



samhall

ANNUAL AND SUSTAINABILITY REPORT

2018



Samhall: Sweden's most important company

One of Sweden's largest employers

SEK **9.2**
BILLION IN INCOME

SAMHALL HAS

23,715
EMPLOYEES

4,635
CLIENTS IN

APPROX. **600**
AREAS IN SWEDEN

About Samhall

Our assignment is to create work that furthers the development of people with various functional impairments. By matching the right person to the right task, in competitive client assignments, we create new work opportunities each year for thousands of people who formerly were far removed from the labour market.

With 23,715 employees around the country, we are one of Sweden's largest employers and world-leading at creating work that furthers the development of people with functional impairment.

Samhall is owned by the Swedish state with annual sales totalling approx. SEK 3.3 billion. Like other companies, Samhall needs to generate a profit in order to evolve. A surplus stays within the company and helps fund the development of new business, training and skills development for our employees.

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

Our offering

Samhall offers a unique combination of

Employee benefit where working capacity, occupational skills and employability are developed

1



2

Client benefit with high-quality services and an opportunity to contribute to a more sustainable society

3

Society benefit by combating social exclusion and contributing to a larger working community



Samhall benefit

Clients in all sectors

Samhall provides services to clients in a range of industrial and service sectors. The work takes place at our own premises or at the client's. A selection of our clients includes Axfood, COOP, IKEA, Ingram Micro, Max Burgers and Volvo Cars. We are also hired by many municipalities and county councils throughout the country.

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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 1-9, 11-17 and 46-83. The summary reviewed sustainability report consists of pages 1-43 and 88. The annual and sustainability report is published in Swedish and English. The Swedish version is the original.

The year in brief

1

IN 2018, Samhall's assignment expanded to cover an additional 1,000 employees with functional impairment. In total, 8,246 got a new job or traineeship at Samhall in 2018.

8,246
new employees

WORKABILITY INTERNATIONAL'S global conference was hosted by Samhall in Stockholm in May to discuss how more people with functional impairment can get jobs around the world. The organisation represents labour market related initiatives for 3 million people with functional impairment.

6

3,287 TRAINING COURSES were conducted over the year. Better skills and occupational training improve opportunities for Samhall employees, who can develop and get matched to jobs at Samhall and beyond.



2



1 FEBRUARY, Samhall took over the cleaning of terminal 5 at Arlanda, which means Samhall now cleans the entire airport. More than 400 Samhall employees work to create a sparkling clean airport.

5

883 NEW CONTRACTS with clients in 2018. This includes Adient Sweden AB, Cykelkraft AB, Edsbyverken AB and Tranås municipality.

883
new contracts

4

SAMHALL'S ANNUAL GENERAL MEETING took place 26 April. In conjunction, a well-attended seminar was arranged on the theme "Why we are here" which discussed Samhall's assignment.





7

SAMHALL + AUTO INDUSTRY.
 Since 4 June, Samhall is a big part of production at Adient, making car seats for Volvo. Samhall's collaboration with Volvo Cars in Torslanda grew in 2018 and at Samhall's industrial unit in Söderhamn towing cables are made for Volvo.

8



DURING ALMEDALEN WEEK, Samhall participated in a series of activities. This included a seminar on how innovation can release human potential.

9



SAMHALL WENT ON TOUR this year to find regional winners for the Pathfinder Prize. This award goes to an employer and an individual who have helped open the labour market to people with functional impairment. At the final in Stockholm in November, Bactiguard was awarded employer of the year and the individual award went to Joanna Halvarsson.

10

A RECORD NUMBER OF EMPLOYEES, 1,492, left their jobs at Samhall for employment with another employer in 2018. It is an increase of more than 15% compared to the previous year.

1,492
transitions

11

A STRONG YEAR.
 In 2018, Samhall delivered on the labour market policy assignment and reported a profit and strong growth.

THE YEAR IN NUMBERS

	2018	2017	Change
Wage hours, thousands	30,496	29,619	+3 %
Transitions, number	1,492	1,295	+15 %
Prioritised recruitment, %	67	60	+7 pp
Employees with functional impairment in the core assignment ¹⁾	19,565	18,391	+6 %
Employees with 75% sickness benefit ¹⁾	351	357	-2 %
Positions with wage subsidy for employees under development ¹⁾	2,482	3,149	-20 %

Income and financial results

Net sales, SEK M	3,337	3,036	+10 %
State compensation for additional costs, SEK M	4,975	4,405	+13 %
Profit for the year, SEK M	93	-237	+ 330

1) At year-end

2018 was an extremely strong year

RECYCLING STATIONS CLEANED, lawns mowed, windows washed and groceries packed. Every minute, every day, throughout the year, Samhall's employees work to make our clients better. Work that strengthens our employees' occupational skills and contributes to a labour market where more people find a place and fewer are left behind.

I am proud to represent such a vital societal initiative that not only creates pathways to security and development for people with functional impairment, but also returns great value to Swedish society.

2018 WAS AN EXTREMELY STRONG YEAR for Samhall. We essentially achieved all company targets set by our owner and delivered greater society benefit than perhaps ever before. Just in 2018, we welcomed an entire 8,246 new employees to our many workplaces. That is more than the number of inhabitants in some 50 municipalities in Sweden. That so many people during the year were given the opportunity to break out of social exclusion and become part of a working community thanks to Samhall makes me dare say we are Sweden's most important company.

ONE OF SAMHALL'S most important goals concerns employees leaving us for new work outside Samhall. Prior to 2018, our owner raised the target considerably, from 1,100 leavers to 1,500. In 2018, an entire 1,492 employees took the step to move forward with their careers. As a proportion of our employees, it is by far the highest figure in our company's history! Even in absolute terms, it is the highest number of leavers in 31 years. We also see a trend of fewer people returning to Samhall after leaving us for a new job. This fantastic result has occurred due to a more systematic approach to our work and closer ties and better relationships with our clients and recruitment partners.

IN 2018, SAMHALL ALSO EXCEEDED the owner's target for wage hours, in other words how many workers we need to employ, and surpassed the target for recruitment from priori-

tised groups. In fact, a whole 67% of new recruits to Samhall in 2018 came from groups that have particularly difficult barriers to overcome in finding work. It means we beat the owner's target by an entire 27 percentage points.

SAMHALL'S FINANCIAL TARGETS, which have been a challenge for many years, were met in 2018 through better results than we have seen in a long time. Operating profit increased by an entire SEK 375 million compared to the previous year and in total attained SEK 104 million. Two important reasons for this positive development is the company's continued client growth and the adjustment in compensation for additional costs from the Swedish state.

In brief, 2018 was a year where we attained our targets, provided more jobs that develop our employees and generated good profitability. By extension, that means better use of tax revenues while at the same time actively contributing to a Swedish labour market where more people are participating.

IF YOU ARE DOING SOMETHING VERY WELL, then you should also share it with others. After acclaim from many international organisations over the years, we chose to host the world at a conference in May 2018 about how more people with functional impairment can get a real job. For three days, more than 300 delegates from 25 countries gathered in Stockholm to learn from Samhall and exchange valuable experiences. Representatives from Samhall have also been invited to speak in other countries. I am proud that so many governments, companies and organisations view Samhall as a role model in the world when it comes to inclusive workplaces, but I am also humble given the fact that we all face different challenges.

NOTHING WE DO AT SAMHALL is possible without our clients. It is through their assignments that our employees are given the opportunity to build competitiveness and occupational skills. Therefore, I am delighted that over the year we signed no less than

883 new contracts and saw fantastic growth at 10%. A high growth rate is essential for us to provide new employees with work that develops their skills, and for us to offer new types of work to our employees and secure balanced finances in the long term.

It was particularly pleasing to see how our Sector Solutions business area grew strongly throughout the year with both high growth and very satisfied clients. With a reversed business model from other companies, we continually need new business opportunities and work to reinforce Samhall's cyclical independence. With initiatives in the circular economy, the care sector, medical technology and warehousing and logistics, we consider ourselves well equipped to face tougher times should they come. Therefore, I both believe and hope that we can continue to develop this business area with more new business in 2019.

SAMHALL HAS A COMPLEX ASSIGNMENT. Perhaps the most challenging assignment of any company in Sweden. At the same time as our clients enable our operations, we are also at the service of our employees and tackle an important problem in society. In managing the company, we need to weigh carefully the interests of our employees, our clients and socio-economic factors. This places demands, not only on our decision-making abilities, but also on how we communicate what we do and why we do it.

2018 was also a year where Samhall and its mandated assignments continued to be a frequent topic of debate in both the media and conference rooms around the country. In general, I welcome such debates. A vital societal organisation, one financed in part by the state, should be open to scrutiny. As a consequence this year, we had the occasion in particular to discuss, evaluate and evolve the dialogue between Samhall and our employee organisations. Together with our dedicated employees, we have now expanded these important conversations on providing all employees with good and secure workplaces where the development of employees takes centre stage. My view is that

“In 2018, we delivered greater society benefit than ever before.”

these talks led us to greater consensus about our assignment and the conditions Samhall needs to fulfil.

FOR ME AND MY SENIOR MANAGERS, the year has also been about digitalisation and securing our operations for the future. We are making the largest investment in IT infrastructure in our company’s history and it will benefit our entire organisation. In addition to efficiencies and reliability, digitalisation of our various activities will also create new possibilities for Samhall to better customise our workplaces according to our employees’ various backgrounds, circumstances, needs and opportunities.

THE COMPOSITION of Samhall’s workforce has changed sharply in recent years. Samhall is receiving fewer numbers of people with physiological impairment than before, while at the same time we see a significant rise in the number of employees with cognitive functional impairments or multiple functional impairments. We also see diversity increasing at Samhall. Almost half the company’s current employees were born abroad or have foreign parents. In total, 152 of the world’s 195 nationalities are represented by Samhall’s employees.

Changes in the composition of our workforce place comprehensive demands on Samhall concerning our work with matching and daily leadership skills and knowledge. To better meet the challenges and opportunities facing these new target groups, significant investments are required in both technical aids and methodological support in coming years.

AS WE ENTER 2019, we take on an expanded assignment: 1,000 additional employees to our core assignment. As a consequence of our high target attainment and an effectiveness that few other labour market policy initiatives can match, parliament in December 2018 chose to allocate funds to expand Samhall’s assignment. This reflects a high level of confidence in our operations and great faith in our capacity. In working to create the conditions for even more jobs that

develop our current as well as new employees, we have a clear course of action: to seek more business opportunities in new sectors and growth areas, to utilise new technology and continue to strengthen our company culture and leadership. I look forward to continuing this journey, together with our 1,000 new employees.

Stockholm, February 2019



Monica Lingegård, CEO



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.

Our assignment

Samhall's assignment is to produce goods and services that are in demand and thus create meaningful work that develops the skills of people with functional impairment causing reduced working capacity, wherever that need exists.



Our assignment targets

Our state assignment - what

Our core assignment

SAMHALL'S ASSIGNMENT from the state is to develop and demonstrate the employability of its employees. The state determines, on an annual basis, the number of positions Samhall provides, expressed as a minimum volume of wage hours. The target group is people whose working capacity is so reduced that they cannot find other work and whose needs cannot be met by other labour market policy initiatives.

We must avoid retrenchments

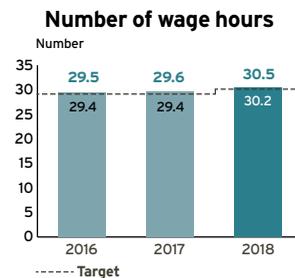
According to the state's directives as owner, Samhall must avoid the retrenchment of employees in the core assignment due to a shortage of work. If one type of operation should cease, then a conversion project should commence with the aim of finding new work to develop employees in the surrounding area.

The core assignment in numbers

In 2018, our assignment was to provide work for people with functional impairment equivalent to at least 30.2 million wage hours. This was an expansion of the assignment by 800,000 wage hours, or approx. 1,000 people, compared to 2017. Prior to 2019, the assignment was expanded again to total 31.7 million wage hours.

Result:
30.5 million hours

2018 INCREASE
+1,000
PERSONS



Positions with wage subsidy for employees under development (WED)

SAMHALL MUST Samhall must provide time-limited positions with wage subsidy for employees under development (WED). These positions are offered to people with functional impairment who have been out of work for a long time. Young adults under 30 are prioritised. The total period of employment is determined annually and may not be longer than two years.

Development activities

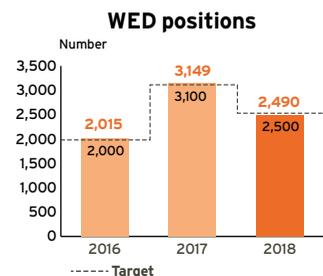
At least 25% of time at work is spent on various development activities: e.g. introduction to working life, successive increase in working hours, skills training in one or more of Samhall's occupational roles in client assignments, traineeships with another employer, basic and occupational training at the Samhall school and other initiatives.

Close follow-up

Close follow-up is crucial, not least to introduce and motivate young adults without previous work experience to become accustomed to their working lives and move on with their work. The individual development activities give the employee the possibility to achieve better insight into their own abilities, strengths and sustainable working range.

Documented competence

The activities also provide new occupational 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.



WED in numbers

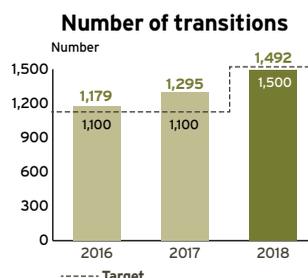
In 2018, the target was to provide WED positions for an average number of 2,500 people. On average 2,490 people had a WED position at Samhall in 2018. During the year, **1,988 people** were given a WED position of which **71% were under 30 years of age**.

In 2018, **667 WED employees** moved to employment outside Samhall, of which **70% were under 30 years of age**.

Transition to another employer

SAMHALL'S ASSIGNMENT includes preparing employees and giving them the right prerequisites to seek employment in the regular labour market beyond Samhall. As a consequence, Samhall has vacancies to employ new people who are outside the labour market.

In transitioning to an employer outside Samhall, the employee is entitled to return to Samhall within one year.



1,492
to other
employers

Transitions in numbers

In 2018, the target was 1,500 transitions. This was an increase of 400 from 2017.

Result: 1,492 people found work outside Samhall. Of these **33% were women**, which is an increase from 2017.

The Public Employment Service decides who works for us

The Public Employment Service assigns people a position with us. Our collaboration with the Public Employment Service is crucial at all phases:

- Prior to employment, so the individual gets the right picture regarding conditions and goals
- Regular 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

Prioritised groups

An established proportion of Samhall's employees must be recruited from specially prioritised groups whose functional impairment creates particularly difficult problems in entering the labour market. The Public Employment Service assesses who belongs to these prioritised groups.

Proportion of Samhall's new recruits



The target is for at least 40% of our employees in the core assignment to come from prioritised groups. At year-end, the result was **67%** (60%).

Our financial targets

BALANCED FINANCES are crucial if Samhall is to conduct its assignment in a sustainable way with the financing it receives. A high degree of growth is necessary to provide new employees with jobs that help their development and to broaden our offering for current employees. Samhall's articles of association also prevent a dividend, meaning any profits are applied to Samhall's continued development.

Samhall's positive business growth and effective management has had a positive influence on financial results in 2018. After nine years of unchanged compensation for additional costs, Samhall received a raise in

compensation of SEK 570 million to help cover the actual additional costs and enable even more positions in the core assignment. For Samhall to maintain balanced finances and meet increased personnel costs in the company's labour market policy assignment, Samhall needs to constantly find effective ways of working and increase growth.

RESULT

The return on average equity in rolling 12-month values was **8%** and the equity ratio was **36%**.

We are where the need exists

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 core assignment workforce on 31 December 2018 is shown in the diagram opposite.

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 and Samhall, where possible, must avoid retrenchments in areas with vulnerable labour markets.

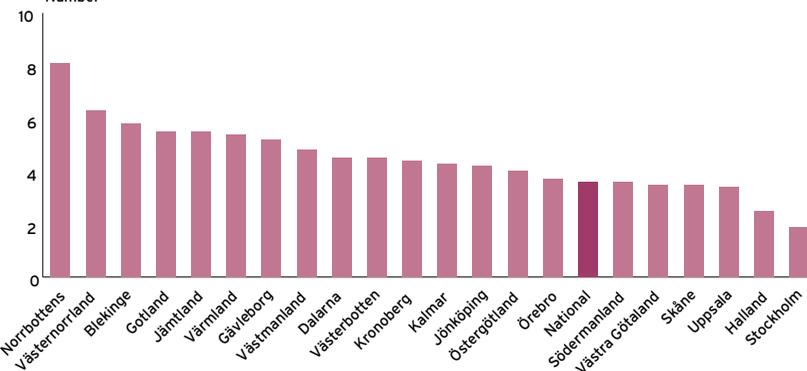
Stability over time

The geographical distribution has been relatively stable over time, which reflects conditions in the labour market of the 1980s and 1990s. When Samhall's assignment expands,

the number of employees increases in areas where the need is deemed the greatest.

