. Write-downs are reported as costs.

Accounts payable

Accounts payable are valued at the accrued acquisition value. The expected duration of accounts payable is short, thus reporting is at face value without discounting.

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. Compensation is reported as income and 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.

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. Samhall has certain leasing agreements covering cars and computers for example that constitute financial lease agreements where Samhall is the lessee. Furthermore Samhall can, under certain conditions, enter financial leasing agreements as the lessor.

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 of use, 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 of 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 liability 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 as of the balance-sheet date.

REMUNERATION TO EMPLOYEES

Samhall has benefit-determined and fee-determined pensions for employees in accordance with 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.

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 has benefit-determined pension plans according to the ITP plan for professional employees, financed through Alecta insurance. These are reported as fee-determined plans, in accordance to K3 accounting principles. 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 and 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.

CONSOLIDATED FINANCIAL REPORTING

The company is a parent company, but under the Annual Accounts Act, chapter 7, section 3a, no consolidated accounts are drawn up.

NOTE 2

Employees, personnel costs and remuneration to the board and senior management

Average annual number of employees

	of which		of which	
	31 Dec 2017	women, %	31 Dec 2016	women, %
Sweden	19,459	43	18,628	43
Total	19,459	43	18,628	43

The average annual number of employees is calculated statistically using time worked, absences, utilisation rates and staff composition and totalled 19,459 (18,628) of which 8,310 (8,067) were women. The average annual number of employees with functional impairment was 15,809 (15,901) of which 6,864 (6,921) were women, while the number of professional employees was 1,205 (1,154) of which 612 (597) were women. The average annual number of employees for persons with 75% sickness benefit was 84 (85) of which 58 (58) were women. Regarding positions with wage subsidy for employees under development in the state's special assignment, as well as trainees in Labour Market Services (job and development guarantee, youth guarantee and establishment/new arrivals) the average annual number of employees was 2,361 (1,488) of which 776 (496) were women.

The total number of employees at year-end was 23,193 (22,837) of which 357 (357) persons had 75% sickness benefit. The number of people with positions with wage subsidy for employees under development in the state's special assignment was 3,149 (2,015).

Gender breakdown of board and senior management

	of which		of which	
	31 Dec 2017	women, %	31 Dec 2016	women, %
Board	11	55	11	45
Other senior management	10	40	10	40
Total	21	48	21	43

Salaries, other remuneration and social security expenses

	31 Dec 2017		31 Dec 2016	
	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
Board and CEO	4.8	2.5	4.5	2.4
(of which pension costs)		1.0		1.0
Other employees	5,206.9	1,966.9	4,842.8	1,824.9
(of which pension costs)		244.5		228.8
Total	5,211.8	1,969.5	4,847.3	1,827.3
(of which pension costs)		245.5		229.7

Regarding salaries and remuneration to other employees, SEK 16 (15) million refers to senior management other than members of the board and CEO. Pension fees for the year covering the ITP plan totalled SEK 59 (54) million and are included in the item covering personnel costs. Premiums paid to Alecta are considered a fee-determined contribution plan.

Total salary expenses, including social security expenses, amounted to SEK 7,181 (6,675) million.

Salary expenses relating to Samhall's special assignment from the state regarding positions for employees under development totalled SEK 663 (398) million with wage subsidies totalling SEK 462 (277) million.

A repayment of SEK 12 (26) million was received from FORA regarding premiums for contractual group insurance (AGS) from 2004.

NOTE 2

Employees, personnel costs and remuneration to the board and senior management

REMUNERATION TO THE BOARD

SEK Thousands	Board fees 2017	Board fees 2016	Audit committee 2017	Audit committee 2016	Compensation committee 2017	Compensation committee 2016
Chairman, Erik Strand	310	310	62	62	33	33
Member, Dario Aganovic	145	-	-	-	16	-
Member, Bertil Carlssén	145	138	42	42	-	-
Member from 27 April 2017, Hillevi Engström	97	-	-	-	-	-
Member, Helen Fasth Gillstedt	145	138	42	42	-	-
Member, Angelica Frithiof	145	138	-	-	-	-
Member, Leif Ljungqvist	-	-	-	-	-	-
Member, Maria Nilsson	145	138	-	-	-	-
Member to 27 April 2017, Kenneth Johansson	46	138	-	-	6	17
Total	1,178	1,000	146	146	55	50

SALARIES AND BENEFITS TO SENIOR MANAGEMENT

SEK Thousands	Salaries 2017	Salaries 2016	Other benefits 2017	Other benefits 2016	Pension costs 2017	Pension costs 2016
CEO, Monica Lingegård	3,410	3,293	58	59	1008	970
CFO, Vice CEO, Paul Lidbom	2,310	2,237	57	62	684	618
Director of Marketing, Mats Eliasson	1,817	1,728	130	131	485	434
Director of Human Resources, Monica Höglind	2,402	2,330	64	62	709	690
Business Area Director Manning Solutions & Industry, Göran Olinder	1,855	1,818	106	105	462	444
Market Area Director South, Tomas Andersson	1,429	1,390	59	60	485	433
Market Area Director North, Åsa Berg	1,302	1,268	59	59	600	570
Market Area Director Central, Ludmilla Bjerke	1,522	1,495	61	62	359	347
Business Area Director Services, Jonas Rieck	1,651	1,433	61	62	392	325
IT Director to 8 June 2017, Stefan Stigendal	645	1,150	30	67	146	237
IT Director from 13 June 2017, Pär Rasmusson	867	-	17	-	168	-
Business Development Manager to 30 April 2016, Sara Nordström	-	143	0	20	-	132
Total	19,210	18,285	702	749	5,498	5,200

In addition to a salary, CEO Monica Lingegård is also entitled to a company car and health insurance. Regarding old-age pension, invalidity pension and provision for surviving dependants, Samhall pays a premium each month, on Monica Lingegård's behalf, 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 nine executive officers. IT Director Stefan Stigendal left the company 31 August and his replacement, Pär Rasmusson, was appointed 13 June. 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 case of termination enacted by the company, executive officers are entitled to dismissal salary for six months. In addition, severance pay of 12 months may be paid. Dismissal and severance pay may total a maximum of 18 monthly salary amounts and be reduced by any other earned income.

