

Annual report for state-owned enterprises 2021

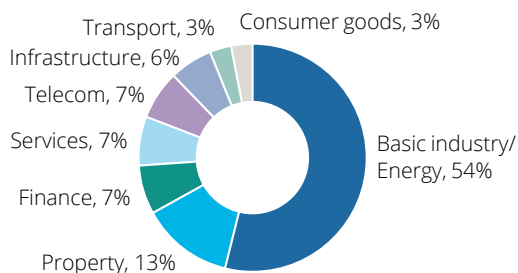


Portfolio overview

The State's enterprise portfolio contained 45 companies at the end of 2021 and is weighted towards the basic industry/energy sectors. Most enterprises are for-profit enterprises. 22 enterprises have specifically adopted public policy assignments.

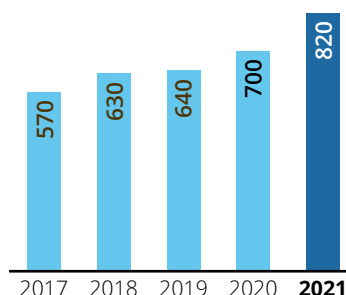
Portfolio value

By sector



State enterprise portfolio ^{a)}

Estimated value, SEK bn



Dividend

SEK 49.7 bn

Dividend yield

6.1%

Number of employees ^{b)}

134 000

Gender balance ^{c)}

Board chairs and directors, share women/men

48%/52%

Board chairs, share women/men

49%/51%

Total number of board chairs and directors

287

Net sales for the portfolio

Excluding associates

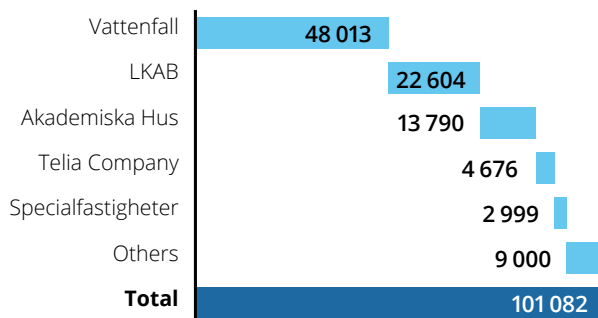
SEK 409 bn

Including associates

SEK 447 bn

Profit after tax

Jan.–Dec. 2021. Enterprises with greatest effect on net profit, SEK m



a) Portfolio value adjusted for transactions.

b) Around 134 000 people are employed by state-owned enterprises, including associates.

c) The gender distribution reported refers to fully and partly owned limited companies whose registered office is in Sweden.

Seven enterprises account for just over 80% of net sales, including associates,

Enterprise (holding, %)	Share of sales ^{a)} , %	Number of employees	Net sales, SEK m Jan.–Dec. 2021	Operating profit, SEK m Jan.–Dec. 2021
Vattenfall (100%)	40.3	18 835	180 119	60 271
LKAB (100%)	10.9	4 469	48 812	26 898
PostNord (60%)	9.1	28 358	40 693	2 481
Systembolaget (100%)	8.5	4 035	38 120	418
Telia Company (39.5%)	7.8	19 998	88 343	15 232
Apoteket (100%)	4.4	2 729	19 784	437
Samhall (100%)	2.2	20 493	9 892	341

a) Share of net sales including associates (SEK 447bn).

...the remaining enterprises^{b)} account for about 20% of net sales, including associates.

Enterprise (holding, %)	Net sales SEK m Jan.–Dec. 2021	Operating profit, SEK m Jan.–Dec. 2021	Enterprise (holding, %)	Net sales SEK m Jan.–Dec. 2021	Operating profit, SEK m Jan.–Dec. 2021
Akademiska Hus (100%)	6 679	17 448	SBAB (100%)	4 072	2 641
Almi (100%)	1 093	199	SEK, Svensk Exportkredit (100%)	1 934	1 305
APL, Apotek Produktion & Laboratorier (100%)	1 509	20	SJ (100%)	7 287	-1 106
Arlandabanan Infrastructure (100%)	58	14	SOS Alarm (50%)	1 365	-33
Bilprovningen (100%)	713	97	Specialfastigheter (100%)	2 464	3 912
Dramaten (100%)	278	3	SSC, Swedish Space Corporation (100%)	1 130	-1
Green Cargo (100%)	4 175	440	Statens Bostadsomvandling (100%)	24	-15
Göta kanalbolag (100%)	42	0	Sveaskog (100%)	6 920	1 842
Infranord (100%)	4 102	89	Svedab (100%)	10	523
Jernhusen (100%)	1 514	2 090	Svenska Skeppshypotek (100%)	115	72
Lernia (100%)	2 898	160	Svenska Spel (100%)	5 602	2 468
Miljömärkning Sverige (100%)	79	2	Svevia (100%)	8 923	377
Operan (100%)	566	25	Swedavia (100%)	2 717	-1 314
Orio (100%)	360	53	Swedfund International (100%)	328	197
RISE, Research Institutes of Sweden (100%)	3 618	22	Teracom Group (100%)	1 313	105
Saminvest (100%)	1	357	Visit Sweden (100%)	161	-2
SAS (22%)	13 958	-5 494	Voksenåsen (100%)	21	5

b) EUROFIMA, INSTEX, Stiftelsen Industrifonden, Stiftelsen Norrlandsfonden and Sweden House are not consolidated.

Contents

Government's investment management

Foreword	2
Important events in 2021	4
Development in 2021	6
Value performance	8
Case studies	10
Multidimensional value creation	10
Digitalisation and innovation	12

Strategy and targets

Active ownership	15
Financial targets	20
Public policy assignments	22
Public policy targets	23
Tracking targets	25
Strategic targets for sustainable value creation	28
The 2030 Agenda	30
A future-oriented enterprise portfolio	32
Gender equality	34
Pay levels and terms of employment	35

Financial statements

Financial results in 2021	37
Dividends and appropriations	38
Divestments and dividends	39
Risk management	40

Enterprise overviews

State-owned enterprises A-Ö	44
Other enterprises and operations	88
Enterprises wound up or being wound up	89

Additional information

State ownership in modern times ..	92
Accounting principles	97
List of government bills	98
State Ownership Policy	101
Principles for corporate governance of state-owned enterprises	106
Principles for remuneration and other terms of employment for senior officers of state-owned enterprises	111
Principles for external reporting in state-owned enterprises	114
Enterprise reporting dates	117
Addresses	118
Definitions and abbreviations	120

Government's investment management



An enterprise portfolio for the future

The continuation of the COVID-19 pandemic characterised 2021, as also did economic recovery, supported by extensive vaccination and an expansionary economic policy.

For the state enterprise portfolio, 2021 was to be a successful year, with continued value creation resulting in record earnings. The enterprises also continued to drive the green transition and digital development, both in their organisations and in society.

Value increase and record earnings

State-owned enterprises represent huge worth, SEK 820 billion, and managing them well is a great and important responsibility. The sales of the state enterprise portfolio increased slightly in 2021, totalling SEK 447 billion, including associates.

Aggregate earnings were better than ever before, totalling more than SEK 100 billion for the first time. The better earnings are mainly explained by increased earnings in Vattenfall and Telia Company, which are partly a result of positive items affecting comparability in 2021 in contrast to negative such items in the previous year. Dividends for financial year 2021 total around SEK 50 billion, which is also a new record high.

A portfolio in change

As can be seen in this report, recent decades have seen great changes in the state enterprise portfolio. The composition of the portfolio has changed over – and in step with – time. However, what all the enterprises have in common is that they fulfil important functions in society, some for a transitional period and others for the foreseeable future. As a professional owner, the State therefore has to continually consider the different mandates and directions of the enterprises.

One change that took place during the year was that Vasallen completed its assignment and the State transferred the shares in the enterprise to Statens Bostadsomvandling. Vasallen was an innovative example of circularity in the portfolio, and over the past 20+ years the enterprise has transformed previous historic regiment areas into new vibrant urban neighbourhoods. Seen over time, the initiative has also been a financial success for the State.

After the end of the period there was another change in the portfolio when the Government decided to sell Metria to Sikri Holding.

“For the State as an active owner, it is important to future-proof the portfolio and ensure that state-owned enterprises are at the forefront of major societal trends.”



“State-owned enterprises continue to be leaders in the green transition, which promotes long-term sustainable value creation.”

A future-oriented portfolio

For the State, as an active owner, it is important to future-proof the portfolio and ensure that state-owned enterprises are at the forefront of major trends in society. Be it the green transition, digitalisation or other major trends that may challenge the enterprises' present business models.

In the past year two major reviews commissioned by the Government Offices have been carried out. One was a review of the digital maturity of the enterprises; in the other we arranged a cross-portfolio sustainability analysis. The results of these analyses will be followed up in close dialogue with the state-owned enterprises and may result in new requirements for governance and ways of working in the enterprises.

The green transition

State-owned enterprises continue to play a leading part in the green transition, which promotes long-term sustainable value creation. One tool for advancing work on these issues is the adoption of climate targets for their activities. It is good to see that this is an area that is developing very quickly. During the year a number of state-owned enterprises have raised their ambitions concerning their climate targets, and enterprises with targets approved by the Science Based Targets initiative now account for more than 90% of the portfolio's total direct and indirect emissions.

For example, Vattenfall has decided to sharpen its emission reduction targets for 2030 and thereafter in order to be able to reach zero emissions by 2040. Sharper targets for Vattenfall will have a very major impact on the whole portfolio's carbon dioxide emissions and are in line with the Government's objective to gradually reduce the climate impact of the enterprises.

Finally, during the year we have been able to present a world first in the portfolio, specifically the world's first fossil free steel through cooperation in the HYBRIT project. This will accelerate the green transition of the iron and steel industry.

New security situation

The period starting in 2022 will be associated with Russia's invasion of Ukraine and a change in the security situation, both in Sweden and internationally. Russia's actions have led to enormous human suffering, and Sweden backs the sanctions introduced by the EU. Sweden and the EU have also decided on extensive economic, humanitarian and military support for Ukraine.

At a time when the world was in the process of recovering from the pandemic, and a return to the new normal had commenced, much has been decked again. Looking ahead it will be important to try to handle all the challenges and negative impacts brought by the war, and that we do best together.

Finally I want to express my great thanks to everyone working in and with our state-owned enterprises. Your efforts are important in driving their development and creating value in the Swedish people's enterprise portfolio.



Karl-Petter Thorwaldsson
*Minister for Business, Industry and Innovation,
minister responsible for state-owned enterprises*

Important events in 2021

Vasallen's assignment completed

Vasallen was formed in 1997 with the assignment of transforming former defence facilities. Since its start, the enterprise has worked with around 1 300 000 sq.m. of non-residential floor area. Vasallen has largely sold the properties that it has owned and is no longer conducting any activities. The enterprise is, however, responsible for guarantee and liability periods that run for ten years from a final inspection with approval.

In October 2021 the shares in Vasallen were taken over by Statens Bostadsomvandling (Sbo). Sbo is to manage Vasallen efficiently and responsibly and then wind up its activities as soon as possible.

