

# Samhall 2015

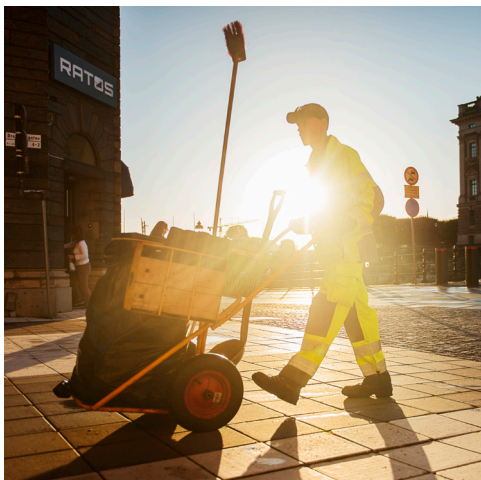
ANNUAL AND SUSTAINABILITY REPORT



Samhall welcomed more than 5,000 new employees over the year.



Samhall is Europe's most sustainable company 2015.



We create a unique combination of society benefit, client benefit and employee benefit.

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

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

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

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

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

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## “We are building a strong, positive company culture based on our core values: that we must be dependable, dedicated and attentive.”

Six months ago, I stood on a stage in London and accepted an award on Samhall's behalf as Europe's most sustainable company. Out of 24,000 companies from 33 countries, Samhall was judged the best at addressing the most important sustainability issues. I have rarely felt such pride in my entire career.

But what exactly distinguishes Samhall in its work for a more sustainable society? It is about three things. Responsibility, culture and a willingness to change. Three concepts that make Samhall stronger and ensure we add value to our clients, our employees and society in general.

We take active responsibility for the assignment we have been given and constantly work to limit any negative impact on the surrounding world. We take responsibility for utilising resources in a proper and effective manner, taking into account long-term sustainability, whether it concerns people, energy or money.

We are building a strong, positive company culture based on our core values: that we must be dependable, dedicated and attentive. A culture where we see only opportunities and where people grow. A culture that is hungry for new business and strengthens our competitiveness in finding new work that furthers the development of our employees.

Assigned to further the development of employees through work, we have under-

gone a journey of change that began in the late 90s and continued at pace in 2015. I dare say that few companies are so willing to change as Samhall. In a unique way, we have managed to change from a solely industrial company to one where more than 90% of employees today work in services and manning operations. On market terms, in competition with other companies, we provide jobs for our employees that build working capacity, competitiveness and skills that will be in long-term demand. Samhall demonstrates on a daily basis that it is possible to contribute to a Sweden where everyone is considered an asset to the labour market, while simultaneously providing valuable service to Swedish trade, industry and the public sector.

Through the company's continuing evolution, and better responsiveness to meeting clients' needs, Samhall in 2015 has improved its market position and won big, important contracts in the service sector. To mention just a few in particular, the contract with Swedavia to clean large areas of Arlanda airport, new assignments in Axfood stores, as well as a nationwide agreement with cinema chain SF Bio. We also closed a new five-year deal with an important client: Max Hamburgerrestauranger. This new business, along with the development of current agreements, has led to a high rate of growth in the Services business area.

Furthermore, in the Manning Solutions &

Industry business area, Samhall in 2015 has developed a number of interesting and important assignments. By strengthening and mightily increasing business with companies including Plastal Sverige AB, International Automotive Components AB, Ingram Micro, Mat.se and Roptex International AB, we have clearly demonstrated how we can combine client benefit and individual benefit.

As a consequence of a clear focus on job creation and growth in long-term sustainable work, Samhall's self-financing has risen by roughly SEK 1 billion in the past seven years. Unchanged compensation for additional costs, in combination with considerable growth, has contributed to Samhall creating ever-greater society benefit per invested tax kronor. As a result of the company becoming ever more business- and client-focused and important efforts having been made in sectors where there is a demand for Samhall's services, more than 5,000 new employees have been welcomed by the company in 2015.

In order to fulfil our assignment in providing Samhall employees with work, all day, throughout Sweden, that furthers personal development, it is crucial that we are hungry and continually strive to develop our business. Currently in many of our workplaces, there is plenty to do in the mornings, while in the afternoons there can be periods of inactivity. To make it easier to

conduct small assignments, which can supplement the large client assignments, we have developed new business-support initiatives and implemented them in the organisation during the year. It consists of a package of offerings, in both services and manning solutions, which are simple to sell and buy. I believe and hope that the new business-support initiatives can help us win even more business.

Despite significant successes on the business side, we did not completely fulfil the company's other important development assignment: transitions. When we closed the books on 2015, 1,059 employees have developed their working capacity so much they could leave us for employment elsewhere. This is an impressive figure; yet still 41 persons short of the owner's target. During the year, a number of national recruitment collaborations commenced with large Swedish companies who wish to employ skilled workers from Samhall. I hope this will lead to greater success with recruitments in 2016.

In the second half of 2015, it became increasingly apparent that the Swedish labour market, in the near term, will undergo dramatic change. When large numbers of people flee their homelands for the safety and security of Sweden, then we need to take greater responsibility in strengthening and developing our society. Not least the labour market, where new Swedes should

be offered opportunities to gain an introduction to the Swedish labour market. I am convinced that Samhall can contribute here. Our experience, way of working and our infrastructure mean that Samhall as a labour market initiative could play a major role in integration work, not least in how people with functional impairment can establish themselves in Sweden.

Samhall's assignment is complex. It involves daily adjustments and constant change. Working at Samhall is not, and shouldn't be, easy. On the contrary, it requires a great deal of dedication, dependability and attentiveness from all employees in the company. Yet every day, 23,000 employees go to work at Samhall with a common purpose: to further their personal development together with their colleagues. With this power at our disposal, I am sure that Samhall can play an even greater role in the Swedish labour market in 2016.

Stockholm, February 2016



Monica Lingegård  
CEO Samhall

# Sweden's most important company

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

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

directs unemployed people with functional impairment to work at Samhall.

Through the production of goods and services for which there is market demand, Samhall creates society benefit and profit. Thanks to its breadth, size and geographical coverage, Samhall is a vital part of Swedish labour market policy.

## TARGETS

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

### Number of employees

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

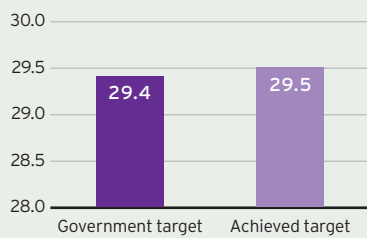
### Transitions

Each year at least 1,100 Samhall employees should leave the company for a position with another employer. This number also covers persons in Samhall's assignments regarding development positions. Employees in Samhall's core assignment, who make a transition to another employer, are provided with re-employment entitlement valid for 12 months after their departure.

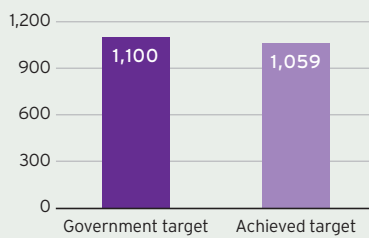
### Recruitment from prioritised groups

At least 40% of new recruits should come from prioritised groups in accordance with the definition established by the Public Employment Service and Samhall. This covers people with mental impairments,

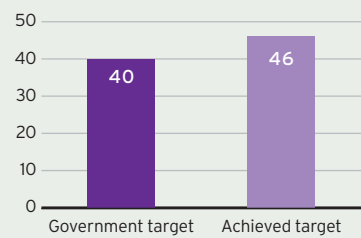
## WAGE HOURS, millions



## TRANSITIONS, number

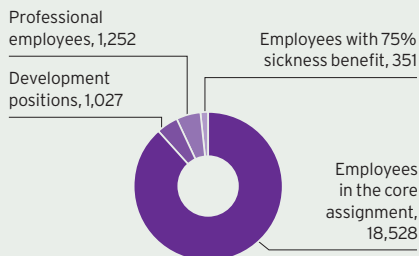


## RECRUITMENT FROM PRIORITISED GROUPS, %



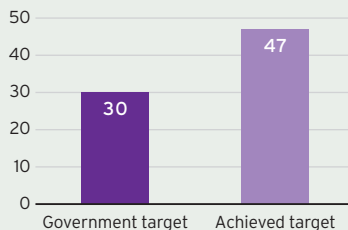
## Number of employees

NUMBER OF EMPLOYEES, 31 Dec 2015



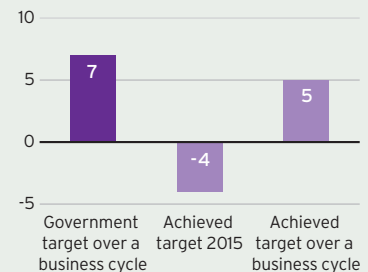
## Financial

EQUITY RATIO 2015, %



## Financial

RETURN ON EQUITY 2015, %



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.

#### Special assignment regarding development positions

In 2015, Samhall was assigned to provide 1,000 time-limited development positions for young jobseekers in the job and development guarantee's occupational phase. In 2016, this assignment is extended to 2,000 development positions for the long-term unemployed, likewise prioritising young adults under 30.

Alongside the core assignment and the assignment with development positions, Samhall is also assigned by the state to offer part-time positions of 25% to people with 75% sickness benefit.

#### Financial targets

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

#### Sustainability targets

Samhall has four long-term sustainability targets set by the board. Target fulfilment is measured in relation to the previous year's results.

- Employees in work: increase billable time without reducing gross profit/hour.
- Dedicated employees: improve the sub-index score for "Dedication" in the employee survey.
- Increased self-financing: more society benefit per tax kronor.
- Environmental targets: reduce CO<sub>2</sub> emissions and increase the proportion of environmentally friendly vehicles.

#### OPERATIONS

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

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

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

#### ORGANISATION

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

#### HISTORY

Samhall, formerly Samhällsföretag, was established as a state-owned group in 1980 and took over 370 workshops that provided sheltered employment along with other operations managed by county councils, municipalities and other authorities. The aim was to co-ordinate and streamline what was a very fragmented operation. Between 1980–1992, operations were run as a foundation with 24 regional county foundations and one central foundation. In 1992, the company was restructured into a corporate group with wholly state-owned Samhall AB as the parent company along with other regional companies. After 1992, the number of regional companies gradually diminished through mergers and since 2002, all operations have been conducted within the framework of one single, common company. Samhall only operates in the Swedish market.

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

# Society benefit

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

Matching employees in Samhall's core assignment to jobs in demand allows Samhall to highlight both the abilities and development potential of the individual employee. In competition with others in the market, Samhall can demonstrate in a credible way the skills and talent represented by people with functional impairment.

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

The Public Employment Service allocates all vacant positions in Samhall and determines who gets employment. The geographical distribution of Samhall's operations is also determined in consultation with the Public Employment Service. According to the state's directives as owner, Samhall should avoid retrenchment of employees in the core assignment due to a shortage of work. Samhall should also, where possible, take into consideration regional political concerns regarding any restructuring and avoid the closure of operations in areas with vulnerable labour markets.

## HARDSHIP IN THE LABOUR MARKET

People with functional impairment and reduced working capacity face particular difficulty in the labour market. Currently, one in every four jobseekers at the Public Employment Service has a functional impairment causing reduced working capacity. Among these persons, 9% claim they did not get a job they were sufficiently qualified for because of their functional impairment.

The proportion of people with functional impairment with a job is vastly different from the rest of the population. About 77% of the population (16–64 years of age) were employed according to the latest survey by Statistics Sweden (2014). Among people with functional impairment that figure was significantly lower: 62%. This level of employment for people with functional impairment has stayed at the same level since 2004. Among employed people with functional impairment and diminished working capacity, the trend was downward during 1998–2004 and then stable around 50% until 2008. In 2014, that figure was 55%.

## ATTITUDES AND PREJUDICES

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

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



### **SPECIAL ASSIGNMENTS REGARDING THE LONG-TERM UNEMPLOYED**

Since 2012, Samhall has been given special assignments, alongside its core assignment, to provide time-limited development positions to groups experiencing particular hardship in the labour market.

During 2012–2014, Samhall provided positions for people with functional impairment whose sickness insurance days had come to an end. In 2014, Samhall was given a new assignment that replaced the previous one: to provide development positions for people with functional impairment coming from the job and development guarantee's occupational phase. As determined by the government's assignment, the target group prioritised for these development positions by Samhall was young adults under 30. Operative reporting is given in the sustainability report. The good results have led the government to widen the scope of the assignment even further. The owner's directives to Samhall for 2016 are to offer 2,000 development positions to the long-term unemployed, prioritising people under the age of 30.

The assignment with development positions is well in line with those intentions proposed in Samhall's budgetary documentation to the government. It provides the company with better conditions for being a pathway towards work for young adults. An increased throughput in Samhall contributes simultaneously to more people with functional impairment getting opportunities to work.

### **More pathways towards work**

Within the framework of the separate Labour Market Services business area, Samhall offers additional services that combat social exclusion in the labour market.

Unemployed persons in the labour market policy programme, the job and development guarantee, can participate via the Public Employment Service, in reinforced occupational training and in-depth assessment run by Samhall. Work training is also provided by Samhall within the Labour Market Services framework.

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

# Employee benefit

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

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

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.

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

Good matching is crucial to Samhall succeeding with its assignments. It is through matching that employees' abilities and

skills are matched to the demands of current and new assignments. Samhall's use of resources is made more efficient, while at the same time employees get the opportunity to develop by facing challenges at the right level.

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.

## A variety of tasks

Samhall's broad and wide range of services covering Cleaning & Laundry, Warehousing & Logistics, Workplace & Property Services, Care Services, Retail and Industry & Manufacturing create a variety of tasks and development opportunities for employees. The breadth and the fact that employers in various sectors recruit new employees through Samhall create a unique opportunity for persons who previously were far from the workforce. Through Samhall, they make new work contacts and get the opportunity to demonstrate their skills and eventually gain another position outside Samhall.

## SKILLS DEVELOPMENT IN CLEAR ROLES

Comprehensive work on clarifying occupational roles based on Samhall's client offerings was completed in 2015. Clearly defined roles show the development pathways available to employees who successively develop their skills and raise their employability in various roles.

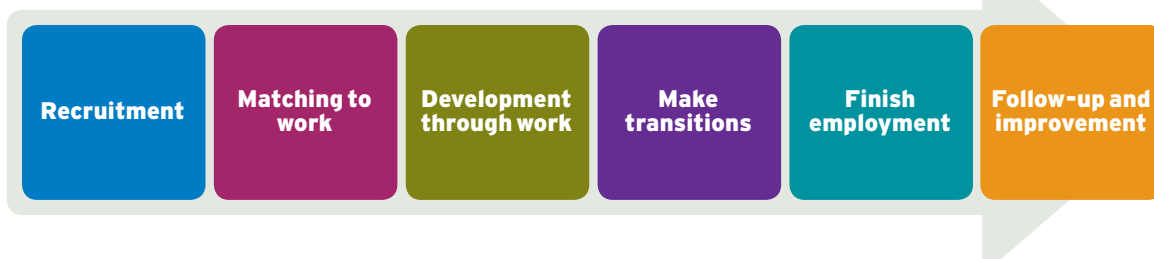
An enormous skills inventory has taken place, which has shown that most employees have competent skills in one or more of Samhall's identified occupational roles. To ensure that employees have the desired competencies for the tasks, basic training for each respective occupational role has been developed within the framework of the Samhall school.

## DEVELOPMENTAL WAYS OF WORKING

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

An important part of the employee process is the dialogue between employee and manager. It is called the target and development dialogue and involves each employee setting concrete goals together with their manager. The aim is to develop the employee's working capacity and skills while at Samhall.

## EMPLOYEE PROCESS



## Samhall offers employees

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

Together, the employee and manager agree on the activities and follow-up required for this development to go in the right direction.

In 2015, Samhall implemented a strengthened work process to support the systematic and skills-based matching work. Matching is based on a knowledge of the skills in the occupational roles in demand and results in correct manning and more employees in work.

### **BETTER HEALTH AT WORK**

Employment at Samhall must further a person's development, while also providing a safe workplace and contributing to an individual's good health. In 2015, a comprehensive health programme was implemented. Through a pedometer challenge, encouragement to participate in Blodommeloppet fitness events, as well as many local activities, lots of Samhall's workplaces have encouraged an improvement in employee health. Autumn 2014 also saw a decision to make all Samhall workplaces smoke free during office hours. A health programme was implemented during the year in 10 districts with high absences due to illness. As a consequence, absences due to illness decreased in seven of 10 projects.

### **ACTIVE AND DEVELOPMENTAL LEADERSHIP**

Samhall runs a long-term programme to develop leadership in the company's workplaces and thus create better conditions for employees to develop through work. A clear leadership ideal describing Samhall's approach to leadership has been developed and always provides the basis for leadership at the company. Active work continues to ensure that the leadership ideal and core values are incorporated into all company processes.

In 2015, Samhall's leadership development programme continued: My Vital Leadership. The six-month programme targets all first-line managers and aims to strengthen the manager's ability to develop employees, operations and business. In late 2015, the equivalent leadership programme for all district managers began. From the first quarter 2016, the programme will also include all business managers.

# Client benefit with social responsibility

Samhall offers services in everything from cleaning to industry to elderly care. Assignments are conducted as a sub-contractor or through manning solutions or our own production, and operations are located nationwide. Competitive services, performed by people who otherwise have had difficulty in finding their role in the labour market, adds value to the clients' operations.