Regarding old-age pension, invalidity pension and provision for surviving dependants, Samhall pays a premium each month on Monica Höglind's behalf, 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

	2017	2016
Sweden	2,981	2,452
Hungary	19	10
Norway	15	17
Denmark	13	14
Belgium	6	6
Germany	1	4
Poland	0	1
Netherlands	0	1
Other countries	1	2
Total net sales	3,036	2,507
Percentage for export	2%	2%

NOTE 4 Income categories

SEK M	2017	2016
Services	2,667	2,077
Goods	369	430
Total	3,036	2,507
Wage subsidies and special compensation for positions for employees under development	696	423
Job and development guarantee compensation	83	75
Wage and project subsidies from the Public Employment Service	22	19
Profits from property sales	14	-
Reimbursement of contractual group insurance for 2004	12	26
Rental income	6	7
EU grants, transport subsidies, etc	1	2
Profits from fixed asset sales	1	2
Other income	4	3
Total	839	557

See note 6 for more information about the state's compensation for additional costs regarding Samhall's core assignment.

NOTE 5 Information about operational branches

DETAILS ABOUT THE COMPANY'S OPERATIONAL BRANCHES
Samhall is organised into three main operational branches: Services, Manning Solutions, Industry and Packing/Assembly. These operational branches 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. Operational reporting includes costs for non-billable hours. Income from the Public Employment Service for Labour Market Services is reported in the table below under common income, as essential parameters are not met for reporting as a separate segment. Income and costs from Samhall's assignment concerning positions for employees under development is not regarded as an operational branch but a separate assignment from the state and is included under common income. Operational branches reported in the segment data are the same as the previous year.

SEGMENT DATA Net sales, compensation for additional costs and other income per operational branch¹

SEK M	2017	2016
Services	4,795	4,181
of which net sales	1,990	1,463
Manning Solutions	1,935	1,882
of which net sales	674	610
Industry and Packing/Assembly	602	748
of which net sales	369	430
Common income/Unallocated	1,105	801
of which net sales	3	4
Eliminations ²	-156	-144
Total income	8,281	7,468

1. Includes internal income and costs eliminated at company level
2. Income and costs between segments

Sales for Services and Manning Solutions increased by SEK 527 million and SEK 64 million respectively, a rise equivalent to 36% and 10% respectively. Cleared of onward invoicing costs for a client, the Swedish Defence Materiel Administration, the increase in net sales for Services is SEK 187 million, equivalent to 13%.

The increase in Services is primarily due to facility management. For Manning Solutions, the increase is according to plan within established growth areas. For Industry and Packing/Assembly, which is being re-structured, net sales decreased by SEK 61 million, equivalent to 14%.

Income from the Employment Service for Labour Market Services is reported as other income and totalled SEK 105 (94) million. This operation does not satisfy essential criteria for a self-contained segment and therefore is reported under common income. Income regarding investigative services in Labour Market Services is reported as sales and totalled SEK 0 (4) million.

The state's assignment concerning positions for employees under development is a separate assignment, supported with wage subsidies from the Employment Service and a separate part of the compensation for additional costs that replaces the arrangement subsidy. This is reported as other income under common income. Received income was SEK 696 (423) million.

NOTE 6 State compensation

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 2017, Samhall, in total, received compensation for additional costs of SEK 4,405 (4,405) million.

NOTE 7 Auditing costs

Auditor's fees

SEK M	2017	2016
Auditing assignment		
Deloitte AB	1.0	1.0
Assignments other than the auditing assignment		
Deloitte AB	0.2	0.3
Total	1.2	1.3

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

SEK M	2017	2016
<i>Depreciation by asset class</i>		
Capitalised expenses for software	-1	-1
Land and buildings	-2	-2
Plant and machinery	-4	-6
Equipment, fixtures and fittings	-22	-18
Total depreciation	-29	-27
<i>Write-downs by asset class</i>		
Land and buildings	-	-
Plant and machinery	-	-
Equipment, fixtures and fittings	-	0
Total write-downs	0	0
Total depreciation and write-downs	-29	-27

Calculation of the recovery value of properties is based on the cash flow from each respective 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	2017	2016
Payment due within one year	180	152
Payment due later than one year but within five years	135	107
Payment due later than five years	0	0
Total	315	259
<i>Leasing costs for operational lease agreements</i>	195	183

Amounts include rental costs for premises and machinery.

NOTE 10 Interest income and similar items

SEK M	2017	2016
Interest, vouchers and dividends	8	11
Capital gains	24	46
Market value of administered capital	2	-
Total	34	57

NOTE 11 Interest costs and similar items

SEK M	2017	2016
Capital losses	0	-2
Interest costs, external	0	0
Market value of administered capital	0	-8
Total	0	-10

NOTE 12 Tax on profit for the year

SEK M	2017	2016
Current tax on profit for the year	-	-
Deferred tax	0	-13
Total	0	-13

During the previous year, deferred tax items of SEK 13 million were reported, a consequence of an increase in the market value of current investments, as well as a changed assessment regarding the possible utilisation of taxable deficits in the future.