The world's first fossil-free steel ready for delivery



SSAB has now produced the world's first fossil-free steel using iron from LKAB and delivered it to a customer (Volvo). The test delivery is an important step on the path to a completely fossil-free value chain for iron and steel production and a milestone in the HYBRIT cooperation between SSAB, LKAB and Vattenfall. The picture shows the first vehicle of fossil-free steel.

Agreement on compensation for the phasing out of nuclear power in Germany

In Germany the Government and four large electricity producers, among them Vattenfall, entered into an agreement that halts all cases about compensation for the pre-

ture phasing out of nuclear power in the country. A corresponding law was adopted on 31 October and the compensation was paid in the fourth quarter. The agreement with the German State had an impact of SEK +12.5bn on Vattenfall's earnings.

Sweden named the world's most sustainable tourist destination



Through brand cooperation, marketing, knowledge sharing and collaborations, Visit Sweden is to increase demand for Sweden as a destination among travellers looking for sustainable alternatives, which creates value for the Swedish hospitality industry.

In 2021 Sweden took first place in a new global survey of which countries in the world are the most sustainable tourist destinations. The result was published at ITB, the world's largest travel trade show, in Berlin on 12 March. It is the international survey company Euromonitor International that has compared the sustainability of 99 countries in the areas of environment, social and economic sustainability, transport, accommodation, risks and demand for sustainable tourism.

Investments reached a record level

In Almi's venture capital operations, Almi Invest, investments increased, reaching their highest ever level of SEK 437m during the year. Investments have, for instance, been made in several innovative life science and technology companies.

Almi Invest's ability to assist the market by providing venture capital has increased thanks to the capital injection received by Almi during the pandemic, and along with private actors the enterprise has taken an active role in the early Swedish venture capital market. One example of new investments is Nanolyze, which is developing a new technology for studying nano particles in real time in a microscope, which is of benefit to the drug industry. Another is Suturion, which is developing a surgical suture machine.

Apoteket is building a new e-commerce warehouse

Apoteket is investing in the rapidly growing e-commerce and is planning to open a new highly modern warehouse and logistics centre in Eskilstuna. Starting its own e-commerce warehouse is a strategic decision and its purpose is to enable the enterprise to have full control of the e-commerce business so as to be able to develop it in the best way possible.

Teracom wins frequency permit wanted



The auctions in the 3.5 Ghz and 2.3 Ghz-bands were completed in early 2021 and the Swedish Post and Telecom Agency (PTS) announced that Teracom was the winner of all 80 Mhz available in the 2.3 Ghz spectrum. The objective of Teracom Samhällsnät's participation in the frequency auction was to get access to a 5G-adapted frequency resource that suits the enterprise's essential activities for society.

World's first space debris removal spacecraft



At present more than 100 million pieces of space debris are orbiting the Earth. A substantial part are defunct satellites and old rocket parts. There is a great need to clean up so as to reduce the risk of collisions. The world's first space debris removal spacecraft, ELSA-d, was sent up from Kazakhstan in March. The Swedish Space Corporation, SSC, provided support throughout the mission during all the critical manoeuvres with the aid of several ground stations. The ELSA-d-programme is being run by the Japanese company Astroscale. The purpose of the project was to test its technology for collecting space debris in a Near-Earth orbit.

Forests bill presented to the Riksdag

The Government adopted the Government Bill *Stronger ownership, flexible forms of protection and greater incentives for nature conservation in forests on a voluntary basis*, which was presented to the Riksdag on 10 November 2021. The Bill includes proposals for new land compensation and a new land sale programme from Sveaskog. The Riksdag said yes to the Government's proposals (Govt Bill 2021/22:58, Cmte Rep. 2021/22:MJU18, Riksdag Comm. 2021/22:207).

SEK ranked as one of the world's safest banks

Svensk Exportkredit (SEK), which finances Swedish exporters, their sub-suppliers and foreign customers, has been named the ninth safest bank in the world in 2021 by the US magazine Global Finance.

Global Finance lists the world's 50 safest banks each year. The ranking is produced by examining the 500 largest banks and comparing their aggregate assets and ratings from the credit rating institutions Moody's, Standard & Poor's and Fitch.

Construction start for SEEL's facility at Gateway Säve in Gothenburg



SEEL Swedish Electric Transport Laboratory is a testbed for research and development in electromobility, owned and run by Chalmers University of Technology and RISE in a joint company. In September construction started of the SEEL facility at Gateway Säve in Gothenburg. SEEL will be a unique facility in Europe, and here business will be able to cooperate with academia and institutes to accelerate the transition and make Sweden a leader in electromobility.

Important events after the end of the period

Sale of Metria

On 1 April 2022 the Government decided to sell Metria to Sikri Holding AS. Sikri Holding acquired 100% of the shares in Metria, and the purchase price for the shares was just over SEK 724m, corresponding to an EV/EBIT multiple of 19.3.

Metria was formed in 2011 when parts of METRIA, the contracts division of Lantmäteriet, the Swedish cadastral authority, were corporatised (Govt Bill 2010/11:53, Cmte

Rep. 2010/11:CU10, Riksdag Comm. 2010/11:188). Metria's direction and business concept are to supply products and services related to the collection, analysis, processing and application of geographical information and real property data.

In 2017 the Riksdag authorised the Government to sell part or all of the State's shares in Metria (Govt Bill 2016/17:181, Cmte Rep. 2016/17:NU24, Riksdag Comm. 2016/17:333).

In the sale process the Government Offices engaged financial, legal and an economic adviser for vendor due diligence following procurements. The process for the sale of the State's shares in Metria was conducted as a broad competitive auction process in which a number of potential industrial and financial buyers were given the opportunity to submit bids.

Development in 2021

Sales

Consolidated net sales for the portfolio of state-owned enterprises rose by 12.6% in 2021 year-on-year, to SEK 408.6bn (362.9bn). Net sales for the full year 2021, including associates, rose by 11.2% to SEK 447.2bn (402.0bn).^{a)}

Higher sales in Vattenfall and LKAB are the main reasons for the increase in total net sales. Vattenfall's net sales increased by 13% or SEK 21.3bn (including negative currency effects of SEK 4.2bn). The increase is mainly explained by higher electricity prices and a higher sales volume in the Nordic Region and in Germany. LKAB's sales increased by 44% or SEK 14.9bn due to higher prices for high-grade iron ore products, but these were countered to some extent by a lower USD exchange rate.

Vattenfall accounts for 44.1% (43.8%) of net sales in the portfolio of state-owned enterprises, and for 40.3% (39.5%) if sales in associates are included.

A number of enterprises decreased their sales, including SAS and Telia Company. Sales by SAS decreased by 32%. The pan-

demical continued to have a negative impact on the aviation industry, and the total number of passengers flying with SAS decreased by 39.9% compared with the preceding year.

Profit and dividends

Operating profit for the full year 2021 rose to SEK 125.3bn (44.5bn). This is mainly explained by higher operating profits for Vattenfall and LKAB. LKAB's operating profit increased by just over 130%, driven mainly by higher iron ore prices and reached the record level of SEK 26.9bn (11.7bn).

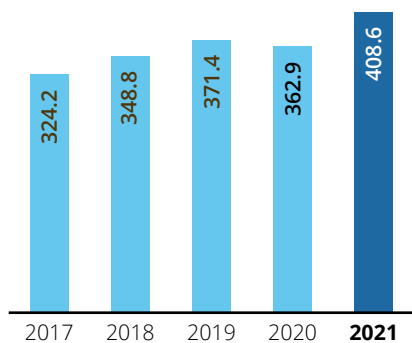
Profits after tax for the full year 2021 rose to SEK 101.1bn (28.7bn). The largest positive contributions to the consolidated profit after tax came from Vattenfall, LKAB, Akademiska Hus, Telia Company and Specialfastigheter. Vattenfall's profit increased by SEK 40.3bn in the period. The enterprise's underlying operating profit increased, but its profit was also affected in a positive direction by items affecting comparability of SEK 29.1bn (-10.5bn), the main part of which relates to compensation for the closure of nuclear power in Germany, changes in market values of energy derivatives and a capital gain from the sale of Stromnetz Berlin.

a) Includes net sales for associates based on the state share of equity. Enterprises in which the state ownership share is less than 20% are not included.

Net sales

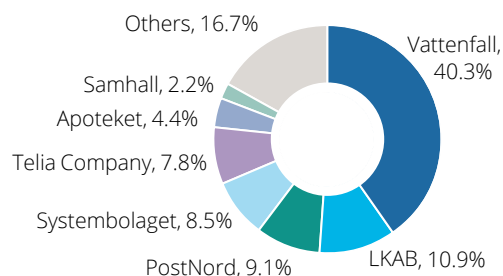
Excluding associates

SEK bn



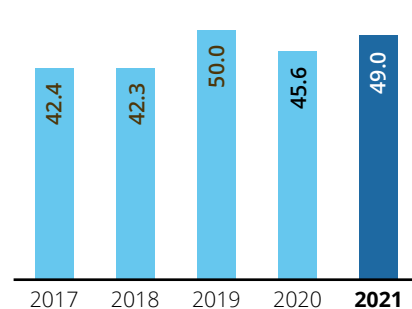
Distribution of sales

Including associates, Jan.-Dec. 2021



Gross investments

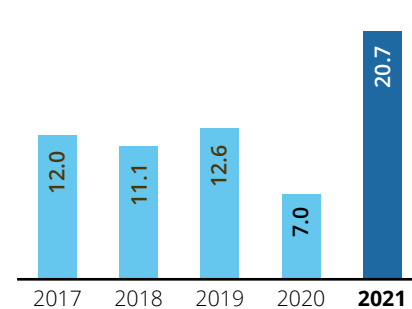
SEK bn



Gross investments increased by 7.4% to SEK 49.0bn (45.6bn). Vattenfall's gross investments, which accounted for just over half of total gross investments, increased by 20.2% to SEK 25.6bn (21.3bn).

Return on equity

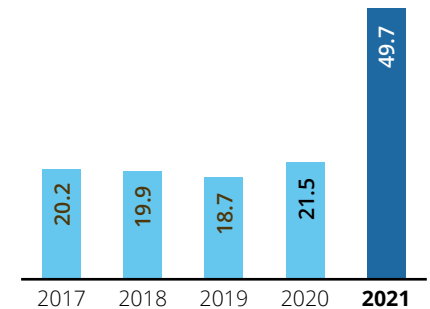
%



The return on equity was 20.7% (7.0%).

Dividends

SEK bn



State-owned enterprises make important contributions to central government finances. Dividends paid to the State for financial year 2021 totalled SEK 49.7 bn.

For financial year 2021 dividends from state-owned enterprises amounted to around SEK 49.7bn (21.5bn). The largest dividends come from Vattenfall, at SEK 23.4bn, and LKAB, at SEK 12.4bn.

Sustainable business

In this section all partly owned enterprises have been weighted to make it possible to, for instance, attribute the portfolio's emissions to the state holding, in line with international practice.

The total climate impact of the portfolio of state-owned enterprises, measured as tonnes of CO₂ equivalents (direct and indirect emissions, Scope 1-2) was around 11.6m (13.6m) and corresponded to a year-on-year decrease of 15.2%.^{b)} Vattenfall accounts for around 90% of emissions, and accounts in a group of four enterprises, along with LKAB, SAS and PostNord, for almost 99% of the portfolio's total climate impact.

b) Based on information reported to the Government Offices and excludes six enterprises where these statistics were not available.

c) A number of enterprises have been excluded since they did not have this information available. The increase is partly explained by the change in enterprise composition between these years; on a comparable basis the accident rate increased to 5.8 (4.4).