## CLEANING & LAUNDRY

Cleaning is Samhall's single largest product. With around 9,000 employees in cleaning, Samhall is currently one of Sweden's largest companies in the sector. We clean offices, shopping centres, stores, schools, stairways and much more. In conducting these services, we follow the INSTA 800 quality system, as well as ISO 9001 and ISO 14001. Work in making the company's entire cleaning operation compliant to the Nordic Ecolabel standard was finalised in 2015, which means the entire company now cleans according to this high environmental standard. Several significant cleaning contracts were signed in 2015. These include new contracts with Axfood, SF Bio and Max Hamburgerrestauranger. Other cleaning service clients include Ikea, Bauhaus, Ica, Swedish Armed Forces, Jernhusen and Swedbank. Alongside cleaning, Samhall also provides large-scale, specialist laundry services of work clothes and textiles for offices, industry, hospitals, hotels and other clients.

## WAREHOUSING & LOGISTICS

In Warehousing & Logistics, Samhall's employees work with incoming orders, sorting, packing and distribution. Besides vast experience of practical warehousing, Samhall has also developed strategic competencies in third-party logistics, e-trading, retail logistics, recycling logistics and consumer packing. Samhall's employees run all the warehouse management for Schneider Electric near Stockholm, conduct full third-party logistics for Crossroads in Uddevalla and pick and pack ink cartridges for InkClub in Uppsala. We build store displays for DHL's clients at their plant in Örebro and for Santa Maria in Kungsbacka.

## WORKPLACE & PROPERTY SERVICES

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

## CARE SERVICES

In Care Services, Samhall offers public and private care providers the opportunity to raise the quality of care and improve working conditions for their own staff. Samhall relieves the burden on professional care staff and frees up their time by performing any number of services and certain care tasks. For example, Samhall can do the laundry, ironing, making the beds or taking the sheets off, delivering groceries, providing transportation about the care home, maintaining the helping aids, giving pleasant companionship, assisting at activities, accompanying the elderly outside the home, running errands and in some places also providing language support for the foreign-born elderly. This sector provides great benefit and also broadens the range of tasks available to Samhall employees. Boden municipality and Humana are among the clients getting a helping hand from Samhall's care offerings.

## RETAIL

Samhall offers services in retailing. It involves everything from stocking shelves to other associated retail services. With Samhall providing the services, the client can instead spend time focusing on their core tasks while taking social responsibility. Samhall's retail clients include Axfood and Ica.

## INDUSTRY & MANUFACTURING

Samhall offers production solutions in assembly, mechanics, cables, electronics, textiles, woodworking and logistics & packing. This can occur in the client's workplace or in Samhall's own premises. The broad range of manufacturing competencies enables Samhall to meet the needs of clients in various sectors. In mechanics and plastics, Samhall works with both contract manufacturing and the production of components and finished products. Among other things, we make interior systems for service vehicles, bodywork parts for the caravan industry, ventilation equipment and boxes and cabinets for the telecom industry. In electronics manufacturing, Samhall uses modern production equipment to make surface-mounted and hole-mounted circuit boards, coating and fixing of circuit boards and electronic assembly. Samhall's collaboration with the automotive industry has gone well in 2015. Examples include a tripling of assignments for

International Automotive Components AB Lösningar in Gothenburg and Uddevalla in 2015. The same applies to Manning Solutions for Plastal Sverige AB. In 2015, Samhall's fixed facilities in Lycksele and Vansbro were disposed of to external parties, who also recruited a large number of employees from Samhall to continue operations. Also during the year, Samhall's facilities in Orsa and Sysslebäck were wound down, as employees will now be working in service assignments instead.

At the cable plant in Söderhamn, Samhall assembles and delivers approx. 120,000 electric cables for tow bars each year for Volvo Cars. The cable plant in Söderhamn and Samhall's assembly in Gothenburg are also certified in accordance to the automotive industry's ISO/TS 1609. At Dentsply (formerly Astra Tech) in Gothenburg, Samhall's employees pack medical products and at Q-assembly in Svenstavik, Permobil power wheelchairs are made for global distribution.

#### **LABOUR MARKET SERVICES**

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

#### **RECRUITMENT**

Samhall can offer clients the opportunity to recruit skilled personnel. Through work for which there is a demand, Samhall's employees develop their skills to become attractive and competitive employees at other companies. With the support of employee processes (see page 8) the right person can be recruited for the right job. Thus, Samhall's employees make up a recruitment pool for other employers. For example, Max Hamburgerrestauranger and the Police in Stockholm have recruited personnel from Samhall for years. In 2015, new recruitment work has begun with Nordic Choice hotels and SF Bio cinemas. In recent years, Samhall has increasingly profiled recruitment as an integrated part of the company's business development. Samhall can also teach other employers how to remove hindrances and open their workplaces to people with functional impairment. It covers, not least, attitudes and developing leadership.

**“Samhall plays an important role in Swedish society. With a unique combination of business benefit and society benefit, we create opportunities for companies and people to prosper.”**

“Europe’s most sustainable company.” Yes, it is hard to summarise the year’s sustainability work without mentioning that in 2015 Samhall won the European Business Award for Environmental and Corporate Responsibility. Obviously, as chairman, I am very proud, but also feel a great responsibility to continue developing the company’s crucial sustainability work.

Because, now that the world views Samhall as a role model of sustainability, our responsibility is great indeed. We have a duty to lead the way, claim new positions and show that an active sustainability programme is not contrary to business-mindedness; actually, it is a prerequisite for it. Samhall is, and must be, a good example of sustainable enterprise.

In 2015, we introduced a number of initiatives to develop and secure the management of Samhall’s various operations in a long-term sustainable manner. A prioritised activity was to fulfil the requirements to enable the company’s cleaning services, which employ about 9,000 people, to operate under the Nordic Ecolabel. That all of the company’s cleaning now complies to these high standards naturally diminishes our cleaning’s impact on the environment; but has also positively influenced other business areas through new, more environmentally friendly routines.

The year also saw us strengthen our review of suppliers and develop both work methods and rehabilitation processes for our employees. We also established a whistle-blower function allowing anonymous reporting of suspected irregularities in the governance of the company. Because work at Samhall must be sustainable in all areas. That includes everything from the employee’s work situation to how work equipment is manufactured and what impact it has on our surrounding world.

Furthermore in 2015, we made significant steps in a number of important areas; yet, despite a high rate of growth, we did not completely fulfil what is perhaps our most essential sustainability target: employees in work. However, we did see many big assignments start to develop, which means our prospects are more solid as we enter 2016. The same applies to our owner’s crucial transition target, where 1,059 employees left Samhall for other work during the year. That’s an impressive number, and yet it is still 41 transitions below our target. As a consequence of Samhall having entered a number of national recruitment collaborations over the year, I believe and hope that the recruitment work in 2016 will lead to more transitions.

Samhall plays an important role in Swedish society. With a unique combination of business benefit and society benefit, we create opportunities for companies and people to prosper. With a clear mandate, we promote social sustainability at Samhall and among over 6,000 clients. I am proud to represent a company where sustainability is always central, no matter if decisions concern a local development plan or a company-wide business strategy.

Stockholm, February 2016



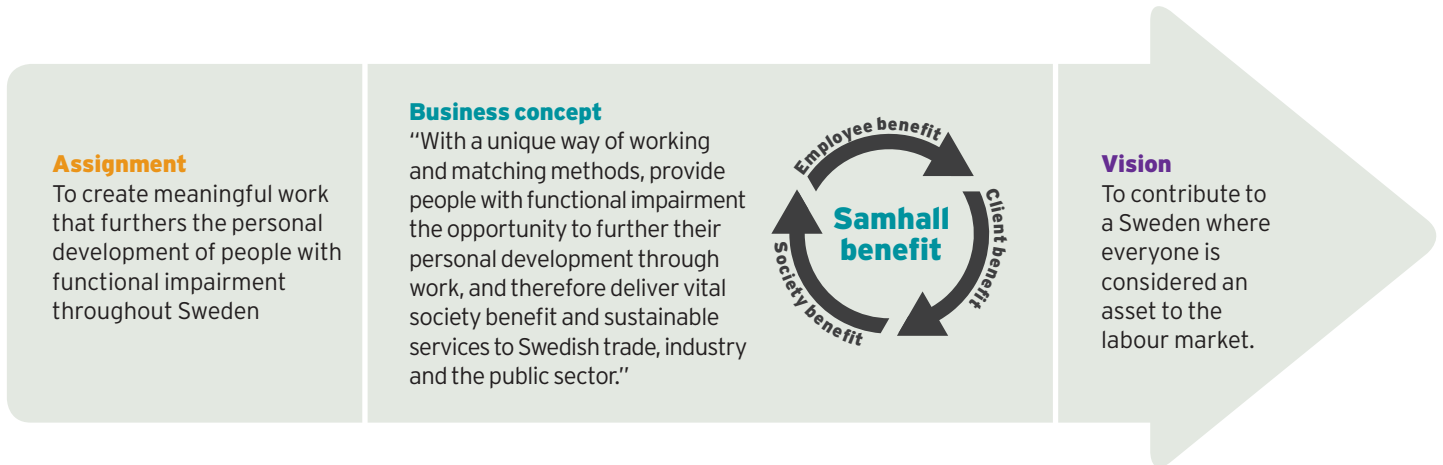
Erik Strand  
Chairman of the Board Samhall

# Samhall's impact

Sustainability is part of Samhall's core values and provides a point of departure for the company's strategies regarding the long-term, resource-efficient, responsible creation of value.

## From Samhall's operative plan 2015-2017:

Everything stems from our vision, our business concept and our mission: to create meaningful work that furthers the personal development of people with functional impairment. Employees in work (E.I.W.) is crucial for our success in creating employee development while at the same time maintaining economic sustainability. E.I.W. determines the way of working and is a key performance indicator. It allows us to maximise Samhall benefit and therefore create the greatest possible value for our three main stakeholders: employees, clients and society.



Samhall's future depends on satisfied clients and happy employees.

- The core competence is in the Human Resources area with matching and the development of occupational skills, adapted work requirements and a good workplace environment.
- As a supplier to trade and industry, Samhall has competence in labour-intensive service operations and production.

Samhall's greatest resource is all its employees; it is not just what we do, but who does it that creates value for the client. Hiring Samhall raises the client's own CSR. Employees' skills become obvious, which makes Samhall a good recruitment pool in long-term collaborations.

Samhall is a major employer of people with functional impairment and therefore a significant and important part of labour market policy in combating social exclusion. Of the total number of people

at year-end 2015 that received special measures for people with functional impairment and reduced working capacity, over 20% were employed at Samhall. Even in an international context, this contributes to Sweden having a high proportion of people with functional impairment in employment in the workforce.

Samhall's sustainability challenge grows with the need to accept and channel more people into the workforce. The owner, i.e. the state, expects Samhall to create more jobs through business growth and new client assignments. It is a challenge to find and adapt labour-intensive assignments for groups that are far from the regular workforce, without foregoing the geographical coverage. Samhall does not leave an area when an industrial operation ceases. Instead, the task is to find new assignments and jobs, while no employee is made redundant. That means adapting to areas where developments are more promising in a competitive market.

## SUSTAINABILITY TARGETS 2015

Samhall's largest contribution to sustainable development is guided by the owner's operational targets, i.e. to create work that furthers the development of approx. 21,000 persons with functional impairment. The owner's targets are supplemented by sustainability targets that must promote:

- Business growth through competitive assignments and jobs.
- Employees with increased skills in occupational roles that are in demand.
- More efficient use of resources and increased productivity.
- Reduced CO<sub>2</sub> emissions.

Fulfilment of operational targets is reported on pages 4–5. Sustainability targets are unchanged compared to 2014. Target fulfilment is provided together with 2014's results.

	<b>EMPLOYEES IN WORK (E.I.W.)</b>	<b>DEDICATED EMPLOYEES</b>	<b>INCREASED DEGREE OF SELF-FINANCING</b>	<b>ENVIRONMENTAL TARGETS</b>
<b>TARGET</b>	Employees in paid client assignments, measured in lower E.I.W. factor*	Increase employee survey sub-index "Dedication"	Increased degree of self-financing. Income from all operations compared to the total costs.	Reduced CO <sub>2</sub> emissions through an increase in the proportion of environmentally friendly vehicles
<b>RESULT 2015</b>	Unchanged E.I.W. 3.5 (3.5)	Index for dedication increased to 65% (64%)	Degree of self-financing increased to 31% (30%)	Proportion of environmentally friendly vehicles increased to 11.8% (11.6%)
<b>SECTION</b>	Comments in the Economic Sustainability section	Comments in the Social Sustainability section	Comments in the Economic Sustainability section	Comments in the Environmental Sustainability section

\* E.I.W. factor represents how many more hours Samhall needs compared to other companies with neither employees with functional impairment nor Samhall's other owner directives.

## ORGANISATION AND GOVERNANCE

The sustainability work is completely integrated into Samhall's operational processes, which must ensure the attainment of the owner's targets, as well as the operative and sustainability targets. That means the sustainability work takes place in the organisation's main processes: the Employee Process and Client-Delivery Process. Special overall and co-ordinating resources are available through a sustainability manager and an environmental manager.

Implementation is secured through targets and key performance indicators for various parts of the organisation and adapted to possibilities affecting target attainment. Sustainability targets are included in quarterly reports to the board.

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. Targeted "sustainability audits" based on assessed risk will be developed and implemented.

Samhall's purchasing profile is that of a services-production company with supplies and leasing from wholesalers and manufacturers located in Sweden. These suppliers may have sub-contractors in other countries. The supplier base comprises of approx. 5,400 suppliers with purchasing value exceeding SEK 1,000. In total, purchasing accounts for 15% of total costs. In some client assignments of an industrial nature, the client chooses their own suppliers, and this lies outside Samhall's scope of supplier control.

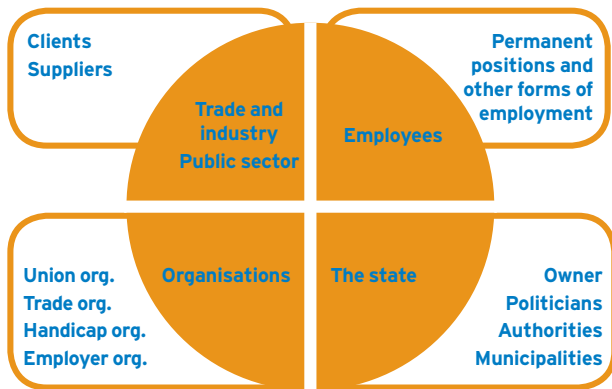


## STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

IDENTIFIED IN STAKEHOLDER DIALOGUE AND SURVEY	MATERIALITY ANALYSIS	FOCUS AREA WITH RELATED GRI REFERENCES
<p>Combat social exclusion. Employment and making a living.</p> <p>Good leadership</p> <p>Counteract offensive acts, sexual harassment and discrimination</p> <p>Individual focus with personal development plans</p> <p>Occupational skills that further personal development</p> <p>Increased employability and validated skills</p> <p>Move on to work outside Samhall</p> <p>Good workplace environment, work adaptation</p>	<p>Stakeholders consistently rate employee issues and development as the most important.</p> <p>Materiality issues:</p> <ul style="list-style-type: none"> <li>• Employee data in the labour market policy assignments.</li> <li>• Throughput (new recruits and transitions) that enable more people to enter and grow in the workforce and thus diminish social exclusion.</li> <li>• Employee development with a focus on occupational skills and increased employability.</li> <li>• Workplace environment and absences due to illness.</li> </ul> <p>Discrimination, offensive acts and harassment are zero-tolerance areas and completely integrated in the work with Samhall's culture and core values, in the Human Resources work and in leadership development. These parts are described in the section about employee benefit and reported with the company's own processes, i.e. non-GRI.</p>	<p>Our employees G4-LA1, G4-LA12</p> <p>Employee development G4-LA9, G4-LA11</p> <p>Occupational accidents and absences due to illness G4-LA6</p>
<p>Economic society benefit. Long-term economic sustainability.</p> <p>Geographical coverage</p> <p>Business ethics. Competitively neutral pricing. Anti-corruption</p> <p>Responsibility for the entire value chain. Human rights</p>	<p>The economic society benefit includes the labour market policy assignment and the state compensation for additional costs. Also issues regarding the compensation in connection to competitively neutral pricing.</p> <p>Materiality issues:</p> <ul style="list-style-type: none"> <li>• State compensation for additional costs.</li> <li>• Geographical coverage: Samhall must be present nationwide.</li> <li>• Business ethics, above all a focus on competitively neutral pricing.</li> </ul> <p>The supplier network in the value chain is not a high priority for stakeholders. Therefore only a summary view is given at the start of the sustainability section based on Samhall's service and purchasing profile.</p>	<p>State compensation G4-EC4</p> <p>Geographical coverage as part of the assignment, described as a Samhall aspect, non-GRI</p> <p>Corruption issues G4-S05</p> <p>Competitively neutral pricing G4-S07</p>
<p>Waste, material use and recycling</p> <p>Energy consumption</p> <p>Chemical use. Toxic-free resource use</p> <p>Climate</p> <p>Air pollution</p> <p>Water consumption</p>	<p>Environmental issues are consistently ranked lower by stakeholders than social and economic sustainability. The various areas associated with environmental impact have not been ranked separately. Therefore the materiality analysis has been supplemented internally based on the company's most material environmental impact.</p> <p>Materiality issues:</p> <ul style="list-style-type: none"> <li>• CO<sub>2</sub> emissions from energy consumption are the main environmental factor. Other factors are relatively smaller and therefore not reported.</li> </ul>	<p>Reporting of energy consumption divided between fossil and non-fossil fuels G4-EN3, G4-EN4</p> <p>Direct and indirect CO<sub>2</sub> emissions G4-EN15, G4-EN16, G4-EN17</p>
<p>Production and delivery capacity</p> <p>Client-adapted offerings</p> <p>Quality</p> <p>Client focus and handling</p>	<p>Issues regarding quality, capacity and client handling are important for all suppliers, but stakeholders have not highlighted these from a sustainability perspective in the stakeholder dialogue. Therefore this area is not among the most material issues and thus not reported according to GRI guidelines.</p>	
<p>Stakeholder dialogue</p> <p>Transparent reporting of the organisation</p>	<p>Stakeholders ask for communication and dialogue founded on transparency and openness.</p>	<p>Stakeholder relations G4-24, G4-25, G4-26, G4-27</p>

**STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS**

Information regarding Samhall’s special assignment and opinion building about the work situation for people with functional impairment are important factors in a proactive dialogue with stakeholders.