Deductible deficits, which are not time limited, amounted to SEK 429 (207) million. No deficits are activated in the balanced accounts.

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

SEK M	2017	2016
Profit before tax	-237	-162
Tax according to applicable tax rate	52	36
Effect of non-deductible costs	-3	-3
Non-activated deductible deficits	-49	-46
Other	-	-
Tax on profit for the year	0	-13

TAX RATE

The applicable tax rate for income tax is 22% (22%).

NOTE 12 Tax on profit for the year

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 2017	Deferred tax receivable	Deferred tax liability	Net
Land and buildings	4	-	4
Plant and machinery	1	-	1
Current investments	-	-18	-18
Pensions	11	-	11
	16	-18	-2

31 Dec 2016	Deferred tax receivable	Deferred tax liability	Net
Land and buildings	4	-	4
Plant and machinery	1	-	1
Current investments	-	-18	-18
Pensions	11	-	11
	16	-18	-2

NOTE 13 Intangible fixed assets

SEK M	31 Dec 2017	31 Dec 2016
<i>Accumulated acquisition value</i>		
At year-start	10	9
New acquisitions	2	1
Divestitures and disposals	0	-
Total acquisition value	12	10
<i>Accumulated depreciation according to plan</i>		
At year-start	8	7
Divestitures and disposals	-	-
Depreciation for the year according to plan	1	1
Total depreciation	9	8
Residual value according to plan at year-end	3	2

NOTE 14 Land and buildings

SEK M	31 Dec 2017	31 Dec 2016
<i>Accumulated acquisition value</i>		
At year-start	134	136
New acquisitions	0	3
Divestitures and disposals	-22	-5
Total acquisition value	112	134
<i>Accumulated depreciation according to plan</i>		
At year-start	89	89
Divestitures and disposals	-18	-2
Depreciation for the year according to plan	2	2
Total depreciation	73	89
<i>Accumulated write-downs</i>		
At year-start	20	21
Divestitures and disposals	-	-1
Write-downs for the year	-	-
Total write-downs	20	20
Residual value according to plan at year-end	19	25
Book value, buildings	15	20
Book value, land	4	5

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

At year-end 2017, Samhall owned 16 (20) properties with a total area of approx. 47,700 (64,600) m² and rented premises with an area of approx. 108,100 (108,500) m².

NOTE 15 Plant and machinery

SEK M	31 Dec 2017	31 Dec 2016
<i>Accumulated acquisition value</i>		
At year-start	191	243
New acquisitions	6	5
Divestitures and disposals	-20	-57
Total acquisition value	177	191
<i>Accumulated depreciation according to plan</i>		
At year-start	154	203
Divestitures and disposals	-18	-55
Depreciation for the year according to plan	4	6
Total depreciation	140	154
<i>Accumulated write-downs</i>		
At year-start	18	18
Divestitures and disposals	-	-
Write-downs for the year	0	-
Total write-downs	18	18
Residual value according to plan at year-end	19	19

NOTE 16 Equipment, fixtures and fittings

SEK M	31 Dec 2017	31 Dec 2016
<i>Accumulated acquisition value</i>		
At year-start	204	200
New acquisitions		25
Divestitures and disposals	-12	-21
Total acquisition value	215	204
<i>Accumulated depreciation according to plan</i>		
At year-start	142	143
Divestitures and disposals	-11	-19
Depreciation for the year according to plan	22	18
Total depreciation		142
<i>Accumulated write-downs</i>		
At year-start	3	3
Divestitures and disposals	-	-
Write-downs for the year	-	0
Total write-downs	3	3
Residual value according to plan at year-end	59	59

NOTE 17 Construction in progress and advance payments for tangible fixed assets

SEK M	31 Dec 2017	31 Dec 2016
At year-start	0	3
Accrued expenses during the year	1	-3
Book value at year-end	1	0

NOTE 18 Shares in group companies

SEK Thousands	Net asset value 31 Dec 2017	Net asset value 31 Dec 2016
Samhall Arbetsmarknadstjänster AB	50	-
Corporate identification number		559127-1381
Registered office		Stockholm
No. of shares		500
Capital share		100%

Details regarding shareholders' equity and financial results

Samhall Arbetsmarknadstjänster AB is a newly formed subsidiary company; as of 31 Dec 2017 there were no operations to report.

SEK Thousands	Shareholders' equity	Profit
Samhall Arbetsmarknadstjänster AB	50	0

NOTE 19 Other long-term portfolio investments

SEK M	31 Dec 2017	31 Dec 2016
<i>Accumulated acquisition value</i>		
At year-start	0	0
Book value at year-end	0	0

Mainly concerns shareholdings in stakeholder organisations.

NOTE 20 Other long-term receivables

SEK M	31 Dec 2017	31 Dec 2016
At year-start	17	17
Future receivables	0	2
Transfer to current receivables	-1	-2
Book value at year-end	16	17

The majority covers capital insurance regarding pension provisions to senior management.

NOTE 21 Other receivables

SEK M	31 Dec 2017	31 Dec 2016
Tax receivables	53	53
Tax account	0	11
Other current receivables	18	17
Book value at year-end	71	81

NOTE 22 Prepaid costs and accrued income

SEK M	31 Dec 2017	31 Dec 2016
Rent	19	18
Interest income	0	0
Insurance claims	2	1
Wage and arrangement subsidies	31	19
Other	49	34
Book value at year-end	101	72

NOTE 23 Liquid funds

SEK M	31 Dec 2017	31 Dec 2016
Other current investments	1,993	2,213
Total current investments	1,993	2,213
Cash and bank	416	419
Book value at year-end	2,409	2,632
Current investments of duration greater than three months	1,957	2,171
Liquid funds at year-end	452	461

NOTE 23 Liquid funds

Liquid funds consist of the liquidity reserve, represented in the form of bank accounts and current investments of duration less than three months. Administered capital on the balance date attained a market value of SEK 1,993 (2,213) million. Administered capital includes the following financial instruments: interest-bearing funds, 81%, and structured investments, 17%.