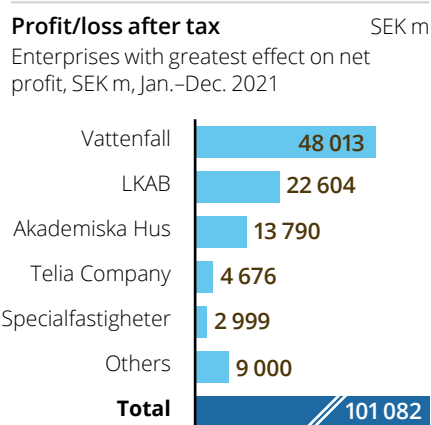
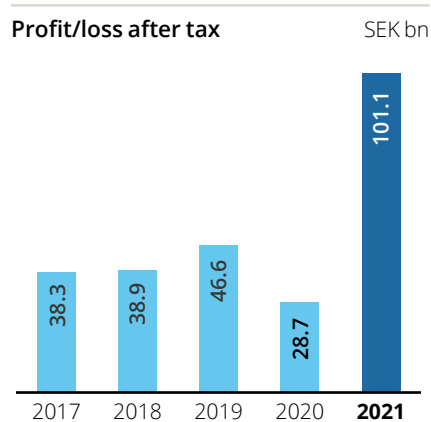
The accident rate at portfolio level, measured as the number of work-related accidents resulting in sickness absence divided by the number of million hours worked, including both employees and contractors, rose to 7.7 (4.4).^{c)} During the year there were 3 (2) work-related fatal accidents in the portfolio of state-owned enterprises, among employees and contractors.

Total pay and other remuneration to employees (excluding payroll overheads) amounted to SEK 57.5bn (56.0bn). Vattenfall and enterprises operating in labour-intensive industries, such as PostNord and Samhall, accounted for the largest wage payments.

Reported effective tax, total ^{d)}

SEK bn	2021	2020
Tax on reported profit/loss before tax (according to applicable rate of income tax)	-26.4	-4.6
Reported effective tax	-24.4	-13.5

d) The table presents both tax on "profit before tax" according to the applicable Swedish rate of income tax on 31 December of the relevant year, and the sum of effective tax reported among the enterprises. A tax expense is stated with a negative sign and tax revenue is stated with a positive sign. The presentation covers the enterprises' total tax expenses, irrespective of the state holding.



State-owned enterprises, total ^{e), f)}

SEK bn	2021	2020	2019	2018	2017
Net sales (incl. any appropriation)	408.6	362.9	371.4	348.8	324.2
Net sales incl. associates (incl. any appropriation)	447.2	402.0	411.4	380.7	354.6
Profit before changes in value	108.7	30.8	54.5	43.7	47.8
Changes in value	16.6	13.8	5.6	5.0	5.9
Operating profit (EBIT)	125.3	44.5	60.1	49.1	53.7
Profit before tax	124.8	41.7	56.6	44.9	47.6
Profit after tax	101.1	28.7	46.6	38.9	38.3
Gross investments	49.0	45.6	50.0	42.3	42.4
Cash flow from operating activities (excl. SEK and SBAB)	143.2	68.9	45.2	65.7	51.3
Total equity	571.6	429.7	383.0	361.3	342.3
Total assets	2 246.2	1 824.6	1 703.3	1 637.0	1 497.1
Number of employees excl. associates (thousands)	107	106	108	109	109
Number of employees incl. associates (thousands)	134	135	140	134	130
Dividend	49.7	21.5	18.7	19.9	20.2
Estimated value ^{g)}	820	700	640	630	570
Return on equity (%)	20.7	7.0	12.6	11.1	12.0
Equity/assets ratio (%)	25.4	23.5	22.5	22.1	22.9
Dividend yield (%)	6.1	3.1	2.9	3.2	3.6

e) In October 2021 Statens Bostadsomvandling took over the shares in Vasallen. In the above summary Vasallen is counted as a separate enterprise in all years.

f) SAS is included in consolidated profit/loss since 2020 (for the first time after 2014) since the State's share of equity is now above 20%. The comparative figures for 2019 have been adjusted in accordance with this, but comparative figures for previous periods have not.

g) Estimated value of the enterprise portfolio adjusted for transactions.

Strong development for the state enterprise portfolio

The portfolio of state-owned enterprises consists of enterprises in the sectors of basic industry/energy, telecom, services, property, finance, consumer goods, infrastructure and transport. Basic industry/energy is the dominant sector, with about 54% of the value of the portfolio, followed by the three sectors of property, finance and services.

A valuation of the enterprises and the portfolio as a whole is conducted annually, and value performance is presented here from a one-year and a five-year perspective. This valuation is made at the end of each year and is intended to establish a market value for the companies and the portfolio as a whole.

Around half of the enterprises are valued on the basis of both the income approach (present value calculation of future risk-adjusted cash flows) and the market approach (relative valuation based on value multiples for comparable listed companies, adjusted for differences in value drivers and risk), with each method calibrated against the other. Property enterprises and Sveaskog are valued at net asset value and listed companies at market value. Other enterprises are valued at the book value of equity.

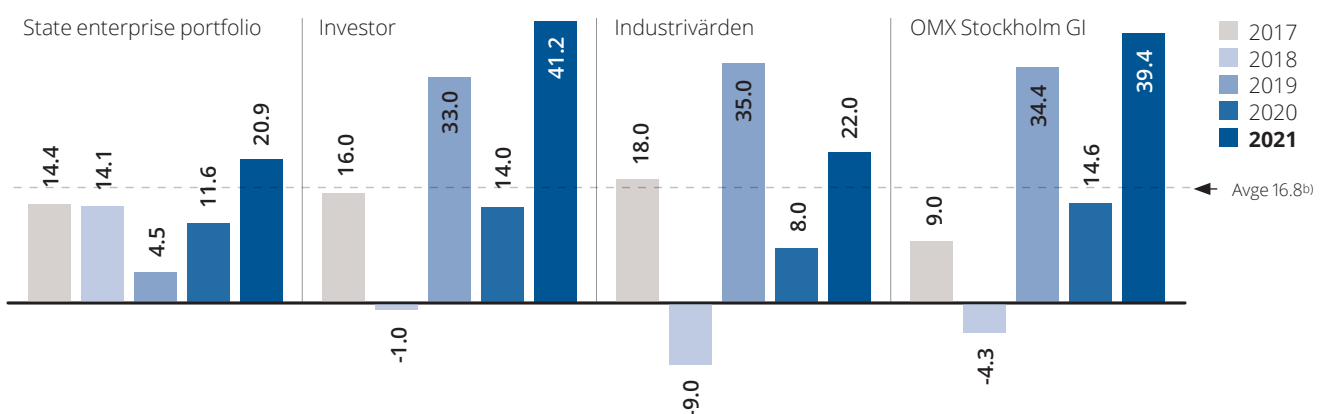
As a whole, the stock exchange showed unexpectedly strong growth in 2021, supported by factors including a continued expansionary monetary policy, state support measures and a successful vaccination programme. In addition, relatively good profit growth was also noted among listed companies in general. The state enterprise portfolio also displayed strong value performance in 2021, despite the continued impact of the pandemic on some portfolio enterprises, including SJ, SAS and Swedavia, which have all been hit hard by revenue loss.

Value performance 2017 to 2021

At year-end 2021, the value of the state enterprise portfolio was estimated at SEK 820bn. Adjusted for executed transactions, this is an increase of about SEK 250bn, or 43%, since 2017, when the portfolio was valued at around SEK 570bn. By comparison, the value of Nasdaq Stockholm rose during the same period by about 82%, driven not least by strong growth of +35% in 2021. Since the sector composition of the state portfolio differs from the total composition of Nasdaq Stockholm, their performance is, however, not fully comparable with regard to aspects including risk exposure. Several state-owned enterprises with relatively substantial values have specifically adopted public policy assignments, partly aimed at objectives other than financial returns, and this is another reason why a direct comparison with Nasdaq Stockholm is misleading to some extent.

The value increase of the portfolio, adjusted for transactions executed in the period, of SEK 250bn is mainly explained by the value performance in the basic industry/energy sector, which includes Vattenfall, LKAB and Sveaskog. Since 2017 holdings in the basic industry/energy sector have increased in value from about SEK 240bn to approx. SEK 445bn. As a result of this sector's value performance, its share of the total state enterprise portfolio has increased gradually from 42% in 2017 to just under 54% of the value at year-end 2021.

Total yield ^{a)}, %



Source: FactSet and website of each enterprise.

- a) Total yield reflects annual value performance including dividends executed. The outcome for the state enterprise portfolio has been adjusted for capital contributions made. The total yield given for Investor and Industrivärden and for the state enterprise portfolio refers to the performance of each portfolio.
- b) The average refers to the mean of all observations during the period.

The telecom sector has had negative performance since 2017, given the weak performance of the share price for Telia Company, not least in 2020.

The main sectors in the state enterprise portfolio that have performed well, in addition to basic industry/energy, since 2017 are property, finance and transport. In the property sector the increase is mainly due to good growth, in general, in the property sector and new construction in Akademiska Hus. In the finance sector, SBAB has, for instance, performed well, and in the transport sector good performance by PostNord, in particular, contributes to the value increase since 2017.

Value performance in 2021

In 2021 the value of the state enterprise portfolio rose by around SEK 120bn, or just under 17%, year-on-year. By comparison, Nasdaq Stockholm rose by around 35%. Dividends to the State in 2021 (for financial year 2020) amounted to SEK 21.5bn. Overall, the state enterprise portfolio therefore generated a total yield of just over 20% in 2021 compared with 12% in 2020. Historical total yields for the state portfolio and for Investor, Industrivärden and OMX Stockholm GI (Growth Index) are shown in the figure on page 8.

The basic industry/energy sector accounted for the greatest value change in the state enterprise portfolio in the past year. Along with the property, services and finance sectors, which also performed well in 2021, the aggregate increase in value of these sectors is just under SEK 110bn.

Holdings in the basic industry/energy sector were valued at year-end 2021 at around SEK 445bn, an increase of around SEK 75bn, or 21%, year-on-year. The increase in estimated value is mainly due to higher valuations of Vattenfall and LKAB, which both showed relatively strong underlying performance during the year.

The value of the property sector was assessed at around SEK 104bn at year-end 2021, an increase of around SEK 18bn, or 21%. The value growth is mainly attributable to Akademiska Hus, even though both Specialfastigheter and Jernhusen displayed good value increases, not least in percentage terms.

At the end of 2021 the value of the services sector was around SEK 60bn, which is an increase of around SEK 8bn, or 15%, compared with the previous year. In addition to the strong value performance of Svenska Spel, good performance for enterprises including Lernia and Bilprovningen contributed to a good performance for the sector.