3.6
per 1,000 in the labour force work for Samhall

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





SEK
4,975
million in
compensation

Compensation for additional costs

SAMHALL PROVIDES a service of general economic interest for which we receive state compensation. This compensation covers the additional costs that arise in carrying out the labour market policy assignment.

There is no other state compensation for the core assignment. The terms and conditions of the company's operations and compensation from the state is provided in ordinance (2018:1528) regarding state compensation to Samhall Aktiebolag for a service of general economic interest, as well as the owner's directives to Samhall.

A new model for compensation and control from 2019

From 2019, a new regulation comes into effect regarding state compensation. It includes a compensation and control mechanism to ensure no overcompensation occurs and that Samhall's assignment must be reviewed at least once every 10 years. In addition, special reporting requirements have been introduced.

Basis of the model:

- Transparency based on public, annually updated statistics from Statistics Sweden and Samhall's financial reporting.

- A sector comparison of the proportion of personnel costs to net sales. Previous comparisons show that Samhall's personnel costs are several times higher than the sector average.
- Samhall's wage hours are used as a basis for calculations since the number of employees is primarily determined by the mandated wage hours, not by market demand as expressed through client assignments.

Samhall's compensation for additional costs for 2018, according to the model, was SEK 5,464 million, compared to the actual received compensation of SEK 4,975 million.

Chairman's statement

IT IS ALMOST EIGHT YEARS since I became chairman of the board at Samhall. Eight years characterised by change, innovation and curiosity. I dare say that Samhall today is a completely different company to what it was eight years ago. The assignment and framework are the same, but the operations and how we conduct them has changed significantly.

I THINK THERE ARE few companies as adaptable to change as Samhall. By constantly reviewing our approach and business strategies, we have created both more jobs and better work for our very many employees. With a clear plan, we have also entered new sectors and in some cases, despite tough competition, have become the market leader. We have gone from being simply one of many providers to Sweden's leading service provider.

I WOULD ALSO SAY that Samhall's image has changed. We have built a stronger brand and established greater pride and better self-esteem. Such confidence has helped us welcome new business that previously we would hardly have dreamed about. The many new assignments mean that Samhall today has a much broader employee offering. By providing work in a range of sectors, we can better satisfy our employees' various needs, circumstances and opportunities.

DURING MY TIME at the company, more than 50,000 people with functional impairment have been given employment or traineeships at Samhall. That is a fantastic figure, which clearly demonstrates how much Samhall means to Swedish society. At the same time, the proportion of Samhall's income derived from our owner, in other words from taxes, has diminished significantly in relation to the company's sales. That means we provide today far greater society benefit per tax krona than ever before.

FOR ME, SAMHALL HAS always been about much more than just giving people with functional impairment a job. It is about security, pride and self-esteem. And also about inspiring others and showing in a very practical way that everyone can contribute to the labour market if only given the right conditions.

THANKS TO an active programme of closer and deeper contacts with Swedish business and the public sector, more employees are leaving us than ever before. Compared to when I became chairman eight years ago, the proportion of employees to leave us has increased by more than 50%. That is a fantastic development and perhaps the clearest evidence of all that the training and skills we offer our employees really are in demand by other employers.

A COMPANY in constant reinvention and at the forefront of developments benefits every so often from new leadership. I have chosen to end my long association with Samhall at the 2019 annual general meeting and finish my time here feeling both sadness and pride. It has been both a pleasure and a challenge to lead Samhall and I will miss the warmth and positivity that are features of this company.

I WOULD LIKE TO EXPRESS my deepest gratitude to corporate management, union representatives and all the other managers and employees I have had the privilege to work with.

Stockholm, February 2019



Erik Strand
Chairman



Strategic sustainability targets

Samhall's board sets the strategic sustainability targets. Key performance indicators are linked to Samhall's five strategies which guide our attainment of assignment targets and create as much employee benefit, client benefit and society benefit as possible.

EMPLOYEES IN WORK. Samhall's assignment is to further the development of employees through work. **E.I.W.** (employees in work) is an indicator that measures how well Samhall creates the right conditions for all employees to develop. You can read the definition of this indicator on page 87.

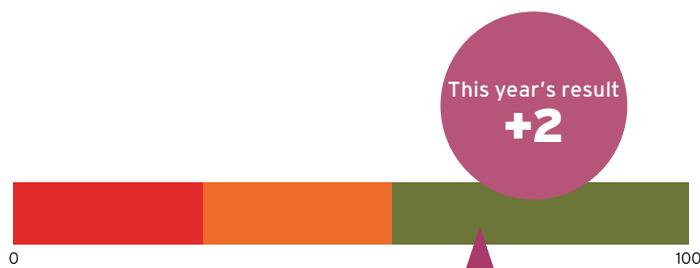
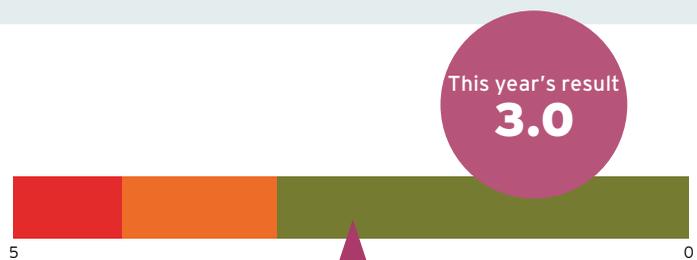
Finding work that develops all our employees, throughout the entire working day, has been one of Samhall's greatest challenges since the beginning, almost 40 years ago. Since 2015, the E.I.W. indicator has moved from 3.5 to 3.0, which means we are well on our way to achieving our long-term target of E.I.W. 2.5.

DEDICATED EMPLOYEES is an important factor concerning employee development and satisfied clients. The aim is to improve on the previous employee survey. Both the organisation index and sub-index for dedication increased in 2018's measurements. The response rate was over 90%.

DEGREE OF SELF-FINANCING is a measure of the benefit created by Samhall in relation to the state's compensation for additional costs. The degree of self-financing drives the growth necessary to create more jobs that develop our employees. 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. The degree of self-financing indicates to what extent income from client assignments covers the costs of Samhall's labour market policy assignments.

CLIENT RECOMMENDATIONS. New clients provide growth and good workplaces for our employees. This year's client survey shows we are not quite reaching our long-term target score of eight. The target is calculated as a weighted average according to the principle of one company – one vote.

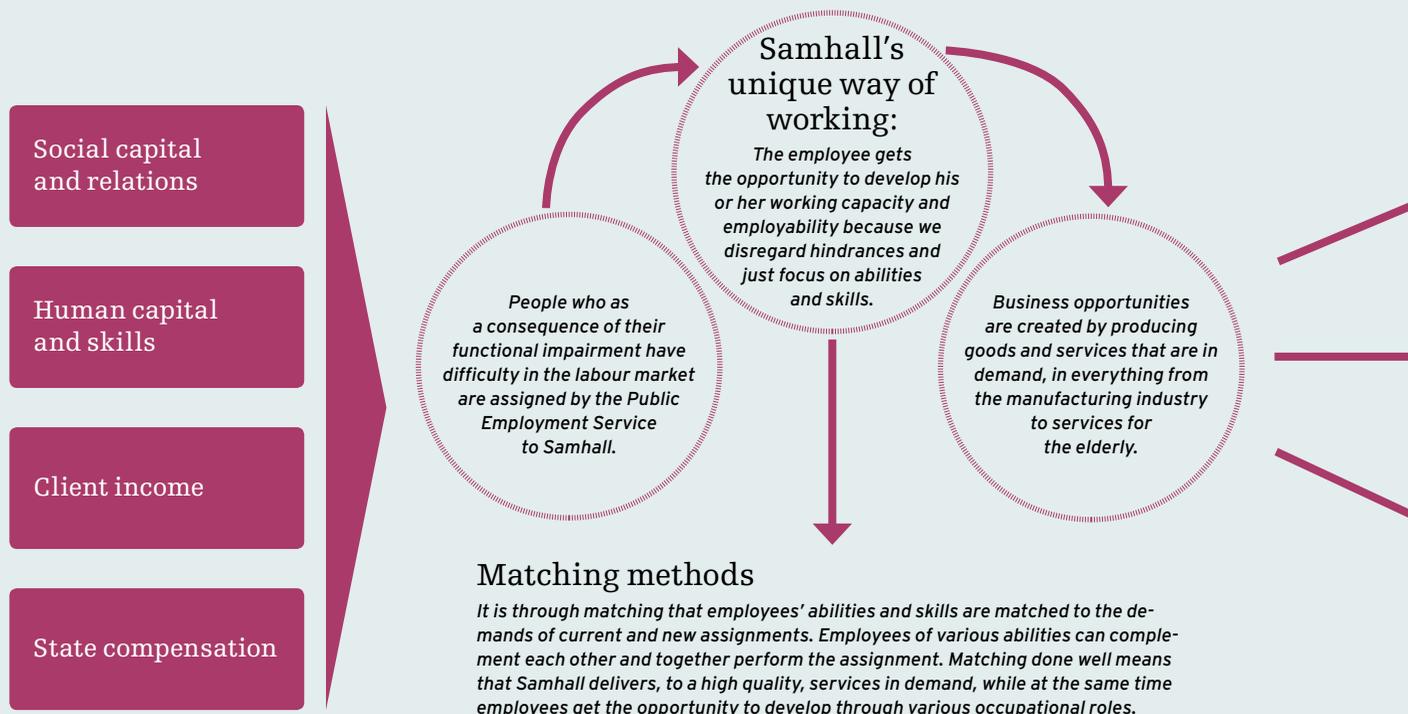
Samhall's fleet of vehicles accounts for the company's largest direct **ENVIRONMENTAL IMPACT.** The target is measured by the number of litres of fossil fuel per krona of sales and the aim is to improve on the previous year. This year, consumption fell by 0.04 litres/SEK thousand, which met the target. Samhall has commenced the long-term aim of transitioning towards a fossil-free fleet by 2030.



Samhall's business model

Samhall's business logic is somewhat the opposite of other companies. We need 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.

SAMHALL OFFERS services to Swedish businesses and the public sector. Operations are run on market terms and conditions as a sub-contractor or through Sector Solutions or our own production facilities. Samhall also offers Sweden's employers 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.





Client benefit

Nearly **4,600** clients benefited in 2018 from our high-quality services and, in addition, were given the opportunity to take social responsibility.

Employee benefit

In 2018, another **8,246** employees received work or traineeships which gave better skills and often better self-confidence.

1,492 got jobs with other employers after working at Samhall.

Society benefit

With **23,715** employees and a presence in almost **600** areas, Samhall contributes to greater diversity and combats social exclusion throughout the entire country.

Samhall benefit
– of course



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 has identified the global sustainability goals that it can influence and contribute to. Goals 4.5, 8.5 and 10.2 concern people with functional impairment and their opportunities for education, work and inclusion in society. From an environmental perspective, we can contribute to global sustainable development goals: 12 Ensure sustainable consumption and production patterns and 13 Take urgent action to combat climate change and its impact. Partnership and collaboration in accordance with goal 17 is a precondition for us to attain other objectives.

UNDERSTANDING THE WORLD

around us 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.

Our five strategic areas of focus

The work on our five strategic areas of focus helps us attain our mandated targets and sustainability goals.

BUSINESS CONCEPT

To develop and put to good use our employees' abilities in order to deliver sustainable services under market conditions.

STRATEGIC STARTING POINT



The basis of all Samhall operations is to develop employee working capacity and skills. All employees can develop their skills and raise their employability during their time at Samhall. A good introduction, training at the Samhall school and practical work experience in our assignments are vital in the preparation of new employees. Good matching is crucial. Everyone in the team participates and internal mobility ensures even more people get the opportunity to develop their skills.



Being able to provide our employees with real jobs, across the entire country, all day long, is a precondition for our success. 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. We continually need to find various types of jobs in a range of sectors to ensure that more employees can develop through work. The jobs need to suit our employees, as well as being commercially viable and in demand by our clients.



We must utilise all resources in an effective and responsible way and make the most of our employees' full capabilities. It also means acting in a professional manner and ensuring the client gets the agreed quality at the right time.



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



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. We therefore need to understand the client's challenges and needs. Our promise to clients is: We make you better.



STRATEGIC WORKING METHODS **EXAMPLES OF ACTIVITIES**
DURING THE YEAR

- Ensure all employees have a clear goal
- Further develop our training programme
- Conduct regular matching meetings

- Swedish language support in the workplace has been developed as a concept at both group and individual level
- Special recruitment co-ordinators have been appointed to work with developing long-term collaborations so even more employees get the opportunity to find a job outside Samhall
- A new technological aid supporting people with neuropsychiatric functional impairment has been tested with good results
- Read more about our work with employee benefit on pages 18-21

- Sales corps must be proactive, attentive and in touch
- Good market awareness in the areas where we operate
- Build close, open and honest dialogue with clients
- Highlight Samhall as a recruitment company

- In 2018, we have received several important assignments, including Arlanda terminal 5 and a renewed contract from recycler Förpacknings- och Tidningsinsamlingen and a new collaboration was initiated with PostNord in Sector Solutions
- In total, we have created more than 800 new positions that enable employee development. Read more on pages 22-25

- Reduce climate impact
- Utilise our employees' full competencies
- Increase digitalisation to make Samhall's operations more efficient
- Follow-up and continual improvement in all areas
- Utilise experiences and learn from each other

- Samhall has reinforced and highlighted its workplace environment organisation
- Samhall's cleaning and floor-care services passed the Nordic Ecolabel's tougher standards
- Read more about our environmental work on pages 32-33

- Secure good communication in the workplace
- Share good examples
- Secure target orientation
- Ensure compliance with Samhall's leadership ideals

- The introduction programme for first-line managers was developed further during the year and will now be implemented for other target groups
- This year's Pathfinder tour showcased successful businesses around the country and their efforts to include people with functional impairment in the workforce
- Read more about our framework and core values on pages 16-17

- 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

- In Sector Solutions a concept with service delivery managers was prepared and will now be introduced to service operations
- Read more about our various client offerings on pages 28-31

DIGITALISATION

Digitalisation entails great opportunities for new, improved ways of working and is a central part of Samhall's operational development. In 2018, a new business system and a new HR system were procured.

A new digital aid for people with cognitive functional impairment was successfully tested in several districts over the year.

Our framework for the greatest possible Samhall benefit



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.

SAMHALL'S GOVERNANCE is based on the state's assignment, our targets and our policies. 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.

Policy

The board establishes Samhall's overall policies on an annual basis. In 2018, we updated our sustainability policy with a section on integrity.

We also adopted a new information security policy.

Guidelines and code of conduct

Each policy has a number of guidelines that contain more regulations in detail.

Samhall's requirements and expectations of employees, suppliers and sub-contractors are covered by specific codes of conduct.

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.

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.

We also require our suppliers to respect human rights in the production of the goods and services that we purchase.

We also place sustainability requirements linked to human rights on the management of financial assets.

Samhall respects personal integrity and in 2018 reviewed the company's management of personal data to ensure that we comply with new data protection legislation.

Processes

Our two main processes - employee process and client-delivery process - describe our way of working.

Business ethics and anti-corruption

Business ethics and anti-corruption are important components of Samhall's sustainability policy. This policy is supplemented with specific guidelines about corruption. Basic company introduction and leadership training cover both business ethics and anti-corruption measures.

Corruption is part of the internal auditor's basic area of investigation.

Complaints

There is a whistle-blower function allowing employees or members of the public to anonymously report suspected irregularities.

For events not covered by the whistle-blower function's scope, ordinary reporting methods can be followed or contact support functions such as HR, the sustainability manager or the internal auditor.

Competitively neutral pricing

It is of the utmost importance that Samhall acts correctly and competes with other companies on equal terms through market pricing and calculations in accordance with current regulations. We are 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 for competitively neutral pricing, including that the sales price 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 commercial 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.
- Sales 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.

No distortion of competition

In recent years, a number of 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.

Given the background of these cases in recent years, the Competition Authority launched in May 2017 their own investigation based on competitive law (2008:579) into Samhall's actions in the sale of cleaning services. After 18 months of investigation, the Competition Authority stated in December 2018 that they had found no indication that suggested Samhall's actions risked distorting competition and therefore the investigation was dropped.¹

¹ Ref 260/2017, Decision 12 Dec 2018

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.

Number of employees

At year-end, Samhall had 22,398 (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 (WED) 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 1,317 (1,296) professional employees. All Samhall employees are covered by collective agreements.

Gender and age distribution

Samhall has a relatively even gender distribution: 44% women and 56% men. The average age for all is 46. In total, 26% of women work part-time and 12% of men.