NOTE 24 Financial instruments and financial risk management

Samhall's financial operations must be 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 include 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 company's CEO 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 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.

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 (1.7) years and interest risk was SEK 29 (38) 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, including any investment in the deposit market.

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 stipulate that no dividend is paid.

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

NOTE 26 Provisions for pensions and similar obligations

SEK M	31 Dec 2017	31 Dec 2016
Provisions at year-start	16	16
Provisions for the year	0	0
Book value at year-end	16	16

NOTE 27 Other provisions

SEK M	31 Dec 2017	31 Dec 2016
Provisions at year-start	13	13
Provisions for the year	14	18
Used during the year	-16	-18
Reversal of unused amount for the year	-1	-
Book value at year-end	10	13

Other provisions include those covering loss contracts and approved reconstruction and restructuring measures, primarily the costs of premises. These measures are estimated to be completed in 2018. Reversals apply to previously unused provisions.

NOTE 28 Other current liabilities

SEK M	31 Dec 2017	31 Dec 2016
Settlement of salaries	389	373
Personnel pay-as-you-earn tax	98	94
Value added tax	33	31
Other	49	5
Book value at year-end	569	503

NOTE 29 Accrued expenses and deferred income

SEK M	31 Dec 2017	31 Dec 2016
Vacation pay liability	685	654
Payroll tax	528	497
Salary tax	70	61
Other	84	114
Book value at year-end	1,367	1,326

NOTE 30 Contingent liabilities and pledged collateral

SEK M	31 Dec 2017	31 Dec 2016
Pledged collateral	-	-
Swedish Customs	0.1	0.1
Hysesbostäder i Norrköping AB	0.2	0.2
Total contingent liabilities	0.3	0.3

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 31 Adjustment for items not included in cash flow

SEK M	31 Dec 2017	31 Dec 2016
Depreciation and write-downs	29	27
Reversal of previous write-downs	0	0
Proceeds of sold fixed assets	-15	-2
Capital insurance		0
Provisions	-3	2
Total adjustment items	11	27

NOTE 32 Transactions with 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 about 3% (3%) of Samhall's sales and about 2% (3%) of its purchasing.

NOTE 33 Allocation of profit

The board proposes that the profit be carried forward to the new account.

NOTE 34 Critical estimates and judgements

Preparation of the annual accounts and application of different accounting standards are often based on management's assessments or on assumptions and estimates that are regarded as reasonable under prevailing circumstances. It is required of corporate management to make assumptions and estimates, as well as suppositions, which influence the application of accounting principles and the reported amounts concerning assets, liabilities, income and costs. Actual results may deviate from judgments and estimates.

These assumptions and estimates are often based on historical experience and other factors, including expectations of future events considered reasonable under prevailing circumstances. Estimates and judgements are regularly evaluated. Changes in estimations are reported in the period that the change is made if the change only affects that period, or in the period the change is made and future periods, if the change affects both the current period and future periods.

Judgements made by management in the application of K3 accounting principles, which have significant influence on financial reporting, as well as estimations that could imply significant adjustments in subsequent financial reports, mostly concern the following areas:

- **Valuation of unsecured receivables.** The company applies a model to evaluate unsecured receivables. This model involves a write-down of the receivable according to a matrix: the percentage of the write-down is higher, the older the receivable is. If a receivable is so unsecure that it is thought payment will not be made, then it is written down 100%, regardless of age, based on individual assessment.
- **Restructuring measures.** VProvisions for restructuring are part of a rationalisation programme. A number of criteria must be met before a provision is made, including a formal, detailed plan of the measures. The provision includes an estimate of the size of the future costs of the programme. A provision for restructuring must only include those direct costs that arise from the restructuring.
- **Legal disputes.** The company regularly assesses outstanding disputes of significance in order to assess the necessity of setting aside provisions. Disputes can be various in nature, involving clients, suppliers etc. However, estimates do not necessarily need to reflect the result of settled disputes and differences between outcome and estimation may affect the company's financial position.
- **Tax.** Considerable judgements are made in order to estimate current tax receivables and liabilities, and so too deferred tax receivables and liabilities. Judgements are made on the likelihood of deferred tax receivables being balanced against future taxable profits. The actual outcome may differ from estimates, including changes to tax regulations or the pending result of the tax authority's or court's review of the declarations.

NOTE 35 Significant events after the balance-sheet date

A new directive from the owner for 2018 was received on 29 January 2018 at an extraordinary general meeting. The directive stipulated increasing Samhall's compensation for additional costs as from 2018. The government also proposed expanding Samhall's core assignment by 1,000 people during 2018 and a further 1,000 people during 2019.

The EU Commission has ruled, after more than three years, on a case brought by Almega Städföretagen against the Swedish state regarding the compensation for additional costs paid to Samhall. The EU Commission concluded that the legal framework around the compensation for additional costs paid to Samhall needs adjustment to be in line with current EU regulations concerning state support.

Since the present model of compensation was established before Sweden joined the EU and prior to the existence of current EU regulations concerning state support, the Commission wants the Swedish government to make the necessary steps to update the governance and legal framework according to EU regulations before 31 December 2018. This includes the introduction of a compensation and control mechanism to ensure no overcompensation occurs, as well as a review of Samhall's assignment at least every tenth year.

The conversion of Labour Market Services (LMS) into an independent subsidiary company has been moved forward to 1 January 2019. The EU decision regarding state support gives Samhall until 31 December 2018 to secure compliance with the legal framework.