Stakeholder groups have been identified and defined: partly based on the various components of the state’s assignment, partly from general conditions applicable to a service company.

**MATERIALITY ANALYSIS**

<b>Identify</b>	The most important stakeholders and consulting forums are identified. Important sustainability areas, challenges and opportunities are identified.
<b>Prioritise</b>	Stakeholder dialogue and internal dialogue. Analysis.
<b>Validate</b>	Validation of the analysis against the identified areas made by the board and turned into focus areas in the sustainability report. Reporting and information capture secured.

Dialogue occurs in various forms, for example a new forum was established in 2015 for dialogue with the Funkis movement “Samhall’s forum for functionally impaired development through work”. There has also been dialogue with politicians and representatives for socially work-integrated business where Samhall’s CEO presented and discussed the company’s conditions and challenges, as well as future developments.

In 2015, a specific sustainability survey was sent to a selection of stakeholders. The survey covered all GRI areas for sustainable enterprise according to the state’s ownership policy. The final materiality analysis was supplemented with an internal assessment, especially in areas that are difficult to determine Samhall’s main impact, e.g. a profile of the company’s effect on the environment and climate.

Stakeholder dialogue shows unambiguously that Samhall’s most important contribution to sustainable development is in the areas of employee benefit and society benefit, as described in separate sections. In addition, expectations are very high that the company

acts as a role model in areas where unmannerly behaviour must be avoided, e.g. harassment and corruption, limited to its own operations.

A summary of the owner’s directives, stakeholders’ focus areas and internal priorities is shown in the table on page 15.

Based on the materiality analysis, sustainability reporting focuses on three main areas:

1. Social sustainability. Employee benefit, with the sections: Our employees, Employee development, Occupational accidents and absences.
2. Economic sustainability. Society benefit: Sustainable enterprise, with the sections: Samhall’s additional costs, Geographical coverage, Business ethics.
3. Environmental sustainability. Resource efficiency.

Throughout, reporting covers Samhall in its entirety and is limited to factors of consequence within Samhall’s own operations.

# Social sustainability. **Employee benefit.**

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

Social sustainability and employee benefit are the very core of Samhall. According to the articles of association, the aim of operations is to “create meaningful work that furthers the development of persons with functional impairment causing reduced working capacity”. The most important targets are expressed in the owner’s directives as the total number of employees, recruitment from prioritised groups, as well as transitions to employment with another employer and the board’s sustainability targets.

Based on materiality analysis, detailed reporting follows covering: our employees, employee development, health and workplace environment. Reporting is limited to operations within Samhall. Close collaboration with the Public Employment Service is crucially important both in conjunction with recruitment to Samhall and onwards employment with another employer.

The strategy for social sustainability is, above all else, to increase employee throughput and thus allow the recruitment of more employees. For occupational accidents and absences due to illness, the aim is prevention and a reduction of negative impact.

Employee development is managed overall by the Human Resources function and operatively in the Market Areas down to first-line managers. Governance occurs through the Employee Policy established by the board and the Employee Process, which is one of the organisation’s chief processes, as described on page 8.

Results are monitored regularly through monthly reports, including key performance indicators, which are supplemented with targeted follow-up. Annual employee surveys are conducted, alternating each year between all personnel and only professional employees. Follow-up of the systematic work regarding workplace environment is conducted annually. A wage survey takes place in conjunction with the wage review. In 2015, no relevant wage difference by gender was noted, neither in the LO area nor among professional employees.

Based on follow-up and evaluation of processes and factors for success, two main areas of development have been identified to reinforce employee development and clearly show the long-term effects: 1) Leadership development to secure all parts of employee development. 2) Measurability in order to develop an occupational role and/or learn new roles.

According to the Employee Policy, zero tolerance is shown

regarding discrimination, offensive acts and sexual harassment, as well as wage differences based on gender. These are important areas for Samhall, and our stakeholders have high expectations. Such issues are discussed at introductory training and regularly in the organisation as part of the systematic workplace programme.

## OUR EMPLOYEES

Almost 21,000 employees were employed at Samhall at year-end in labour market policy assignments, where the core assignment is the largest but also covers development positions including persons with 75% sickness benefit. Samhall has a relatively even gender distribution: 47% women and 53% men. For development positions, 62% were men. These appointments are limited to one year, meaning the gender breakdown can change relatively quickly.

### MANAGEMENT AND EMPLOYEES 31 DEC 2015

	Total	Women, %	Men, %	Average age, years
<b>Management</b>				
Board	11	45	55	56
Executive group	10	40	60	52
<b>Employees</b>				
Core assignment	18,528	46	54	49
Development positions	1,027	38	62	32
75% sickness benefit	351	69	31	50
Professional employees	1,252	52	48	48
<b>Total</b>	<b>21,158</b>	<b>47</b>	<b>53</b>	<b>49</b>

The average age for all is 49. It is lowered by the assignment prioritising development positions for young adults under 30 with functional impairment. In total, 14% of women work part-time and 8% of men.

Personnel are covered by collective agreements, except those in senior management positions.

High throughput is an important part of Samhall’s society benefit. It means the company is able to welcome many new recruits and therefore lower unemployment and social exclusion, while as many people as possible move to other employers and make room for even more recruitment.

IN	
Number of new employees recruited January–December 2015	2,683
Job and development guarantee, New arrivals	2,385
<b>Total employees and trainees IN</b>	<b>5,068</b>

NUMBER OF EMPLOYEES 31 DEC 2015	
Core assignment	18,528
Employees with 75% sickness benefit	351
Development positions 2014-2017	1,027
<b>Total number employees</b>	<b>19,906</b>
Job and development guarantee, trainees	1,265

OUT	
<b>Transitions to another company</b>	
core assignment	808
development positions	251
Other departures	5,173
<b>Total number of employees and trainees OUT</b>	<b>6,232</b>

**PRIORITISED RECRUITMENT**

Recruitment from prioritised groups at year-end, according to figures from the Public Employment Service, was 46% (44%) of new recruitment to the core assignment. This group consisted of 38% (46%) women and had an average age of 40.

**TRANSITIONS**

Transitions are one of Samhall’s operative targets. The assignment involves giving employees the proper conditions to leave Samhall for a position with another employer in the regular labour market. The number of transitions was 1,059 (1,122) of which 251 (231) were from development positions. The proportion of women in all transitions was 34% (35%). The average age of transitions was 41.

Permanent employees who make a transition are entitled to return to Samhall within 12 months. 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 2015, the number of returns was 465 (540). The number of women returning was 151 (184). Most returns were due to the temporary employment ending or the new employer’s downsizing of operations.

**EMPLOYEE DEVELOPMENT**

Samhall’s assignment is to develop employees through work. Dedicated and skilled employees are the point of departure in matching the right competency to both client and recruitment assignment. This journey is different for every employee, but the working method is the same. The aim is for each employee to develop their skills and raise their employability during their time at Samhall. The target and development dialogue clarifies the goals of the employee’s development in the short and long term and the client assignments provide the framework regarding which occupational roles employees can work in and develop their skills.

**OCCUPATIONAL ROLES AND OCCUPATIONAL SKILLS**

In 2015, work concluded on clarifying occupational roles based on Samhall’s client offerings for care services, retail, warehousing and logistics, property services and industry. Occupational roles support goals for skills learning and clarify which competencies Samhall can offer clients both as a supplier and recruitment partner.

**OCCUPATIONAL ROLES AT SAMHALL**

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

At year-end 2015, 91% of all employees had documented skills in one or more occupational roles. For example, approx. 10,000 were occupationally skilled for the role of cleaner, 3,700 as stockroom worker, 2,200 as property caretaker and 1,000 as shop assistant. Developing and following up occupational roles also gives clear signals and information for systematic initiatives to those employees lacking documented work skills.

**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. Included in “development through work” are traineeships outside Samhall that help develop practical occupational skills. Training for various occupational roles is also important and provides the right basis for the work.

Training is available to support the entire journey within Samhall: from introduction to preparation for a new job with another employer. Basic training for all occupational roles has been developed and supplemented. Systematic work with annual training inventories

has been initiated and provides the platform for future training initiatives. During the year, 1,700 courses were taught with an attendance of 14,300 places. Major training areas have been cleaning, leadership, diversity, property management and care services.

**REINFORCED WORKING PROCESS AROUND MATCHING**

Documented skills proficiency is the basis of professional matching work and raises employees’ employability. A reinforced working process has been implemented for systematic and skills-based matching. Making apparent competencies at district level and in various areas provides support in matching and developing more employees to work inside and outside Samhall.

**EMPLOYEE DEVELOPMENT IN LABOUR MARKET POLICY ASSIGNMENTS**

	Women	Men
Target and development dialogue %	85	84
Development time and transition traineeship, core assignment (hours/employee)	16	20
Development time and transition traineeship, development positions (hours/employee)	97	112
Transitions, core assignment	277	531
Transitions, development positions	81	170

**MORE EMPLOYEES TO START WORKING OUTSIDE SAMHALL**

In 2015, a national recruitment assignment began that aims to establish long-term collaboration with large companies wishing to recruit skilled employees from Samhall. Examples of the working process being developed include: a recruitment process and selection from the client’s needs, development and coaching of employees prior to a new job and continual follow-up during the employment’s first year.

**HEALTH AND WORKPLACE ENVIRONMENT**

Samhall’s objective is a safe workplace environment where employees can develop their skills, which is accessible and adapted to employees’ needs and prerequisites. Good workplace environment and health contribute to the attainment of operative targets. Leadership development and a values-based company culture have great importance in creating a healthy workplace environment where employees thrive, develop and feel well.

Occupational accidents remain at 2014 levels. 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. Initiatives continue that encourage increased reporting of incidents as a means of developing preventive measures.

Absences due to illness are measured as a percentage of time from the employment contract. Absences due to illness have increased during the year for employees in the core assignment totalling 15.8% (14.6%). The increase follows the wider trend in the labour market.

**Development positions**

The target group for the assignment with at least 1,000 development positions has been people with functional impairment coming from the job and development guarantee’s occupational phase, prioritising young adults under 30. The period of employment is one year, which may be extended a further 12 months in exceptional cases.

Over the year, 1,098 people had development positions of which 65% were under 30 years of age. 251 people with development positions then found work outside Samhall and of these 68% were under 30.

The limited period of employment of the development positions necessitates a concentrated process with tighter follow-up. The challenge has been to introduce and motivate young adults without previous work experience to become accustomed to their working lives and prosper.

About 25% of time at work is spent on various development activities: e.g. introduction to working life, learning new tasks, taking on greater responsibility, increasing working hours, switching client assignments, traineeships with another employer, basic and occupational training at the Samhall school, etc.

Collaboration with the Public Employment Service is crucial at all stages: prior to employment, so the individual gets the right picture regarding conditions and goals, regular three-party checks during employment that enable a smooth transition in the end to a position outside Samhall where the new employer may require various support initiatives from the Public Employment Service.

Long-term absences (>59 days) account for the rise. Absences due to illness for professional employees are now stable and totalled 4.0% (3.9%).

Various health initiatives have been implemented during the year aiming to decrease absences and break the negative trend. Common health activities are organised and exercise is encouraged. A health project is being conducted to discover the underlying causes and find successful ways of reducing absences due to illness and improve employee health. Targeted projects have been implemented in 10 districts and seven of these showed a reduction in the number of absences. Good examples will be rolled out in the organisation and those working methods that have proved successful will be implemented in more districts.

**OCCUPATIONAL ACCIDENTS AND ABSENCES DUE TO ILLNESS**

	2015	2014	2013
Total no. accidents at work	829	789	782
- of which women	390	381	367
- of which men	439	408	415
Accidents per 1,000 employees	39	36	38
Fatal accidents at work	0	0	0
Absences due to illness (total for all), % of contracted time	15	14	13
- of which women	18	17	15
- of which men	13	12	11

# Economic sustainability. **Society benefit.**

## Samhall's vision is

- to be the best at getting people into work and thus combating social exclusion and contributing to a sustainable Sweden;
- to man personnel-intensive operations through a competitive offering in Services and Manning Solutions.

Samhall's strategy for long-term economic strength is, above all else, business growth on market terms, as well as reinforcing the Samhall brand's trustworthiness. A strong brand brings credibility, which is essential in winning new clients and receiving support from stakeholders. Therefore transparency regarding operations, competitive neutrality and business ethics are even more important, if possible, and more strategic for Samhall than other companies.

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

Over the past decade, Industry and Packing/Assembly have decreased from roughly 50% to 9% at year-end 2015. The table shows the division of employees in the core assignment at year-end.

OPERATIONAL BRANCH	% women	% men	Total
Services	48	52	11,155
Manning Solutions	44	56	5,751
Industry and Packing/Assembly	45	55	1,618

The central Accounting & Finance function, providing company-wide service functions covering accounting and payroll, is responsible for financial governance and follow-up.

Governance takes place through operational and support processes. Finance policy is determined by the board that also monitors regularly the financial administration.

The responsibility for revenues is divided across the entire organisation in both Market and Business Areas. Regular monitoring of financial results and the labour market policy assignment occurs through monthly financial reports including key performance indicators, as well as senior management's regular run-through of financial results with all market- and business-area managers.

Financial reporting is provided in the financial report of the corporate governance report, pages 32-35. Based on materiality analysis, this section pays special attention to the following areas of Samhall's additional costs and degree of self-financing: geographical coverage and business ethics, in particular anti-corruption and competitive-neutral pricing. Reporting is limited to factors of consequence within Samhall.

### SUSTAINABILITY TARGET: EMPLOYEES IN WORK (E.I.W.)

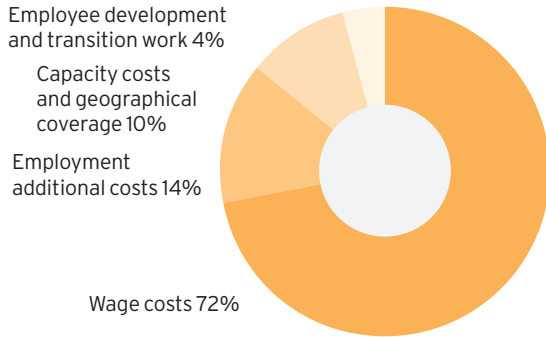
E.I.W. means all employees, irrespective what they can do, should be able to find a client assignment. It places demands on matching the employee to the right tasks, on the growth of competitive assignments with appropriate work and on geographical coverage according to the needs of the labour market. E.I.W. is measured as a key performance indicator based on the sector's average income per hour compared to Samhall's gross profit per wage hour. It shows how many more hours Samhall needs to secure delivery compared to its competitors. E.I.W. drives the number of employees at client assignments.

A new operational plan was implemented in 2015 and E.I.W. became known as one the company's most important targets. Results showed no change, meaning there is a factor of 3.5 Samhall hours per assignment for every one hour by another company. Results were affected by the ongoing restructuring away from Industry to Services and Manning Solutions where employees may be without work assignments for a time before new volumes emerge. E.I.W. was also affected by Samhall having had more wage hours for most of the year than what is demanded by the owner's assignment. Expressed as an equivalent number of workers in paid work, this is a rise of around 800 employees.

### SUSTAINABILITY TARGET: INCREASED DEGREE OF SELF-FINANCING

Increased degree of self-financing is a measurement that shows how Samhall, through client revenues, needs to cover an increasing proportion of its total costs. This target needs to be considered along with the model described previously about compensation for additional costs because there is a limit where the society benefit cannot be securely delivered if the compensation for additional costs does not actually cover the additional costs.

## Assignment-related additional costs



### SAMHALL'S ADDITIONAL COSTS

Samhall receives compensation from the state for the additional costs attributed to its labour market policy assignment. There is no other state compensation for the core assignment. Compensation is based on Samhall delivering public benefit beyond that of other companies, and this means the company must:

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

Samhall has developed a new reporting model to show the need and uses of the compensation for additional costs. Compensation falls under two main categories:

1. Wage additional costs that are comparable to the subsidies offered by the Public Employment Service to all companies that provide sheltered employment for people with functional impairment.
2. Samhall's assignment-related additional costs that arise from mandated obligations, the articles of association and the owner's directives.

Samhall as a company needs to be as effective as possible and employees must get the opportunity to further their development through a production process that, as far as possible, matches other businesses in the same sectors. Samhall's additional costs are related to its specific assignment and chiefly come from employment costs, i.e. that Samhall employs more people per assignment than other companies. This is due to the reduced working capacity of employees, something that is compensated for with adapted working conditions and a lower rate of work.