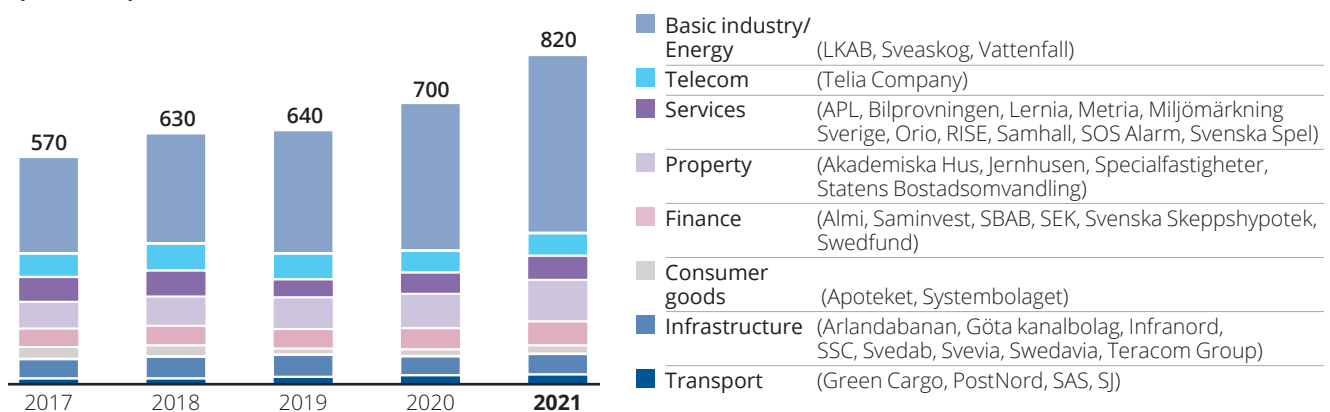
The value of the rest of the state enterprise portfolio was estimated at around SEK 215bn at the end of 2021, which is an increase of SEK 22bn. All sectors contributed to this positive performance with good value performance in e.g. PostNord, SBAB and Svedab. A negative value performance was noted for a couple of companies in the transport and infrastructure sectors, where SAS, SJ and Swedavia were still burdened by pandemic effects.

Share price performance of listed holdings

In 2021 the value of the holding in Telia Company increased by 4.3%, while the value of the holding in SAS decreased by just over 30%. The negative performance for SAS was in line with the sector as a whole, with relatively large declines for several listed airlines, mainly in the second half of 2021, driven by the development of the pandemic and rising fuel prices. Overall, the value of listed holdings increased by 2.5% or SEK 1.5bn.

Value performance 2017–2021, SEK bn

By sector (adjusted for transactions)^{c, d)}



Source: Ministry of Enterprise and Innovation.

c) In addition to the reported sectors, the "Other" sector (Dramaten, Operan and Visit Sweden) is included at an aggregate value of under SEK 1bn.

d) Since the start of 2017 Saminvest is the parent of the previously wholly state-owned enterprises Inlandsinnovation and Fouriertransform.

Multidimensional value creation

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

With value creation as the overall objective of investment management, sustainable business is a central element of the corporate governance exercised by the Government. State-owned enterprises are to be leaders in the green transition and act in an exemplary way in other respects in the area of sus-

tainable business, which includes strategic and transparent work focusing on cooperation. When companies establish sustainable strategies, they sharpen their competitiveness, which is essential for their continued success.

Research project to reduce unnecessary air in packages

POSTNORD In 2021 PostNord and Chalmers University of Technology started a new research project, the Packaging Trip [*Förpackningsresan*], with a clear objective of reducing the empty spaces in the packages delivered by PostNord. The packaging actor DS Smith and several e-commerce actors are participating in the project.

Packages in e-commerce are estimated to contain around 30% unnecessary air, so with the growth of e-commerce more and more air is being transported. This has effects on distributors' transport and agents' shelf-space, and results in a negative climate impact.

The research project is expected to run for two years and is being funded by the Swedish Retail and Wholesale Council. Its purpose is to examine the optimal packaging for the industry and the environment and what measures lead to the biggest climate effects.



New direction for sustainable forestry

SVEASKOG In 2021 Sveaskog presented its long-term direction with the ambition of spearheading the common EU strategy for biodiversity etc. in Sweden. The purpose of its new direction is to combine continued high and secure timber deliveries with large-scale action for biodiversity, and to make vigorous contributions to reaching the Swedish environmental targets, the Paris Agreement and the EU biodiversity targets.

Sveaskog has decided to take a number of measures in the coming five-year period in three parts of the forest landscape: cultivated

forests, water in forests and nature conservation forests.

"Sveaskog's programme for sustainable forestry that was launched in 2021 means that we have to balance interests such as biodiversity, reindeer husbandry and outdoor recreation with a forestry that contributes in the long term to development, employment and the green transition. As Europe's largest forest owner we have a great responsibility and a fantastic opportunity to reduce our impact on the climate while strengthening Sweden as a leader in the green transition," says Erik Brandsma, CEO of Sveaskog.



First appearance of new prize-winning X2000

SJ As part of SJ's expanded climate-aware strategy, 2021 saw the first appearance of SJ's new X2000, which is a modern, but recycled and re-used train. Its total renovation gives the train a longer life with a minimal environmental foot-

print, and the enterprise saved more than 5 000 tonnes of stainless steel by re-using the whole of the body of the old train. In addition to the project being smart in climate terms, the total cost of renovating existing trains is signif-

icantly lower than the cost of buying new high-speed trains.

X2000 has new technical systems that lead to a more reliable rail journey, which enables a higher degree of predictable maintenance and is expected to result in lower maintenance costs and fewer disturbances. In addition to digitalisation, the interior of the trains has been updated, seating comfort has been improved and a new 5G-based Wi-Fi guarantees secure connectivity. In 2020 the X2000 also won a Red Dot Design Award in the "Best of the best" category, which is the first time a whole train has been given that design award.

In 2021 two full trains were finished and in operation, and the final one is expected to be completed in 2026, resulting in a total of 37 new full trains. A further economic advantage is that the 37 trains have about 15% more seats than before conversion.

Sharper climate targets and higher ambitions

AKADEMISKA HUS AND OTHER SOEs During the year numerous state-owned enterprises have adopted climate targets for the first time or raised their ambitions concerning climate targets already adopted. For instance, Akademiska Hus has adopted a new climate target and a new climate and energy strategy to move up a gear and specify its contribution in the transition to a climate-effective society. The new target means that the enterprise will gradually reduce its climate impact from the whole of its value chain to reach climate neutrality in 2035.

During the year Svensk Exportkredit (SEK) and the Swedish Export Credits Guarantee Board (EKN) decided to set up a scientific climate council. The Climate Council will provide advice to support SEK and EKN in their work on



adapting the Swedish system of export finance to bring it into line with the 1.5°C goal of the Paris Agreement. The Scientific Climate Council is the first of its kind in the world, and one example of an issue that it may consider is the role of natural gas in the energy transition in low- and middle-income countries.

Last year Apoteket joined the Science Based Targets initiative, and on doing so it set up the overall objective of drastically reducing

emissions in line with the Paris Agreement. This objective means that the enterprise will, for instance, halve its emissions of greenhouse gases by 2030 and reduce its emissions to net zero by 2045.

Another example is that Vattenfall has decided to sharpen its new emission reduction target for 2030 and thereafter so as to be able to reach zero net emissions by 2040. Read more about Vattenfall's new ambitions on page 85.

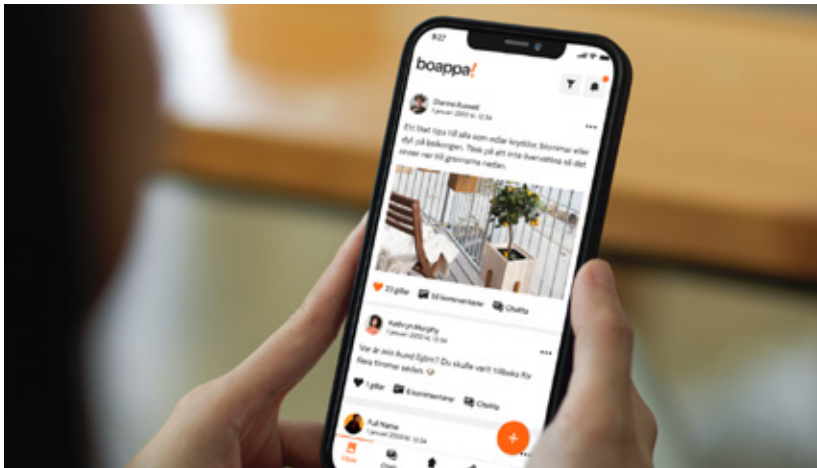
Digitalisation and innovation in the state enterprise portfolio

State-owned enterprises have to make active use of the possibilities of digitalisation in their value creation and to keep a close check on the new risks that arise.

As an owner, the State has clearly expressed its expectation that state-owned enterprises will make active use of the possibilities of digitalisation in their value creation, and keep a close check on the new risks that arise. The enterprises have been encouraged to raise the issue of digitalisation on their board agendas, to set aside time to discuss what digitalisation means and to take the measures required to secure their long-term competitiveness.

The investment management organisation has created scope for discussing digitalisation during owner dialogues and has also held various network meetings between the enterprises on the theme of digitalisation in order to inspire and encourage exchanges of knowledge between state-owned enterprises.

In 2019 a CIO network was formed for state-owned enterprises. Specialfastigheter and Svenska Rymdbolaget, SSC, have each hosted a network meeting in 2021.



SBAB acquired the Boappa housing app

SBAB In May 2021 SBAB acquired the Boappa housing app. Boappa is growing strongly and is Sweden's largest communication platform for housing cooperative

associations, joint property associations and new production projects. With Boappa, SBAB is continuing to implement its strategy and develop an ecosystem of housing

services, services that contribute to better housing and housing finances. Boappa brings all the information and practical functionality together in one place: communication with and between members; a website; a booking system for common facilities; and a market place for home-centred services.

Boappa was founded in 2015 and when it was acquired the number of affiliated housing cooperative associations was around 2 000 and the number of users around 50 000. Initially SBAB acquired 58% of the shares with the intention of acquiring the remaining 42% in a later phase. Boappa will be a subsidiary of SBAB and a fellow subsidiary of Booli.

Cyber Range – testbed for cyber security

RISE On 2 June 2021 Sweden's first test and demonstration environment for cyber security, RISE Cyber Range in Kista, was inaugurated by the then Minister for Business, Industry and Innovation Ibrahim Baylan, Vinnova's Director-General Darja Isaksson and RISE's CEO Pia Sandvik. Cyber Range is a testbed where compa-

nies can build a controlled virtual training environment, and are offered tools and assistance to create stable and secure IT systems.

Many both large and small companies do not have resources or their own infrastructure to be able to test their security system.

At Cyber Range organisations can simulate new parts of a system to see whether they are building it the right way and to identify any weaknesses. Its main purpose is to test technical systems, but it is just as important to ensure that procedures linked to cyber security function optimally.



Telia Company and Friends launch Mobile Driving Licence

TELIA COMPANY In present-day society both adults and children get connected more than ever before. A connected mobile device brings a world of opportunities, but also has drawbacks. According to a SIFO survey, nine out of ten Swedish parents are concerned about the drawbacks of the internet and about their children coming to harm.