No other significant events have occurred after the balance-sheet date that affect the company's accounts and position as per 31 December 2017.

NOTE 36 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 Hus C
Box 27705
115 91 Stockholm, Sweden

THE BOARD OF DIRECTORS AND CEO'S AFFIRMATION UPON SIGNING THE ANNUAL REPORT FOR 2017

The company's income statement and balance sheet are due to be submitted to the annual general meeting for adoption, 26 April 2018.

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 BFAR 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 correct representation of the company's current position and financial results.

The annual report gives a correct 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, 23 February 2018

Erik Strand
Chairman

Hans Abrahamsson

Ann-Christin Andersson

Dario Aganovic

Bertil Carlsén

Hillevi Engström

Helen Fasth Gillstedt

Angelica Frithiof

Pia Litbo

Leif Ljungqvist

Maria Nilsson

Monica Lingegård
Chief Executive Officer

Our audit report was issued Stockholm, 23 February 2018

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 Statements

We have audited the annual accounts for Samhall AB (publ) for the fiscal year 2017 (1 Jan – 31 Dec 2017), excluding the corporate governance report on pages 40–49. The company's annual accounts are presented in this document on pages 6–15 and 40–74.

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 2017 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.

We therefore recommend that the annual general meeting adopts the income statement and balance sheet.

Basis for statements

We have conducted our audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Samhall AB (publ), in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our professional-ethical responsibilities in accordance with these requirements.

We consider the audit evidence we have obtained as sufficient and appropriate to provide a basis for our statements.

Areas of particular significance

Areas of particular significance to the audit are those matters that, in

our professional judgment, were most important to the annual accounts of the current period. These areas were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts as a whole, but we do not provide a separate statement on these areas.

Reporting income

Samhall's sales cover many various types of goods and services. Sales of goods are reported as income when several conditions are met, which normally are considered fulfilled upon delivery of the goods to the client. 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. Revenues from client contracts make up large transaction volumes and invoicing takes place both centrally and locally within the organisation.

Samhall also reports the compensation for additional costs received from the state for its labour market policy assignment as revenue in the income statement.

The company describes in note 1 the principles applied to the reporting of revenues. Notes 3, 4 and 5 detail the division of revenues across geographical markets, revenue category and operational branches. Note 6 details the compensation for additional costs received from the state.

Our audit procedures included, but were not limited to:

- Evaluation of the company's principles for reporting revenues and compliance to the relevant rules and regulations.
- Evaluation and assessment of internal controls for reporting revenues at the correct price and the right period.

- Visiting Samhall operations to spot test the reporting of sales against contracts, invoices and delivery documents to secure that revenue is reported at the right price and in the right period.
- Evaluation of the company's method of reporting the compensation for additional costs received from the state including the information given in the annual accounts.

Remuneration to employees

Samhall has more than 23,000 employees in the labour market policy assignments for people with functional impairment and reduced working capacity, as well as professional employees. Remuneration to employees involves huge volumes of transactions that demand good procedures to ensure that all costs are reported correctly and booked for the right period.

The company details its remuneration to employees in notes 1 and 2, which provide information about accounting principles and respective information about salaries, other forms of remuneration and social security expenses for the board of directors, senior management and other employees.

Our audit procedures included, but were not limited to:

- Evaluation and assessment of policies and procedures for managing and reporting salaries and other remuneration to employees.
- Assessment of the completeness of reported remuneration and analysis that remuneration to employees was reported in the right period.
- Assessment of remuneration to senior management.
- Assessment that the information provided complies with the appropriate regulations.

Financial instruments and liquid funds

The company is exposed to financial risks, such as fluctuations in interest and exchange rates. Samhall also manages a large amount of capital in the form of liquid funds and current investments. The company's holdings in financial assets consist of interest-bearing funds, stocks and structured investments and are reported at market value.

Financial instruments and liquid funds are the company's largest financial assets and changes in market value of these assets, as well as fluctuations in interest and exchange rates, can have a significant effect on the company's financial results and standing.

The company describes in note 1 the reporting principles and valuation applied to financial instruments and notes 23 and 24 detail the financial risks and their management.

Our audit procedures included, but were not limited to:

- Assessment of the company's financial policy and compliance to it.
- Assessment of the valuation of financial instruments for appropriate valuation models and market data.
- Assessment that supplied information is compliant to current rules and regulations.

Information other than the annual accounts

This document also contains information other than the annual accounts: namely pages 1–5, 16–39 and 78–84. The board of directors and CEO are responsible for this other information.

Our statement on the annual accounts do not cover this other information and we do not express any form of assurance regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into consideration our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If, based on the work performed concerning this information, we conclude that there is material misstatement in this other information, then we are required to report this

fact. We have nothing to report in this regard.

Responsibilities of the board of directors and CEO

The board and CEO are responsible for the preparation of the company's annual accounts and that these give a correct 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.

In preparing the annual accounts, the board of directors and CEO are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters that may influence the organisation's ability to operate or threaten the assumption of continued operation. The assumption of continued operation is however not applied if the board of directors and CEO intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

Responsibilities of the auditor

Our objectives are to obtain a reasonable degree of assurance about whether the annual accounts as a whole are free from material misstatement, whether due to irregularities or error, and to issue an auditor's report that includes our statements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the financial decisions of readers on the basis of these annual accounts.