### ASSIGNMENT-RELATED ADDITIONAL COSTS

- Employment additional costs: costs for Samhall having two to three times as many employees on an assignment.
- Capacity costs and geographical coverage: costs for unoccupied time due to avoiding retrenchment, and the assignment-related geographical coverage irrespective of market demand.
- Additional costs for employee development and working with transitions.

### WAGE ADDITIONAL COSTS

- Same compensation as all other companies providing sheltered employment.

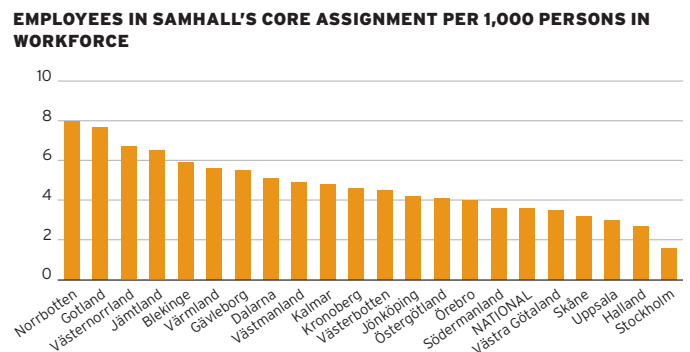
A complaint by Almega Service Contractors submitted in 2014 to the European Commission about the state's compensation for additional costs to Samhall is not closed. The case is being handled by the Government Offices of Sweden.

2015 was the seventh year in a row with an unchanged amount of compensation for additional costs. Samhall has managed this situation by increasing productivity. In 2015 the degree of self-financing increased by one percentage point to 31%. The rise is mainly attributable to an increase in gross profit and largely unchanged operating costs.

### GEOGRAPHICAL DISTRIBUTION

Samhall must be present nationwide, where the need exists. The allocation is agreed annually with the Public Employment Service that assesses the need.

The county distribution per 1,000 persons in the workforce is shown in the diagram below.



Since permanent positions are the main form of employment in the core assignment it is not possible to make major changes in the short term. The distribution has been relatively stable over time, which reflects conditions in the labour market of the 80s and 90s. In 2015, the Public Employment Service and Samhall agreed on a long-term plan for lesser redistribution between counties based on current needs. The reallocation is based on approaching retirements.

### **BUSINESS ETHICS ANTI-CORRUPTION**

Sustainability policy contains a section on business ethics and corruption. This policy is supplemented with specific directives about bribes and other improper benefits. Core values and rules on business ethics and corruption are part of company introduction and the leadership development programme. Anti-corruption is part of the internal auditor's basic area of investigation. In 2015, a whistle-blower function was established allowing anonymous reporting of suspected irregularities.

### **COMPETITIVE-NEUTRAL PRICING**

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

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

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

In 2015, no cases concerning Samhall were registered with the Swedish Competition Authority.



# Environmental sustainability

## Resource efficiency

### Samhall wants to reduce adverse environmental impact by developing sustainable services.

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.

Increasingly, product development incorporates environmental factors from a life-cycle perspective. 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.

Responsibility for diminishing adverse environmental impact lies with the market areas where operations are conducted. In 2015, company-wide environmental issues were managed by the Business Development function with an environment manager who was responsible for co-ordination and development. Governance occurs through the board's Sustainability Policy that also includes an environmental policy and the Environment Process. The entire organisation is ISO 14001 certified and cleaning services hold a Nordic Ecolabel licence.

Samhall's operations are organised into the Services and Manning Solutions business areas, as well as a small Industry area. From an environmental perspective, Services and Industry account for the company's effects on the environment. For Manning Solutions, the client is responsible for the environment and the environmental consequences. Results are monitored regularly through quarterly reports measuring targets and key performance indicators. Internal sources and suppliers provide the data, e.g. energy consumption and waste.

Based overall on the principle of materiality, a conclusion is drawn that environmental effects can be diminished by limiting energy consumption and CO<sub>2</sub> emissions, which have the largest influence on the environment and climate. Throughout stakeholder dialogue, all groups consistently rank Samhall's contribution to employee benefit and society benefit higher than environmental issues, which presumably is a direct consequence of the company's assignment. However, in negotiations with clients, there is an interest and a requirement in diminishing environmental impact. Environmental

and climate effects are also included in demands that state-owned companies act as a model in the environmental field.

#### REDUCED CO<sub>2</sub> EMISSIONS

In 2015, total CO<sub>2</sub> emissions decreased by approx. 11%. To maintain low emissions, Samhall only purchases certified environmental electricity. Emissions amounted to 5,984 (6,759) tonnes divided as follows:

CO <sub>2</sub> EMISSIONS				
Tonnes	Direct emissions EN15	Indirect emissions EN16	Other indirect emissions EN17	Total
Vehicles	3,238		783	4,021
Premises	302	164	963	1,429
Other			534	534
<b>Total CO<sub>2</sub> emissions</b>	<b>3,540</b>	<b>164</b>	<b>2,280</b>	<b>5,984</b>

Because CO<sub>2</sub> emissions from Samhall's fleet of vehicles are its largest environmental effect, the sustainability target has been focused on diminishing emissions from production vehicles.

The target in 2015 was to raise the proportion of environmentally friendly vehicles. At year-end, 11.8% of the fleet was electric or gas driven. This was an increase of only 0.2 percentage points on the previous year and therefore the sustainability target was not achieved. It is noted that an additional nine gas vehicles were delivered in 2015, but not put into use before year-end and therefore not included in results. If these were included in calculations, then the proportion of environmentally friendly vehicles would be 12.7%. CO<sub>2</sub> emissions in g/km were unchanged.

ENERGY CONSUMPTION			
MWh	2015	2014	2013
Renewable energy, EN3	2,391	3,255	5,077
Renewable energy, EN4	14,725	18,458	20,484
Non-renewable energy, EN3	13,508	14,222	16,706
Non-renewable energy, EN4	21,379	28,797	34,136
<b>Total energy consumption</b>	<b>52,003</b>	<b>64,732</b>	<b>76,403</b>

Total energy consumption fell by approx. 20% over the year, of which 33% of the total energy was renewable energy.

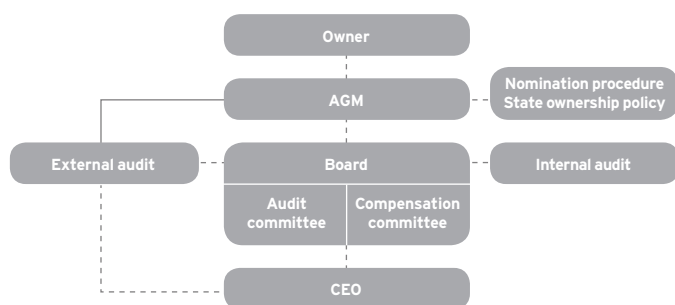
To further increase the efficacy of environment policy, environmental targets will be altered to provide a clearer focus on reducing fossil fuels in relation to the business. Another current area of development concerns establishing methods of measurement and reporting to improve the management of emissions and energy consumption in rented premises.

# Corporate governance report

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

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

## Division of responsibility



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

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

## OWNERSHIP

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

In addition to specific instructions from the owner to Samhall AB,

the state's ownership policies apply regarding exemplary action in the areas of sustainable enterprise, environment, equality, anti-corruption and business ethics.

## ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is the company's highest decision-making body. The AGM is open to the public with the opportunity to ask questions. Members of parliament receive a special notification sent to the offices of parliament. An annual seminar takes place, in conjunction with the AGM, with external delegates on a topic relevant to Samhall's operations. The 2015 AGM took place 23 April in Stockholm. Minutes from the AGM are available on Samhall's website (in Swedish).

## NOMINATION PROCEDURE

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

## 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 auditors are present at all the audit committee's meetings and report to the board directly on at least one occasion.

The responsibility for nominating external auditors of state-owned companies is with the owner. The 2015 AGM re-elected the authorised auditor Deloitte AB until the next AGM with authorised public accountant Peter Ekberg as chief auditor. Remuneration to auditors is detailed in Note 7.

## BOARD OF DIRECTORS

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

The 2015 AGM decided that the number of board members would be seven, of which three are women. No members are part of the senior management or employed at the company. The board includes

three members and two deputies who represent employee organisations. A deputy left in October 2015 and a new member was appointed in January 2016.

The chairman's responsibilities include organising and managing the board's work, ensuring the board fulfils its tasks and that decisions are put into effect. The chairman presents the opinions of the board to the owner in matters of significance to the company and monitors the progress of the company through contact with the CEO and checks that the board's decisions are implemented. The CEO and Vice CEO are not members of the board, but participate in the board's meetings.

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 that regularly reports to the audit committee.

#### **THE BOARD'S WORK IN 2015**

During the year, the board met nine times, 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 standing, briefs monthly reports and when necessary a letter from the CEO about significant events.

The board's work follows an annual cycle with appointed themes. To ensure that the board has sufficient knowledge of Samhall's operations, there is a special introductory programme for new board members. The board makes annual workplace visits and meets clients and Samhall's local management and employees.

The board's work, and that of the CEO, is evaluated annually. At the end of 2015, an external consultant reviewed the board's work and its conclusions will be forthcoming in early 2016. In addition to the evaluation there are individual annual discussions between the chairman and all members.

The composition of the board and members' attendance at board and committee meetings are presented on page 30.

#### **COMPENSATION COMMITTEE**

The members of the compensation committee have been chairman Erik Strand, Kenneth Johansson and Leif Ljungqvist.

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

The committee had three meetings during the year.

#### **AUDIT COMMITTEE**

The members of the audit committee have been 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 and CFO participate in the meetings.

During the year, the audit committee held seven meetings.

#### **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 previous AGM had been applied.

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

#### **SAMHALL'S MANAGEMENT**

##### **CEO**

**Monica Lingegård**

Born 1962

BSc. Econ. Stockholm University

Formerly CEO for G4S Secure Solutions AB in Sweden. The CEO's private assignments are always pending approval by the board and in 2015 these included the following: board member of Maignate Enterprise AB, Orio AB, the Confederation of Swedish Enterprise, Almega AB and Sida.

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

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

**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 aiming to instil three core values: Dependable, Attentive and Dedicated. Through study circles in the entire company, the code of conduct "You are important at Samhall" is discussed by all employees. 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 "My Vital Leadership" for all first-line managers and the programme for district and business managers.

**Samhall's organisation and governance**

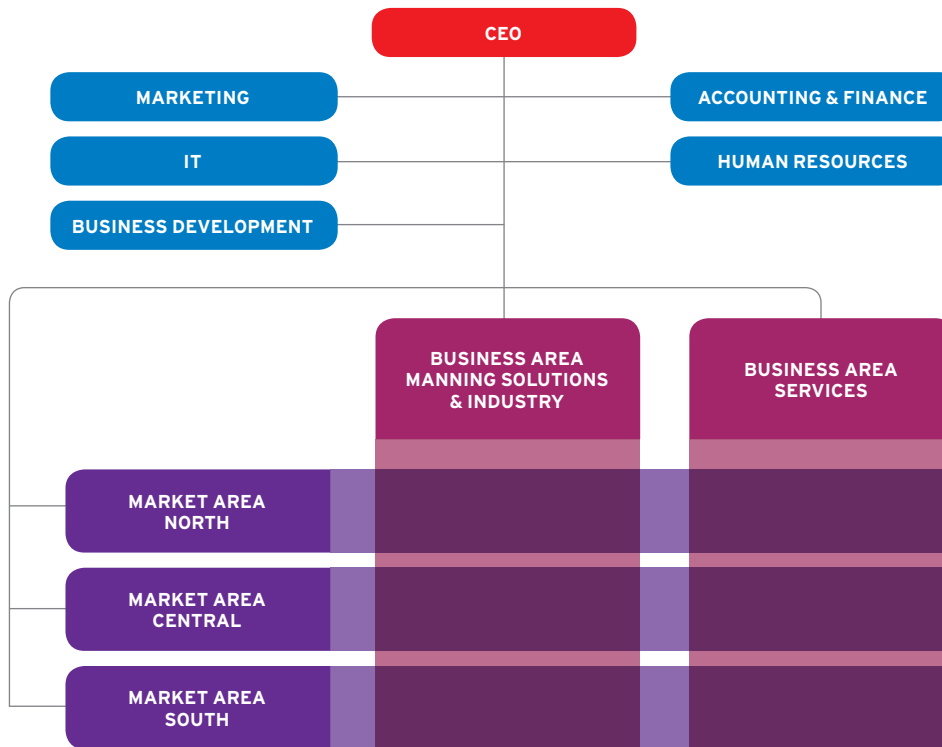
The CEO organises the management of the company in a way that ensures appropriate governance and control of operations. Samhall strives for decentralisation and cost-effectiveness. Both sustainability work and risk management are integrated into the company's processes and are part of operative planning.

Samhall has an integrated management group that includes the company-wide support functions and the directors of the market areas and business areas. The executive group is presented on page 31.

Operations are guided through formulated objectives that are followed up by monthly management reports and the CEO's briefings with the market areas.

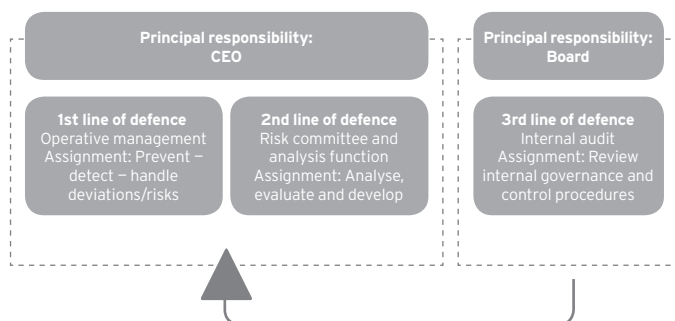
**Samhall's organisation**

Samhall operates only in Sweden. Operations are spread throughout the entire country. Samhall's organisation, as from 1 Jan 2015 to 1 Feb 2016, is represented by the diagram below. The organisation has been adjusted after 1 Feb 2016.



## Internal governance and control procedures

Internal governance and control procedures are based on a model with three lines of defence. The image below shows the division of responsibilities and assignments.



### CONTROL ENVIRONMENT

On an annual basis, the board establishes its rules of procedure and instructions regulating, among other matters, the tasks of the CEO, reporting to the board, instructions to the remuneration committee and sets the overall policy documents, operational plan and budget at corporate level. Currently there are four such documents: finance policy, communications policy, employee policy and sustainability policy.

#### 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
- 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. The board receives a detailed financial report every quarter on the company's results and standing, briefer monthly reports and when necessary a letter from the CEO about significant events. Interim and annual reports are published on Samhall's website.

To increase transparency, a whistle-blower function was installed in 2015 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 normally meets once every financial quarter, which may be supplemented with extra meetings when necessary.

- 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.
- Risks are categorised from the perspective of client benefit, employee benefit and society benefit with a strong connection to both operational targets and the operational plan.
- Scheduled action plans are developed that also cover control procedures and follow-up.

### CONTROL ACTIVITIES AND FOLLOW-UP

The board is responsible for establishing satisfactory internal governance and control. This includes the following areas:

- The reporting structure to the board is set through the CEO's instructions regarding reporting.
- A clear division of responsibility and detailed work procedures apply to the financial reporting. Each market area and business area has controllers who are responsible for financial information being correct, complete and delivered on time.
- The risk committee analyses and compiles risks and plans of action. The overall governance document is the operative plan, where the highest ranked risks are considered in the strategic and operative planning.
- Control activities exist at various levels within the company and are both manual and automated. Those in charge of the process are responsible for routines and control activities within their specific management areas. Through internal audits of the management system, known as improvement days, compliance to the company's essential processes is monitored. The result of these audits provides the basis in developing these processes.
- The Accounting & Finance function regularly analyses the integrity of financial reporting. The risk committee is the overall forum where matters relating to internal governance and control are handled.
- The company's internal audit conducts risk-based, planned evaluations and analyses to evaluate efficiency and demonstrate areas of improvement concerning risk management, internal governance and control, as well as the management process.
- The external auditors conduct reviews of selected parts of the internal control procedures and report findings to the audit committee.
- The board follows-up and controls the company's operations against established targets each financial quarter.
- The second line of control analyses the integrity of current governance and control procedures. This covers the company's accounting processes, including both manual and automated systems and routines.
- Twice yearly, the internal audits follow-up planned measures based on the audit recommendations.
- The audit committee continually handles questions relating to internal governance and control, including the follow-up of reporting by management, internal and external auditors.



# Board of directors

## Erik Strand

### Chairman

Born 1951. Chairman since 2011. Economics and Sports Master. Works on various boards and as a consultant. Previous 35 years in trade and industry of which 23 as CEO/President.

Board attendance	8 (9)
Compensation committee attendance	3 (3)
Audit committee attendance	6 (7)

## Bertil Carlсэн

### Member

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

Board attendance	8 (9)
Audit committee attendance	7 (7)

## Helen Fasth Gillstedt

### Member

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

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

## Kenneth Johansson

### Member

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

Board attendance	9 (9)
Compensation committee attendance	3 (3)

## Angelica Frithiof

### Member

Born 1961. Member since 23 April 2015. Consultant in service, communication and leadership. Broad national and international experience in the area of functional impairment and patient rights. Advisor to WHO and others.

Board attendance	5 (6)
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## Leif Ljungqvist

### Member

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

Board attendance	9 (9)
Compensation committee attendance	3 (3)
Audit committee attendance	7 (7)

## Maria Nilsson

### Member

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

Board attendance	9 (9)
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## Ann-Christin Andersson

### Employee representative

Born 1960. Member since 2008.