Organisation and responsibility

The centralised Human Resources facility has overall responsibility for the strategic work regarding employee development and the employee process. Governance is based on the employee policy established by the board. Samhall's code of conduct for employees describes how to behave towards each other and our clients.

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.

Labour Market Services combat social exclusion

Samhall offers 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 can participate in reinforced work training programmes and receive in-depth assessment conducted by Samhall. In 2018, Samhall welcomed 3,331 such trainees.

56%
men

44%
women

46 year
average age

SAMHALL'S WORK WITH EMPLOYEE DEVELOPMENT

	Women	Men
Target and development dialogue %	78	78
Training and transition traineeship, core assignment (hours/employee)	20	27
Training and transition traineeship, wage subsidy for employees under development (hours/employee)	240	272
Transitions, core assignment	279	546
Transitions, development positions	210	457

SAMHALL'S MANAGEMENT AND EMPLOYEES

	Total	Women, %	Men, %	Average age, years
Management				
Board	11 (11)	55 (45)	45 (55)	56 (55)
Executive group	11 (10)	45 (40)	55 (60)	54 (58)
Employees				
Core assignment	19,565 (18,391)	44 (46)	56 (54)	48 (50)
WED	2,482 (3,149)	35 (36)	65 (64)	28 (29)
75% sickness benefit	351 (357)	70 (69)	30 (31)	51 (51)
Professional employees	1,317 (1,296)	52 (52)	48 (48)	46 (47)
Total	23,715 (23,193)	44 (45)	56 (55)	46 (47)

Employee journey



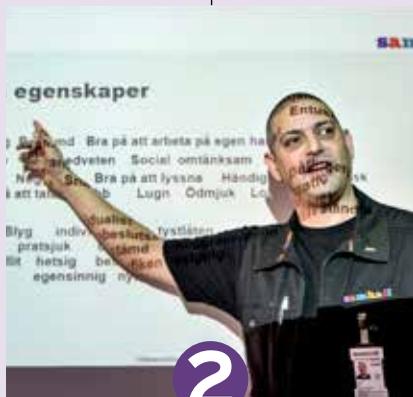
PEOPLE WHO AS A CONSEQUENCE of their functional impairment causing a reduction in working capacity are assigned by the Public Employment Service to a position at Samhall.



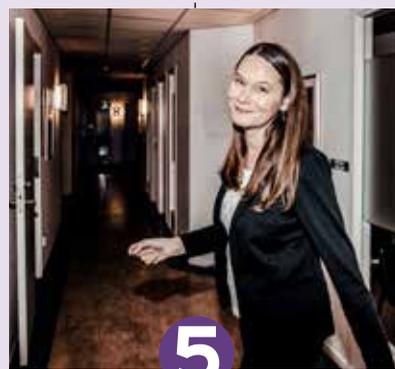
WE SUPPORT THE EMPLOYEE to find work outside Samhall by offering employer contacts and support during the recruitment process. The aim is for all employees to develop their skills and sometimes it leads all the way to a new job.



WORKING CAPACITY and skill level are matched against the requisites of various client assignments. The employee develops his or her skill level guided by clear development stages. By working on client assignments, the employee further improves and develops skill sets.



The employee receives an introduction and training to enable work and development in various occupational roles, as well as securing the right skills for client assignments. Each occupational role has several training phases.



ALL EMPLOYEES in Samhall's core assignment have the possibility of returning to Samhall within one year. This provides security for the employee, which means more people take the chance to test their wings outside Samhall.



Our employee offering

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 in order to match the right person to the right tasks, and build 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.

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 position 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. Read more about our client offering on pages 28–30.

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 skills and eventually gain another position outside Samhall.



4 QUALITY EDUCATION

Equal access to education for people with functional impairment
 We are convinced of our employees' ability to deliver qualitative goods and services that are in demand. Specially adapted training and good matching creates the opportunities to do important jobs.

Development in various occupational roles

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 2018, 80% of all employees had documented skills in one or more occupational roles. For example: 11,000 cleaners, 3,600 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 important and provides the right basis for the work. There are also traineeships outside Samhall that help develop practical occupational skills. Basic training is provided for all occupational roles.

Samhall school

Samhall's training programme 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 3,287 courses connected to the company's 24 occupational roles, as well as courses for professional employees. Major training areas have centred on cleaning, facility management and health care, as well as leadership and diversity.

In total, more than 31,441 training places were offered and taken in 2018, which is 3,713 more than 2017. 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.



24 defined occupational roles

Administrator	Care assistant	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

Swedish language support in the workplace: a successful pilot project



During the year, Samhall conducted a pilot project in teaching Swedish for cleaners using six participants with different native languages. Not knowing Swedish makes work more difficult and can lead to errors, for example about cleaning procedures, which in turn can lead to bodily injury due to poor technique. To make oneself understood and to comprehend colleagues also gives professional pride and increased pleasure at work.

"I learned about ergonomics and now I am 150% better at my job," says Bashir Alasow with a big smile.

"Before there was a lot I didn't understand. Now I can talk to my colleagues and order materials from the laundry. This project was very good for me," says Zeena Hilal.

Results from the project show that it is a successful way for people to develop and the programme is now offered in many districts. Knowing Swedish also makes it easier to find a job outside Samhall.

FACTS

What:

Swedish language support in the workplace.

Programme:

Half-day lessons for 12 weeks.

Content:

Vocabulary, expressions and context relevant to the occupational role of cleaner.

1,492 people found a position with another employer in 2018

The number of transitions was 1,492 (1,295) of which 667 (577) were people with wage subsidy for employees under development. The proportion of women in all transitions was 33% (32%). That the proportion of women making transitions is lower in general is mainly due to the higher proportion of men with wage subsidy for employees under development making transitions. The average age of those making transitions was 41 (44).

Recruitment through Samhall
Samhall employees have skills in a great range of professional capacities and therefore can meet the recruitment needs of many sectors.

In 2018, Samhall has continued to develop long-term recruitment collaborations with selected clients across the country and to highlight Samhall as a professional recruitment partner. During the year, local recruitment co-ordinators have reinforced the organisation.

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 2018, the number of returns was 337

(422). We saw a positive development in the rate of returns. The number of women returning was 117 (130). Most returns were due to the temporary employment ending or the new employer's downsizing of operations. The right to return entitlement is an important condition for many to try working outside Samhall and gives the employee security.

The opportunity to move on: high throughput over the year

Number of new employees and trainees 2018

IN

Number of new employees recruited January - December 2018	4,915
Job and development guarantee, Project with Employment Service	3,331
Total employees and trainees IN	8,246

Number of employees 31 Dec 2018

Core assignment	19,565
Employees with 75% sickness benefit	351
Wage subsidy for employees under development	2,492
Total number employees	22,398
Job and development guarantee / Project with Employment Service	1,510

OUT

Transitions to another company Core assignment	825
Wage subsidy for employees under development	667
Other departures	6,422
Total number of employees and trainees OUT	7,914

In 2018, Samhall welcomed 8,246 (7,364) people to the company as employees or trainees. The increase is due to the expanded core assignment. In addition, 1,492 people left us for a job with another employer, which is equivalent to 6.8% of the number of employees in the core assignment and WED. As a proportion of employees, it is the highest figure in the company's history and in absolute numbers it is the highest number of employees to leave us in 31 years. For Samhall, a high throughput in the labour market policy assignment means more people with functional impairment get the opportunity to develop their skills at Samhall.



I have grown as a person

Camilla Gunnarsson from Gothenburg is one of those who has moved on from employment at Samhall to a permanent job at Burger King. She is one of 1,492 people who in 2018 have shown that Samhall's employees have the skills that are in demand, if only they are given the chance.

After Samhall helped her get work at Burger King, she was offered a full-time position after a month's work placement. In the restaurant, she makes sure all the areas in the premises are clean and fresh.

The job has meant she has grown as a person.

"My income is better now than before and I get encouragement and support from my colleagues and manager. Every day is not the same, I face new challenges each day."

"When you get a chance, the most important thing is to keep battling on, even if mistakes happen along the way."

FACTS ABOUT RECRUITMENT THROUGH SAMHALL

Samhall helps companies recruit employees with professional skills. For some clients with a great demand for personnel, such as Burger King, we have developed a long-term collaboration.



Workplace environment and health

Working conditions

We are one of Sweden's largest employers. As in all personnel-intensive companies, there are various degrees of workplace environment risks. The health and safety of our employees is of the utmost importance and we work constantly to minimise the risks through a systematic workplace environment programme.

It is crucial that Samhall has 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 and are prerequisites in creating as much employee benefit as possible. 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 2018, a reinforcement of workplace environment processes took place, including the implementation of reinforced workplace environment rounds. The workplace environment programme is co-ordinated by the central HR organisation, which is also responsible for the workplace environment process.

Occupational accidents

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.

In recent years, Samhall has clarified and highlighted the workplace environment organisation. More people are involved in the workplace environment programme: from the individual employee, to managers and health and safety representatives, to trade union parties and senior management. When workplace environment structures are highlighted, awareness increases and knowledge about highlighting workplace environment risks, which leads to the number of reports rising.

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.

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

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 15.3% (15.5%). Both long-term absences (>59 days) and short-term absences (1–14 days) have decreased. Absences due to illness for professional employees was 3.8% (3.9%).

Samhall has a long-term goal to continue reducing absences due to illness. The work is co-ordinated and followed up by the central HR organisation, which is also responsible for the absence and rehabilitation process.

Zero tolerance of discrimination

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 2018, no relevant wage difference by gender was noted.

OCCUPATIONAL ACCIDENTS AND ABSENCES DUE TO ILLNESS

	2018	2017	2016
Total no. accidents at work	1,123	955	784
Total no. accidents at work causing absence	405	375	317
- of which women	167	169	130
- of which men	238	206	187
Accidents per 1,000 employees	47	41	34
Accidents causing absence per 1,000 employees	17	16	14
Absences due to illness (total for all), % of contracted time	15	15	15
- of which women	17	17	18
- of which men	13	13	13



Partnerships for inclusivity

When our clients hire us, we make a difference together. For society, the individual and the client's business. Our client assignments help create a meaningful working day for people who have been out of the labour market for a long time.

Client benefit: a sustainable deal

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.

As a contractor to businesses and the public sector in Sweden, Samhall's competencies span a large range of labour-intensive services and goods production. Samhall conducts these assignments as services, sector solutions or via our own facilities, with operations nationwide. Samhall has about 4,600 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.

SERVICES

The services offering targets basically all companies, authorities, municipalities and county councils in Sweden that need services.

Based on the client's needs, we can provide either a clearly defined and packaged service or a custom-made combination of services to meet that client's specific needs. Samhall takes responsibility for the supervision and execution of the work, including the choice of method, material and equipment.

Proportion of employees

64%

Nordic Ecolabel cleaning services & floor care

Vi have more than 11,000 trained cleaners who clean offices, shopping centres, stores, schools and stairways for very many clients. Besides regular cleaning, our expertise also extends to floor care, housecleaning, window cleaning and height cleaning. Samhall's cleaning services are compliant with the Nordic Ecolabel standard. During 2018, we passed the Nordic Ecolabel's new tougher standards and made our floor care compliant. That means we only use the Nordic Ecolabel's approved chemicals and otherwise try to diminish the use of chemicals and plastic bags. In several locations in Sweden, we also clean without using any chemicals at all, thanks to the application of ultrapure water. To guarantee good quality, we use the Nordic standard INSTA 800 or Samhall's own quality assurance model to further improve our performance through measurement and follow up.

In 2018, new contracts included Swedavia and Gävle municipality. Current clients include Axfood, Coop, Ica, Max Burgers AB, Ikea, Swedish Police and Swedbank.

Laundry & textiles

Samhall offers bulk and specialist laundry services for work clothes and textiles, for offices, industries, hospitals, hotels and other clients. Samhall has some 20 laundries around the country where we clean approx. 2,000 tonnes of laundry a year. We can also help with repairs and labelling.

Our laundries have employees with laundry training from the Samhall school; so too the supervisors. We take responsibility for choosing the best method, material and equipment and work carefully with environmental and quality issues. We only use chemicals with the lowest environmental impact. The laundries contain equipment for monitoring energy consumption and water use by the machines. Using consumption statistics, we can make the laundry process as good as possible, for both the environment and clients. We see increasing demand in this area and plan to start up more laundries in the near term.



WHEN SAMHALL BEGAN almost 40 years ago, all work was conducted in Samhall's own premises. Nowadays, most of our employees work in a client's workplace. This huge transformation commenced in 1998. Around the same time, there was a shift away from jobs in the industrial sector, where production was increasingly moved abroad, to jobs in the service sector. To maintain and create new jobs, Samhall needs to constantly adapt its operations to structural changes in the economy and to satisfy the expectations of stakeholders.

EMPLOYEES PER OPERATIONAL BRANCH IN THE CORE ASSIGNMENT

	TOTAL NUMBER
Services	12,615
Sector Solutions	6,014
Industry and Packing/Assembly	936



Care services for 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 medical 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.

In care homes, many positive effects have been noted, both by the staff and those in the home, where Samhall has taken on the responsibility for services. While Samhall's personnel provide general service, the care staff can focus on what they are trained to do. Among other benefits, it has led to fewer absences due to illness by care staff, which in turn leads to lower costs and improved service. In addition, other benefits include cleaning more regularly. Those in the care home experience a greater sense of security with more people working in the home: a better living environment is created where they receive more care and a higher quality of care, delivering a higher quality of life.

Samhall currently works with a large number of municipalities, county councils and private companies.



Workplace & property services both indoor and outdoor

Regular maintenance is the key to a well-run property, decreasing the necessity of expensive repairs and creating a welcoming environment for employees and visitors. When it comes to the outdoor environment, we have our own trained property caretakers with experience of most jobs in the sector. Assignments vary from complex systems to looking after gardens, keeping things tidy and clearing snow. In workplace service, we have many well-established services that help make the working day easier, for example, office and conference services, post and shipment management. We have many appreciated employees who are used to greeting visitors in the reception or acting as floor hosts.

We can also take the overall responsibility for managing multiple services to keep the property in top shape and operations within the framework of Facility Management.

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

SECTOR SOLUTIONS

The work is integrated with the client's operations. Samhall is always responsible for personnel and often also for supervision. Prior to major collaborations, one of our process specialists reviews the workflow in order to ensure it is as efficient as possible. When the assignment starts up, we take responsibility for training, work introduction and effective processes. We also work constantly to bring about improvements and efficiencies. We often participate in developing the client's operations.

Proportion of employees
31%



Warehousing & logistics: growing with e-retail

We have vast experience of working in warehousing and logistics and long-term collaborations with many clients such as e-retailers, conventional goods retailers and third-party logistics companies. 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.

Today, we work with some 25 e-retail companies. The breadth of our various assignments has given us vast experience; thanks to this, we have often been able to suggest new, effective solutions that improve the flow of goods for our clients. There are many examples of how we have earned the trust to eventually manage the entire warehouse logistics.

In 2018, new contracts included PostNord and Coop Online. Samhall already conducts full third-party logistics for Mat.se in Stockholm, Malmö and Gothenburg, 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.

Production solutions in industry & manufacturing

Samhall is also a supplier of sector solutions to Swedish industry. Our breadth of competencies in manufacturing means Samhall can satisfy client needs in many areas. Assignments cover everything from basic industries to high-tech manufacturing. We often work within our client's support processes in pre- and sub-assembly, cementing, package handling, as well as quality control.

Prior to large collaborations, our production technicians look at the best set up for the work and what kind of flow, layout and equipment are necessary. We evaluate any investments needed and present a cost proposal, measures required, key performance indicators and safety.

When it comes to our own industrial production, we constantly work to improve productivity and quality. We have our own certificate programme to certify our assignments at clients' production facilities. To further guarantee the quality of our work, we are ISO certified in a number of areas.

Our many clients include Volvo Cars, Bactiguard and Dentsply.

Circular economy

We see increasing demand for services linked to the circular economy. We are already collaborating with clients in the recycling sector and companies including Allwin and Matsmart that contribute to reducing food waste. During the year, an agreement was signed with Skanska where Samhall will participate in handling their recycling duties, among other tasks.

PACKING AND ASSEMBLY

Samhall was founded as an industrial group in the 1980s. Today, there are only 10 industrial units left as a consequence of shifts in the market.

Proportion of employees
5%

Industry and packing/assembly

We have vast experience in industrial production, packing and assembly operations on our own premises or at the client's. Examples of industrial units include the assembly of towing cables, packing medical products, electronics assembly and coating and fixing of circuit boards. Over the past decade, industry and packing/assembly has decreased from 35% to 5% at the end of 2018. During 2018, revenues increased, partly due to higher demand from the car industry.

Clients include Bosal, Roxtec and International Automotive Components.