As part of an audit, in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. Additionally, we also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to irregularities or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our

opinions. The risk of not detecting a material misstatement resulting from irregularities is higher than for one resulting from error, as irregularities may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of the company's internal controls relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls.
 - Evaluate the appropriateness of the accounting principles used by the board of directors and CEO in preparing the annual accounts and associated information.
 - Conclude on the appropriateness of the board of directors' and the CEO's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease as a going concern.
 - Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that gives a correct overview.
- We must inform the board of directors, among other matters, of the planned scope and focus of the audit, as well as its timing. We must also inform of significant audit findings during the audit, including any significant deficiencies in internal controls that we identified.

We must also provide the board with a statement on our compliance with relevant professional-ethical requirements regarding independence, and raise all relationships and

other circumstances that could reasonably influence our independence, covering associated countermeasures where appropriate.

Of the areas communicated to the board, we determine which are the most significant for the audit of the annual accounts, including the highest ascertained risks for major errors which are thus significant areas of interest for the audit. These are described in the auditor's report assuming no laws or regulations prohibit it, or in very rare instances, when we judge not to communicate the information in the auditor's report if the negative consequences would be far greater than the benefit to the general interest.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS Statements

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 fiscal year 2017.

We recommend to the annual general meeting that the profit be allocated in accordance with the proposal in the administrative report and that the members of the board of directors and CEO be discharged from liability for the financial year.

Basis for statements

We have conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Samhall AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We consider the audit evidence we have obtained to be sufficient and appropriate in providing a basis for our statements.

Responsibilities of the board of directors and CEO

The board of directors is responsible for the proposed allocation of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, scope and risks

place on the size of the company's shareholders' equity, consolidation requirements, liquidity and standing in general.

The board of directors is responsible for the company's organisation and administration of the company's affairs. This includes among other things regular assessment of the company's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The CEO manages the ongoing administration according to the board of directors' guidelines and instructions and among other matters takes measures that are necessary to see that the company's accounting is in accordance with the law and to handle the management of assets in a reassuring manner.

Responsibilities of the auditor

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the board of directors or the CEO has in any material respect:

- Undertaken any action or been guilty of any omission which can give rise to liability to the company.
- Or in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed allocation of the company's profit or loss, and thereby our statement about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed allocation of the company's profit or loss is not in accordance with the Companies Act.

As part of an audit, in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the

administration and the proposed allocation of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures depend on our professional judgment based on risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions made, support for decisions, measures taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the board of directors' proposed allocation of the company's profit or loss we examined that the proposal is in accordance with the Companies Act.

AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE REPORT

The board of directors is responsible for the corporate governance report, on pages 40–49, and that it has been prepared in accordance with the Annual Accounts Act.

Our examination is conducted in accordance with FAR's auditing standard RevU 16: Auditor's examination of the corporate governance report. This means that our examination of the corporate governance report has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We consider the examination to have provided us with a sufficient basis for our statements.

A corporate governance report has been prepared. The information is in accordance with chapter 6, section 6, second paragraph, points 2–6 of the Annual Accounts Act and is consistent with other parts of the annual report and in agreement with the Annual Accounts Act.

Stockholm, 23 February 2018

Deloitte AB

Peter Ekberg
Authorised public accountant

SUSTAINABILITY 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.

Overall, this indicates that Samhall's employees must be the report's main focus. Of greatest significance to stakeholders is to further the development of people with functional impairment through work. Samhall's effort to ensure fair competition is also an important issue. Regarding the environment, the most significant issue is CO₂ emissions.

GENERAL SCOPE

Samhall's operations are conducted nationwide throughout Sweden. 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 2017, 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.

WORKING CONDITIONS AND WORK-PLACE ENVIRONMENT

The sustainability report uses the term "professional employees" for all those employees not part of the

labour market policy assignments. Not included in this category are employees covered by specific collective agreements for professional employees in Samhall's labour market policy assignment.

Reporting covers employees from 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 trainees who participate in vocational training or are placed in positions in Samhall's Labour Market Services. These people are not employed as such. Training for professional employees is also not reported, as it is considered less significant and many of these initiatives for professionals take forms that cannot be reported as separate training.

For clarity, the various personnel key performance indicators are not reported per age group. Instead, a more relevant presentation is provided by the average age.

Regarding workplace accidents, the GRI indicator is not used; instead the internal indicators and targets used by Samhall are applied. Reporting does not include occupational diseases or travel accidents to and from work.

SUPPLIERS

To take responsibility for the entire value chain, a purchasing process with supplier review and follow-up has been developed. One of the areas regularly discussed with both strategic suppliers and volume suppliers is the sustainability demands formulated in Samhall's code of conduct for suppliers, which they must sign.

Samhall's purchasing profile is that of a services-production company with purchasing and leasing from wholesalers and manufacturers

located in Sweden. These suppliers may have sub-contractors in other countries. The supplier base comprises of approx. 2,800 suppliers with purchasing value exceeding SEK 10,000. In total, purchasing accounts for about 15% of total costs. In some exceptional cases, such as client assignments of an industrial nature, the client chooses their own suppliers, and this lies outside Samhall's scope of supplier control.

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.

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 Samhall's fuel suppliers.

The basis for calculating energy and emissions from travel and transport comes from internal databases and statistics from suppliers.

Property-related data cover both own and rented premises. Emission values for all rented premises are calculated with standard values based on own premises.

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 G4. Samhall aims to develop further the quality of reporting and consequently the application of quality assurances through independent review.