Telia Company and Friends have therefore made new efforts in the

fight for a secure life online and launched the Mobile Driving Licence. The initiative was launched in April 2021 and is an enjoyable and educational test of knowledge primarily adapted to children aged 6–9, but instructive for the whole family. The game is also a smart, conversation opener for parents to make it easier for them to put their children on the right track on Telia's internet service.

Leja simplifies jobseeking

LERNIA Leja stands for Lernia JobAutomation and is a matching robot that makes the jobseeking process more effective for both jobseekers and handling officers. Leja uses advanced technology to match the applicant's CV against the thousands of job vacancies in the Public Employment Service's job vacancies database.

The Leja service is based on an AI solution for more effective matching of jobseekers in Lernia's Equip and Match segment with vacant posts. Equip and Match [*Rusta och matcha*] is a service for jobseekers who need extra support and help in finding a job or training, covering everything from drafting a CV to personal development.

The robot was developed in 2021 in cooperation with the AI company Layke Analytics, and was then launched in early 2022.

LKAB developing new mining method

LKAB When mining is conducted at ever greater depths, rock stresses also increase. A more complex geometry, in combination with rock mechanical challenges, requires new, sustainable and innovative solutions for the interconnected mine of the future. This is why a completely new mining method has been developed – raise caving^{a)}. It is a major and pioneering step on the path to a safer and more efficient mine.

Both the method and machine concepts, which are a key part of the mining method, have been developed by LKAB in close coop-

eration with Montanuniversität Leoben in Austria. Large-scale tests will already be conducted in the Kiruna Mine in 2022.

“Our prospecting results are unbelievably positive and open the doors to mining under our present main levels and far into the future, beyond 2060. But they also require new technology, solutions and methods that are adapted to new conditions,” says Matthias Wimmer, Section Head at the Mining Engineering Division of LKAB in Kiruna.



a) Raise caving, unlike sub-level caving, is a method that enables ore to be mined from below instead of top-down. Alongside the development of raise caving, LKAB has worked on machine developing. This involves a highly automated machine that has the ability to both drill and load from the shaft.

Strategy and targets



Active ownership

The Government has a mandate from the Riksdag to actively manage state-owned enterprises so as to ensure the best possible long-term value performance and to ensure that specifically adopted public policy assignments are performed well. Good corporate governance is essential to enable the Government to perform this mandate.

At the end of 2021 the portfolio of state-owned enterprises consisted of 38 wholly owned and 7 partly owned enterprises with a total value of around SEK 820bn. Together, state-owned enterprises and their subsidiaries employ around 107 000 people, and around 134 000 when associates are also included. Of the state-owned enterprises, 22 have been given a specifically adopted public policy assignment by the Riksdag, meaning that they generate public benefit that cannot always be measured in financial terms.

State-owned enterprises represent strong brands and play an important role in Swedish society. Several started out as public enterprises, commercial operations within government agencies or state monopolies. Today, most of them operate in fully competitive markets, so it is important that, like privately owned companies, they take a long-term approach, are efficient and profitable, and are given the capacity to develop. This also means that state-owned enterprises must apply the provisions of the Swedish Competition Act (2008:579) in the same way as privately owned companies.

The Government is required to actively manage the State's assets in the form of shares in state-owned enterprises so as to maximise their value performance and return while maintaining balanced risk-taking and ensuring that specifically

adopted public policy assignments are performed well. It is important that the State is an active, professional owner with a focus on long-term and sustainable value creation.

As an active and professional owner, the State has to examine the reasons for continued state ownership and also to review the various assignments and directions of the enterprises. The direction of operations and public policy assignments of many of the enterprises justify the State continuing to be a significant owner.

Government's corporate governance
Corporate governance by the Government builds on the Swedish model of corporate governance. This means that, in terms of company law, state-owned enterprises are governed in the same way as privately owned companies with the general meeting of shareholders as their highest decision-making body. This also means that the board of directors is responsible for the enterprise's organisation and the management of its affairs and that the board is responsible for adopting business targets and strategy, while the enterprise's executive management handles the management of its operations. In principle, state-owned enterprises are subject to the same laws and regulations as privately owned companies. See the table below.

Framework for state-owned enterprises

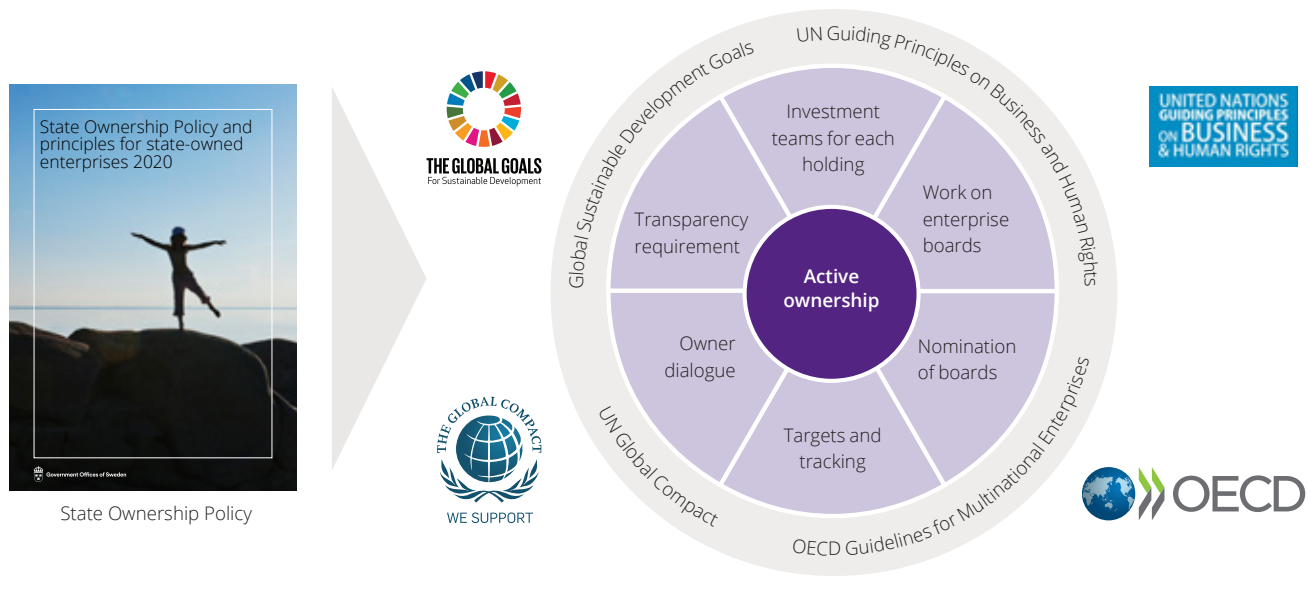
Like privately owned companies, state-owned enterprises are primarily governed by the Swedish Companies Act. Corporate governance differs significantly from the governance of government agencies.

	Legal framework	Operations and assignments	Highest decision-making body
State-owned enterprises	<ul style="list-style-type: none"> Swedish Companies Act State Ownership Policy Rules for issuers ^{a)} Swedish Corporate Governance Code 	<ul style="list-style-type: none"> Operations paragraph of articles of association Owner instruction ^{b)} 	Annual General Meeting (AGM)
Listed companies	<ul style="list-style-type: none"> Swedish Companies Act Rules for issuers Swedish Corporate Governance Code 	<ul style="list-style-type: none"> Operations paragraph of articles of association 	Annual General Meeting (AGM)
Government agencies	<ul style="list-style-type: none"> Government Agencies Ordinance Ordinances containing instructions for specific agencies 	<ul style="list-style-type: none"> Appropriation directions Separate government decisions on assignments 	Agency head/board or governing board

a) Applies to external reporting.

b) Mainly used for enterprises that have specifically adopted public policy assignments.

Active ownership Active ownership within the framework of State Ownership Policy



State Ownership Policy

The State Ownership Policy sets out the Government’s mandates and objectives, applicable frameworks and important issues of principle relating to the corporate governance of state-owned enterprises. The State Ownership Policy from 2020 includes the Government’s principles for corporate governance, principles for remuneration and other terms of employment for senior officers and principles for external reporting. The State Ownership Policy is applied in all enterprises with majority state ownership. In the other enterprises, i.e. those with minority state ownership, the State engages in a dialogue with the other owners to ensure that the ownership policy is applied.

OECD Guidelines on Corporate Governance of State-Owned Enterprises

The Swedish Government’s management principles mainly follow the OECD Guidelines on Corporate Governance of and Anti-Corruption and Integrity in State-Owned Enterprises.

The OECD Guidelines on Corporate Governance of State-Owned Enterprises give the State as the owner and the state-owned enterprises a predictable framework to consider, and mean that the ownership role of the State is clearly segregated from its other roles. Sweden participated in the drafting of both the original guidelines from 2005 and the revised guidelines from 2015. The Guidelines are recommendations made to governments to ensure that state-owned enterprises operate efficiently, transparently and in an accountable manner. They are an international standard intended to avoid the State making the mistakes of being a passive owner or of intervening excessively as an owner.

Investment management organisation

The Minister for Business, Industry and Innovation is responsible for a unified ownership policy for state-owned enterprises and is the minister responsible for most of the enterprises (see the administrative responsibility of various ministries and the ministers responsible for enterprises in the table on page 18). The Ministry of Enterprise and Innovation

has a specific organisation specialised in corporate governance and investment management to ensure long-term value creation in the portfolio of state-owned enterprises. The investment management organisation consists of investment directors and of experts in company analysis, sustainable business, business law and board recruitment; the investment directors each serve on a number of enterprise boards and lead the ongoing work of the organisation related to the holdings, which is organised in investment teams.

The work of the investment management organisation is conducted within the framework of the state model of corporate governance, and a number of tools and processes have been developed to achieve active and professional management. These processes are described in greater detail below.

Active ownership



Investment teams for each holding

Work on developing and managing enterprise holdings is mainly carried out on the basis of investment teams. Each investment team is led by the investment director and also contains specialists in analysis, business law, board recruitment and sustainable business, each of whom may lead individual projects as part of the investment team. The size and composition of these teams varies, based on the size, complexity or agenda for change of the various enterprises. This composition helps to ensure that each team has good insight into the market and their enterprise’s business environment, as well as an understanding of the challenges and risks facing the enterprise, enabling the investment management organisation to contribute to positive value performance by the enterprise. The investment teams analyse their enterprises’ operations, markets, competitors and sustainable business work, which helps to ensure value creation in state holdings through active investment management. The investment teams handle all ongoing ownership issues concerning the enterprises in their investment management, such as analyses of markets and strategy; board changes; the adoption of financial targets, public policy targets and dividend policies; and target achievement.



Work on enterprise boards

Investment directors have the same responsibility and tasks as other board directors and must, under the Swedish Companies Act, look to the best interests of their enterprise. Board service gives investment directors in-depth knowledge of their enterprise, the markets in which it operates and the important issues and challenges it is facing. The expertise of investment directors contributes to the knowledge that the investment teams have of their enterprises, which facilitates the preparation and planning of analyses and owner dialogues at the Government Offices, for example. Investment directors have the same mandate as other directors, and the formal dialogue between owner and enterprise takes place through owner dialogues between the political leadership and the chair of the board. In the role of board director, investment directors can contribute knowledge of corporate governance issues and the State Ownership Policy, as well as of what various processes in the Government Offices are like, in addition to the general skills for board service. However, each director is responsible for being aware of the content of the State Ownership Policy.