Our assignment with the Party King



Partykungen sells accessories for parties via its website, which covers everything from small lollipops to expensive costumes. An ordinary working day for our employees at Partykungen begins with a morning meeting at eight o'clock. Then staff spread out to various stations in the 5,500 m² warehouse ready to unpack goods, put them on shelves, fulfil orders, pack, sort, stocktake, handle returns and drive trucks.

"I like it here a lot. It's fun going to work in the morning and often I don't want to go home in the afternoon," laughs Jenny Wahlström, who has worked at Partykungen since July. Tobias Lind agrees.

"They look after us well and there are never any problems in changing tasks if you want to. That makes the work quite varied. The best thing of all is the colleagues. We always have fun together," he says.

FACTS

Assignment:

To support the staff in the warehouse in order to cope with seasonal variations.

Solution:

8-20 Samhall employees working in Partykungen's warehouse, depending on the season.



Sustainable choices & services

For us, sustainable consumption and production means making sustainable choices in our own operations and offering sustainable services to our clients. For example, our cleaning services bear the Nordic Ecolabel.



Lessen environmental impact

Our largest impact on the environment comes from our fleet of vehicles. About 20% of our production vehicles currently run on renewable fuel. Our aim is to have a fossil-free fleet by 2030.

Our environmental impact

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

SAMHALL'S IMPACT on the environment originates from the services and goods it produces. Samhall has no operations requiring a permit and the number of activities to be reported under the Environmental Code was three. Our environmental impact comes primarily through energy consumption in transportation and premises, as well as waste and chemical management. Samhall's operations are organised into business areas: Services and Sector 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.

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.

Environmental and quality governance

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. Results are monitored through quarterly reports measuring targets and key performance indicators. The environmental work is also followed up through annual audits and our own improvement days.



In 2018, Samhall examined its direct and indirect environmental impact. The largest factor is emissions from transportation and business travel. A significant part of Samhall's environmental impact is the production of goods used in Samhall's service offerings, such as consumables, chemicals, IT equipment and clothing. In an age when climate change is ever more threatening and the pressure on natural resources is increasing, an adaptation to a circular economy is necessary. For Samhall, this is both a responsibility and an opportunity to increase the competitiveness of our service offering.

Towards a fossil-free fleet

In 2018, total CO₂ emissions decreased, in spite of an increase in energy consumption. To maintain low



100%
environmentally
certified
electricity

**Fossil-free
fleet 2030**

emissions, Samhall only purchases certified environmental electricity.

Emissions amounted to 5,158 (5,220) 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. In 2018, a long-term aim was set to establish a fossil-free fleet of vehicles by 2030. As of 31 December, about 20% of the fleet was electric or gas-driven vehicles. To achieve this target, about 80 petrol/diesel vehicles need to be replaced per year by environmentally friendly alternatives or switch to bio-based fuels.

Total energy consumption increased somewhat over the year, mostly due to energy consumption in rented premises being higher than expected. About 35% of the total energy was renewable energy.

CO₂ EMISSIONS

Tonnes	Direct emissions 305-1	Indirect emissions 305-2	Other indirect emissions 305-3	Total
Vehicles, business travel & transportation	3,164		1,164	4,328
Premises	172	100	558	830
Total CO₂ emissions	3,336	100	1,722	5,158

ENERGY CONSUMPTION

MWh	2018	2017	2016
Renewable energy in the organisation	9,022	8,586	9,189
Renewable energy in rented premises	7,791	7,299	7,663
Non-renewable energy in the organisation	17,702	17,739	18,504
Non-renewable energy in rented premises	12,973	10,728	11,668
Total energy consumption	47,488	44,352	47,024

Society benefit

Samhall's most important contribution to the sustainable development of society is the creation of new pathways to employment for people with functional impairment and help their abilities be put to good use. In such a way, Samhall contributes to a stronger and more equal Sweden.





Full & productive employment

Our most important contribution to sustainable development is to increase accessibility to the labour market for people with functional impairment and help their abilities be put to good use. For society, this means an increase in tax revenues and higher productivity.

An important part of the Swedish labour market

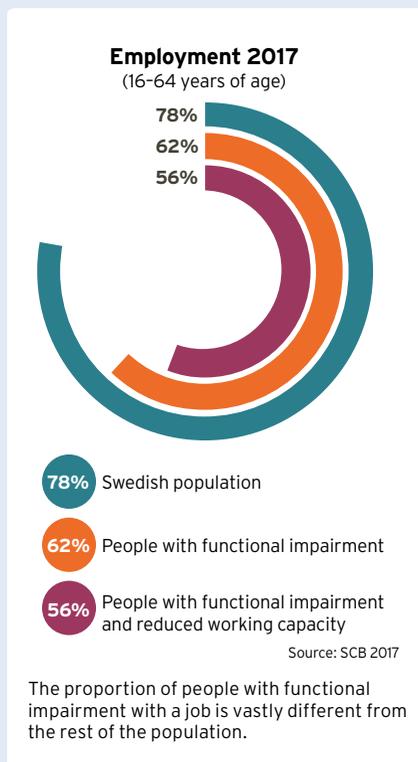
PEOPLE WITH FUNCTIONAL IMPAIRMENT and reduced working capacity face particular difficulties in the Swedish labour market.

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, nearly 44% were without employment in 2017. Employment for a limited period only is also more common for people with functional impairment than the rest of the population. Since 2013, unemployment has decreased in Sweden. This trend, however, does not apply to people with functional impairment and currently one in every four jobseekers registered at the Public Employment Service has a functional impairment causing reduced working capacity.

Among people with functional impairment and reduced working capacity, about 20% claim to have experienced negative attitudes from an employer in the past five years.

Many people with functional impairment causing reduced working capacity require adaption or support to be able to work. Samhall's target group has changed over time, depending on the incidence of functional impairment in the population, as well as conditions in the labour market.

Physiological impairment, traditionally Samhall's most common type of functional impairment, has decreased in numbers, while there has been an increase in mental and neuropsychiatric impairments. The latter group also has the lowest employment rate of around 40%, compared to 50% for people with physiological impairment (Statistics Sweden 2014). In 2018, 67% of Samhall's new recruits in the core assignment came from prioritised groups who are considered far removed from the labour market.



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

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.

Employment with wage subsidy for security in employment

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

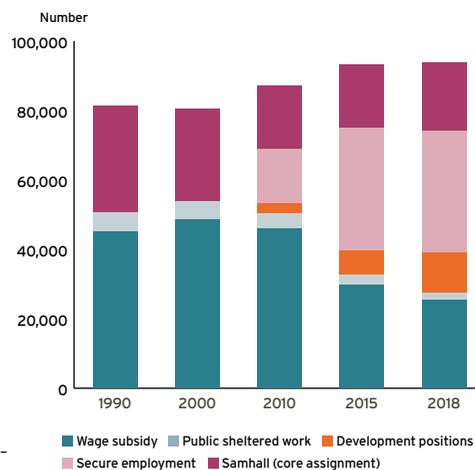
Positions with wage subsidy for employees under development

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 a time, two years at most. Positions with wage subsidy for employees under development are offered through Samhall, see page 7.

Samhall is part of Sweden's labour market policy. At the end of 2018, 24% of those participating in specific initiatives for people with functional impairment and reduced working capacity were employed by Samhall in its core assignment or in positions with wage subsidy for employees under development at Samhall.

Labour market policy initiatives

Labour market policy programmes with employment for people with functional impairment





An inclusive society

Through Samhall, people far removed from the labour market get a job, earn a living, improve self-esteem and enjoy social interaction.



Large effects for society and individuals

Large socio-economic effects

When a person, previously far removed from the labour market, is given the opportunity to move from social exclusion to employment, large positive socio-economic effects are created. At the same time as welfare expenses can decrease, so tax revenues increase. For the individual, new opportunities are created in the form of improved self-esteem, better working capacity, social interaction and secure earnings.

Sharing knowledge and showing good examples

As part of our work, we try to present good examples to Swedish employ-

ers of companies that work actively to include people with functional impairment in the labour market. This includes the Pathfinder Prize, an annual award presented to an individual and a company. The aim is to show the benefits that occur when everyone's competencies are put to good use.

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.

International collaboration

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.

I joined a community and found a future



Peter Sohlman is employed by Samhall as a cleaner on Gotland. He had a tough upbringing that included bullying and social phobia; as a consequence he also had panic attacks. He could not cope with a regular job and was limited further by scoliosis of the spine. Around 10 years ago, he came into contact with Samhall. Despite working as a cleaner in a big shopping centre in Strömstad near the Norwegian border, which wasn't exactly the ideal workplace for someone who wanted to avoid crowds, it became a turning point in his life. Thanks to the job, Peter was part of a working community and had colleagues and an employer who showed great understanding for his problems.

Nowadays he lives in Roma on Gotland with his partner Sandra and he is passionate in combating prejudices about people working for Samhall.

"We are just like everyone else, except some of us have faced an incredible struggle."

Step by step, Peter continues to challenge himself. Now he has learned how to manage his anxiety, and his back problems are kept in check by keeping fit through both his work and his hobbies. Peter is very proud of his job. He has passed several training courses run by Samhall on cleaning and he enjoys his work.

"Imagine what the world would look like if no one was there to clean all the offices and other workplaces. *Then nothing would work!*"

FACTS

Peter Sohlman, 32 år
Cleaner with Samhall on Gotland.

Interests:

Walks, nature, photography and writing.

Sustainability report

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 various results and activities differently. Therefore, it is vital to identify the economic, social and environmental issues that Samhall influences and that stakeholders view as significant. Ultimately, it is the board and senior management who decide how to balance the various priorities.



Our significant material issues

Stakeholder dialogue

To survey and analyse our stakeholders' expectations is a prerequisite for achieving our objectives and creating the greatest possible benefit. Therefore, we conduct an ongoing dialogue with our stakeholders. The forms of dialogue with the various stakeholders is shown in more detail by the table on page 40.

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. In 2018, a stakeholder survey was conducted of Samhall's 60 largest clients. Samhall has also reinforced its dialogue with trade unions at central and local levels during the year in order to better grasp the expectations of stakeholders.

Materiality analysis

Our materiality analysis identifies our prioritised sustainability areas based on Samhall's actual impact on society from a social, environmental or economic perspective and the importance of that issue to our stakeholders.

The materiality analysis is still based on a survey conducted at the end of 2015 that targeted a large number of stakeholders. The client survey and the ongoing dialogues that have taken place during the year have shown that the areas then identified as important to stakeholders remain relevant.

Our significant material issues

All stakeholders incontrovertibly confirm that Samhall's most essential contribution to sustainable development is connected to the execution of the labour market policy assignment and the opportunity of creating pathways to employment for people with functional impairment. Therefore, we have placed emphasis on describing our assignment and the particular conditions that apply to Samhall, such as the role of the Public Employment Service, geographical coverage and the state's compensation for addition costs.

Relevant to stakeholders is employee benefit and those factors that influence employee development such as occupational skills and increased employability, workplace environment and health, as well as employee throughput (new hires and transitions) which means even more people can be recruited and develop their skills for the labour market and therefore we help combat social exclusion. It is these areas that also have the greatest influence on socially sustainable development and can contribute to the implementation of Agenda 2030 and specifically the global sustainable development goals 4, 8 and 10 that concern people with functional impairment having the right to education, work and reducing inequality.

Business ethics and, above all, competitively neutral pricing are considered essential.

Environmental issues are generally ranked lower by stakeholders than

employee benefit and society benefit, even though there is increasing interest from clients in lessening environmental impact. In addition, state-owned companies need to act as a model in the environmental field. Significant materiality also comes from the scientific evidence that shows how all companies must limit their impact on climate change and adapt to a circular economy. From an environmental perspective, we can contribute to global sustainable development goals: 12 Ensure sustainable consumption and production patterns and 13 Take urgent action to combat climate change and its impacts.

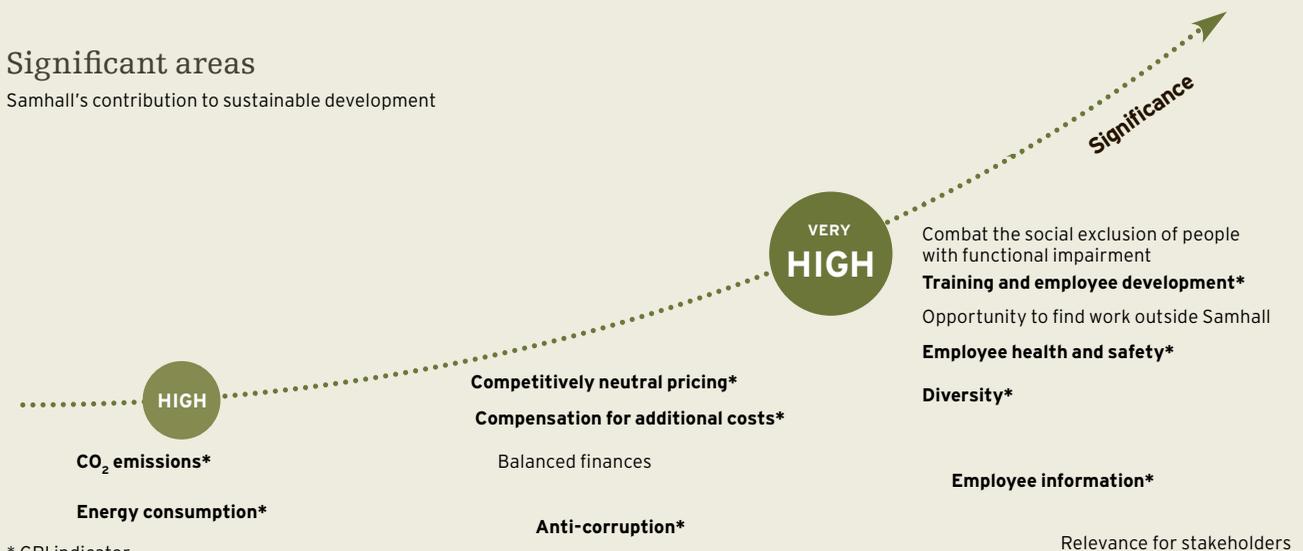
Stakeholders also call for communication and dialogue based on transparency and openness.

In total, 12 GRI indicators were judged to be of significance.

Suppliers involved in the value chain are however not a high priority for stakeholders. Therefore, this is only briefly described in our framework. Matters of quality, capacity and client handling are certainly important for all clients and suppliers, but these are not highlighted by stakeholders in terms of sustainability and therefore are not reported according to GRI. There is zero tolerance regarding discrimination, offensive acts and harassment, and preventive measures are completely integrated in the work covering Samhall's culture and values, in the HR work and leadership development. These areas are described in the section about employee benefit, but are not reported according to GRI.

Significant areas

Samhall's contribution to sustainable development



* GRI indicator

STAKEHOLDER	DIALOGUE THROUGH	KEY ISSUES
 <p>Employees</p>	<ul style="list-style-type: none"> • Workplace environment follow-up • Introduction, training, skills development • Annual employee survey • Target and follow-up dialogue, individually • Regular 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 • Employee development with focus on occupational skills and raised employability
 <p>Clients</p>	<ul style="list-style-type: none"> • Requirements in purchasing negotiations • Client and sales meetings • Annual client surveys • Seminars and events • Follow-up meetings and regular contact 	<ul style="list-style-type: none"> • Business ethics • Combat social exclusion for the functionally impaired in the labour market • Competitively neutral pricing • Quality, capacity and client handling • Environmental issues as part of the purchasing process
 <p>Owner/ authorities (primarily the Public Employment Service)</p>	<ul style="list-style-type: none"> • Meetings with politicians in parliament, county councils, municipalities • Quarterly co-ordination 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
 <p>Suppliers</p>	<ul style="list-style-type: none"> • Dialogue with suppliers in conjunction with purchasing negotiations • 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
 <p>Organisations</p>	<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.

Content of the report

SAMHALL'S SUSTAINABILITY

REPORT is produced within the framework of the Global Reporting Initiative (GRI), and as from 2018 follows GRI Standards: core. The GRI index contains references where sources of information can be found in the annual 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.

Information regarding limitations, responsibility, follow-up and governance for the respective significant material aspects is provided in the GRI index. Information is recorded in accordance with standard 103 and all standards applied were published in 2016.

A transition from version four (GRI G4) to GRI Standards took place in 2018.

Notes

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 2018, 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.

Average age

For clarity, the various personnel key performance indicators are not reported per age group for 102-8, 401-1, 403-2, 404-1 and 405-1. Instead, a more relevant presentation is provided by the average age.

302 Energy and 305 Emissions

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. Energy and emission values for all rented premises are calculated with standard values based on own premises. This year's report increased the emission value of diesel. Also, biofuel used by the company's fleet of vehicles has been included in energy consumption. The previous year's values have been recalculated accordingly.

401-1 Employment

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.