GRI-INDEX - CORE

Profile indicator	Description	Page reference	Comments
STRATEGY AND ANALYSIS			
G4-1	Statements from the CEO and chairman	4-5, 16	CEO's statement and chairman's statement
ORGANISATIONAL PROFILE			
G4-3	Name of the organisation	Front cover	Samhall Aktiebolag
G4-4	Primary products and/or services	14-15	
G4-5	Location of headquarters	Front cover	Klarabergsviadukten 90C, Stockholm
G4-6	Countries of operation	43	Operations in Sweden only
G4-7	Ownership structure and legal form	40	Limited liability company, wholly owned by the Swedish state
G4-8	Markets	14-15	
G4-9	Scale of the organisation	3, 68	Note 4 Income categories. Note 5 Information about operational branches.
G4-10	Total number of employees	3, 66-67	Note 2 Employees, personnel costs and remuneration to the board and senior management
G4-11	Percentage of total employees covered by collective bargaining agreements	26	
G4-12	Supply chain	18-19, 78	
G4-13	Significant changes during the reporting period		No significant changes
G4-14	Precautionary principle	38	
G4-15	Externally economic, environmental and social declarations to which the organisation subscribes or endorses		No endorsements to any such declarations
G4-16	Memberships in associations		Memberships in trade organisations and similar not reported
MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Scope and boundaries of the report	21, 80	Both the financial reporting and the sustainability reporting cover all Samhall operations
G4-18	Process for defining the report content	20-21	
G4-19	Material aspects identified	21, 80	
G4-20	Material Aspects. Boundary within the organisation.	21	The report covers all Samhall AB with a boundary regarding the influence on Samhall's own operations
G4-21	Material Aspects. Boundary outside the organisation	21	The report covers all Samhall AB with a boundary regarding the influence on Samhall's own operations
G4-22	Comparison with previous reports	78	Key indicators have been recalculated in accordance with methods applied in 2018, unless stated. Otherwise comparable with previous reports.
G4-23	Significant changes from previous reports		No significant changes
STAKEHOLDER ENGAGEMENT			
G4-24	List of stakeholder groups the organisation has contact with	21	
G4-25	Basis for identification and selection of stakeholders	20-21	
G4-26	Approaches to stakeholder dialogue	20-21	
G4-27	Key issues raised through stakeholder dialogue	21, 80	
REPORT PROFILE			
G4-28	Reporting period	84	Fiscal year 2017
G4-29	Date of most recent previous report		Annual and sustainability report 2016, March 2017
G4-30	Reporting cycle	84	Established dates for interim reports and statement of annual accounts
G4-31	Contact person for sustainable reporting	84	Anna Hagvall, Sustainability Manager
G4-32	Report content	79-80	GRI Index
G4-33	Policy and practice regarding external assurance	81	Auditor's report on summary review of Samhall AB's sustainability reporting

Profile indicator	Description	Page reference	Comments
GOVERNANCE			
G4-34	Governance structure of the organisation	40-45	Corporate governance report
ETHICS AND INTEGRITY			
G4-56	Values, principles and codes of conduct	18-19, 45	Corporate governance report
ECONOMIC			
G4-DMA	Sustainability governance	18, 43	
G4-EC4	Financial assistance received from government	68	Note 4 Income categories Note 6 State compensation
ENVIRONMENTAL			
G4-DMA	Sustainability governance	18, 38	
G4-EN3	Energy consumption within the organisation	39	
G4-EN4	Energy consumption outside of the organisation	39	
G4-EN15	Direct greenhouse gas (GHG) emissions	39	
G4-EN16	Indirect greenhouse gas (GHG) emissions	39	
G4-EN17	Other indirect greenhouse gas (GHG) emissions	39	
LABOUR PRACTICES AND WORKPLACE ENVIRONMENT			
G4-DMA	Sustainability governance	18, 26	
G4-LA1	Total number of employees	30	
G4-LA6	Work-related accidents and illnesses	32	Own definition deviating from GRI
G4-LA9	Average hours of training per year per employee	29	
G4-LA11	Percentage of employees who received a regular performance and career development review	29	
G4-LA12	Composition of governance bodies and breakdown of employees per category	26	
SOCIETY			
G4-S05	Confirmed incidents of corruption and actions taken	35	No confirmed incidents in 2017
G4-S07	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes	35, 37	

Areas of specific importance

Employee benefit

Stakeholders consistently rate issues regarding employees and their development as the most important.

Materiality and substantial issues:

- Employee data in the labour market policy assignments.
- Throughput (new recruits and transitions) that enable more people to enter and grow in the labour market and thus diminish social exclusion.
- Employee development with a focus on occupational skills and increased employability.
- Workplace environment and absences due to illness.

Discrimination, offensive acts and harassment are zero-tolerance areas and completely integrated in the work with Samhall's culture and core values, in the Human Resources work and in leadership development. These parts are described in the section about employee benefit and not reported according to GRI.

Society benefit

Materiality and substantial issues:

- State compensation for additional costs.
- Geographical coverage: Samhall must be present nationwide.

The supplier network in the value chain is not a high priority for stakeholders. Therefore only a summary view is given on page 78.

Environment

Environmental issues are consistently ranked lower by stakeholders than social and economic sustainability. The various areas associated with environmental impact have not been ranked separately. Therefore the materiality analysis has been supplemented internally based on the company's most material environmental impact.

Materiality and substantial issues:

- CO₂ emissions from energy consumption are the main environmental factor. Other factors are relatively smaller and therefore not reported according to GRI.

Client benefit

Materiality and substantial issues:

- Business ethics, above all a focus on competitively neutral pricing.

Issues regarding quality, capacity and client handling are important for all clients and suppliers, but stakeholders have not highlighted these from a sustainability perspective in the stakeholder dialogue. Therefore this area is not among the most material or substantial issues and thus not reported according to GRI guidelines.

Transparent reporting of the organisation:

Stakeholders ask for communication and dialogue founded on transparency and openness.

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 conduct a summary review of Samhall's sustainability report 2017. Samhall has defined the scope of the sustainability report on page 84.