Nomination of boards

The board of directors is responsible for the organisation of their enterprise and the management of its affairs; this means that the board is responsible for setting the enterprise's overall strategy, including strategic targets for sustainable value creation, and takes other important strategic decisions. The boards of state-owned enterprises have to possess a high level of expertise well geared to the operations, situation and future challenges of their particular enterprise. Uniform and common principles for a structured board nomination process are applied to ensure effective provision of expertise to the enterprises' boards of directors. Read more about the board nomination process on page 19. The chair holds a special status on the board. The chair is responsible for ensuring that the work of the board is well organised and efficient, but also has other tasks such as coordinating the views of the board with those of the owner when the enterprise is facing particularly important decisions. The chair is responsible for maintaining ongoing dialogue with the enterprise's owner.

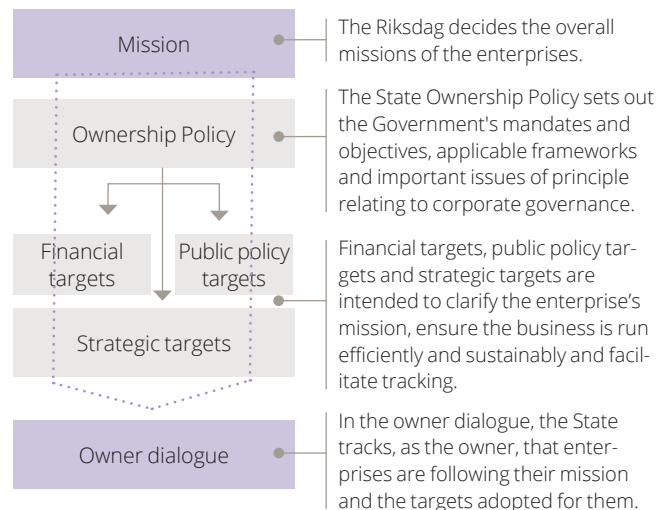


Targets and tracking

Targets and tracking are important instruments for the State as an enterprise owner, see the figure on the right. The development of the enterprises can be measured since their performance is tracked regularly against the targets set. If an enterprise does not meet its targets, the owner can request an action plan from the enterprise. Financial targets and public policy targets are adopted by a general meeting. Financial targets make it possible to measure and track the enterprise's profitability, efficiency and level of risk. Public policy targets are set for enterprises that have specifically adopted public policy assignments, chiefly to be able to assess how well their assignments are being performed.

In order to clearly integrate sustainable business into the enterprise's business strategy and business development, the owner has instructed enterprise boards to establish strategic targets for sustainable value creation. All targets are tracked within the framework of the owner dialogue.

Targets and tracking, Decision-making mandate



Owner dialogue

The Ministry of Enterprise and Innovation has administrative responsibility for the majority of the state-owned enterprises. Other ministries with administrative responsibility are the Ministry of Finance, the Ministry of Culture, the Ministry of Health and Social Affairs and the Ministry for Foreign Affairs, see the table on page 18. The political leadership of the ministries responsible meet regularly with the board chairs and management of their state-owned enterprises at what are called 'owner dialogues'. Public policy targets and financial targets are tracked at the owner dialogue. Outcomes in relation to the targets are discussed, as is any action planned to meet the targets. The strategic targets for sustainable value creation set by the board are also tracked. Current issues of significance for the operations of the enterprise are also discussed at the owner dialogue.



Transparency requirement

External reporting by state-owned enterprises – comprising their annual report, interim reports, corporate governance report, sustainability report and remuneration report – has to be as transparent as in public limited companies whose shares are admitted to trading on a regulated market in Sweden. The requirement for transparent and professional communication of information by state-owned enterprises is intended to maintain confidence in these enterprises among the public and the business community. The purpose of active management of the various enterprise holdings is to maintain good insight over the long term into the enterprises' operations and to handle various ownership issues on an ongoing basis.



International guidelines

The State Ownership Policy requires state-owned enterprises to act responsibly and work actively to follow international guidelines regarding environmental considerations, human rights, working conditions, anti-corruption and business ethics. The Government has identified a number of international principles and guidelines of importance for state-owned enterprises: the Ten Principles of the UN Global Compact, the UN's Guiding Principles on Business and Human Rights and the OECD's Guidelines for Multinational Enterprises. In addition, state-owned enterprises have to analyse, within the scope of their operations,

Responsible ministries

Minister responsible for the enterprise in brackets unless otherwise stated.

Ministry of Enterprise and Innovation

(Thorwaldsson)

- Akademiska Hus^{a)}
- Almi
- Apoteket
- Arlandabanan Infrastructure^{b)}
- Bilprovningen
- EUROFIMA^{b)}
- Green Cargo
- Göta kanalbolag
- Infranord
- Jernhusen^{c)}
- Lernia
- LKAB
- Orio
- PostNord
- RISE, Research Institutes of Sweden
- Samhall
- Saminvest
- SAS

• SBAB

- SEK, Svensk Exportkredit
- SJ
- SOS Alarm
- Specialfastigheter^{c)}
- SSC, Swedish Space Corporation
- Statens Bostadsomvandling ^{c)}
- Stiftelsen Industrifonden
- Stiftelsen Norrlandsfonden
- Sveaskog
- Svedab^{b)}
- Svenska Skeppshypotek
- Svenska Spel
- Svevia
- Swedavia
- Swedfund International
- Telia Company
- Teracom Group
- Vattenfall
- Visit Sweden

Ministry of Finance

(Elger)

- Miljömärkning Sverige

Ministry of Culture

(Gustafsdotter)

- Dramaten
- Operan
- Voksenåsen

Ministry of Health and Social Affairs

(Hallengren)

- APL, Apotek Produktion & Laboratorier
- Systembolaget

Ministry for Foreign Affairs

(Linde)

- INSTEX
- Sweden House

- a) The Minister responsible is Ekström, Ministry of Education and Research.
 b) The Minister responsible is Eneroth, Ministry of Infrastructure.
 c) The Minister responsible is Elger, Ministry of Finance.

the Global Goals of the 2030 Agenda so as to identify the Goals that the particular enterprise affects and contributes to through its operations.

Expenses

In 2021 the cost of the investment management organisation at the Ministry of Enterprise and Innovation was SEK 41.7m (40.1m), corresponding to 0.01% of assets under management. Fees for services purchased externally, such as financial, economic and legal advice and preparation of the annual report and the Government Offices' interim reports for state-owned enterprises, totalled SEK 14.6m (25.9m). The costs of the investment management organisation mainly consist of salaries, but also include other current expenses such as office supplies. Costs for investment management in other ministries are not included, since these mainly consist of salaries that are also attributable to the other tasks within these ministries.

Authorisations to change state ownership

In 2021 the Riksdag decided to withdraw its authorisation to the Government to reduce the state holding of votes and shares in Telia Company to at least 37.3% of the shares and votes in the enterprise, in accordance with the Government's proposal (Govt Bill 2020/21:99, Cmte Rep. 2020/21:FiU21, Riksdag Comm. 2020/21:385).

In June 2017 the Riksdag authorised the Government to sell all or part of the State's shares in Metria (Govt Bill 2016/17:181, Cmte Rep. 2016/17:NU24, Riksdag Comm. 2016/17:333). After the end of the period reported the Government has decided to sell Metria to Sikri Holding. There are four other current authorisations to change state ownership, see the table below.

Authorisations to change state ownership

Enterprise	Current holding, %	Authorisation to change holding to, %	Decision
Bilprovningen	100	0	Govt Bill 2009/10:54, Cmte Rep. 2009/10:NU10, Riksdag Comm. 2009/10:162
Lernia	100	0	Govt Bill 2012/13:1, Cmte Rep. 2012/13:NU1, Riksdag Comm. 2012/13:103
Orio	100	0	Govt Bill 2012/13:99, Cmte Rep. 2012/13:FiU21, Riksdag Comm. 2012/13:287
SAS	21.8	0	Govt Bill 2009/10:121, Cmte Rep. 2009/10:FiU35, Riksdag Comm. 2009/10:220

Board nomination process

The investment management organisation at the Ministry of Enterprise and Innovation has its own board search advisers whose task includes evaluating the boards of state-owned enterprises and producing proposals for chairs and other directors.^{a)}

The board nomination process is conducted annually and begins after the summer, when existing boards have been in office since the AGMs in April and have often had their first strategy meetings. Along with a working group that includes representatives of the investment team for each enterprise, the board search advisers analyse the competence needed based on the composition of the present board and board changes made. This analysis is based on the board evaluations, i.e. the owner's evaluation and the board's evaluation, discussions with the chair of each enterprise and the investment teams' analyses, such as the sustainability analysis.

Understanding the strategic and operational challenges the enterprise is facing is an important aspect of the process, and to get a better picture of this a discussion is often held with the CEO as well. The board must have the right blend of competence, experience and background to be capable of managing the enterprise's affairs effectively and with integrity. This means that every director must have the time and engagement required for the assignment, as well as strong integrity and the ability to look to the best interests of the enterprise.

Based on the competence needed for each board, specifications of qualifications for the directors and chairs to be recruited are decided and the board search advisers begin the search. The selection of directors is made from a broad recruitment base so as to make use of the competence of women and men, as well as of individuals with different backgrounds and experience. Bringing in directors from a range of backgrounds is intended to give the board a wider range of competence and better dynamics, so that diversity will reduce group-thinking.

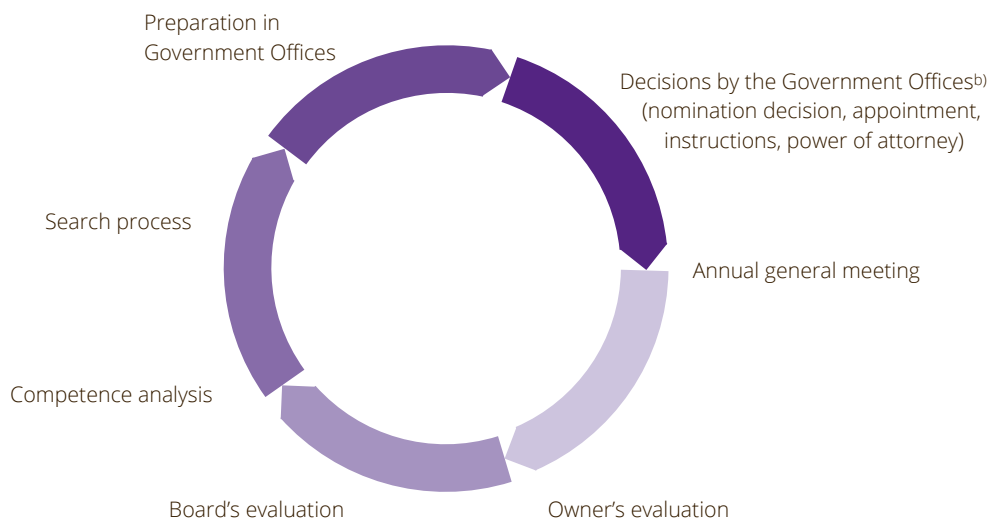
The gathering of political support, i.e. the preparation of the decisions, is an ongoing process during the autumn and winter. Consideration is given to which chairs and directors should be re-elected and which replaced, and proposals are prepared for new chairs and other new directors. The minister responsible for the enterprise then approves nominations for presentation to the annual general meeting, which elects the board.