403-2 Occupational health and safety

Regarding workplace accidents, the GRI indicator is not used; instead the internal indicators and targets used by Samhall are applied. This year's report includes information about occupational accidents that led to absence. Reporting does not include occupational diseases or travel accidents to and from work.

404-1 Training and education

Training for professional employees is not reported, as it is considered less significant and many of these initiatives for professionals take forms that cannot be reported as separate training.

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 material aspects of sustainability, as well as assurance that the report satisfies reporting criteria in line with GRI Standards. Samhall aims to develop further the quality of reporting and consequently the application of quality assurances through independent review, see page 44.

GRI index

This report has been prepared in accordance with GRI Standards: core.
The publication year of the GRI information is shown in brackets after the disclosure number.

GRI Standards

Disclosure number	Disclosure title	Page reference	Comments
ORGANISATIONAL PROFILE			
102-1 (2016)	Name of the organisation	Page 1	
102-2 (2016)	Activities, brands, products and services	Pages 28-30	
102-3 (2016)	Location of headquarters	Page 46	
102-4 (2016)	Location of operations	Page 49	
102-5 (2016)	Ownership and legal form	Page 46	
102-6 (2016)	Markets served	Page 8, Pages 28-30, Note 3	
102-7 (2016)	Scale of the organisation	Page 3, Notes 4 & 6	
102-8 (2016)	Information on employees and other workers	Pages 3 & 18, Note 9, Page 41	Deviation from GRI regarding age distribution and region, see page 41
102-9 (2016)	Supply chain	Page 17	
102-10 (2016)	Significant changes to the organisation and its supply chain	No significant changes during the year	
102-11 (2016)	Precautionary principle or approach	Page 32	
102-12 (2016)	External initiatives	No endorsements to any such declarations	
102-13 (2016)	Membership of associations	Workability International, page 36	
STRATEGY			
102-14 (2016)	Statement from senior decision-maker	Pages 4-5 & 10	
ETHICS AND INTEGRITY			
102-16 (2016)	Values, principles, standards and norms of behaviour	Pages 16-17	
102-17 (2016)	Mechanisms for advice and concerns about ethics	Page 17	Whistle-blower function
GOVERNANCE			
102-18 (2016)	Governance structure	Pages 46-57	
STAKEHOLDER ENGAGEMENT			
102-40 (2016)	List of stakeholder groups	Page 40	
102-41 (2016)	Collective bargaining agreements	Page 18	
102-42 (2016)	Identifying and selecting stakeholders	Page 39	
102-43 (2016)	Approach to stakeholder engagement	Page 40	
102-44 (2016)	Key topics and concerns raised	Pages 39-40	
REPORTING PRACTICE			
102-45 (2016)	Entities included in the consolidated financial statements	Page 41	
102-46 (2016)	Defining report content and topic boundaries	Pages 39-41	
102-47 (2016)	List of material topics	Page 39	
102-48 (2016)	Restatements of information	Page 41	
102-49 (2016)	Changes in reporting	Page 41	
102-50 (2016)	Reporting period	Page 88	
102-51 (2016)	Date of most recent report	Page 88	
102-52 (2016)	Reporting cycle	Page 88	
102-53 (2016)	Contact point for questions regarding the report	Page 88	
102-54 (2016)	Claims of reporting in accordance with the GRI Standards	Page 41	
102-55 (2016)	GRI content index	Page 42	
102-56 (2016)	External assurance	Page 41	

Disclosure number	Disclosure title	Page reference	Comments
MATERIAL TOPICS			
201 Economic performance, financial assistance received from government			
103-1-3 (2016)	Sustainability governance	Pages 9, 39	
201-4 (2016)	Financial assistance received from government	Page 9, Notes 4 & 5	
205 Anti-corruption			
103-1-3 (2016)	Sustainability governance	Pages 17, 39	
205-3 (2016)	Confirmed incidents of corruption and actions taken	Page 17	No confirmed incidents
206 Anti-competitive behaviour			
103-1-3 (2016)	Sustainability governance	Pages 17, 39	
206-1 (2016)	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Page 17	
302 Energy			
103-1-3 (2016)	Sustainability governance	Pages 32, 39, 41	
302-1 (2016)	Energy consumption within the organisation	Page 33	
305 Emissions			
103-1-3 (2016)	Sustainability governance	Pages 11, 32, 39, 41	
305-1 (2016)	Direct (Scope 1) greenhouse gas (GHG) emissions	Page 33	
305-2 (2016)	Energy indirect (Scope 2) GHG emissions	Page 33	
305-3 (2016)	Other indirect (Scope 3) GHG emissions	Page 33	Refers to business travel (flights, trains, rental cars, private vehicles in service) and rented premises
401 Employment			
103-1-3 (2016)	Sustainability governance	Pages 7-8, 18, 39, 41	
401-1 (2016)	New employee hires and employee turnover	Pages 18, 24	Deviation from GRI, see page 41
403 Occupational health and safety			
103-1-3 (2016)	Sustainability governance	Pages 18, 27, 39	
403-2 (2016)	Hazard identification, risk assessment and incident investigation	Page 27	Own definition deviating from GRI, see page 41
404 Training and education			
103-1-3 (2016)	Sustainability governance	Pages 18, 21-22, 39, 41	
404-1 (2016)	Average hours of training per year per employee	Page 18	Deviation from GRI, see page 41
404-3 (2016)	Percentage of employees receiving regular performance and career development reviews	Page 18	Deviation from GRI, see page 41
405 Diversity and equal opportunity			
103-1-3 (2016)	Sustainability governance	Pages 18, 27, 39, 47	
405-1 (2016)	Diversity of governance bodies and employees	Page 18	Deviation from GRI, see page 41

Auditor's report on the summary review of Samhall's sustainability reporting and statement on the statutory sustainability report

To Samhall AB (publ), corporate identification number 556448-1397

Introduction

We have been commissioned by the board of Samhall AB (publ) to conduct a summary review of Samhall's sustainability report 2018. Samhall has defined the scope of the sustainability report under the table of contents of Samhall's annual and sustainability report 2018.

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 41 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 about the sustainability reporting based on our summary review and leave a statement regarding the statutory sustainability report.

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 enquiries, firstly to those responsible for the preparation of the sustainability report, as well as applying analytical and other review procedures. We have conducted our review of the statutory sustainability report in accordance with FAR's (the institute for the accountancy profession in Sweden) recommendation RevR 12 Auditor's statement on the statutory sustainability report. A summary review and a review according to RevR 12 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.

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 responsibilities according to these requirements.

The procedures performed in a summary review and a review according to RevR 12 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 a review according to RevR 12 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 with the above criteria chosen by the board and corporate management.

A statutory sustainability report has been prepared.

Stockholm, 25 February 2019

Deloitte AB

Anneli Pihl
Authorised public accountant



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. No significant changes regarding corporate governance occurred in the previous year.

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.

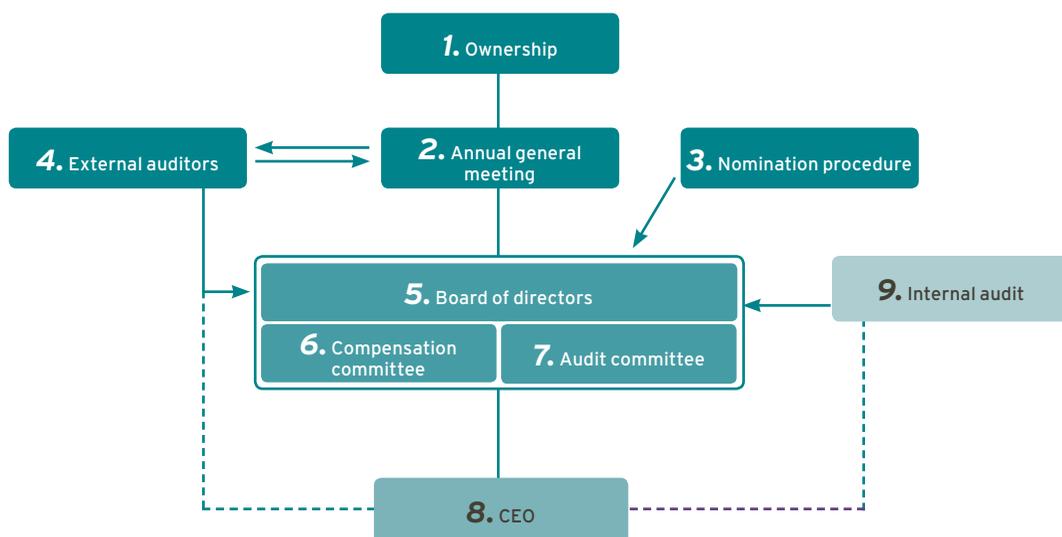
The owner's directives, set at the annual general meeting, contain among other things, labour market policy objectives and the financial targets, financing of the additional costs incurred by Samhall in fulfilling its assignment, as well as certain report-

ing 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 29 January 2018 to accept new directives from the owner for 2018. The AGM took place 26 April 2018 in Stockholm. On 13 December 2018 another extraordinary general meeting was held to accept new directives from the owner for 2019. 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 2017 AGM had been applied.

Remuneration to board members chosen at the AGM and senior management is reported in note 9.

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. State ownership policy clarifies that nominations to the board are to be made public according to the Code's guidelines, with the exception of reporting on the independence of major shareholders.

In accordance with the Code and state ownership policy, the composition of the board must reflect the company's business, phase of development and general conditions,

and reflect versatility and breadth regarding the members' competencies, experience and backgrounds. So too, aspects of diversity should be considered, such as ethnic and cultural backgrounds, and efforts made to secure an even gender distribution. Ownership policy states that of the members chosen at the AGM, there must be at least three people of each gender.

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 2018 AGM re-elected the authorised auditor Deloitte AB until the next AGM with authorised public accountant Anneli Pihl 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. Samhall follows state ownership policy regarding diversity and equality at board level.

The current board consists of four men and four women. 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 54–55.

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 and 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 eight meetings, of which one was a constitutive meeting and one a phone meeting. The board receives a detailed financial report every quarter on the company's results and position, briefer reports for those months in-between 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.

During the year particular attention was given to:

- In working to implement, secure and update the growth strategy put in place in 2016, the board highlighted opportunities for new business areas connected to the circular economy and the need of a variety of working tasks, as well as the importance of adapting to changes in market conditions.
- Samhall's digitalisation strategy and ongoing IT transformation was followed up. The aim is to increase efficiency and resource use, but also to secure more jobs and a high degree of utilisation in Samhall. A new business system is under implementation and procurement of a new HCM system was conducted in 2018.
- Samhall hosted Workability International's annual global conference. For three days, companies and organisations from around the world, which help people with functional impairment find a place in the workforce, gathered together to share experiences and good examples.
- A new information security policy was adopted and the sustainability policy was updated with a new section on integrity, given the background of new data protection legislation.
- During the year, reports of inadequate workplace environments at Samhall's workplaces occurred.

This issue was discussed by the board and a comprehensive package of measures was launched, including the development of forms of collaboration with employee organisations.

- The Swedish Competition Authority's ongoing review of Samhall's pricing has been processed. The board can state that Samhall has now been examined seriously a number of times and all investigations have found that Samhall acts in accordance with its mandate.
- Within the framework of preparing Samhall's budget and dialogue with the owner, there were discussions regarding an opportunity for the company to develop new ways of working, new work methods and digital tools. Samhall has also proposed investments reinforcing support for employees with special needs.
- After completion of a legal process, Samhall has chosen to change employers' organisation from Almega to the Co-operative Employers' Association. The move took place 1 January 2019 and does not involve any changes to collective agreements.

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 December 2018 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 Dario Aganovic.

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 four meetings during the year.

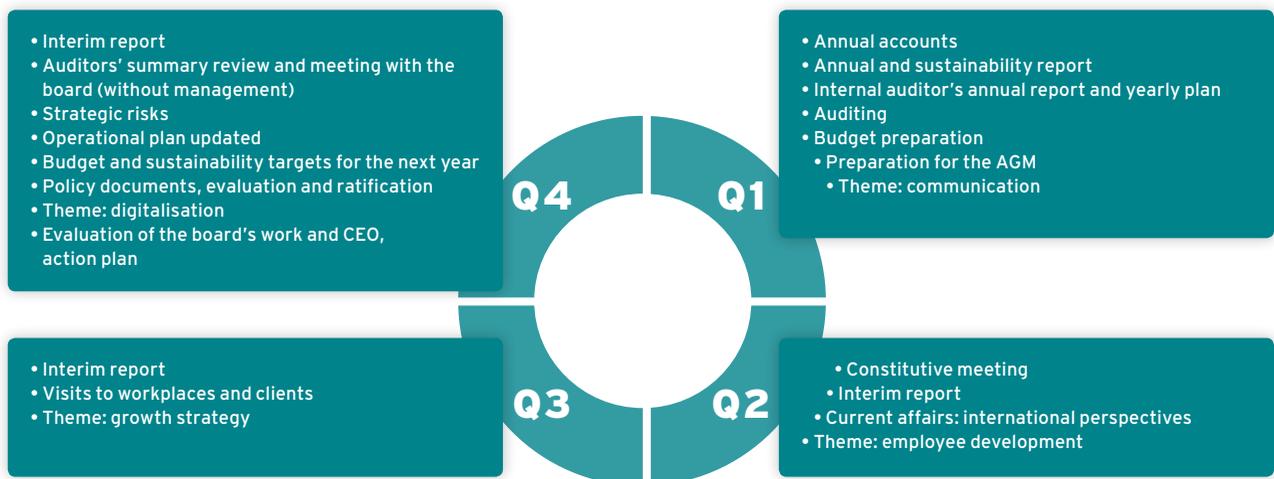
7 AUDIT COMMITTEE

The members of the audit committee are chairman Erik Strand, Bertil Carlsén, Helen Fasth 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, head of accounting, head of internal auditing and the relevant auditor participate in the meetings.

During the year, the audit committee held seven meetings.

The board's work 2018



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 improvements 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

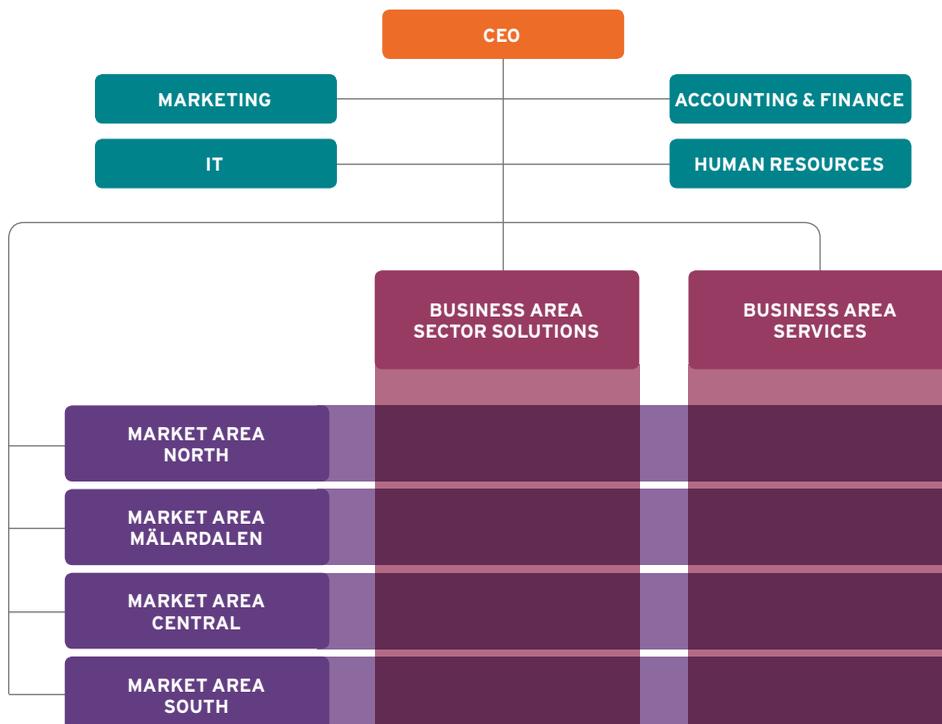
for decentralisation and cost-effectiveness. Both sustainability work and risk management are integrated into the company's processes and are part of operative planning.

The diagram below shows Samhall's organisational structure, current from 1 January 2019, with Labour Market Services becoming an integrated part of Samhall's operations. 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 managers of the company-wide support functions and the directors of the market areas and business areas. Management is presented on pages 56–57.

Operations are guided through 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.

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). No significant changes regarding corporate governance occurred in the previous financial year.

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. Management reports regularly via the CEO to the board and audit committee in accordance with the CEO's instructions regarding reporting.

CONTROL ENVIRONMENT

The structure of the internal control procedures is based on a defined division of responsibility between the board, the board's committees

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 to the audit committee and the board.

RISK MANAGEMENT STRUCTURE

There is an annual identification 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 and external risks, with a strong connection to operative targets and plans.