Board attendance	8 (9)
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## Pia Litbo

### Employee representative

Born 1959. Member since 2009.

Board attendance	9 (9)
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## Hans Abrahamsson

### Employee representative

Born 1961. Member since 2009.

Board attendance	9 (9)
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## DEPUTY MEMBERS

### Hans Janeman

#### Employee representative

Born 1964. Deputy since 2012.

Board attendance	6 (9)
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## MEMBER TO 23 APRIL 2015

### Gunnel Tolfes

#### Member

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

Board attendance	2 (3)
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### Hans Kiilsved

#### Member

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

Board attendance	3 (3)
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## DEPUTY TO 1 OCT 2015

### Kristina Jakobsson

#### Employee representative

Born 1950. Deputy since 2013.

Board attendance as a deputy	1 (1)
Board attendance	6 (7)



# Executive group

## Monica Lingegård CEO

Born: 1962. Education: BSc. Econ. from Stockholm University. Previous employment: More than 25 years of experience in senior management positions. The past 10 years as CEO of Prenax (global subscription agent) and G4S Secure Solutions AB in Sweden. Previously a consultant in IT and management consulting, including Capgemini and Spray Razorfish. Joined Samhall 2011.

## Tomas Andersson Market Area Director South

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

## Åsa Berg Market Area Director North

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

## Mats Eliasson Director of Marketing

Born: 1964. Education: Engineering. Previous employment: Stora corporation. Joined Samhall 1991.

## Monica Höglind Director of Human Resources

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

## Paul Lidbom CFO, Vice CEO

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

## Göran Olinder Business Area Director Manning Solutions & Industry

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

## Jonas Rieck Business Area Director Services

Born: 1978. Education: Executive MBA. Previous employment: Security sector, latest senior appointment in G4S. Joined Samhall 2011.

## Stefan Stigendal IT Director

Born: 1972. Education: Computer/Elektronik engineering and IT management with Enterprise Architecture. Previous employment: Chief Architect IT/PMO at Ramböll Group, IT Manager at Swedish Ramböll, G4S and Prenax. More than 15 years in the IT business, of which 10 in senior roles. Joined Samhall 11 Sept 2015.

## Ludmilla Bjerke Market Area Director Central

Born: 1966. Education: BSc. Econ. Previous employment: Swedish Trade Council, SAS, Securitas and Lernia. Joined Samhall 1 Oct 2015.

## IN THE EXECUTIVE GROUP TO 14 AUGUST 2015

### Katarina Viebke Market Area Director Central

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

## IN THE EXECUTIVE GROUP TO 12 OCT 2015

### Anders Sundin IT Manager

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

## IN THE EXECUTIVE GROUP TO 2015-12-18

### Sara Nordström Business Development Manager

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

# Financial results

## 10-YEAR FINANCIAL OVERVIEW

SEK M unless otherwise stated	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>KEY INDICATORS</b>										
Wage hours, thousand	-	-	-	-	-	29,595	29,573	29,490	29,442	29,539
Working hours, thousand	24,736	24,424	23,929	24,617	24,410	24,561	24,629	24,449	24,441	-
Transitions, number <sup>1</sup>	1,044	1,017	948	1,029	977	1,039	987	912	1,122	1,059
Prioritised recruitment, %	44	51	51	45	41	40	43	43	44	46
Number of employees with functional impairment (at year-end)	21,219	19,394	19,383	19,141	18,414	18,641	19,148	18,321	19,660	18,528
Number of employees in Labour Market Services (at year-end)	530	817	115	-	8 <sup>2</sup>	21 <sup>2</sup>	1 <sup>2</sup>	-	-	-
Number of employees with 75% sickness benefit (at year-end)	115	148	177	198	207	223	228	259	321	351
Number of employees with development positions (at year-end)	-	-	-	-	-	-	1,158	846	1,043	1,027
<b>INCOME STATEMENT</b>										
Sales	2,907	3,065	2,890	2,287	2,390	2,456	2,412	2,550	2,498	2,453
Change of work in progress and finished goods	-3	-2	-4	-6	1	1	-2	-3	-1	-1
State compensation for additional costs	4,186	4,148	4,220	4,405	4,405	4,405	4,405	4,405	4,405	4,405
Other income	128	219	165	115	73	95	256	361	549	371
<b>Total</b>	<b>7,218</b>	<b>7,430</b>	<b>7,271</b>	<b>6,801</b>	<b>6,869</b>	<b>6,957</b>	<b>7,071</b>	<b>7,313</b>	<b>7,451</b>	<b>7,228</b>
Material costs etc	-1,140	-1,225	-1,020	-647	-685	-725	-663	-692	-548	-400
Wage costs for employees with functional impairment	-4,389	-4,733	-4,756	-4,875	-4,832	-4,902	-5,096	-5,132	-5,256	-5,353
Wage costs for employees with development positions, etc	-	-	-	-	-	-	-90	-260	-308	-235
Other operating costs, etc (incl. depreciation)	-1,618	-1,437	-1,394	-1,368	-1,223	-1,270	-1,299	-1,269	-1,339	-1,320
Financial items	25	55	84	48	27	83	100	61	92	-3
<b>Profit after financial items</b>	<b>96</b>	<b>90</b>	<b>185</b>	<b>-41</b>	<b>156</b>	<b>143</b>	<b>23</b>	<b>21</b>	<b>92</b>	<b>-83</b>
Balance-sheet allocations	-	-	-24	24	-	-17	3	4	2	8
<b>Profit before tax</b>	<b>96</b>	<b>90</b>	<b>161</b>	<b>-17</b>	<b>156</b>	<b>126</b>	<b>26</b>	<b>25</b>	<b>94</b>	<b>-75</b>
Tax	-	-	-8	-8	0	-	21	-10	-13	12
<b>Profit for the year</b>	<b>96</b>	<b>90</b>	<b>153</b>	<b>-25</b>	<b>156</b>	<b>126</b>	<b>47</b>	<b>15</b>	<b>81</b>	<b>-63</b>
<b>BALANCE SHEET</b>										
Tangible and intangible fixed assets	145	124	120	104	99	106	118	133	135	107
Financial fixed assets incl. deferred tax	1	1	1	7	8	4	26	13	19	28
Inventories	230	209	155	105	114	131	126	115	90	74
Accounts receivable	475	495	399	331	426	417	464	450	402	382
Other current receivables	104	127	104	117	95	102	117	125	133	139
Cash, bank and current investments	1,898	1,922	2,202	2,282	2,275	2,489	2,533	2,524	2,743	2,664
<b>Total assets</b>	<b>2,853</b>	<b>2,878</b>	<b>2,981</b>	<b>2,946</b>	<b>3,017</b>	<b>3,249</b>	<b>3,384</b>	<b>3,360</b>	<b>3,522</b>	<b>3,394</b>
Shareholders' equity	1,013	1,103	1,256	1,231	1,387	1,513	1,560	1,575	1,656	1,593
Untaxed reserves	-	-	24	-	-	17	14	10	8	-
Provisions and long-term liabilities	43	14	9	15	13	18	15	13	47	29
Current liabilities	1,797	1,761	1,692	1,700	1,617	1,701	1,795	1,762	1,811	1,772
<b>Total shareholders' equity and liabilities</b>	<b>2,853</b>	<b>2,878</b>	<b>2,981</b>	<b>2,946</b>	<b>3,017</b>	<b>3,249</b>	<b>3,384</b>	<b>3,360</b>	<b>3,522</b>	<b>3,394</b>
<b>FINANCIAL RATIOS</b>										
Inventories as % of sales	7.9	6.8	5.4	4.6	4.8	5.3	5.2	4.5	3.6	3.0
Accounts receivable as % of sales	16.3	16.2	13.8	14.5	17.8	17.0	19.2	17.6	16.1	15.6
Acid-test ratio, %	138	144	160	161	173	177	173	176	181	180
Equity ratio, %	36	38	42	42	46	47	46	47	47	47
Return on average equity, %	9.9	8.5	13.0	-2.0	11.9	8.7	3.1	1.0	5.0	-3.9
Investments	32	33	37	23	25	40	49	35	40	25

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

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

From 2013 inclusively, reporting is according to K3 accounting principles.

## FINANCIAL RESULTS 2015

- Total revenue including compensation for additional costs was SEK 7,228 (7,451) million, of which sales were SEK 2,453 (2,498) million.
- Operating profit totalled SEK -80 (0) million.
- Profit after financial items totalled SEK -83 (92) million.
- Profit for the year was SEK -63 (81) million.
- Return on average shareholders' equity was -4% (5%). 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 3% and 5% respectively.
- The equity ratio continues to remain at a high level: 47% (47%). The state's guideline target over a business cycle is at least 30%.
- Shareholders' equity at year-end was SEK 1,593 (1,656) million. Unrestricted shareholders' equity amounted to SEK 807 (870) 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 2015, Samhall received compensation for additional costs totalling SEK 4,405 (4,405) million. This amount of compensation to Samhall has remained unchanged for seven years.

### INVESTMENTS IN TANGIBLE FIXED ASSETS

Investments in land and buildings amounted to SEK 0 (2) million. Investments in technical facilities within properties totalled SEK 3 (4) million. Investments in machinery, other technical plant, equipment and tools amounted to SEK 35 (17) million. Procurement of intangible fixed assets totalled SEK 1 (0) million.

Ongoing investments at year-end totalled SEK 3 (17) million.

During the year, an ongoing investment was activated in a client-adapted operation reported under Plant and Machinery (investments in technical facilities within properties), the majority concerning a clean room and surveillance system. The basis for the investment is a client contract giving Samhall the right to invoice for this investment from 1 January 2015.

## SIGNIFICANT EVENTS IN THE FISCAL YEAR

A basic outline regarding the budget for 2016–2018 was submitted to the government in the first quarter 2015. Samhall proposed unchanged volumes for both the core assignment and development positions. Samhall also proposed reinforcing the compensation for additional costs in order to maintain the quality of employee development and geographical coverage.

In the second quarter 2015, in competition with 24,000 companies from 33 countries, Samhall was named Europe's most sustainable company at the European Business Awards, an international competition aiming to highlight and award the most outstanding companies in Europe.

Samhall's annual general meeting was conducted on 23 April 2015 and in conjunction a well-attended seminar was held on the theme "Everyone's Included".

In November 2015, Samhall's CEO Monica Lingegård was named CEO of the Year 2015 in the category for large companies, with the citation "a CEO who puts CSR in the workplace's DNA with the focus on a frequently forgotten sustainability parameter that comes from culture and leadership".

In December 2015, the government decided to increase Samhall's mandate so that even more people with functional impairment causing reduced working capacity can get work at Samhall. Young adults under 30 are to be prioritised. This is an increase of 2,000 people in the existing project regarding development positions.

Axfood, with retail chains such as Willys and Hemköp, signed, in the fourth quarter 2015, a general agreement with Samhall regarding the cleaning of its stores. The agreement is one of Samhall's largest and means nearly 1,300 Samhall employees will work in Axfood's operations. In addition, SF Bio and Samhall have also started a collaboration.

## EMPLOYEES

The average annual number of employees is calculated statistically using time worked, absences, level of employment and staff composition and totalled 17,932 (17,908) of which 7,918 (7,967) were women. For more information, see Note 2.

## RISKS AND RISK MANAGEMENT

### INTERNAL GOVERNANCE AND CONTROLS

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

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

To secure risk management and IGC, the division of responsibility is based on a principle of three lines of defence. The model distinguishes between functions that own the risk and compliance (first line), functions that monitor and control (second line) and internal audits (third line). For more information, please see Internal Governance and Controls on page 27.

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

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

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

### RISK MANAGEMENT

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

Strategic risks are grouped in the following areas: client benefit, employee benefit and society benefit. The greatest challenges and risks are that finances are affected by an unchanged level of compensation for additional costs for the seventh year in a row, that geographical coverage is difficult to maintain in areas with an absence of market demand and that the rate of growth does not eliminate underemployment.

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

## ANALYSIS OF THREATS AND WEAKNESSES

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

- Contractual wage increases mean assignment costs are rising in the core assignment. If these costs cannot be compensated through increased sales, 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 2015, return on shareholders' equity was -4% (5%) for the year; seen over a business cycle of five and 10 years, return on shareholders' equity was 3% and 5% respectively. The equity ratio as per 31 December 2015 was 47% (47%).

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

To fulfil the assignment of furthering the personal development of people with functional impairment, Samhall's operations require a certain measure of capital to cover market fluctuations. To secure the assignment, Samhall needs liquid funds, partly in the form of a liquidity reserve and partly as a buffer against risk. Samhall's risk buffer is defined as that capital required to cover a five-year period of annual losses totalling SEK 1,000 million. The remaining liquidity stays within the company for investment to support the assignment. See also Note 24.

**OTHER****ENVIRONMENTAL INFORMATION**

At year-end 2015, there were no operations requiring a permit and the number of activities to be reported under the Environmental Code totalled 13 (14).

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
- 2 (2) Plants for iron phosphate
- 1 (3) Plant with a solid fuel furnace
- 2 (2) Plants using more than one tonne of plastic per calendar year
- 2 (1) Plants with final assembly of electronic products, casting with two-component resin containing isocyanates
- 4 (4) Plants washing more than two tonnes of laundry per day

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

**EVENTS AFTER THE BALANCE-SHEET DATE**

No significant events have occurred after the balance-sheet date that affect the annual accounts as per 31 December 2015.

**OUTLOOK FOR THE FUTURE**

In 2016, Samhall will receive compensation for additional costs relating to its core assignment totalling SEK 4,405 million. The established number of wage hours for 2016 is at least 29.4 million hours. If the number of hours is less than 29.4 million, then the state is to be reimbursed for its compensation for additional costs by the equivalent amount in proportion to the hours lower than the target. If the number of hours exceeds 29.4 million then no extra compensation is paid to cover this excess.

The number of transitions made to another employer during 2016 is set at a minimum 1,100 persons for the core assignment and development positions.

Recruitment from prioritised groups in 2016 is to total at least 40%.

Looking ahead to 2016, Samhall is expecting to face significant challenges in securing financial targets when wage costs in the core assignment are calculated to rise by approx. SEK 160 million, which cannot be compensated for by increased sales.

# Proposed allocation of profit

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

Profit brought forward	870,686,332
Profit for the year	-63,097,700
<b>Total SEK</b>	<b>807,588,632</b>

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

Carried forward to new account	807,588,632
<b>Total SEK</b>	<b>807,588,632</b>

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

# Income statement

SEK M	Note	2015	2014
<b>OPERATING INCOME</b>			
Sales	3, 4, 5, 34	2,453	2,498
Change of work in progress and finished goods		-1	-1
State compensation for additional costs	6	4,405	4,405
Other operating income	4	371	549
<b>TOTAL INCOME</b>		<b>7,228</b>	<b>7,451</b>
<b>OPERATING EXPENSES</b>			
Raw materials and consumables	34	-400	-548
Merchandise		0	0
Other external costs	7, 9	-507	-528
Personnel costs	2	-6,371	-6,339
Depreciation and write-downs on tangible and intangible fixed assets	8	-30	-36
<b>TOTAL COSTS</b>		<b>-7,308</b>	<b>-7,451</b>
<b>OPERATING PROFIT</b>		<b>-80</b>	<b>0</b>
<b>PROFIT ON FINANCIAL ITEMS</b>			
Interest income and similar items	10	55	94
Interest expenses and similar items	11	-58	-2
<b>TOTAL FINANCIAL ITEMS</b>		<b>-3</b>	<b>92</b>
<b>Profit after financial items</b>		<b>-83</b>	<b>92</b>
<b>BALANCE-SHEET ALLOCATIONS</b>			
Balance-sheet allocations	12	8	2
<b>Pre-tax profit</b>		<b>-75</b>	<b>94</b>
Tax on profit for the year	13	12	-13
<b>Profit for the year</b>		<b>-63</b>	<b>81</b>
Earnings per share before and after dilution (SEK)		-12.6	16.2
Average number of shares before and after dilution		5 million	5 million

## Comments on the income statement

### SALES AND GROSS PROFIT

Sales for 2015 decreased by SEK 45 million, or the equivalent of 2% compared to 2014, and totalled SEK 2,453 (2,498) million.

Gross profit increased by SEK 103 (94) million, to SEK 2,052 (1,949) million, an increase of 5% compared to 2014. Changes to the business structure with increased sales in Services and Manning Solutions contributed to this, as well as decreased sales in operational branches with lower gross profit margins. See Note 5 for more information.

### COMPENSATION FOR ADDITIONAL COSTS

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

### OTHER OPERATING INCOME

In total, 7 (2) properties were divested in 2015. Profits from the sale of tangible fixed assets were SEK 12 (3) million.

Revenue from the Public Employment Service for Labour Market Services totalled SEK 79 (89) million.

The state's assignment concerning development positions for young adults from the job and development guarantee's occupational phase is considered a separate assignment. Received income was SEK 250 (218) million. Last year, Samhall also had an assignment regarding development positions for people returning from long-term sick leave. Income for this assignment was SEK – (118) million.

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

### RAW MATERIALS AND CONSUMABLES

Raw materials and consumables decreased by SEK 148 million compared to 2014. A contributing factor was lower sales in Industrial Production and Packing/Assembly, which accounts for a large proportion of purchasing of raw materials and consumables.

### PERSONNEL COSTS

Personnel costs totalled SEK 6,371 (6,339) million, an increase of SEK 32 million, mainly due to contractual increases in wage costs.