About 40–60 new directors are elected each year. Over time, the State thus replaces one individual per board and year. The average board consists of seven directors, meaning that directors serve six to seven years on average.

a) The board nomination process also covers the boards of the foundations Stiftelsen Industrifonden and Stiftelsen Norrlandsfonden and of the organisation Svenska Skeppshypotekskassan. Board recruitment in the listed companies Telia Company and SAS is handled by their nominating committees.

Board nomination process

Annual cycle



b) Decision by minister responsible for the enterprise.

Financial targets for effective corporate governance

Financial targets are set for state-owned enterprises in order to ensure value creation, reasonable financial risk and efficiency and to guarantee the owner dividend yield. The financial targets have to be long-term, ambitious and realistic.

In most cases, state-owned enterprises operate under market conditions in competitive markets. This means that they operate on the same conditions as other market participants and that, as is the case with them, they are run with the overall objective of creating value. This strengthens the competitiveness, long-term value performance and efficiency of state holdings, while reducing the risk of distorting competition.

The setting of financial targets provides important support for enterprises aiming to achieve the most efficient possible utilisation of resources. The owner draws up the targets jointly with the enterprises, which makes for more nuanced and effective governance while improving the quality and realism of the targets. The financial targets have to be realistic, measurable and ambitious.

Public policy targets are set for enterprises with specifically adopted public policy assignments to enable tracking of the enterprises' performance of its assignments. Financial targets are normally set in conjunction with public policy targets since this allows specifically adopted public policy assignments to be set in relation to the creation of financial value. A sustainability analysis is part of the fundamental analysis of the enterprise's opportunities and risks on which the financial targets are based.

The financial targets are proposed by the board and adopted by the owner at a general meeting.

Financial targets – purpose

Financial targets are usually produced for capital structure, profitability and dividends. The owner's purpose in setting financial targets is to:

- ensure value creation by the board and enterprise management working towards long-term, ambitious and realistic targets;
- achieve capital efficiency by clarifying the cost of equity;
- keep the enterprises' financial risk at a reasonable level;
- ensure dividend yield for the owner through sustainable and predictable dividends taking account of the enterprises' future capital requirements and financial position;
- measure, track and evaluate the enterprises' profitability, efficiency and level of risk in a structured way.

Method of setting financial targets

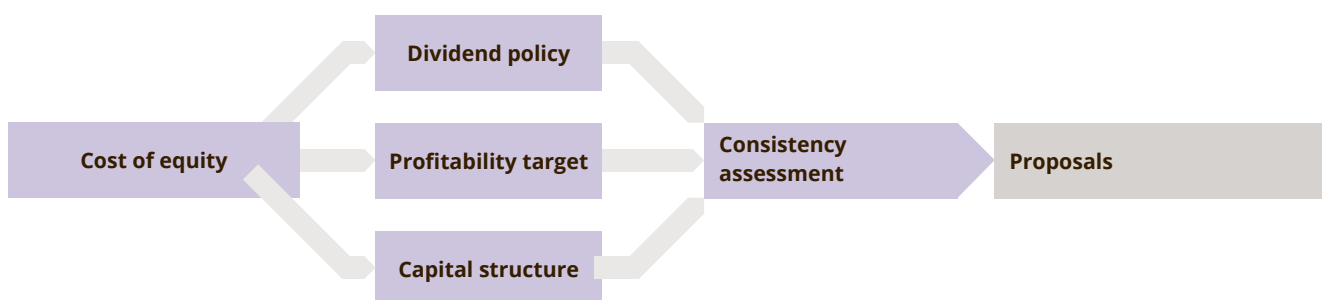
The important cost of capital

The method used to set financial targets is based on a multi-stage analysis. It begins with a calculation of the enterprise's cost of capital, which is the expected return an investor can obtain for an alternative investment with the same risk and duration. The level of the cost of capital determines whether the return to the investor is reasonable given their appetite for risk. Over time, the return on equity should at least match the cost of capital.

Efficient capital structure

Then a capital structure target is set so as to achieve a balance between risk-taking and efficient capitalisation in the enterprises. An appropriate capital structure is achieved

Method of setting financial targets



by calculating what balance between equity and borrowed capital is theoretically optimal to keep the enterprise's cost of capital down. Industry comparisons and the enterprise's operating risk are taken into account in the calculation in order to find an efficient and resilient capital structure. The capital structure target has to be long-term, ambitious and realistic, and is generally expressed as a range.

Ambitious profitability target

A profitability target is set for the enterprises for the sake of financial and operational efficiency. To ensure that investments in the enterprises will give the owner reasonable compensation, the cost of capital is used as the floor for the profitability target. Analyses of the enterprises' business plans and industry comparisons bolster the setting of the target. The majority of the enterprises are well served by a return target (on operating capital or equity), while for some, which tie up a relatively small amount of capital, a margin target, such as operating margins, is better.

Adapted dividend policy

A dividend policy is adopted for enterprises as guidance about how much of an enterprise's profit to pay in dividends. They should be based on predictable and long-term sustainable financial returns. However, dividends are not the only form for value distribution to the owner. In cases where there are particularly attractive or potentially profitable investment opportunities for one or more enterprises, surplus capital may be retained and used for such investments. The owner then benefits from the increase in the value of the enterprise. Investment plans and growth opportunities therefore form the basis for the dividend policy.

Moreover, investments that do not directly achieve the owner's profitability target, but that nevertheless meet a return target equal to or exceeding the cost of capital, may be regarded as attractive and therefore be undertaken. For these reasons, the dividend target for an enterprise does not have to be met every year, but should instead be regarded as a realistic and ambitious long-term target. The dividend policy is usually expressed as a percentage of net profit for the year, most often as an acceptable range.

Consistency assessment

When proposals for the capital structure target, the profitability target and the dividend policy have been prepared, an analysis needs to be carried out to see that there are no inbuilt conflicts between the wording of these targets and the growth that the business plan for the enterprise is based on. One way of doing this is to check that the targets for capital structure, profitability, dividend and growth create financial scope to make the investments implied by the targets and the business plan.

Proposals

The board then considers proposals for new financial targets and makes the decision to propose these targets to the general meeting. The owner makes the formal decision to adopt the targets at a general meeting.



In 2021 the owner decided on a new capital structure target for Apoteket.

Tracking and evaluation

The financial targets have to be forward-looking and long-term. This means that the targets may be exceeded in some years and not met in others, in part due to economic fluctuations. The owner tracks the enterprise's development and target attainment at regular progress meetings with the enterprise. Both the enterprise's internal work to achieve the targets and the business environment factors affecting the enterprise's situation are discussed at these meetings. Target attainment is assessed in relation to, for instance, current market conditions and the budget and business plan.

Revision of financial targets

Since an enterprise's internal and external circumstances are in constant change, its financial targets also need to be reviewed at regular intervals. Reasons for revising the targets can include material changes in the enterprise's strategy or market conditions, as well as major acquisitions or divestments. Major and lasting macroeconomic changes can also be a reason to review the targets. A target revision is a structured process involving both the owner and the enterprise. Since the financial targets are decided by both the owner and the enterprise, targets and outcomes are communicated externally by both parties.

In 2021 new financial targets were adopted for Apoteket, Lernia, LKAB, SEK and Visit Sweden. Target projects were also started during the year for Bilprovningen and Statens Bostadsomvandling that then led to the adoption of new targets at their annual general meetings in 2022.

Public policy assignments

There is a specifically adopted public policy assignment when an enterprise has an assignment decided by the Riksdag to conduct operations intended wholly or partly to generate effects other than a financial return for the owner.

An enterprise is considered to have a specifically adopted public policy assignment when the Riksdag has decided that the enterprise is to conduct operations intended wholly or partly to generate effects other than a financial return for the owner. In some cases, operations that are part of a specifically adopted public policy assignment may be part-financed from appropriations in the central government budget. Enterprises with public policy assignments include enterprises whose entire operations are based on their public policy assignment and enterprises where only parts of their operations are based on their public policy assignment. In the latter category, the remainder of the enterprise's operations are commercial. Enterprises with specifically adopted public policy assignments contribute, for example, to cultural values, more sustainable consumption, research and development, the supply of medicines, capital supply and the maintenance of infrastructure.

For instance, the object of Samhall's operations is to produce goods and services that are in demand and, by doing so, to create meaningful and enriching work for people whose

disabilities result in reduced work capacity. By creating jobs in customer assignments, under market conditions in competition with others, Samhall draws on an unused resource among people with disabilities. As payment for the additional costs resulting from its public policy assignment, Samhall receives appropriations in the central government budget.

Through their operations enterprises with public policy assignments often generate economic benefit outside their own sector. Systembolaget's purpose is, for example, to contribute to better public health by limiting the harmful effects of alcohol. This then contributes to lower costs for health and social care. Other examples are Almi and SEK, whose operations support companies and entrepreneurs in various sectors in their expansion in Sweden and abroad. In so doing, they are contributing to greater competitiveness and higher employment to the benefit of society as a whole.

The portfolio of state-owned enterprises contains 22 enterprises that have specifically adopted public policy assignments, see the table below.



On behalf of Sweden, Miljömärkning Sverige manages the Nordic Swan environmental labelling system created by the Nordic Council of Ministers and the EU's environmental labelling system, the EU Ecolabel. The purpose of environmental labelling is to help consumers make better choices for the environment.

22 enterprises have specifically adopted public policy assignments

- Almi
- APL, Apotek Produktion & Laboratorier
- Dramaten
- Göta kanalbolag
- Miljömärkning Sverige
- Operan
- RISE, Research Institutes of Sweden
- Samhall
- Saminvest
- Statens Bostadsomvandling
- SEK, Svensk Exportkredit
- SOS Alarm
- SSC, Swedish Space Corporation
- Sveaskog
- Svedab
- Svenska Spel
- Swedavia
- Swedfund International
- Systembolaget
- Teracom Group
- Visit Sweden
- Voksenåsen

Public policy targets clarify non-financial values

Several state-owned enterprises have public policy assignments specifically adopted by the Riksdag. For these enterprises, the owner sets public policy targets so as to be able to measure and track how well these public policy assignments are being performed. The public policy targets are set by the owner in dialogue with the enterprise concerned.

Public policy targets are set for state-owned enterprises that have specifically adopted public policy assignments. The public policy targets are set by the owner in dialogue with the enterprise concerned. This is done in an integrated process to avoid conflicts with financial targets, for example, and to avoid cross-subsidisation that distorts the market. Public policy targets are presented and adopted by the owner at a general meeting.

Following the Swedish National Audit Office's audit of the Government's governance of enterprises with public policy assignments in 2017, a review has been conducted of the process of setting public policy targets. The outcome of this review has resulted in a clarification regarding the basic conditions for starting and carrying out public policy target projects with good outcomes. The tracking and reporting of public policy assignments and their costs has been clarified. The process and method for setting public policy targets will be reviewed continuously.