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 continued development of initiatives to improve leadership at all levels.

SUSTAINABLE ENTERPRISE

The sustainability programme is integrated into Samhall's operative processes. Sustainability targets are imparted and 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



Risks

	RISKS	SAMHALL'S RISK PLAN
External risks	<p>A change in market conditions: Samhall needs to constantly adapt its client offering in order to secure good places of work for its employees.</p> <p>Geographical coverage: Samhall needs to create work opportunities throughout the country, even in areas with a declining client base.</p>	<p>Risks we have no control over or can influence their occurrence or not. However, we can work proactively to handle them and minimise our effect if the risk occurs through an active monitoring of current events, good client and market awareness, as well as adapting our range of services.</p>
Operational risks	<p>Quality of delivery: Samhall needs to secure a continually high level of delivery in our client assignments.</p> <p>Workplace environment and health: Employees are our most important resource and Samhall needs to work systematically to achieve a good and safe workplace environment.</p>	<p>Risks we are able to influence and, if they occur, to what extent they cause harm. If we manage the risk well, we can completely avoid potentially negative effects. These risks are handled by working according to our common goals, executing our strategies and following our defined processes using the tools that have been devised.</p>
Sustainability risk	<p>Company operations: For Samhall, the greatest risks are attached to employees. Samhall needs to actively combat discrimination and sexual harassment.</p> <p>Supply chain: All supply chains involve various sustainability risks. The majority of Samhall's purchasing concerns consumables, workwear, IT equipment and services.</p>	<p>Risks that Samhall can cause, contribute to or be associated with through business relations. These risks are handled by working in accordance with our core values, our policies and guidelines, complaint mechanisms, as well as setting requirements on suppliers and following up their compliance.</p>
Regulatory compliance	<p>Operations requiring a permit or reporting under the Environmental Code: Samhall manages a number of assignments and operations that need to follow special regulations.</p> <p>Competition law: Due to state compensation, it is vital that Samhall follows rules and regulations concerning pricing.</p> <p>GDPR: New data protection regulation requires the careful management of personal data.</p>	<p>Risks we are able to influence and, if they occur, to what extent they cause harm. If we manage the risk well, we can completely avoid potentially negative effects. These risks are handled by working according to our defined processes with the tools that have been devised.</p>
Financial risks	See note 24.	See note 24.



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. Previously, 37 years in trade and industry of which 25 as CEO/President.

Board attendance 7 (8)
Compensation committee attendance 4 (4)
Audit committee attendance 6 (7)



Dario Aganovic
Member

Born: 1974.

Member since 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 (8)
Compensation committee attendance 4 (4)



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 (8)
Audit committee attendance 7 (7)



Hillevi Engström
Member

Born: 1963.

Member since 2017.

Previously, Chief Director of Upplands Väsby municipality, 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 8 (8)



Pia Litbo
Employee representative

Born: 1959.

Member since 2009.

Board attendance 8 (8)



Hans Abrahamsson
Employee representative

Born: 1961.

Member since 2009.

Board attendance 8 (8)



Ann-Christin Andersson
Employee representative

Born: 1960.

Member since 2008.

Board attendance 8 (8)



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 chairman of Strategic Patient and Family Counselling at Karolinska University Hospital.

Board attendance 8 (8)



Helen Fasth Gillstedt
Member

Born: 1962.

Member since 2012.

BSc. Econ. Stockholm School of Economics. Previous 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 8 (8)
Audit committee attendance 7 (7)



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 (8)
Compensation committee attendance 2 (4)
Audit committee attendance 7 (7)



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 (8)

Deputy members



Kenneth Hasselberg
Employee representative since December 2018

Born: 1966.

Deputy since 2018.

Board attendance - (-)



Anders Lehult
Employee representative

Born: 1975.

Deputy since 2016.

Board attendance 7 (8)



Marcus Merilä
Employee representative

Born: 1982.

Deputy since 2017.

Board attendance 7 (8)

Member until 30 Sept 2018

Hans Janeman
Employee representative

Born: 1964.

Deputy since 2012.

Board attendance 4 (6)

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 Härnösand municipality.

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 Sector Solutions

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.

Joined Samhall: 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.



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



Joined management 1 Feb 2019
Erika Ahlqvist
Market Area Director Mälardalen
Born: 1974.
Education: Civil engineering.
Previous employment: Senior positions at PostNord.
Joined Samhall: 2019.

In management until 31 Jan 2019
Elisabeth Hansson
Acting Market Area Director Mälardalen
Born: 1975.
Education: Economics.
Previous employment: Consultant and advisor.
Hired as a consultant by Samhall: 2016.

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 later 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.

Profit for the year

Profit after tax.

SEK M	Note	2018	2017
OPERATING INCOME			
Net sales	3, 4, 6, 32	3,337	3,036
Change of work in progress and finished goods		0	1
State compensation for additional costs	5	4,975	4,405
Other operating income	4	872	839
Total income		9,184	8,281
OPERATING EXPENSES			
Raw materials and consumables	32	-773	-695
Merchandise		0	0
Other external costs	7, 8	-616	-563
Personnel costs	9	-7,656	-7,265
Depreciation and write-downs on tangible and intangible fixed assets	10	-30	-29
Other operating expenses		-5	-
Total costs		-9,080	-8,552
Operating profit		104	-271
PROFIT ON FINANCIAL ITEMS			
Interest income and similar items	11	16	34
Interest expenses and similar items	12	-29	0
Total financial items		-13	34
Profit after financial items		91	-237
Pre-tax profit			
		91	-237
Tax on profit for the year	13	2	0
PROFIT FOR THE YEAR		93	-237
Earnings per share before and after dilution (SEK)		18.6	-47.4
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.

Fixed assets

A fixed asset is one intended to be used or owned for a long 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.

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.

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 the value on which a return is expected. Samhall's overall target is a long-term return of 7% over a business cycle.

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.

BALANCE SHEET

SEK M	Note	31 Dec 2018	31 Dec 2017
ASSETS			
FIXED ASSETS			
<i>Intangible fixed assets</i>			
Capitalised expenses on software	14	33	3
		33	3
<i>Tangible fixed assets</i>			
Land and buildings	15	17	19
Plant and machinery	16	29	19
Equipment, fixtures and fittings	17	64	59
Construction in progress and advance payments	18	2	1
		112	98
<i>Financial fixed assets</i>			
Shares in group companies	19	0	0
Other long-term portfolio investments	20	0	0
Other long-term receivables	21	41	16
		41	16
Total fixed assets		186	117
CURRENT ASSETS			
<i>Inventories, etc</i>			
Raw materials and consumables		46	43
Goods in hand		9	10
Finished goods and merchandise		9	9
		64	62
<i>Current receivables</i>			
Accounts receivable		543	618
Other receivables	22	72	71
Prepaid costs and accrued income	23	123	101
		738	790
<i>Current investments</i>			
Other current investments	24, 31	1,958	1,993
Cash and bank		598	416
TOTAL CURRENT ASSETS		3,358	3,261
TOTAL ASSETS		3,544	3,378
SEK M			
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		395	632
Profit for the year		93	-237
		488	395
Total shareholders' equity		1,274	1,181
<i>Provisions</i>			
Provisions for pensions and similar obligations	26	17	16
Deferred tax liabilities	13	0	2
Other provisions	27	9	10
		26	28
<i>Current liabilities</i>			
Accounts payable		214	233
<i>Other current liabilities</i>			
Non-interest-bearing liabilities	28	566	569
Current tax liabilities		0	0
Accrued expenses and deferred income	29	1,464	1,367
		2,244	2,169
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,544	3,378

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	2018	2017
OPERATING ACTIVITIES			
Operating profit		104	-271
Interest received, vouchers, dividends, capital gains	11	16	32
Interest paid, capital losses	12	-1	0
Adjustment for non-cash-flow items, etc	31	32	11
Cash flow from operating activities before changes in working capital		151	-228
Increase/decrease of inventories		-2	-1
Increase/decrease of receivables		52	-202
Increase/decrease of liabilities		75	215
Total change in working capital		125	12
Cash flow from operating activities		276	-216
INVESTMENT ACTIVITIES			
Acquisition of intangible fixed assets		-36	-2
Acquisition of tangible fixed assets		-46	-29
Sale of tangible fixed assets		6	22
Acquisition of financial fixed assets		-10	-
Increase/decrease of current assets		-43	216
Cash flow from investment activities		-129	207
FINANCING ACTIVITIES			
Cash flow from financing activities		-	-
CASH FLOW FOR THE YEAR			
Liquid assets at year-start		452	461
Liquid assets at year-end	24, 31	599	452

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Financial results

10-year overview, unless stated otherwise, all amounts in millions of Swedish kronor (SEK M). Rounding differences may occur.

SEK M	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
KEY INDICATORS										
Wage hours, thousand	30,496	29,619	29,548	29,539	29,442	29,490	29,573	29,595	-	-
Working hours, thousand	-	-	-	-	24,441	24,449	24,629	24,561	24,410	24,617
Transitions, number ¹	1,492	1,295	1,179	1,059	1,122	912	987	1,039	977	1,029
Prioritised recruitment, %	67	60	57	46	44	43	43	40	41	45
Number of employees with functional impairment (at year-end)	19,565	18,391	19,259	18,528	19,660	18,321	19,148	18,641	18,414	19,141
Number of employees in Labour Market Services (at year-end)	-	-	-	-	-	-	1 ²	21 ²	8 ²	-
Number of employees with 75% sickness benefit (at year-end)	351	357	357	351	321	259	228	223	207	198
Number of positions with wage subsidy for employees under development	2,482	3,149	2,015	1,027	1,043	846	1,158	-	-	-
INCOME STATEMENT										
Net sales	3,337	3,036	2,507	2,453	2,498	2,550	2,412	2,456	2,390	2,287
Change of work in progress and finished goods	0	1	-1	-1	-1	-3	-2	1	1	-6
State compensation for additional costs	4,975	4,405	4,405	4,405	4,405	4,405	4,405	4,405	4,405	4,405
Other income	872	839	557	371	549	361	256	95	73	115
Total	9,184	8,281	7,468	7,228	7,451	7,313	7,071	6,957	6,869	6,801
Material costs, etc	-773	-695	-355	-400	-548	-692	-663	-725	-685	-647
Wage costs for employees with functional impairment	-6,085	-5,732	-5,543	-5,353	-5,256	-5,132	-5,096	-4,902	-4,832	-4,875
Wage costs for positions with wage subsidy for employees with development positions, etc	-650	-664	-398	-235	-308	-260	-90	-	-	-
Other operating costs, etc (incl. depreciation)	-1,572	-1,461	-1,381	-1,320	-1,339	-1,269	-1,299	-1,270	-1,223	-1,368
Net financial items	-13	34	47	-3	92	61	100	83	27	48
Profit after financial items	91	-237	-162	-83	92	21	23	143	156	-41
Balance-sheet allocations	-	-	-	8	2	4	3	-17	-	24
Profit before tax	91	-237	-162	-75	94	25	26	126	156	-17
Tax	2	0	-13	12	-13	-10	21	-	0	-8
Profit for the year	93	-237	-175	-63	81	15	47	126	156	-25
BALANCE SHEET										
Tangible and intangible fixed assets	145	101	105	107	135	133	118	106	99	104
Financial fixed assets incl. deferred tax	41	16	17	28	19	13	26	4	8	7
Inventories	64	62	61	74	90	115	126	131	114	105
Accounts receivable	543	618	435	382	402	450	464	417	426	331
Other current receivables	195	172	153	139	133	125	117	102	95	117
Cash, bank and current investments	2,556	2,409	2,632	2,664	2,743	2,524	2,533	2,489	2,275	2,282
Total assets	3,544	3,378	3,403	3,394	3,522	3,360	3,384	3,249	3,017	2,946
Shareholders' equity	1,274	1,181	1,418	1,593	1,656	1,575	1,560	1,513	1,387	1,231
Untaxed reserves	-	-	-	-	8	10	14	17	-	-
Provisions and long-term liabilities	26	28	31	29	47	13	15	18	13	15
Current liabilities	2,244	2,169	1,954	1,772	1,811	1,762	1,795	1,701	1,617	1,700
Total shareholders' equity and liabilities	3,544	3,378	3,403	3,394	3,522	3,360	3,384	3,249	3,017	2,946
FINANCIAL RATIOS										
Inventories as % of sales	1.9	2.0	2.4	3.0	3.6	4.5	5.2	5.3	4.8	4.6
Accounts receivable as % of sales	16.3	20.4	17.4	15.6	16.1	17.6	19.2	17.0	17.8	14.5
Acid-test ratio, %	147	147	165	180	181	176	173	177	173	161
Equity ratio, %	36	35	42	47	47	47	46	47	46	42
Return on average equity, %	7.6	-18.2	-11.6	-3.9	5.0	1.0	3.1	8.7	11.9	-2.0
Investments in tangible and intangible fixed assets	82	31	31	25	40	35	49	40	25	23

1) From 2014 inclusively, transitions are counted as a total number and even include transitions from positions with wage subsidy 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 2018

- Total income including compensation for additional costs was SEK 9,184 (8,281) million, of which net sales were SEK 3,337 (3,036) million.
- Operating profit totalled SEK 104 (-271) million.
- Profit after financial items totalled SEK 91 (-237) million.
- Profit for the year was SEK 93 (-237) million.
- Return on average shareholders' equity was 8% (-18%). 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 -4% and 0% respectively.
- The equity ratio increased from 35% to 36%. The state's guideline target over a business cycle is at least 30%.
- Shareholders' equity at year-end was SEK 1,274 (1,181) million. Unrestricted shareholders' equity amounted to SEK 488 (395) 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 2018, Samhall received compensation for additional costs totalling SEK 4,975 (4,405) million, an increase of SEK 570 million compared to the previous year.

Investments in fixed assets

Procurement of intangible fixed assets totalled SEK 36 (2) million. Investments in land and buildings amounted to SEK 1 (0) million. Investments in technical facilities within properties totalled SEK 15 (6) million. Investments in machinery, other technical plant, equipment and tools amounted to SEK 29 (23) million. Ongoing new installations in fixed assets at year-end totalled SEK 2 (1) million.

SIGNIFICANT EVENTS IN THE FISCAL YEAR

On 1 January 2018, Samhall went from three market areas to four, with Mälardalen becoming the new market area.

The EU Commission ruled in January 2018, after more than three years, on the case brought by Almega Stådföretagen against the Swedish state regarding the compensation for additional costs paid to Samhall. The EU Commission concluded that Samhall's operations constitute existing state aid in accordance with EU regulations and that Samhall applies market prices. However, certain adjustments to the legal framework are required to comply with EU law, which Samhall welcomes.

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.

From before, Samhall has an assignment to clean Terminal 2, 3 and 4 at Arlanda airport. In February 2018, Swedavia decided on an agreement for Samhall to also clean Terminal 5. The new agreement means a further 200 full-time workers at Arlanda.

Samhall's annual general meeting was conducted on 26 April 2018 and in conjunction a breakfast seminar was held on the theme "Samhall's assignment: then and now."

In May, Samhall hosted Workability International's annual global conference. For three days, more than 300 delegates from 25 countries gathered in Stockholm to discuss how even more people with functional impairment can find employment.

In August 2018, ordinance (2018:1528) came into effect regarding "state compensation to Samhall Aktiebolag for a service of general economic interest." The ordinance means the application of a mechanism to secure the level of compensation for additional costs is not higher than permitted by EU regulations for state support. At the same time, compensation for development positions was moved from the Swedish Public Employment Service to the Legal, Financial and Administrative Services Agency.

In September 2018, the Swedish Public Employment Service presented its latest statistics, which included a decrease in long-term unemployment for the first time in many years. One of the reasons was Samhall's operations in Labour Market Services (LMS) where we offer work training to the long-term unemployed. Samhall LMS accounted for 38% of the decrease in long-term unemployment.

In November, Samhall organised the annual Pathfinder Prize gala, an initiative that highlights the opening up of the labour market for people with functional impairment. Each year, the gala gathers together around 300 representatives from trade and industry, stakeholder organisations and politicians. This year's individual prize went to Joanna Halvarsson and the employer prize to Bactiguard.

In December, the Swedish Competition Authority notified it was closing the investigation into Samhall for impeding fair competition in the cleaning sector. That the Swedish Competition Authority has chosen to terminate the investigation means the authority considers that Samhall applies calculation methods and processes that do not risk distorting or obstructing competition in the cleaning sector.

The owner's directives for 2019 were set at an extraordinary general meeting in December. In conjunction with parliament passing the 2019 budget, a continued investment in Samhall was established, meaning Samhall's core assignment will be expanded by 1,000 people in 2019.

In autumn, Samhall decided to change the name of the Manning Solutions business area to Sector Solutions. Additionally, it was decided not to turn Labour Market Services (LMS) into an independent subsidiary company. As of 1 January 2019, it is managed as an integral part of Samhall's operations.