### OTHER EXTERNAL COSTS

Other external costs totalled SEK 507 (528) million, a reduction of SEK 21 million. Restraint on the cost side has meant that costs could be kept lower than 2014.

### OPERATING PROFIT

Operating profit totalled SEK -80 (0) million. Operating profit was influenced positively by compensation for high-cost cover for sick-pay costs and lower collectively bargained contributions, which together totalled SEK 89 (166) million. In addition, there were positive contributions from the disposal of fixed assets and reversals of previously made provisions totalling SEK 16 (6) million. Provisions for adjustment and restructuring costs including write-downs totalled SEK 22 (49) million, which has encumbering profits.

Taking these items into consideration, the adjusted operating profit was SEK 40 million lower than 2014. This is mainly due to increased wage costs in conjunction with annual wage revisions that could not be fully covered by increased sales. Samhall also surpassed the number of wage hours regarding the state's target, by 139,000 hours, equivalent to a cost of roughly SEK 26 million, which had a negative impact on profits. Higher gross profit of SEK 103 million and lower cost levels compared to the previous year have partly helped compensate for the higher wage costs.

### PROFITS FROM FINANCIAL ITEMS

Profit from financial items totalled SEK -83 (92) million. Net financials consist of the total 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 by concerns in the fixed income market about negative key interest rates and extremely low market interest rates, and thus the market value has decreased.

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 -57 (47) million, while realised profits and losses amounted to SEK 44 (31) million. Dividends totalled SEK 8 (10) million.

### PROFIT FOR THE YEAR

Profit after balance-sheet allocations totalled SEK -63 (81) million. Untaxed reserves regarding accelerated depreciation of SEK 8 (2) million have been completely resolved.

Profit for the year has been affected by deferred tax of SEK 12 (-13) million. This change is largely attributable to temporary differences regarding current investments.

# Balance sheet

SEK M	Note	31 Dec 2015	31 Dec 2014
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible fixed assets</i>			
Capitalised expenses on software	14	2	1
		<b>2</b>	<b>1</b>
<i>Tangible fixed assets</i>			
Land and buildings	15	26	42
Plant and machinery	16	22	37
Equipment, fixtures and fittings	17	54	38
Construction in progress and advance payments	18	3	17
		<b>105</b>	<b>134</b>
<i>Financial fixed assets</i>			
Other long-term portfolio investments	19	0	0
Deferred tax receivables	13	11	–
Other long-term receivables	20	17	19
		<b>28</b>	<b>19</b>
<b>Total fixed assets</b>		<b>135</b>	<b>154</b>
<b>Current assets</b>			
<i>Inventories etc</i>			
Raw materials and consumables		53	65
Goods in hand		9	11
Finished goods and merchandise		12	14
		<b>74</b>	<b>90</b>
<i>Current receivables</i>			
Accounts receivable		382	402
Other receivables	21	79	72
Prepaid costs and accrued income	22	60	61
		<b>521</b>	<b>535</b>
<i>Current investments</i>			
Other current investments	23, 24	2,171	2,250
Cash and bank	23	493	493
<b>Total current assets</b>		<b>3,259</b>	<b>3,368</b>
<b>TOTAL ASSETS</b>		<b>3,394</b>	<b>3,522</b>

## COMMENTS ON THE BALANCE SHEET

### TANGIBLE FIXED ASSETS

Investments in fixed assets totalled SEK 25 (40) million.

At year-end 2015, Samhall owned 21 (28) properties with a total area of approx. 67,000 (88,000) m<sup>2</sup> and rented properties with an area of approx. 115,300 (122,300) m<sup>2</sup>. Compared to year-end 2014, this is a decrease of rented property area of approx. 7,000 m<sup>2</sup>. In total, this represents roughly a 13% (10%) decrease of disposable property area.

### INVENTORIES

Inventories decreased by SEK 16 million compared to 2014 and tied-up capital in inventories related to sales decreased from 3.6% to 3.0%. This is a result of Samhall's long-term plan to reduce its industrial operations.

### ACCOUNTS RECEIVABLE

Accounts receivable as a percentage of sales decreased from 16.1% to 15.6% compared to 2014. The average credit period decreased by three days, mainly due to lower sales in operational branches with longer terms of payment, as well as credit management processes. The company's bad debts remain very low.

### OTHER RECEIVABLES

Other receivables increased by SEK 7 million compared to 2014. The increase is mostly due to higher payments regarding provisional tax payments that have yet to be settled.



SEK M	Note	31 Dec 2015	31 Dec 2014
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<i>Restricted shareholders' equity</i>			
Share capital	25	500	500
Statutory reserve		286	286
		<b>786</b>	<b>786</b>
<i>Non-restricted shareholders' equity</i>			
Profit brought forward		870	789
Profit for the year		-63	81
		<b>807</b>	<b>870</b>
<b>Total shareholders' equity</b>		<b>1,593</b>	<b>1,656</b>
<b>Untaxed reserves</b>			
Accumulated depreciation exceeding plan	26	-	8
		<b>0</b>	<b>8</b>
<b>Provisions</b>			
Provisions for pensions and similar obligations	27	16	16
Deferred tax liabilities	13	-	1
Other provisions	28	13	30
		<b>29</b>	<b>47</b>
<b>Current liabilities</b>			
Accounts payable		107	128
<i>Other current liabilities</i>			
Non-interest-bearing liabilities	29	456	468
Current tax liabilities		-	2
Accrued expenses and deferred income	30	1,209	1,213
		<b>1,772</b>	<b>1,811</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>3,394</b>	<b>3,522</b>
Pledged collateral		None	None
Contingent liabilities	31	0.3	0.3

**CURRENT INVESTMENTS**

For Samhall's investment regulations, please see Note 24. Samhall's current investments on the balance date totalled SEK 2,171 (2,250) million. Samhall's investments during the year were affected by concerns in the fixed income market about negative key interest rates and extremely low market interest rates, and thus the market value has decreased.

**UNTAXED RESERVES**

Untaxed reserves regarding accelerated depreciation have been completely resolved.

**PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS**

Refers to capital insurance for present and former senior executives.

**OTHER PROVISIONS**

Other provisions include approved adjustment and restructuring measures including the costs of premises, redundancies, loss contracts etc. These measures are expected to be completed in 2016 and 2017.

# Changes in shareholders' equity

SEK M	Note	Share equity	Statutory reserve	Capitalised profit	Profit for the year	Total shareholders' equity
<b>Shareholders' equity 1 Jan 2014</b>		<b>500</b>	<b>286</b>	<b>774</b>	<b>15</b>	<b>1,575</b>
Allocation of the previous year's profit				15	-15	-
Profit for the year					81	81
<b>Shareholders' equity 31 Dec 2014</b>		<b>500</b>	<b>286</b>	<b>789</b>	<b>81</b>	<b>1,656</b>
Allocation of the previous year's profit				81	-81	-
Profit for the year					-63	-63
<b>Shareholders' equity 31 Dec 2015</b>	25	<b>500</b>	<b>286</b>	<b>870</b>	<b>-63</b>	<b>1,593</b>

# Cash flow statement

SEK M	Note	2015	2014
<b>OPERATING ACTIVITIES</b>			
Operating profit		-80	0
Interest received, vouchers, dividends, capital gains	10	55	48
Interest paid, capital losses	11	-1	-2
Adjustment for non-cash-flow items, etc	32	1	51
Tax on profit for the year	13	-	-
<b>Cash flow from operating activities before changes in working capital</b>		<b>-25</b>	<b>97</b>
Increase/decrease of inventories		16	25
Increase/decrease of receivables		14	39
Increase/decrease of liabilities		-39	49
<b>Total change in working capital</b>		<b>-9</b>	<b>113</b>
<b>Cash flow from operating activities</b>		<b>-34</b>	<b>210</b>
<b>INVESTMENT ACTIVITIES</b>			
Acquisition of intangible fixed assets		-1	-
Acquisition of tangible fixed assets		-24	-40
Sale of tangible fixed assets		35	5
Increase/decrease of financial current assets		143	-48
<b>Cash flow from investment activities</b>		<b>153</b>	<b>-83</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flow for the year</b>		<b>119</b>	<b>127</b>
Liquid assets at year-start		493	366
<b>Liquid assets at year-end</b>	23, 24	<b>612</b>	<b>493</b>

## COMMENTS ON THE CASH FLOW STATEMENT

Samhall's cash and bank holdings at year-end attained SEK 493 (493) million and current investments of a duration < three months totalled SEK 119 (0) million. Samhall's total liquid funds were SEK 612 (493) million. The increase in total liquid funds is due to short-term investments with a duration less than three months, reported on the balance sheet under current investments.

Cash flow from operating activities during the year was SEK -34 (210) million, the difference from 2014 mainly affected by lower operating

profits, lower accounts payable and other liabilities regarding accrued wages.

Cash flow from financing activities during the year was affected by income from the sale of tangible fixed assets totalling SEK 35 (5) million. Investments have included production equipment, mostly in the Services operational branch, and investments in premises. Cash flow for the year was SEK 119 (127) million, affected positively mostly by short-term current investments.

# Notes

Amounts in brackets refer to 2014. 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 (BFNAR 2012:1 Annual report and consolidated accounts (K3)).

### INCOME

Sales are reported at the fair value of what is received or will be receivable. Sales are reported net after deducting VAT, discounts and exchange differences for sales made in foreign currencies. 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 and it is likely that the financial benefits that the company expects to accrue from the transaction will occur.

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

#### Sale of services:

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

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

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

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

### STATE COMPENSATION FOR ADDITIONAL COSTS

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

### INTANGIBLE ASSETS

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

- It is technologically possible and the company intends to complete the software for use
- Prerequisites are met that enable the use of the software
- It can be shown that the software will, in all probability, contribute future economic benefits

- There are sufficient resources to complete development and to use the software
- Expenses relating to the software can be reliably calculated

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

### TANGIBLE FIXED ASSETS

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

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

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

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

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

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

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

### Removal from the balance sheet

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

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

### WRITE-DOWNS

The reported values of the company's assets are determined on the balance date to see whether any write-down is needed. If such a need is indicated, the recoverable value of the asset is calculated to establish the value of any eventual write-down. Recoverable value is determined by the highest of current value minus sales costs and value in use. If it is not possible to determine a particular asset's recoverable value, then a calculation is made of the recoverable value of the entire cash-generating unit to which it belongs. The asset is written down if the recoverable value is less than the reported value. A write-down is reversed if a change has occurred in the calculations used to determine the realisable value. A reversal is made only to the extent that the asset's book value does not exceed the book value that would have been reported, with deductions for depreciation, if no write-down had been made.

## &lt;NOTE 1 CONTINUED&gt;

**INVENTORIES**

Inventories are valued at the lower of acquisition or actual net sales value on the balance date. Acquisition value is established by applying the first-in first-out method.

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

**ACCOUNTS RECEIVABLE**

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

**ASSETS AND LIABILITIES IN FOREIGN CURRENCIES**

Assets and liabilities denominated in foreign currencies are valued at the exchange rate on the balance date. The forward rate is used in cases where hedging has been contracted. Transactions in foreign currency are valued at the transaction day's spot rate. Differences in recalculation are reported as net profit/loss in the income statement under Other Operating Income, or alternatively Other External Costs.

**FINANCIAL INSTRUMENTS**

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

*Evaluating fair value*

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

- The fair value of financial assets and liabilities traded in an active market is determined by referencing the quoted market price.
- The fair value of other financial assets and liabilities is determined by generally accepted models of evaluation such as discounted future cash flow valuation and information available from current market transactions.

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

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 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 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. The compensation as an income is systematically divided into periods in the same way, and over the same periods, as the costs they are intended to compensate.

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

**PROVISIONS AND RESTRUCTURING COSTS**

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

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

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

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

**LEASE AGREEMENTS**

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

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

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

**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 is calculated according to the tax rates applicable on the balance-sheet date.

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

**Deferred tax**

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

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

## &lt;NOTE 1 CONTINUED&gt;

**REMUNERATION TO EMPLOYEES**

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

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

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

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

**CASH FLOW STATEMENT**

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

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

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

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

Average annual number of employees	of which women, %	
	31 Dec 2015	31 Dec 2014
Sweden	17,932	17,908
<b>Total</b>	<b>17,932</b>	<b>17,908</b>

The average annual number of employees is calculated statistically using time worked, absences, level of employment and staff composition and totalled 17,932 (17,908) of which 7,918 (7,967) were women.

The average annual number of employees with functional impairment was 15,803 (15,610) of which 6,951 (6,890) were women, while the number of professional employees was 1,129 (1,115) of which 572 (553) were women. The average annual number of employees for persons with 75% sickness benefit was 80 (72) of which 55 (49) were women. Regarding development positions for the state's assignment concerning people returning from long-term sick leave and persons from the job and development guarantee, the average annual number of employees was 920 (1,111) of which 339 (475) were women.

The total number of employees at year-end was 21,158 (22,241) of which 60 (391) were temporary employees with functional impairment, 180 (105) were temporary professional employees and 351 (321) persons with 75% sickness benefit. The number of employees with development positions regarding the state's assignment concerning people returning from long-term sick leave was 0 (29) and 1,027 (1,014) persons concerning the job and development guarantee.

**GENDER BREAKDOWN OF BOARD AND SENIOR MANAGEMENT**

	31 Dec 2015	of which women, %	31 Dec 2014	of which women, %
Board	11	45	11	45
Other senior management	10	40	6	33
<b>Total</b>	<b>21</b>	<b>43</b>	<b>17</b>	<b>41</b>

**SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES**

	31 Dec 2015 Salaries and remuneration	Social security expenses	31 Dec 2014 Salaries and remuneration	Social security expenses
Board and CEO	4.3	2.3	4.3	2.2
(of which pension costs)		0.9		0.9
Other employees	4,579.8	1,708.2	4,578.9	1,686.8
(of which pension costs)		206.3		200.2
<b>Total</b>	<b>4,584.1</b>	<b>1,710.5</b>	<b>4,583.2</b>	<b>1,689.1</b>
(of which pension costs)		207.3		201.1

Regarding salaries and remuneration to other employees, SEK 17.4 (9.4) million refers to senior management other than members of the board and CEO.

Pension fees for the year covering the ITP plan totalled SEK 51 (49) million and are included in the item covering personnel costs. Premiums paid to Alecta are considered a defined contribution plan.

Total salary expenses, including social security expenses, amounted to SEK 6,295 million. Salaries, remuneration and social security expenses include redundancy costs of SEK 18 (32) million for professional employees in connection with the reorganisation and restructuring of operations. Salary expenses were reduced by SEK 53 (38) million due to compensation from the Swedish Social Insurance Agency for high-cost cover pertaining to 2014, in comparison to 2013.

Salary expenses relating to the state's new assignment of development positions for persons in the job and development guarantee's occupational phase totalled SEK 235 (185) million with wage subsidies totalling SEK 160 (128) million. Last year, Samhall had two assignments regarding development positions for people returning from long-term sick leave, which ceased during 2014. Salary expenses for this assignment came to SEK 122 million, with wage subsidies totalling SEK 128 million.

Last year, a one-time item amounting to SEK 90 million was received from AFA insurance regarding premiums for contractual group insurance (AGS) from 2005 and 2006.

## &lt;NOTE 2 CONTINUED&gt;

**REMUNERATION TO THE BOARD**

SEK thousands	Board fees 2015	Board fees 2014	Audit committee 2015	Audit committee 2014	Compensation committee 2015	Compensation committee 2014
Chairman, Erik Strand	310	310	62	62	33	33
Member, Bertil Carlsén	130	130	42	42	–	–
Member, Angelica Frithiof from 23 April 2015	97	–	–	–	–	–
Member, Helen Fasth Gillstedt	130	130	42	42	–	–
Member, Kenneth Johansson	130	130	–	–	17	17
Member, Hans Kilsved to 23 April 2015	43	130	–	–	–	–
Member, Leif Ljungqvist	–	–	–	–	–	–
Member, Maria Nilsson	130	130	–	–	–	–
Member, Gunnel Tolfes, to 23 April 2015	43	130	–	–	–	–
<b>Total</b>	<b>1,013</b>	<b>1,090</b>	<b>146</b>	<b>146</b>	<b>50</b>	<b>50</b>

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

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

**SALARIES AND BENEFITS TO SENIOR MANAGEMENT**

SEK thousands	Salaries 2015	Salaries 2014	Other benefits 2015	Other benefits 2014	Pension costs 2015	Pension costs 2014	Pensionable age	Period of notice, months	Severance pay, months
CEO, Monica Lingegård	3,132	2,997	60	62	933	883	65	6	18
CFO, Vice CEO, Paul Lidbom	2,189	2,114	63	66	594	551	65	6	12
Director, CEO Secretariat, to 31 July 2014, Leif Alm	–	538	–	32	–	53	65	*	*
Market Area Director South, Tomas Andersson	1,357	–	57	–	405	–	65	6	12
Market Area Director North, Åsa Berg	1,233	–	55	–	520	–	65	6	12
Market Area Director Central, from 1 Oct 2015, Ludmilla Bjerke	365	–	–	–	83	–	65	6	6
Director of Marketing, Mats Eliasson	1,705	1,648	137	67	407	382	65	6	12
Director of Human Resources, Monica Höglind	2,252	2,145	61	65	663	630	65	6	12
Business Development Manager, to 18 Dec 2015, Sara Nordström	1,523	–	50	–	238	–	65	4	6
Business Area Director Manning Solutions & Industry, Göran Olinder	1,807	1,753	105	104	441	432	65	6	12
Business Area Director Services, Jonas Rieck	1,508	–	61	–	340	–	65	6	6
IT Director, from 1 Sept 2015, Stefan Stigendal	363	–	9	–	73	–	65	6	6
IT Manager, to 12 Oct 2015, Anders Sundin	2,345	1,237	45	64	304	355	65	6	12
Market Area Director, to 14 Aug 2015, Katarina Viebke	746	–	18	–	188	–	65	6	12
<b>Total</b>	<b>20,525</b>	<b>12,432</b>	<b>721</b>	<b>460</b>	<b>5,189</b>	<b>3,286</b>			

\* According to LAS (Employment Protection Act)

## ◀NOTE 2 CONTINUED▶

In addition to a salary, 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, to benefit Monica Lingegård, of 30% of the monthly salary to the chosen insurance company. The pensionable age is 65. Upon termination, a mutual period of notice of six months applies. In addition, in the case of termination enacted by the company, severance pay of 18 months, equivalent to the monthly salary, is to be paid. Severance pay will be paid on a monthly basis. If other income is earned during this period, the salary and severance pay is fully reduced by that amount.