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 78 in 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 ISAE 3000:

Assurance engagements other than audits or reviews of historical financial information. A summary review consists of making inquiries, firstly to those responsible for the preparation of the sustainability report, as well as 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 best practice.

The auditing company applies ISQC 1 (International Standard on Quality Control) and thus has a comprehensive system for quality control comprising of documented guidelines and procedures regarding compliance to professional-ethical requirements, standards of professional practice and appropriate laws and other measures. We are independent of Samhall AB (publ), in accordance with accepted auditing standards in Sweden and have otherwise fulfilled our professional-ethical requirements according to these requirements.

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, 23 February 2018

Deloitte AB

Peter Ekberg
Authorised public accountant

AUDITOR'S STATEMENT REGARDING THE STATUTORY SUSTAINABILITY REPORT

To Samhall AB (publ)

ASSIGNMENT AND DIVISION OF RESPONSIBILITY

It is the responsibility of the board to oversee the sustainability report for 2017, pages 18–39, and that it complies with the Annual Accounts Act.

FOCUS AND SCOPE OF REVIEW

Our review has been conducted in accordance with RevR 12 Assurance

of Statutory Sustainability Reports published by FAR (the institute for the accountancy profession in Sweden). This means our review of the sustainability report has a different focus and a significantly smaller scope than the purpose and scope of an audit according to International Standards on Auditing and general auditing best practice in Sweden.

We consider this review to provide sufficient grounds for our statement.

STATEMENT

A sustainability report has been produced.

Stockholm, 23 February 2018

Peter Ekberg
Authorised public accountant

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 mandated geographical distribution of operations and diversity of assignments.

CORE ASSIGNMENT

Samhall's assignment to employ people with functional impairment for which compensation for additional costs is received.

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.

LABOUR MARKET SERVICES

Labour market policy assignments with the Swedish Public Employment Service as its client. Assignments cover the job and development guarantee, youth guarantee and establishment/new arrivals. People in

this assignment are not employed by Samhall but receive job training for a limited time in order to validate and develop their working capacity.

POSITIONS FOR EMPLOYEES UNDER DEVELOPMENT

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.

PRIORITISED GROUPS

An agreed definition between Samhall and the Swedish Public Employment Service applied to recruitment for the core assignment. This covers people with mental impairments, people with generally diminished learning abilities, people with specific cognitive impairments in combination with impaired hearing or vision or mental impairments, as well as people with multiple impairments that together cause a comprehensive reduction in working capacity according to particular specifications.

PROFESSIONAL EMPLOYEES

The term for employees not covered by 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 after the 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

Refers to a permanent employee in the core assignment or a development position 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.

WAGE HOURS

All the hours for which an employee receives a wage, including holidays, sick pay, etc.

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.

GROSS PROFIT

Net sales minus raw materials and necessities, i.e. materials and sub-contractor costs.

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 2017 financial year.

The annual accounts cover pages 6–15 and 40–57.
Samhall's annual report for 2017 can also be read at www.samhall.se

REPORTING DATES

Samhall reports financial information for 2018 on the following dates:

27 April 2018	Interim report 1	January – March 2018
15 August 2018	Interim report 2	January – June 2018
26 October 2018	Interim report 3	January – September 2018
5 February 2019	Statement of annual accounts	January – December 2018

ANNUAL GENERAL MEETING

The AGM will be held 26 April 2018 in Stockholm.

SUSTAINABILITY REPORT

Samhall's contribution to sustainable development has featured in the annual reports for many years. For the tenth year running, Samhall highlights its sustainability work and results by publishing a joint annual and sustainability report in print, 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), Samhall's Sustainability Report

covers pages 3–8, 12–39 and 78–80. Cases of significant deviation from GRI G4 are accompanied by notes in Samhall's sustainability report (Reporting and independent verification). Reporting covers the calendar year 2017. The last report (Sustainability Report 2016) was published in March 2017.

In Samhall's self-assessment, the Sustainability Report 2017 fulfils the requirements necessary for reporting according to a core application level, as defined by the Global Reporting Initiative. Deloitte AB has assured Samhall's Sustainability Report. See the assurance report on page 81.

READ MORE ABOUT GRI AT
www.globalreporting.org.

THE CONTACT PERSON REGARDING THE SUSTAINABILITY REPORT IS
Anna Hagvall,
Sustainability Manager.

THE CONTACT PERSON FOR THE ANNUAL REPORT AND GENERAL INFORMATION about Samhall's operations is Albin Falkmer,
Director of Communications.

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800 Samhall employees cleaned for Coop in 2017

“

I can make an old floor look like new.

Vedat Maxharraj

”



COOP FORUM IN UDDEVALLA is one of the stores kept clean by Samhall staff. At 6:30, half an hour before the store opens, three to four Samhall employees get ready to start their working day. They prioritise the areas customers come to first, such as the floor around the entrance which also includes a bistro and betting shop. Next come the check-outs and around the delicatessen. Not forgetting the six toilets for customers that must always be clean and fresh. After that, the rest of the space is cleaned.

Two floor-cleaning machines, one large and one small, make the job easier. In the cleaning room, Samhall's Vedat Maxharraj has just cleaned one of the machines. "I can make an old floor look like new," he says with a glint in his eye and a large dose of pride. Vedat says that one of the day's highlights happens at nine o'clock. That is when Coop provides a common breakfast for both the store's workers and Samhall employees, which strengthens the feeling of everyone being on the same team.

"It's crucial that we work together. Cleaning is fundamental. Without it, we cannot run the store. I think we have established a very good collaboration," says Jonas Englund, store manager for Coop Forum in Uddevalla. "It's not easy cleaning a store when it's full of people. It requires patience. During the stressful summer period, you need cleaning staff who know what they're doing."



samhall

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