EMPLOYEES

The average annual number of employees is calculated statistically using time worked, absences, utilisation rates and staff composition and totalled 19,893 (19,459) of which 8,488 (8,310) were women. For more information, see note 9.

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 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. For more information see the section on internal governance and control procedures in the corporate governance report.

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.

The risk registry and risk management plans are handled by the audit committee and the board. See page 52 for more information about Samhall's greatest challenges and risks.

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 2018, return on shareholders' equity was 8% (-18%) for the year; seen over a business cycle of five and 10 years, return on shareholders' equity was -4% and 0% respectively. The equity ratio as per 31 December 2018 was 36% (35%).

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 42-43. Reporting has been drawn up according to GRI Standards: core.

Environmental information

At year-end 2018, there were no operations requiring a permit and the number of activities to be reported under the Environmental Code totalled 3 (3).

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.
- 1 (1) Plants using more than one tonne of plastic per calendar year.

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

OUTLOOK FOR THE FUTURE

In 2019, Samhall's compensation for additional costs will also include full compensation for the assignment regarding positions with wage subsidy for employees under development.

Total compensation for additional costs in 2019 for the core assignment and the assignment regarding positions with wage subsidy for employees under development will total SEK 6,210 million.

The established number of wage hours for 2019 is at least 31.7 million hours, with a minimum 4.26 million hours set for the assignment regarding positions with wage subsidy for employees under development. If the

number of hours achieved is less than these targets, 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.

The number of transitions to another employer during 2019 is set at a minimum 1,500 persons. Recruitment from prioritised groups in 2019 is to total at least 40%.

PROPOSED ALLOCATION OF PROFIT

THE FOLLOWING PROFIT IS AT THE DISPOSAL OF THE AGM:

Profit brought forward	396,004,794
Profit for the year	92,026,512
Total SEK	488,031,306

THE BOARD PROPOSES THAT PROFIT BE ALLOCATED AS FOLLOWS:

Carried forward to new account	488,031,306
Total	488,031,306

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	2018	2017
OPERATING INCOME			
Net sales	3, 4, 6, 32	3,337	3,036
Change of work in progress and finished goods		0	1
State compensation for additional costs	5	4,975	4,405
Other operating income	4	872	839
Total income		9,184	8,281
OPERATING EXPENSES			
Raw materials and consumables	32	-773	-695
Merchandise		0	0
Other external costs	7, 8	-616	-563
Personnel costs	9	-7,656	-7,265
Depreciation and write-downs on tangible and intangible fixed assets	10	-30	-29
Other operating expenses		-5	-
Total costs		-9,080	-8,552
Operating profit		104	-271
PROFIT ON FINANCIAL ITEMS			
Interest income and similar items	11	16	34
Interest expenses and similar items	12	-29	0
Total financial items		-13	34
Profit after financial items		91	-237
Pre-tax profit		91	-237
Tax on profit for the year	13	2	0
PROFIT FOR THE YEAR		93	-237
Earnings per share before and after dilution (SEK)		18.6	-47.4
Average number of shares before and after dilution		5 million	5 million

Comments on the income statement

NET SALES

Net sales for the year totalled SEK 3,337 (3,036) million, an increase of SEK 301 million, or the equivalent of 10% compared to the previous year. Net sales include onward invoicing costs for a client, the Swedish Defence Materiel Administration, of SEK 385 (340) million. The effect on operating profit is SEK 0 (0) million. Regarding Services and Sector Solutions, net sales increased by SEK 199 million and SEK 83 million, the equivalent of an increase of 10% and 12% respectively. The increase in Services is primarily due to facility management. For Sector Solutions, the increase is according to plan within established growth areas. For Industry and Packing/Assembly, net sales increased by SEK 24 million, equivalent to 7%.

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 increased by SEK 570 million compared to the previous year.

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 753 (696) million. Income from the Public Employment Service for Labour Market Services totalled SEK 108 (105) million. In 2018, 1 (4) property was divested. Profit from the sale of tangible fixed assets was SEK 3 (15) million. In 2017, a repayment of SEK 12 million was received regarding collective group insurance (AGS) for 2004.

COSTS

Raw materials and consumables increased by SEK 78 million compared to the previous year. Gross profit totalled SEK 2,564 (2,342) million, an increase on the previous year of SEK 222 million or 9%. Gross profit margins were unchanged at 77% (77%).

Other external costs totalled SEK 616 (563) million, an increase of SEK 53 million. Other external costs in relation to sales remain on the same level as the previous year.

Personnel costs totalled SEK 7,656 (7,265) million, an increase of SEK 391 million, mainly due to contractual increases in wage costs and a rise in the number of employees.

An increase in the number of professional employees has affected salary costs by SEK 33 million compared to the previous year, mostly as a result of Samhall's enlarged assignment.

Operating profit was also affected by Samhall surpassing, by 296,000 hours, the number of wage hours set in the state's target. However, this means a greater number of people had the opportunity to develop their skills at Samhall, a possibility that was financed without state support.

OPERATING PROFIT

Operating profit for the year totalled SEK 104 (-271) million. Profit for the year was affected positively by lower collectively agreed fees (Fora) of SEK 13 (14) million and from the disposal of fixed assets totalling SEK 3 (15) million. The net effect of changes to provisions affected profit negatively by SEK 14 (13) million. Other one-time items affected profit negatively by SEK 2 million. The previous year's profit was affected positively by a repayment from AGS and payroll tax of SEK 15 million, as well as other one-time items of SEK 2 million.

Taking these items into consideration, the adjusted operating profit was SEK 104

(-304) million, or SEK 408 million better than the previous year.

PROFIT FROM FINANCIAL ITEMS

Profit from financial items totalled SEK -13 (34) million and profit after financial items totalled SEK 91 (-237) 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 negatively by falling 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 -28 (2) million, while realised profits and losses amounted to SEK 8 (24) million. Dividends totalled SEK 5 (6) million.

PROFIT FOR THE YEAR

Profit for the year totalled SEK 93 (-237) million. Profit was affected positively by a deferred tax receivable of SEK 2 million, as a result of decreased temporary differences.

Balance sheet

SEK M	Note	31 Dec 2018	31 Dec 2017
ASSETS			
FIXED ASSETS			
<i>Intangible fixed assets</i>			
Capitalised expenses on software	14	33	3
		33	3
<i>Tangible fixed assets</i>			
Land and buildings	15	17	19
Plant and machinery	16	29	19
Equipment, fixtures and fittings	17	64	59
Construction in progress and advance payments	18	2	1
		112	98
<i>Financial fixed assets</i>			
Shares in group companies	19	0	0
Other long-term portfolio investments	20	0	0
Other long-term receivables	21	41	16
		41	16
Total fixed assets		186	117
CURRENT ASSETS			
<i>Inventories, etc</i>			
Raw materials and consumables		46	43
Goods in hand		9	10
Finished goods and merchandise		9	9
		64	62
<i>Current receivables</i>			
Accounts receivable		543	618
Other receivables	22	72	71
Prepaid costs and accrued income	23	123	101
		738	790
<i>Current investments</i>			
Other current investments	24, 31	1,958	1,993
Cash and bank		598	416
TOTAL CURRENT ASSETS		3,358	3,261
TOTAL ASSETS		3,544	3,378

Comments on the balance sheet

INTANGIBLE FIXED ASSETS

Investments in intangible fixed assets totalled SEK 36 (2) million. This includes capitalised expenses for software, as well as associated implementation costs. The largest investment was due to a switch in business systems.

TANGIBLE FIXED ASSETS

Investments in fixed assets totalled SEK 46 (29) million. At year-end 2018, Samhall owned 15 (16) properties with a total area of approx. 45,000 (47,700) m² and rented properties with an area of approx. 100,400 (108,100) m². Compared to year-end 2017, this is a decrease of rented property area of

approx. 7,700 m². In total, this represents roughly a 7% (10%) decrease of disposable property area.

FINANCIAL FIXED ASSETS

Financial fixed assets increased during the year by SEK 25 million due to the reclassification of a portfolio investment.

SEK M	Note	31 Dec 2018	31 Dec 2017
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		395	632
Profit for the year		93	-237
		488	395
Total shareholders' equity		1,274	1,181
<i>Provisions</i>			
Provisions for pensions and similar obligations	26	17	16
Deferred tax liabilities	13	0	2
Other provisions	27	9	10
		26	28
<i>Current liabilities</i>			
Accounts payable		214	233
<i>Other current liabilities</i>			
Non-interest-bearing liabilities	28	566	569
Current tax liabilities		0	0
Accrued expenses and deferred income	29	1,464	1,367
		2,244	2,169
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,544	3,378

INVENTORIES

Inventories increased by SEK 2 million compared to 2017, but tied-up capital in inventories related to sales decreased from 2.0% to 1.9%.

ACCOUNTS RECEIVABLE

Accounts receivable as a percentage of sales decreased from 20.4% to 16.3% compared to 2017. The decrease was mostly due to a reduction in the average credit period, as well as a change in the dating of invoices for a major client assignment. The company's client losses remain very low.

Prepaid costs and accrued expenses increased by SEK 22 million compared to the previous year, mostly due to a change in the dating of invoices for a major client assignment.

CURRENT INVESTMENTS

For Samhall's investment regulations, please see note 24. Samhall's current investments on the balance date totalled SEK 1,958 (1,993) million.

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 liabilities and the taxable value used in calculating taxable profit. During the year, the tax liability was dissolved.

CURRENT LIABILITIES

Current liabilities increased during the year by SEK 75 million, mostly due to an increase in personnel-related liabilities.

Changes in shareholders' equity

SEK M	Note	Share equity	Statutory reserve	Capitalised profit	Profit for the year	Total shareholders' equity
Shareholders' equity 1 Jan 2017		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		500	286	632	-237	1,181
Allocation of the previous year's profit				-237	237	-
Profit for the year					93	93
Shareholders' equity 31 Dec 2018	25	500	286	395	93	1,274

Cash flow statement

SEK M	Note	2018	2017
OPERATING ACTIVITIES			
Operating profit		104	-271
Interest received, vouchers, dividends, capital gains	11	16	32
Interest paid, capital losses	12	-1	0
Adjustment for non-cash-flow items, etc	31	32	11
Cash flow from operating activities before changes in working capital		151	-228
Increase/decrease of inventories		-2	-1
Increase/decrease of receivables		52	-202
Increase/decrease of liabilities		75	215
Total change in working capital		125	12
Cash flow from operating activities		276	-216
INVESTMENT ACTIVITIES			
Acquisition of intangible fixed assets		-36	-2
Acquisition of tangible fixed assets		-46	-29
Sale of tangible fixed assets		6	22
Acquisition of financial fixed assets		-10	-
Increase/decrease of current assets		-43	216
Cash flow from investment activities		-129	207
FINANCING ACTIVITIES			
Cash flow from financing activities		-	-
CASH FLOW FOR THE YEAR			
Liquid assets at year-start		452	461
Liquid assets at year-end	24, 31	599	452

Comments on the cash flow statement

Samhall's cash and bank holdings at year-end attained SEK 598 (416) million and current investments of a duration < three months totalled SEK 1 (36) million. Samhall's total liquid funds were SEK 599 (452) million.

Cash flow from operating activities during the year was SEK 276 (-216) million, the difference from the previous year mainly being higher profit and changes to working capital.

Cash flow for the year was SEK 147 (-9) million, affected mostly by flows from operations and investments.

Notes

Amounts in brackets refer to 2017. 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 BFNR 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:

Revenues 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:

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

Royalties and similar items:

Income 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 conditions 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

Samhall's intangible assets cover expenses for the provision and implementation of software and licences.

Capitalised expenditure includes the cost of purchasing services and material, as well as internal costs for bringing the asset into use. The most important criteria for activation include:

- the asset will contribute future economic benefit
- the asset's acquisition value can be reliably calculated

Intangible assets are reported at acquisition value and depreciated according to the linear method over their estimated utilisation period, between 3-10 years.

Removal from the balance sheet

The reported value of an intangible 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 an intangible 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 an intangible asset or component is reported as other operating income or other operating expenses.

TANGIBLE FIXED ASSETS

Tangible fixed assets are reported at acquisition value minus 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 utilisation period, 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 utilisation period. Depreciation begins once the tangible fixed asset can be put to use. The utilisation period 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 utilisation period of land is unlimited and therefore does not depreciate.

The utilisation periods 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 utilisation periods, 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 profit 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, above 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 utilisation value. 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.

Deductions for obsolescence have been 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 based on the 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 mostly 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 and the market value of investments. 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 and are expected to apply when the asset or liability is realised.

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 with 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.

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 Critical estimates and judgements

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.** Provisions 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 3 Sales per geographic market

	2018	2017
Sweden	3,269	2,981
Hungary	39	19
Denmark	13	13
Norway	9	15
Belgium	4	6
Germany	1	1
Other countries	2	1
Total net sales	3,337	3,036
Percentage for export	2%	2%

NOTE 4 Income categories

SEK M	2018	2017
Services	2,944	2,667
Goods	393	369
Total	3,337	3,036
Wage subsidies and special compensation for positions with wage subsidy for employees under development	753	696
Job and development guarantee compensation	90	83
Wage and project subsidies from the Public Employment Service	18	22
Rental income	4	6
Other income	3	4
Profits from property sales	3	14
EU grants, transport subsidies, etc	1	1
Reimbursement of contractual group insurance for 2004	-	12
Profits from fixed asset sales	0	1
Total	872	839

See note 5 for more information about the state's compensation for additional costs regarding Samhall's core assignment.

NOTE 5 State compensation for additional costs

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

For 2018, Samhall, in total, received compensation for additional costs of SEK 4,975 (4,405) million.

NOTE 6 Information about operational branches

DETAILS ABOUT THE COMPANY'S OPERATIONAL BRANCHES

Samhall is organised into three main operational branches: Services, Sector 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 with wage subsidies 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	2018	2017
Services	5,353	4,795
of which net sales	2,189	1,990
Sector Solutions	2,156	1,935
of which net sales	757	674
Industry and Packing/Assembly	627	602
of which net sales	393	369
Common income/Unallocated	1,205	1,105
of which net sales	-2	3
Eliminations ²	-157	-156
Total income	9,184	8,281

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

2. Income and costs between segments.

Sales for Services and Sector Solutions increased by SEK 199 million and SEK 83 million respectively, a rise equivalent to 10% and 12% respectively. Cleared of onward invoicing costs for a client, the Swedish Defence Materiel Administration, the increase in net sales for Services is SEK 154 million, equivalent to 9%.

The increase in Services is primarily due to facility management. For Sector Solutions, the increase is according to plan within established growth areas. For Industry and Packing/Assembly, net sales increased by SEK 24 million, equivalent to 7%.

Income from the Employment Service for Labour Market Services is reported as other income and totalled SEK 108 (105) 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 (0) million.

The state's assignment concerning positions with wage subsidy 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 753 (696) million.

NOTE 7 Auditing costs

Fees to auditors

SEK M	2018	2017
Auditing assignment		
Deloitte AB	1.0	1.0
Assignments other than the auditing assignment		
Deloitte AB	0.2	0.2
Total	1.2	1.2

The fee for the auditing assignment covers the statutory audit, in other words such work that was necessary to complete the audit report, as well as audit advice made in conjunction with the auditing assignment.

Other fees relate to auditing services in addition to the auditing assignment such as statements and other assignments that, by law, are conducted by an external auditor or to a relatively high degree are associated with the audit and normally performed by the external auditor including consultations concerning advice and reporting requirements, internal controls and examining interim reports.

NOTE 8 Operational lease agreements

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

SEK M	2018	2017
Payment due within one year	164	173
Payment due later than one year but within five years	173	135
Payment due later than five years	1	0
Total	338	308
<i>Leasing costs for operational lease agreements</i>	205	195

Amounts include rental costs for premises and machinery.

NOTE 9

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

Average annual number of employees

	2018	of which women, %	2017	of which women, %
Sweden	19,893	43	19,459	43
Total	19,893	43	19,459	43

The average annual number of employees is calculated statistically using time worked, absences, utilisation rates and staff composition and totalled 19,893 (19,459) of which 8,488 (8,310) were women. The average annual number of employees with functional impairment was 16,254 (15,809) of which 6,975 (6,864) were women, while the number of professional employees was 1,237 (1,205) of which 635 (612) were women. The average annual number of employees for persons with 75% sickness benefit was 84 (84) of which 59 (58) were women. Regarding positions with wage subsidy for employees under development in the state's special assignment the average annual number of employees was 2,318 (2,361) of which 819 (776) were women.

The total number of employees at year-end was 23,715 (23,193) of which 351 (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 2,482 (3,149).