Other senior management has consisted of 10 executive officers up to 18 Dec 2015 and thereafter 9 (5) persons. In addition to salaries, executive officers are also entitled to a company car and health insurance. Flexible salaries have not occurred. Other senior management are covered by the ITP plan. 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 to benefit Monica Höglind, of 30% of the monthly salary to the chosen insurance company. Paul Lidbom, in addition to the ITP plan, receives a provision of 30% of salary in excess of 30 monthly salary amounts.

Salaries for Anders Sundin and Sara Nordström include dismissal and severance pay to be paid in 2016.

**NOTE 3 Sales per geographic market**

	2015	2014
Sweden	2,362	2,355
United Kingdom	20	9
Norway	18	18
Denmark	15	14
Switzerland	14	66
Belgium	7	12
Poland	6	5
Germany	4	9
Czech Republic	2	3
Hungary	2	2
Netherlands	2	1
USA	0	2
France	0	1
Other countries	1	1
<b>Total net sales</b>	<b>2,453</b>	<b>2,498</b>
Percentage for export	4%	6%

Exports decreased by SEK 52 million to SEK 91 (143) million with the percentage of export sales falling to 4% (6%). Most exports involve Swedish companies abroad.

**NOTE 4 Income categories**

SEK M	2015	2014
<b>Sales include income from:</b>		
Goods	536	751
Services	1 917	1 747
<b>Total</b>	<b>2,453</b>	<b>2,498</b>
<b>Other income includes:</b>		
EU grants, transport subsidies, etc	1	3
Job and development guarantee compensation	79	89
Insurance claims	1	0
Rental income	7	6
Wage and arrangement subsidies, and special compensation for development positions	250	326
Wage and project subsidies from the Public Employment Service	20	18
Special compensation from the state regarding development positions for people returning from long-term sick leave	–	10
Profits from fixed asset sales	2	1
Profits from property sales	10	1
Reimbursement of contractual group insurance for the years 2005 and 2006	–	90
Other income	1	5
<b>Total</b>	<b>371</b>	<b>549</b>

**NOTE 5 Information about operational branches****DETAILS ABOUT THE COMPANY'S OPERATIONAL BRANCHES**

Samhall is organised into three main operational branches: Industrial Production and Packing/Assembly, Services, and Manning Solutions. 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 and costs, as essential parameters are not met for reporting as a separate segment. Income and costs from Samhall's assignment concerning development positions is not regarded as an operational branch but a separate assignment from the state and is included under common income and costs.

Operational branches reported in the segment data are the same as previous years with the exception of Industrial Production and Packing/Assembly, which is being reported together as the latter business area contributed an insignificant amount and is under reconstruction.

**SEGMENT DATA**

Net sales, compensation for additional costs and other income per operational branch, M SEK <sup>1</sup>	2015	2014
Industrial Production and Packing/Assembly	928	1,287
of which net sales	536	751
Services	4,000	3,742
of which net sales	1,368	1,239
Manning Solutions	1,806	1,763
of which net sales	544	502
Common income/Unallocated	582	781
Eliminations <sup>2</sup>	–88	–122
<b>Total income</b>	<b>7,228</b>	<b>7,451</b>

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

**<NOTE 5 CONTINUED>**

Net sales for Industrial Production and Packing/Assembly decreased in 2015 by SEK 215 million or 29% compared to 2014, while the gross profit margin increased by 7%. The drop in sales is mainly attributable to clients in timber production and the automotive industry and follows long-term plans. Operating profit totalled SEK -11 (-61) million. The improvement is due to better margins and lower wage costs. About 1,600 (2,040) persons work in Industrial Production and Packing/Assembly or 9% (10%) of employees in the core assignment.

Net sales for Services increased in 2015 by SEK 129 million compared to 2014, a rise equivalent to 10% and gross profit margins were relatively unchanged. The increase was largely due to rising growth in cleaning services. Operating profit totalled SEK -142 (-186) million, and billable time was 78%. The improvement is largely due to better sales and an improvement in the rate of utilisation. Around 11,220 (11,220) persons work in Services, equivalent to 60% (57%) of employees in the core assignment.

Net sales for Manning Solutions increased in 2015 by SEK 42 million compared to 2014, a rise equivalent to 8%, with unchanged gross profit margins. Operating profit totalled SEK -21 (-67) million. The improvement is largely due to better gross profit per billable hour. Around 5,800 (6,400) persons work in Manning Solutions, equivalent to 31% (32%) of employees in the core assignment.

Income from the Employment Service for Labour Market Services is reported as other income and totalled SEK 79 (89) million. This operation does not satisfy certain essential criteria for a self-contained segment and therefore is reported under common income and costs. Income regarding investigative services in Labour Market Services attained SEK 5 (6) million.

The state's assignment concerning development positions for young adults from the job and development guarantee's occupational phase is considered a separate assignment. This is reported as other income under common income. Received income was SEK 250 (218) million. Last year, Samhall also had an assignment regarding development positions for people returning from long-term sick leave. Income here was SEK 118 million.

**NOTE 6 State compensation for additional costs**

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

For 2015, Samhall, in total, received compensation for additional costs of SEK 4,405 (4,405) million.

**NOTE 7 Other external costs**

Other external costs include items attributable to development and restructuring costs of SEK -3 (-11) million relating to the year's costs and SEK 3 (1) million to a reversal of provisions for 2014.

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

<b>AUDITOR'S FEES</b>			
SEK M		2015	2014
<b>Auditing assignment</b>			
Deloitte AB		1.0	1.0
<b>Assignments other than the auditing assignment</b>			
Deloitte AB		0.1	0.2
<b>Tax consultancy</b>			
Deloitte AB		-	-
<b>Other services</b>			
Deloitte AB		-	-
<b>Total</b>		<b>1.1</b>	<b>1.2</b>

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

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

SEK M	2015	2014
<i>Depreciation by asset class</i>		
Capitalised expenses for software	0	-1
Land and buildings	-3	-3
Plant and machinery	-9	-10
Equipment, fixtures and fittings	-16	-16
<b>Total depreciation</b>	<b>-28</b>	<b>-30</b>
<i>Write-downs by asset class</i>		
Land and buildings	-1	0
Plant and machinery	-1	-4
Equipment, fixtures and fittings	0	-2
<b>Total write-downs</b>	<b>-2</b>	<b>-6</b>
<b>Total depreciation and write-downs</b>	<b>-30</b>	<b>-36</b>

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

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



## NOTE 9 Operational lease agreements

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

SEK M	2015	2014
Payment due within one year	180	144
Payment due later than one year but within five years	151	112
Payment due later than five years	0	0
<b>Total</b>	<b>331</b>	<b>256</b>
Leasing costs for operational lease agreements	176	185

Amounts include rental costs for premises and machinery.

## NOTE 10 Interest income and similar items

SEK M	2015	2014
Interest, vouchers and dividends	10	14
Capital gains	45	33
Market value of administered capital	-	47
<b>Total</b>	<b>55</b>	<b>94</b>

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

## NOTE 11 Interest costs and similar items

SEK M	2015	2014
Capital losses	-1	-2
Interest costs, external	0	0
Market value of administered capital	-57	-
<b>Total</b>	<b>-58</b>	<b>-2</b>

Market value of the company's current investments (unrealised profits/losses) has influenced the net total by SEK -57 (47) million, which has no effect on cash flow.

## NOTE 12 Balance-sheet allocations

SEK M	2015	2014
Difference between depreciation entered on the balance sheet and depreciation according to plan	8	2
<b>Total</b>	<b>8</b>	<b>2</b>

## NOTE 13 Tax

SEK M	2015	2014
Current tax on profit for the year	-	-
Tax on profit for the year	12	-13
<b>Total</b>	<b>12</b>	<b>-13</b>

Deductible deficits, which are not time limited, amounted to SEK 21 (17) million.

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

SEK M	2015	2014
Profit before tax	-75	94
Tax according to applicable tax rate	17	-21
Effect of non-deductible costs	-4	-3
Change in value adjustment reserve	-	11
Other	-1	-
<b>Tax on profit for the year</b>	<b>12</b>	<b>-13</b>

## TAX RATE

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

## TEMPORARY DIFFERENCES

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

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

31 Dec 2015	Deferred tax receivable	Deferred tax liability	Net
Land and buildings	5	-	5
Plant and machinery	1	-	1
Current investments	-	-10	-10
Pensions	10	-	10
Deductible deficits	5	-	5
	<b>21</b>	<b>-10</b>	<b>11</b>

## NOTE 14 Intangible fixed assets

SEK M	31 Dec 2015	31 Dec 2014
<i>Accumulated acquisition value</i>		
At year-start	11	11
New acquisitions	1	-
Divestitures and disposals	-3	-
<b>Total acquisition value</b>	<b>9</b>	<b>11</b>
<i>Accumulated depreciation according to plan</i>		
At year-start	10	9
Divestitures and disposals	-3	-
Depreciation for the year according to plan	0	1
<b>Total depreciation</b>	<b>7</b>	<b>10</b>
<b>Residual value according to plan at year-end</b>	<b>2</b>	<b>1</b>

**NOTE 15 Land and buildings**

SEK M	31 Dec 2015	31 Dec 2014
<i>Accumulated acquisition value</i>		
At year-start	182	185
New acquisitions	0	2
Divestitures and disposals	-46	-5
<b>Total acquisition value</b>	<b>136</b>	<b>182</b>
<i>Accumulated depreciation according to plan</i>		
At year-start	118	119
Divestitures and disposals	-32	-4
Depreciation for the year according to plan	3	3
<b>Total depreciation</b>	<b>89</b>	<b>118</b>
<i>Accumulated write-downs</i>		
At year-start	22	23
Divestitures and disposals	-2	-1
Write-downs for the year	1	-
<b>Total write-downs</b>	<b>21</b>	<b>22</b>
<b>Residual value according to plan at year-end</b>	<b>26</b>	<b>42</b>
Book value, buildings	21	37
Book value, land	5	5

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

At year-end 2015, Samhall owned 21 (28) properties with a total area of approx. 67,000 (88,000) m<sup>2</sup> and rented premises with an area of approx. 115,300 (122,300) m<sup>2</sup>.

**NOTE 16 Plant and machinery**

SEK M	31 Dec 2015	31 Dec 2014
<i>Accumulated acquisition value</i>		
At year-start	340	360
New acquisitions	3	7
Divestitures and disposals	-100	-27
<b>Total acquisition value</b>	<b>243</b>	<b>340</b>
<i>Accumulated depreciation according to plan</i>		
At year-start	277	292
Divestitures and disposals	-83	-25
Depreciation for the year according to plan	9	10
<b>Total depreciation</b>	<b>203</b>	<b>277</b>
<i>Accumulated write-downs</i>		
At year-start	26	22
Divestitures and disposals	-9	-
Write-downs for the year	1	4
<b>Total write-downs</b>	<b>18</b>	<b>26</b>
<b>Residual value according to plan at year-end</b>	<b>22</b>	<b>37</b>

**NOTE 17 Equipment, fixtures and fittings**

SEK M	31 Dec 2015	31 Dec 2014
<i>Accumulated acquisition value</i>		
At year-start	186	191
New acquisitions	35	15
Divestitures and disposals	-21	-20
<b>Total acquisition value</b>	<b>200</b>	<b>186</b>
<i>Accumulated depreciation according to plan</i>		
At year-start	145	149
Divestitures and disposals	-18	-20
Depreciation for the year according to plan	16	16
<b>Total depreciation</b>	<b>143</b>	<b>145</b>
<i>Accumulated write-downs</i>		
At year-start	3	1
Divestitures and disposals	-	0
Write-downs for the year	0	2
<b>Total write-downs</b>	<b>3</b>	<b>3</b>
<b>Residual value according to plan at year-end</b>	<b>54</b>	<b>38</b>

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

SEK M	31 Dec 2015	31 Dec 2014
<b>At year-start</b>	<b>17</b>	<b>1</b>
Accrued expenses during the year	-14	16
<b>Book value at year-end</b>	<b>3</b>	<b>17</b>

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

SEK M	31 Dec 2015	31 Dec 2014
<i>Accumulated acquisition value</i>		
At year-start	0	0
<b>Book value at year-end</b>	<b>0</b>	<b>0</b>

Mainly concerns shareholdings in stakeholder organisations.

**NOTE 20 Other long-term receivables**

SEK M	31 Dec 2015	31 Dec 2014
At year-start	19	2
Future receivables	0	18
Transfer to current receivables	-2	-1
<b>Book value at year-end</b>	<b>17</b>	<b>19</b>

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

## NOTE 21 Other receivables

SEK M	31 Dec 2015	31 Dec 2014
Tax receivables	53	54
Tax account	12	2
Other current receivables	14	16
<b>Book value at year-end</b>	<b>79</b>	<b>72</b>

## NOTE 22 Prepaid costs and accrued income

SEK M	31 Dec 2015	31 Dec 2014
Rent	16	17
Interest income	0	0
Insurance claims	2	2
Wage and arrangement subsidies	23	22
Other	19	20
<b>Book value at year-end</b>	<b>60</b>	<b>61</b>

## NOTE 23 Liquid funds

SEK M	31 Dec 2015	31 Dec 2014
Other current investments	2,171	2,250
<b>Total current investments</b>	<b>2,171</b>	<b>2,250</b>
Cash and bank	493	493
<b>Book value at year-end</b>	<b>2,664</b>	<b>2,743</b>

Liquid funds consist of the liquidity reserve, represented in the form of bank accounts and current investments. Administered capital on the balance date attained a market value of SEK 2,171 (2,250) million. Administered capital includes the following financial instruments: interest-bearing funds, 80%, and structured investments, 15%.

## NOTE 24 Financial instruments and financial risk management

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

Through its operations, Samhall is exposed to a variety of financial risks, which 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 CEO's directive for credit policy contains regulations that should secure the management of client credit including credit evaluation, credit limits, rating levels, decision levels and management of unsecured receivables. The credit risk entailed in commercial client receivables has historically been low.

Credit risk in capital management is regulated through a range of limits per issuer and rating requirements in financial policy. Regarding investment in the money market, maturing in a year or less, the lowest applicable ratings are A-2 (Standard & Poor's) or P-2 (Moody's) or equivalent. For investments in the bond market, with maturities greater than one year, then at least 90% of the total holding must have, at the lowest, BBB+ (Standard & Poor's) or Baa1 (Moody's) or equivalent.

**INTEREST RISK.** An interest risk is the risk of a negative effect on an investment's market value in the event of changes in the general interest rate level. Interest risk increases the longer an interest rate is fixed. Samhall's interest risk is measured by duration and the maximum average duration is three years. To further diminish risk regarding duration, the company has established maximum durations for separate securities. The duration as of the balance date was 1.7 (1.5) years and interest risk was SEK 36 (33) million calculated at a 1% fluctuation of the interest curve.

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

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

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

## NOTE 25 Shareholders' equity

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

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

## NOTE 26 Untaxed reserves

SEK M	31 Dec 2015	31 Dec 2014
Accumulated difference between the depreciation book value and depreciation according to plan	-	8
<b>Book value at year-end</b>	<b>-</b>	<b>8</b>

## NOTE 27 Provisions for pensions and similar obligations

SEK M	31 Dec 2015	31 Dec 2014
Provisions at year-start	16	-
Provisions for the year	0	16
<b>Book value at year-end</b>	<b>16</b>	<b>16</b>

Concerns pension obligations covering present and former senior management.

## NOTE 28 Other provisions

SEK M	31 Dec 2015	31 Dec 2014
Provisions at year-start	30	13
Provisions for the year	21	43
Used during the year	-35	-25
Reversal of unused amount for the year	-3	-1
<b>Book value at year-end</b>	<b>13</b>	<b>30</b>

Provisions refer to approved restructuring measures in a number of localities, Stockholm, Alingsås and Strömstad, and include rent, removal and reconstruction costs of premises. These measures are estimated to be completed 2016-17. Provisions for the year include those covering loss contracts.

Residual reversals refer to older, unused provisions.

**NOTE 29 Other current liabilities**

SEK M	31 Dec 2015	31 Dec 2014
Settlement of salaries	339	350
Personnel pay-as-you-earn tax	86	86
Value added tax	27	24
Other	4	8
<b>Book value at year-end</b>	<b>456</b>	<b>468</b>

**NOTE 30 Accrued expenses and deferred income**

SEK M	31 Dec 2015	31 Dec 2014
Vacation pay liability	620	611
Payroll tax	461	487
Salary tax	50	49
Other	78	66
<b>Book value at year-end</b>	<b>1,209</b>	<b>1,213</b>

**NOTE 31 Contingent liabilities**

SEK M	31 Dec 2015	31 Dec 2014
Swedish Customs	0.1	0.1
Hysesbostäder i Norrköping AB	0.2	0.2
<b>Total contingent liabilities</b>	<b>0.3</b>	<b>0.3</b>

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

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

SEK M	31 Dec 2015	31 Dec 2014
Depreciation and write-downs	30	36
Proceeds of sold fixed assets	-12	-3
Capital insurance	0	-16
Provisions	-17	34
<b>Total adjustment items</b>	<b>1</b>	<b>51</b>

**NOTE 33 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 2015.

**NOTE 34 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 approx. 3% (3%) of Samhall's sales and approx. 3% (2%) of its purchasing.

**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 2015

The company's income statement and balance sheet are due to be submitted to the annual general meeting for adoption, 26 April 2016.

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

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

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

Stockholm, 24 Feb 2016

Erik Strand  
*Chairman*

Hans Abrahamsson

Ann-Christin Andersson

Bertil Carlsén

Angelica Frithiof

Helen Fasth Gillstedt

Kenneth Johansson

Pia Litbo

Leif Ljungqvist

Maria Nilsson

Monica Lingegård  
*Chief Executive Officer*

Our auditor's report was submitted 24 Feb 2016.

Deloitte AB  
Peter Ekberg  
*Authorised public accountant*

# Auditor's report

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

## REPORT ON THE ANNUAL ACCOUNTS

We have audited the annual accounts for Samhall AB (publ) for the year 2015 with the exception of the corporate governance report on pages 24–31. The company's annual accounts are presented in the printed version of this document on pages 4–11 and 24–51.

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

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

### Responsibilities of the auditor

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

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

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

### Statements

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and fairly present, in all material respects, the financial position of Samhall AB (publ) as of 31 December 2015 and its financial performance and cash flows for the year in accordance with the Annual Accounts Act. The administrative report is consistent with the other parts of the annual accounts. Our opinions do not cover the corporate governance report on pages 24–31.

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts, we have also examined the proposed allocation of the company's profit or loss and the governance of Samhall AB (publ) by the board and CEO for the year 2015. We have also conducted a statutory examination of the corporate governance report.

### Responsibilities of the board and CEO

The board is responsible for the proposed allocation of the company's profit or loss, and the board and CEO are responsible for governance under the Companies Act and that the corporate governance report on pages 24–31 is prepared in accordance with the Annual Accounts Act.

### Responsibilities of the auditor

Our responsibility is to make a statement with reasonable assurance on the proposed allocation of the company's profit or loss and on the governance based on our audit. We conducted the audit in accordance with generally accepted auditing principles in Sweden.

As a basis for our statement on the board's proposed allocation of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act. As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts, we examined significant decisions, actions and circumstances in the company to determine whether any member of the board or the CEO is liable to the company. We also examined whether any member of the board or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the articles of association.

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

Furthermore, we have read the corporate governance report and based on that reading and our knowledge of the company we believe that we have a sufficient basis for our statements. This means that our statutory examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing principles in Sweden.

### Statements

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

A corporate governance report has been prepared and its statutory information is consistent with the other parts of the annual accounts.

Stockholm, 24 February 2016

Deloitte AB  
Peter Ekberg  
*Authorised public accountant*

# Reporting and independent verification

## CONTENT OF THE REPORT

The sustainability report's content is based on the government's targets for operations, an analysis of the essential materiality of the stakeholders' dialogue, as well as internal assessments of risks and opportunities. Samhall has regular dialogue with its foremost stakeholders. To maintain a high degree of trustworthiness, Samhall strives to listen and consider stakeholders' opinions and needs.

The overall result indicates that Samhall's employees must be the report's main focus. Through dialogue with stakeholders, the most significant interest paid to Samhall's assignment is to further the development of people with functional impairment through work. Samhall's work to ensure fair competition is also an important issue. Regarding the environment, the most significant issue is CO<sub>2</sub> emissions.

## GENERAL SCOPE

Samhall's operations are conducted nationwide throughout Sweden. 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 2015, unless stated otherwise.

The GRI indicator protocol is the basis for data collection and calculations, following the principle of comply or explain. In certain cases, internal key performance indicators have been used instead of defined GRI indicators, based on Samhall's specific assignments and target groups.

## WORKING CONDITIONS AND WORKPLACE ENVIRONMENT

The sustainability report uses the term "professional employees" for those employees not part of the labour market policy assignments, but recruited directly from the regular workforce. Among employees in the labour market policy assignments are those covered by specific collective agreements for professional employees in Samhall's labour market policy assignment. These are not included in the "professional employees" category.

Information regarding Samhall's employees, training, occupational injuries and such is retrieved from internal databases that collect and aggregated relevant information from operations.

Information is reported for all assignments from the state, but based on the principle of materiality detailed reporting concerning personnel does not take place for categories with fewer than 500 people. The reporting of employees does not cover people in the job and development guarantee in Samhall's Labour Market Services. These people are not employed as such, but reported as trainees attending a form of work training.

Regarding workplace accidents, the GRI indicator is not used; instead the internal indicator and target used by Samhall is applied. Reporting does not include travel accidents to and from work. From 2013, accident reporting is per registration year, instead of occurrence year, which aims to increase the accuracy of reporting and comparability between years.

Regarding lifelong learning, Samhall reports only that concerning work. Samhall only operates in Sweden, conducting an assignment limited to people's working life. That means initiatives for learning and living once retired cannot be undertaken through the assignment and financing that Samhall has. If an employee's working capacity becomes so diminished that he or she is no longer "available in the labour market" then this person is not retrenched, but instead Samhall aims to find a solution, e.g. sickness benefits. Such measures are part of the regular employee development work.

## ENVIRONMENT

The environmental reporting does not include employees' travel to and from work. Neither is the energy consumption of rental vehicles and private cars in company service reported.

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

Property related data covers both own and rented premises. Respective emission values for renewable energy and non-renewable energy are calculated with standard values in case the property owner/supplier cannot specify the source of energy.

Conversion values for calculating emissions from own transport and own and rented premises come from the Swedish Environmental Protection Agency, Swedish District Heating Association and the Swedish Petroleum and Biofuel Institute. Conversions have been made of emissions from own vehicles for both 2014 and 2015.

## INDEPENDENT VERIFICATION AND ASSURANCE

Samhall has commissioned Deloitte to make a summary review and assure the sustainability report. The independent review focuses on the most significant aspects of sustainability, as well as assurance that the report satisfies reporting criteria in line with GRI G4. Samhall aims to develop further the quality of reporting and consequently the application of quality assurances through independent review.

# GRI index

Additional information available at [www.samhall.se](http://www.samhall.se)

Profile indicator	Description	Page reference	Comments
<b>STRATEGY AND ANALYSIS</b>			
G4-1	Statements from the CEO and chairman	Pages 2, 12	CEO's statement and chairman's statement
<b>ORGANISATIONAL PROFILE</b>			
G4-3	Name of the organisation	Front cover	Samhall Aktiebolag
G4-4	Primary products and/or services	Pages 10-11	
G4-5	Location of headquarters	Back cover	Klarabergsviadukten 90C, Stockholm
G4-6	Countries of operation	Pages 5, 26	Operations in Sweden only
G4-7	Ownership structure and legal form	Page 24	Limited liability company, wholly owned by the Swedish state
G4-8	Markets	Pages 10-11	
G4-9	Scale of the organisation	Pages 4-11, 32-35	
G4-10	Total number of employees	Pages 17-22	
G4-11	Percentage of total employees covered by collective bargaining agreements	Page 17	
G4-12	Supply chain	Page 14	
G4-13	Significant changes during the reporting period of the company's size, structure, ownership		No significant changes
G4-14	Precautionary principle	Page 23	
G4-15	Externally economic, environmental and social declarations to which the organisation subscribes or endorses		No endorsements to any such declarations.
G4-16	Memberships in associations		Memberships in trade organisations and similar not reported
<b>MATERIAL ASPECTS AND BOUNDARIES</b>			
G4-17	Scope and boundaries of the report	Page 16	Both the financial reporting and the sustainability reporting cover all Samhall operations
G4-18	Process for defining the report content	Pages 15-16	
G4-19	Material aspects identified	Pages 15-16	
G4-20	Material Aspects. Boundary within the organisation.	Page 16	The report covers all Samhall AB with a boundary regarding the influence on Samhall's own operations
G4-21	Material Aspects. Boundary outside the organisation.	Page 16	The report covers all Samhall AB with a boundary regarding the influence on Samhall's own operations
G4-22	Comparison with previous reports		Key indicators have been recalculated in accordance with methods applied in 2016, unless stated. Otherwise comparable with previous reports.
G4-23	Significant changes from previous reports		No significant changes
<b>STAKEHOLDER ENGAGEMENT</b>			
G4-24	List of stakeholder groups engaged by the organisation	Page 16	
G4-25	Basis for identification and selection of stakeholders	Page 16	
G4-26	Approaches to stakeholder dialogue	Page 16	
G4-27	Key issues raised through stakeholder dialogue	Pages 15-16	
<b>REPORT PROFILE</b>			
G4-28	Reporting period	Inside cover	Fiscal year 2015
G4-29	Date of most recent previous report		Annual and sustainability report 2014, March 2015
G4-30	Reporting cycle	Inside cover	Established dates for interim reports and statement of annual accounts
G4-31	Contact person for sustainable reporting	Inside cover	Mari-Ann Levin Pölde, Sustainability Manager
G4-32	Report content	Pages 54-55	GRI index
G4-33	Policy and practice regarding external assurance	Pages 53, 56	Auditor's report on independent review of Samhall AB's sustainability reporting
<b>GOVERNANCE</b>			
G4-34	Governance structure of the organisation	Pages 24-28	Corporate governance report
<b>Ethics and Integrity</b>			
G4-56	Values, principles and codes of conduct	Pages 24-28	Corporate governance report



Profile indicator	Description	Page reference	Comments
<b>ECONOMIC</b>			
G4-DMA	Sustainability governance	Pages 13-16, 20-22	
G4-EC4	Financial assistance received from government	Pages 20-21	
<b>ENVIRONMENTAL</b>			
G4-EN3	Energy consumption within the organisation	Page 23	
G4-EN4	Energy consumption outside of the organisation	Page 23	
G4-EN15	Direct greenhouse gas (GHG) emissions	Page 23	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions	Page 23	
G4-EN17	Other indirect greenhouse gas (GHG) emissions	Page 23	
<b>LABOUR PRACTICES AND WORKPLACE ENVIRONMENT</b>			
G4-DMA	Sustainability governance	Sid 13-17	
G4-LA1	Total number of employees	Page 17	
G4-LA6	Work-related accidents and illnesses	Page 19	Own definition deviating from GRI
G4-LA9	Average hours of training per year per employee	Pages 18-19	
G4-LA11	Percentage of employees who received a regular performance and career development review	Page 19	
G4-LA12	Composition of governance bodies and breakdown of employees per category	Page 17	
<b>SOCIETY</b>			
G4-DMA	Sustainability governance	Pages 13-16, 20-22	
G4-S05	Confirmed incidents of corruption and actions taken	Page 22	No confirmed incidents in 2015
	Measures taken due to incidents of corruption		No Incidents occurred. No measures required.
G4-S07	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes	Page 22	No legal actions, limited to Samhall's operations

# Auditor's report on the summary review of Samhall's sustainability report

To Samhall AB (publ)

## INTRODUCTION

We have been commissioned by the corporate management of Samhall AB (publ) to review Samhall's sustainability report 2015. Samhall has defined the scope of the sustainability report on page 57.

## 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 53 of the sustainability report and consisting of those parts of the Sustainability Reporting Guidelines (issued by the Global Reporting Initiative (GRI)) as applied to sustainability reporting, and the company's own principles of reporting and calculation. This responsibility also includes the internal checks deemed necessary to produce a sustainability report free from material misstatement, whether due to irregularities or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion regarding the sustainability report based on our summary review.

Our summary review has been conducted in accordance with RevR 6 Assurance of Sustainability Reports published by FAR (the institute for the accountancy profession in Sweden). A summary review consists of making inquiries, firstly to those responsible for the preparation of the sustainability report and applying analytical and other review procedures. A summary review has a different focus and a significantly smaller scope than the purpose and scope of an audit according to IAASB standards for auditing and quality control and general auditing practice. The 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. The procedures performed in a summary review do not enable us to obtain an assurance that would make us aware of all significant matters that might be identified in an audit. The stated conclusion is based on a summary review and therefore does not have the same level of assurance as a stated conclusion based on an audit.

Our review is based on the criteria chosen by the board and corporate management, as defined above. We consider these criteria appropriate for the preparation of the sustainability report.

We consider the evidence gathered during our review to be sufficient and appropriate in providing the basis for our conclusion below.

## STATEMENT

Based on our summary review, there have been no findings that give us cause to believe that Samhall's sustainability report has not, in all material aspects, been prepared in accordance to the above criteria chosen by the board and corporate management.

Stockholm, 24 February 2016  
Deloitte AB

Peter Ekberg  
Authorised public accountant

Andreas Drugge  
Specialist member FAR

# Definitions

## COMPENSATION FOR ADDITIONAL COSTS

Samhall receives compensation from the state to cover the additional costs attributed to the fulfilment of its state-assigned mandate. These additional costs occur because of a lower work rate, development initiatives, workplace adaptations, reinforced security of employment, as well as the geographical distribution of operations and diversity of assignments.

## CORE ASSIGNMENT

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

## CSR

"Corporate Social Responsibility" refers to the company's conduct in its business operations, so it not only provides financial return, but also contributes to the life quality of its employees and their families and to the betterment of society in general.

## DEVELOPMENT POSITIONS

A labour market policy initiative providing employment with a wage subsidy for a limited time. The position must be suitable to the job seeker's circumstances and particular needs. The position must facilitate the development of skills and working capacities.

## DISTRICT

The operative level of the company. Geographically, Samhall is divided into districts that are active in the local market and have direct contact with clients, trade and industry.

## FUNCTIONAL IMPAIRMENT

Functional impairment implies reduced physical, mental or intellectual ability. Functional disorders imply limitations created by the impairment for a person in relation to his or her surroundings. The Swedish Public Employment Service decides whether a person has a functional disorder causing reduced working capacity and thereafter can be assigned work at Samhall.

## GRI

The "Global Reporting Initiative" provides a set of standard international guidelines for reporting sustainability that facilitates appraisal and comparison of companies based on social, environmental and financial perspectives.

## LABOUR MARKET SERVICES

A labour market policy assignment with the Swedish Public Employment Service as its client. The assignment covers 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.

## PRIORITISED GROUPS

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

## PROFESSIONAL EMPLOYEES

The term for employees not covered by labour market policy assignments, but recruited directly from the regular workforce. Previously, the term "direct employees" was used, however this was deemed difficult to understand.

## RETURN

A former Samhall employee hired by another employer, who enacts his or her re-employment entitlement. The re-employment entitlement is valid for 12 months from the date of transition.

## SUSTAINABILITY, SUSTAINABLE DEVELOPMENT

The actions of companies and organisations to fulfil today's needs without jeopardising the possibility of future generations to fulfil their needs.

## SUSTAINABILITY REPORT

Measures and presents to the company's stakeholders initiatives taken by the company that promote sustainable development. Reports the company's financial, social and environmental impact.

## TRANSITION

Refers to a permanent employee in the core assignment or a development position who leaves Samhall to start work with another employer.

## UTILISATION RATE

The proportion of available time spent by an employee working on client assignments. Available time does not include time dedicated to employee development.

## WAGE HOURS

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

## Financial definitions

### ACID-TEST RATIO

Current assets excluding inventories and work in progress expressed as a percentage of current liabilities.

### EQUITY RATIO

Adjusted shareholders' equity in relation to the balance sheet's total year-end assets.

### GROSS PROFIT

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

### RETURN ON AVERAGE EQUITY

Annual profits in relation to the year's average shareholders' equity.

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## ANNUAL REPORT

The board of directors and CEO of Samhall AB (publ), corporate identification number 556448-1397, hereby submit the annual report for the 2015 financial year. The board of directors' report covers pages 4-11 and 24-35.

Samhall's annual report for 2015 can also be read at [www.samhall.se](http://www.samhall.se)

## REPORTING DATES

Samhall reports financial information for 2016 on the following dates:

27 April 2016	Interim report 1	January-March 2016
15 August 2016	Interim report 2	January-June 2016
28 October 2016	Interim report 3	January-September 2016
31 January 2017	Statement of annual accounts	January-December 2016

## ANNUAL GENERAL MEETING

The AGM will be held 26 April 2016 in Stockholm.

## SUSTAINABILITY REPORT

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

The sustainability report is produced within the framework of the Global Reporting Initiative (GRI) and covers Samhall's Sustainability Report 2015, pages 12-23 and 54-55. Cases of significant deviation from GRI G4 are accompanied by notes in Samhall's sustainability report (Reporting and independent verification). Reporting covers the calendar year 2015. The last report (Sustainability Report 2014) was published in March 2015.

In Samhall's self-assessment, the Sustainability Report 2015 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 56. Read more about GRI at [www.globalreporting.org](http://www.globalreporting.org).

The contact person regarding the sustainability report is Mari-Ann Levin Pödde, Sustainability Manager, Samhall AB.

The contact person for the annual report and general information about Samhall's operations is Albin Falkmer, Information Officer.

**samhall**

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