Gender breakdown of board and senior management

	2018-12-31	of which women, %	2017-12-31	of which women, %
Board	11	55	11	55
Other senior management	12	50	10	40
Total	23	52	21	48

Salaries, other remuneration and social security expenses

	2018		2017	
	Salaries and remuneration expenses	Social security expenses	Salaries and remuneration expenses	Social security expenses
Board and CEO	4.6	2.5	4.8	2.5
(of which pension costs)		1.1		1.0
Other employees	5,485.7	2,073.9	5,206.9	1,966.9
(of which pension costs)		260.9		244.4
Total	5,490.3	2,076.4	5,211.8	1,969.5
(of which pension costs)		261.9		245.4

Regarding salaries and remuneration to other employees, SEK 18 (16) million refers to senior management other than members of the board and CEO. Pension fees for the year covering the ITP plan totalled SEK 64 (59) 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 7,567 (7,181) million.

Salary expenses relating to Samhall's special assignment from the state regarding positions for employees under development totalled SEK 650 (663) million with wage subsidies totalling SEK 460 (462) million.

A repayment of SEK 0 (12) million was received from FORA regarding premiums for contractual group insurance (AGS) from 2004.

REMUNERATION TO THE BOARD

SEK Thousands	Board fees 2018	Board fees 2017	Audit committee 2018	Audit committee 2017	Compensation committee 2018	Compensation committee 2017
Chairman, Erik Strand	315	310	62	62	33	33
Member, Dario Aganovic	150	145	-	-	16	16
Member, Bertil Carlsén	150	145	42	42	-	-
Member from 27 April 2017, Hillevi Engström	150	97	-	-	-	-
Member, Helen Fasth Gillstedt	150	145	42	42	-	-
Member, Angelica Frithiof	150	145	-	-	-	-
Member, Leif Ljungqvist	-	-	-	-	-	-
Member, Maria Nilsson	150	145	-	-	-	-
Member to 27 April 2017, Kenneth Johansson	-	46	-	-	-	6
Total	1,215	1,178	146	146	49	55

NOTE 9 CONT. Employees, personnel costs and remuneration to the board and senior management

REMUNERATION TO SENIOR MANAGEMENT

SEK Thousands	Salaries 2018	Salaries 2017	Other benefits 2018	Other benefits 2017	Pension costs 2018	Pension costs 2017	Dismissal and severance pay costs 2018	Dismissal and severance pay costs 2017
CEO, Monica Lingegård	3,590	3,410	67	58	1,067	1,008	-	-
CFO, Vice CEO, Paul Lidbom	2,417	2,310	57	57	716	684	-	-
Director of Marketing, Mats Eliasson	1,848	1,817	133	130	478	485	-	-
Director of Human Resources, Monica Höglind	2,583	2,402	72	64	768	709	-	-
Business Area Director Sector Solutions & Industry, Göran Olinder	1,921	1,855	110	106	479	462	-	-
Market Area Director South, Tomas Andersson	1,424	1,429	59	59	12	485	-	-
Market Area Director North, Åsa Berg	1,323	1,302	58	59	620	600	-	-
Market Area Director Central, from 1 Jan 2018, Charlotte Karlsson	1,267	-	61	-	282	-	-	-
Market Area Director Central, to 31 Dec 2017, Ludmilla Bjerke	-	1,522	-	61	-	359	-	-
CEO Samhall Arbetsmarknads- tjänster AB from 1 Jan 2018, Ludmilla Bjerke	1,503	-	61	-	356	-	738	-
Business Area Director Services, Jonas Rieck	1,688	1,651	59	61	406	392	-	-
IT Director to 8 June 2017, Stefan Stigendal	0	645	-	30	-	146	-	-
IT Director from 13 June 2017, Pär Rasmusson	1,686	867	35	17	406	168	-	-
Total	21,250	19,210	772	702	5,590	5,498	738	-

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 12 executive officers. Market Area Director for Mälardalen, Elisabeth Hansson, began 1 January 2018. Elisabeth Hansson has invoiced her fee using her own company, totalling SEK 2,781 (0) thousand. Therefore, Samhall has not paid a salary, benefits and pension. Ludmilla Bjerke left her position as Market

Area Director Central on 31 December 2017 and began as CEO of Samhall Arbetsmarknadstjänster AB from 1 January 2018. She was replaced as Market Area Director Central by Charlotte Karlsson from 1 January 2018. 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 income base amounts.

NOTE 10 Depreciation and write-downs on intangible and tangible fixed assets

SEK M	2018	2017
<i>Depreciation by asset class</i>		
Capitalised expenses for software	-1	-1
Land and buildings	-2	-2
Plant and machinery	-4	-4
Equipment, fixtures and fittings	-23	-22
Total depreciation	-30	-29
<i>Write-downs by asset class</i>		
Land and buildings	-	-
Plant and machinery	-	-
Equipment, fixtures and fittings	-	-
Total write-downs	-	-
Total depreciation and write-downs	-30	-29

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 11 Interest income and similar items

SEK M	2018	2017
Interest, vouchers and dividends	6	8
Capital gains	10	24
Market value of administered capital	-	2
Total	16	34

NOTE 12 Interest costs and similar items

SEK M	2018	2017
Capital losses	-1	0
Interest costs, external	0	0
Market value of administered capital	-28	0
Total	-29	0

NOTE 13 Tax on profit for the year

SEK M	2018	2017
Current tax on profit for the year	-	-
Deferred tax	2	0
Total	2	0

During the year, deferred tax items of SEK 2 million were dissolved, a consequence of a decrease in the market value of current investments. Deferred tax on temporary differences has been valued collectively. Outgoing deferred tax liabilities total SEK 0 (-2) million and no deferred tax receivable has been activated. Deductible deficits, which are not time limited, amounted to SEK 296 (429) million.

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

SEK M	2018	2017
Profit before tax	91	-237
Tax according to applicable tax rate 22%	-20	52
TAX EFFECT FROM:		
Non-deductible costs/ non-taxable income	-10	-3
Deductible deficits with tax value no longer reported as an asset	-	-49
Earlier years' deductible deficits used during the year with tax value not reported as an asset	30	-
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. Deferred tax is reported according to a consideration on when the temporary difference will be realised. Temporary differences regarding the following items have resulted in deferred tax receivables/liabilities. Calculations are based on a tax rate of 21.4% (22%).

31 Dec 2018	Deferred tax receivable	Deferred tax liability	Net
Land and buildings	4	-	4
Plant and machinery	1	-	1
Current investments	-	-13	-13
Pensions	12	-	12
Revaluations	-4	-	-4
	13	-13	0

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

NOTE 14 Intangible fixed assets

SEK M	31 Dec 2018	31 Dec 2017
<i>Accumulated acquisition value</i>		
At year-start	12	10
New acquisitions	36	2
Divestitures and disposals	-5	0
Total acquisition value	43	12
<i>Accumulated depreciation according to plan</i>		
At year-start	9	8
Depreciation for the year according to plan	1	1
Total depreciation	10	9
Residual value according to plan at year-end	33	3

NOTE 15 Land and buildings

SEK M	31 Dec 2018	31 Dec 2017
<i>Accumulated acquisition value</i>		
At year-start	112	134
New acquisitions	1	0
Divestitures and disposals	-9	-22
Total acquisition value	104	112
<i>Accumulated depreciation according to plan</i>		
At year-start	73	89
Divestitures and disposals	-6	-18
Depreciation for the year according to plan	2	2
Total depreciation	69	73
<i>Accumulated write-downs</i>		
At year-start	20	20
Divestitures and disposals	-2	-
Total write-downs	18	20
Residual value according to plan at year-end	17	19
Book value, buildings	15	15
Book value, land	2	4

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

At year-end 2018, Samhall owned 15 (16) properties with a total area of approx. 45,000 (47,700) m².

NOTE 16 Plant and machinery

SEK M	31 Dec 2018	31 Dec 2017
<i>Accumulated acquisition value</i>		
At year-start	177	191
New acquisitions	15	6
Divestitures and disposals	-12	-20
Total acquisition value	180	177
<i>Accumulated depreciation according to plan</i>		
At year-start	140	154
Divestitures and disposals	-11	-18
Depreciation for the year according to plan	4	4
Total depreciation	133	140
<i>Accumulated write-downs</i>		
At year-start	18	18
Total write-downs	18	18
Residual value according to plan at year-end	29	19

NOTE 17 Equipment, fixtures and fittings

SEK M	31 Dec 2018	31 Dec 2017
<i>Accumulated acquisition value</i>		
At year-start	215	204
New acquisitions	29	23
Divestitures and disposals	-15	-12
Total acquisition value	229	215
<i>Accumulated depreciation according to plan</i>		
At year-start	153	142
Divestitures and disposals	-14	-11
Depreciation for the year according to plan	23	22
Total depreciation	162	153
<i>Accumulated write-downs</i>		
At year-start	3	3
Total write-downs	3	3
Residual value according to plan at year-end	64	59

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

SEK M	31 Dec 2018	31 Dec 2017
At year-start	1	0
Accrued expenses during the year	1	1
Book value at year-end	2	1

NOTE 19 Shares in group companies

SEK Thousands	Net asset value 31 Dec 2018	Net asset value 31 Dec 2017
Samhall Arbetsmarknadstjänster AB	50	50
Corporate identification number		559127-1381
Registered office		Stockholm
No. of shares		500
Capital share		100%

Details regarding shareholders' equity and financial results

The company is dormant and as per 31 Dec 2018 has no operations.

SEK Thousands	Shareholders' equity	Profit
Samhall Arbetsmarknadstjänster AB	50	0

NOTE 20 Other long-term portfolio investments

SEK M	31 Dec 2018	31 Dec 2017
Accumulated acquisition value		
At year-start	0	0
Book value at year-end	0	0

Mainly concerns shareholdings in stakeholder organisations.

NOTE 21 Other long-term receivables

SEK M	31 Dec 2018	31 Dec 2017
At year-start	16	17
Future receivables	10	0
Reclassifications	15	-
Transfer to current receivables	0	-1
Book value at year-end	41	16

The majority covers participating loans as well as capital insurance regarding pension provisions to senior management.

NOTE 22 Other receivables

SEK M	31 Dec 2018	31 Dec 2017
Tax receivables	49	53
Tax account	5	0
Other current receivables	18	18
Book value at year-end	72	71

NOTE 23 Prepaid costs and accrued income

SEK M	31 Dec 2018	31 Dec 2017
Prepaid rent	25	24
Other prepaid costs	25	18
Accrued wage and arrangement subsidies	42	51
Other accrued income	31	8
Book value at year-end	123	101

Other prepaid costs include user rights for computer programs, insurance and rental of machinery.

Other accrued income includes mostly income for onward invoicing for the Swedish Defence Materiel Administration.

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 Baal (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 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 1.0 (1.5) years and interest risk was SEK 23 (29) 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 accounts, 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. Samhall is also exposed to currency risk in its structured investments. This consists of funds issued in SEK, which means fluctuations in the Swedish krona is reflected in the market value of the underlying asset in foreign currency.

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 2018	31 Dec 2017
Provisions at year-start	16	16
Provisions for the year	1	0
Book value at year-end	17	16

NOTE 27 Other provisions

SEK M	31 Dec 2018	31 Dec 2017
Loss contracts	2	10
Restructuring expenses	2	-
Other	5	-
Book value at year-end	9	10

SEK M	31 Dec 2018	31 Dec 2017
Loss contracts		
At year-start	10	4
Provisions for the year	2	9
Used during the year	-10	-3
Reversal of unused amount for the year	0	0
Book value at year-end	2	10

SEK M	31 Dec 2018	31 Dec 2017
Restructuring expenses		
At year-start	-	9
Provisions for the year	2	-
Used during the year	-	-9
Reversal of unused amount for the year	-	-
Book value at year-end	2	-

SEK M	31 Dec 2018	31 Dec 2017
Other		
At year-start	-	-
Provisions for the year	5	-
Book value at year-end	5	-

NOTE 28 Non-interest-bearing liabilities

SEK M	31 Dec 2018	31 Dec 2017
Settlement of salaries	420	389
Personnel pay-as-you-earn tax	104	98
Value added tax	30	33
Other	12	49
Book value at year-end	566	569

NOTE 29 Accrued expenses and deferred income

SEK M	31 Dec 2018	31 Dec 2017
Vacation pay liability	729	685
Social security expenses	629	598
Salary debt	55	52
Other accrued expenses	44	25
Other deferred income	7	7
Book value at year-end	1,464	1,367

Other accrued expenses include mostly onward invoicing costs for the Swedish Defence Materiel Administration.

NOTE 30 Pledged collateral and contingent liabilities

SEK M	31 Dec 2018	31 Dec 2017
Pledged collateral		
Pledged capital insurance	16	16
Contingent liabilities		
Sureties	0	0
Total pledged collateral and contingent liabilities	16	16

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 Supplementary information on the cash flow statement

Adjustment for items not included in cash flow

SEK M	31 Dec 2018	31 Dec 2017
Depreciation and write-downs	30	29
Proceeds of sold fixed assets	2	-15
Capital insurance	0	0
Provisions	0	-3
Total adjustment items	32	11

Liquid funds

SEK M	31 Dec 2018	31 Dec 2017
Other current investments	1,958	1,993
Total current investments	1,958	1,993
Cash and bank	598	416
Book value at year-end	2,556	2,409
Current investments of duration greater than three months	1,957	1,957
Liquid funds at year-end	599	452

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 1,958 (1,993) million. Administered capital includes the following financial instruments: interest-bearing funds, 84%, and structured investments, 16%.

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 4% (3%) of Samhall's sales and about 2% (2%) of its purchasing.

NOTE 33 Allocation of profit

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

NOTE 34 Significant events after the balance-sheet date

No significant events have occurred after the balance-sheet date that affect the company's accounts and position as per 31 December 2018.

NOTE 35 Company information

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

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

THE BOARD OF DIRECTORS AND CEO'S AFFIRMATION UPON SIGNING THE ANNUAL REPORT FOR 2018

The company's income statement and balance sheet are due to be submitted to the annual general meeting for adoption, 26 April 2019.

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, 22 February 2019

Erik Strand
Chairman

Hans Abrahamsson

Dario Aganovic

Ann-Christin Andersson

Bertil Carlsén

Hillevi Engström

Helen Fasth Gillstedt

Angelica Frithiof

Pia Litbo

Leif Ljungqvist

Maria Nilsson

Monica Lingegård
Chief Executive Officer

Our auditor's report was presented in Stockholm, 25 February 2019

Deloitte AB

Anneli Pihl
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 2018 (1 Jan– 31 Dec 2018), excluding the corporate governance report on pages 46–57. The company's annual accounts are presented in this document on pages 1–9, 11–17 and 46–83.

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 2018 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 6 detail the division of revenues across geographical markets, revenue category and operational branches. Note 5 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 relevant 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 revenues are 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.
- Evaluation that appropriate and necessary notes are provided.

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 9, 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 and the required notes are provided.

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 skepticism throughout the audit.

Additionally, we also:

- Identify and assess the risks of material misstatement in 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 2018.

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 46–57, 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, 25 February 2019

Deloitte AB

Anneli Pihl
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.

EIW

E.I.W. (employees in work) is a factor expressing Samhall's average revenue in relation to the market and shows how well we offer our employees tasks that develop their skills throughout the working day. It is also influenced by how well we train and match our employees to appropriate tasks and how we work to prevent accidents and absences due to illness. Business growth, planning our work and handling the logistics of our client assignments in a good manner also has a positive effect on E.I.W.

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 impairment 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 WITH WAGE SUBSIDY 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.

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 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 subcontractor 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 2018 financial year.

The annual accounts cover pages 1–9, 11–17 and 45–65.
Samhall's annual report for 2018 can also be read at www.samhall.se

REPORTING DATES

Samhall reports financial information for 2019 on the following dates:

29 April 2019	Interim report 1	January – March 2019
15 August 2019	Interim report 2	January – June 2019
25 October 2019	Interim report 3	January – September 2019
7 February 2020	Statement of annual accounts	January – December 2019

ANNUAL GENERAL MEETING

The AGM will be held 26 April 2019 in Stockholm.

SUSTAINABILITY REPORT

Samhall's contribution to sustainable development has featured in the annual reports for many years. For the eleventh year running, Samhall highlights its sustainability work and results by publishing a joint annual and sustainability report, in accordance with the owner's guidelines: "Guidelines for external reporting for companies with state ownership" (Swedish Government Offices, Ministry of Enterprise and Innovation).

The sustainability report is produced within the framework of the Global Reporting Initiative (GRI), Samhall's Sustainability Report

covers pages 1 43 and 88. Cases of significant deviation from GRI Standards are accompanied by notes in Samhall's sustainability report (Reporting and independent verification). Reporting covers the calendar year 2018. The last report (Sustainability Report 2017) was published in March 2018.

In Samhall's self-assessment, the Sustainability Report 2018 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 44.

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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