Public policy targets – purpose

The purpose of setting public policy targets for the enterprises is to:

- ensure that the specifically adopted public policy assignments are performed well;
- make clear the cost of performing the specifically adopted public policy assignments;

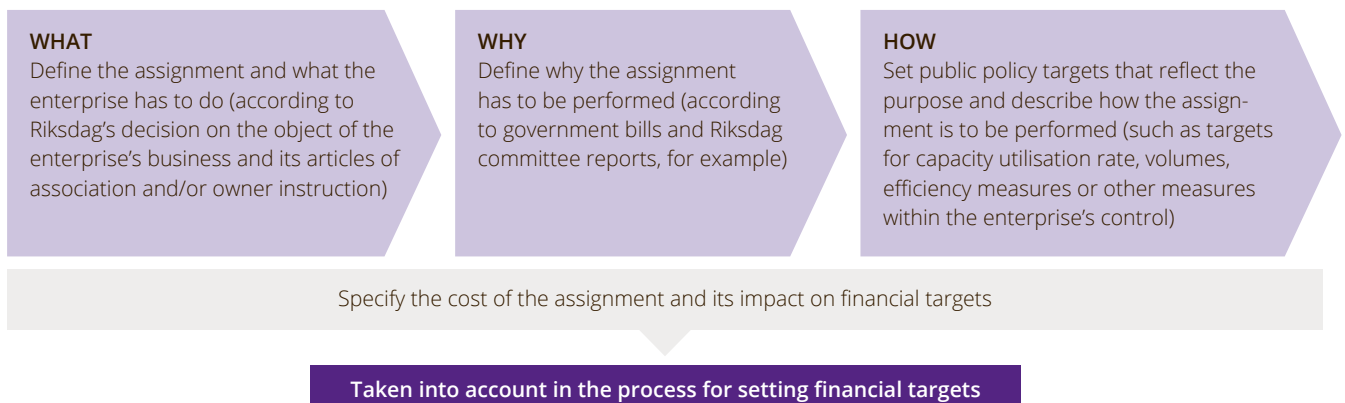
- enable tracking and reporting to the Riksdag and other stakeholders;
- make clear the context for the financial targets.

Public policy targets in relation to financial targets
There is no opposition between specifically adopted public policy assignments and economic efficiency. The State's ambition as an owner is that the assignment is performed well and in the most efficient manner possible. However, public policy targets and financial targets can affect each other, so it is important that they are set in an integrated process.

For instance, a cost may be associated with the performance of the public policy assignment, and this affects the enterprise's financial performance. When the financial targets are set, the cost of the public policy assignment is taken into account. The specifically adopted public policy assignment may also be linked to the enterprise's risk and the assessment of what is an appropriate capital structure. The interpretation of the specifically adopted public policy assignment and the adoption of the public policy targets have a bearing on the enterprise's financial conditions and what financial targets can be set.

Some enterprises with specifically adopted public policy assignments receive appropriations from the central government budget. A cost estimate for the specifically adopted

Method of setting public policy targets





In 2021 public policy targets were adopted for Visit Sweden. These reflect the enterprise's assignment, which includes using effective communication channels to market the whole of Sweden as a tourist country and to contribute to increasing Sweden's attractiveness as a destination.

public policy assignments makes it easier for the Government and the Riksdag to set priorities for the use of taxpayers' money.

Method of setting public policy targets

The investment management organisation has a structured process for setting public policy targets for state-owned enterprises. It can be summarised in three steps:

1. Define what the enterprise has to do, i.e., the assignment.
2. Define why the assignment has to be performed, i.e., the aim or public benefit.
3. Set public policy targets that reflect the purpose and how the assignment is to be performed.

The description of an enterprise's operations in its articles of association often sets out its specifically adopted public policy assignment, but not always its public benefit. The assignment and its public benefit must therefore be made clear before the public policy targets are formulated. The public benefit or purpose of the specifically adopted public policy assignment is usually described in the government bill that is the basis for the Riksdag's decision. Sometimes, several government bills and Riksdag committee reports have to be reviewed to determine the public benefit.

Uniform public policy targets are set by defining categories of various purposes or public benefits. Examples of targets are developed for these categories. In infrastructure, for example, the measures used are capacity utilisation rate and quality index. The higher the capacity utilisation rate, the greater the public benefit of the infrastructure; while the quality index is used to measure perceived user benefit. Quality and customer surveys are particularly important in enterprises whose operations are not subject to competition; this is because there is no natural transformation pressure on the enterprise to improve its efficiency.

Enterprises already given specifically adopted public policy targets

- Almi
- Göta kanalbolag
- RISE, Research Institutes of Sweden
- Samhall
- Saminvest
- SEK, Svensk Exportkredit
- SOS Alarm
- SSC, Swedish Space Corporation
- Svedab
- Svenska Spel
- Swedavia
- Swedfund International
- Systembolaget
- Visit Sweden

In 2021 new public policy targets were set for Visit Sweden, and the owner also decided new target levels for RISE. At the end of 2021 there were a total of 14 enterprises with adopted public policy targets in the state enterprise portfolio, see the table above. Since then new public policy targets have also been adopted for Statens Bostadsomvandling at the enterprise's annual general meeting in 2022.

Tracking and evaluation

Public policy targets and outcomes have to be reported in the enterprise's annual report. Public policy targets are tracked both in the investment teams' ongoing work and in owner dialogues between representatives of the owner and the enterprise, where outcomes in relation to the targets are discussed, as are any actions planned to meet the targets. Material changes in the enterprise's circumstances can lead to a review of the targets. The owner dialogue also follows up the development of the costs of carrying out the public policy assignment and for attaining the public policy targets.

Tracking targets

The tracking of targets is an important tool in the State's active investment management. As an owner, the State can evaluate and foster the development of these enterprises by regularly comparing performance with the targets set.

Financial targets and outcomes 2021 (2020)

% , unless otherwise stated	Profitability (return on equity, unless otherwise stated)		Capital structure (equity/assets ratio, unless otherwise stated)		Dividend approved (based on earnings for 2021, unless otherwise stated)	
	Target	Outcome 2021	Target	Outcome 2021	Target	Outcome 2021
Enterprise						
Akademiska Hus	≥6.0 ^{a)}	18.7 (9.0) ^{a)}	35–45	49.6 (44.5)	40–70	70 (70)
Almi	>0 ^{b)}	220.8 (81.7) ^{b)}	>70	87.6 (88.7)	-	-
APL	>8	5.8 (-19.0)	40–50	39.4 (35.8)	≥50	-
Apoteket	≥3 ^{c)}	2.3 (2.0) ^{c)}	35–45	50.0 (48.0)	40–60 ^{d)}	135 (0)
Bilprovningen	≥8 ^{c)}	13.7 (12.9) ^{c)}	30–40	55.1 (55.3)	≥80	100 (100)
Green Cargo	≥10 ^{e)}	20.7 (-10.7) ^{e)}	0.6–0.9 ^{f)}	2.5 (7.3) ^{f)}	50	-
Göta kanalbolag	≥ 0 ^{g)}	0.1 (0.1) ^{g)}	-10–50 ^{h)}	-254.1 (-148.9) ^{h)}	-	-
Infranord	≥16	8.2 (0.3)	≥33	31.0 (30.3)	50–75	-
Jernhusen	≥ 6 ^{h)}	10.4 (1.6) ^{h)}	45–55 ⁱ⁾	41.2 (45.9) ⁱ⁾	40–70	70 (40)
Lernia	≥13	32.7 (-4.9)	30–40	36.0 (31.0)	30–70	30 (0)
LKAB	≥9	39.0 (20.8)	< 60 ^{f)}	-24.5 (-3.0) ^{f)}	40–60	55 (60)
PostNord	10.5 ^{e)}	19.2 (18.6) ^{e)}	10–50 ^{f)}	-20.0 (38.0) ^{f)}	40–60	-
RISE	≥3 ^{c)}	0.6 (-4.0) ^{c)}	20–60 ^{f)}	17.4 (8.7) ^{f)}	-	-
Samhall	5	15.7 (15.6)	≥30	41.0 (39.0)	-	-
Saminvest	≥ ^{ij)}	6.2 (5.9) ^{ij)}	< 10 ^{k)}	0.0 (0.0) ^{k)}	-	-
SAS	> 5 ^{l)}	-13.0 (-27.0) ^{l)}	< 3.5 ^{m)}	-45.7 (-9.2) ^{m)}	-	-
Sj	≥7 ^{e)}	-24.6 (-41.5) ^{e)}	0.5–1.0 ^{f)}	0.5 (0.2) ^{f)}	30–50	-
SOS Alarm	≥2 ^{c)}	-2.4 (3.3) ^{c)}	25–35	27.3 (34.1)	≥50	0 (50)
Specialfastigheter	8 ⁿ⁾	9.3 (9.9) ⁿ⁾	25–35	40.9 (39.5)	50	50 (50)
SSC	≥6 ^{e)}	0.0 (-2.0) ^{e)}	0.3–0.5 ^{f)}	0.6 (0.6) ^{f)}	≥30	-
Sveaskog	≥ 4.5 ^{o)}	2.9 (2.4) ^{o)}	0.3–0.6 ^{f)}	0.1 (0.1) ^{f)}	65–90	88 (89)
Svedab	-	-	≥500 ^{p)}	1 018 (906) ^{p)}	≥50	100 (100)
Svenska Spel	≥30 ^{c)}	30.3 (31.2) ^{c)}	20–40	46.0 (54.4)	≥80	148 (171)
Svevia	≥20	21.5 (18.9)	20–30	31.3 (33.4)	≥50	72 (93)
Swedavia	≥6 ^{e)}	-6.3 (-7.5) ^{e)}	0.7–1.5 ^{f)}	0.8 (1.0) ^{f)}	10–50	-
Swedfund	positive ^{q)}	197.1 (-372.6) ^{q)}	-	-	-	-
Systembolaget	risk free+7	21.5 (27.9)	20–30	22.1 (26.3)	80–100	100 (100)
Telia Company	-	-	A- to BBB+ ^{r)}	A- to BBB+ ^{r)}	≥2.00 ^{r)}	2.05 (2.00) ^{r)}
Teracom Group	17	2.0 (4.0)	30	77.0 (77.0)	40–60	60 (60)
Vattenfall	≥8 ^{s)}	22.2 (5.8) ^{s)}	22–27 ^{t)}	171.2 (28.8) ^{s)}	40–70	50 (62)
Visit Sweden	>0.5 ^{c)}	-1.3 (5.6) ^{c)}	20–35	25.2 (28.9)	-	-

a) Return on operating capital excluding changes in value of financial instruments. b) Profit after financial items, outcome in SEK m. c) Operating margin. d) Share of profit for year adjusted for earnings and tax related to pension assets and pension commitments. e) Return on operating capital. f) Debt/equity ratio, % or multiple. g) EBT margin. h) Total yield. i) Loan-to-value ratio. j) Equity to grow in pace with inflation, outcome in SEK bn. k) Interest-bearing liabilities and credit facilities entered into as share of total assets. l) ROIC. m) Net debt/EBITDAR. n) Return on equity based on profit after tax and after reversal of changes in value and deferred tax. o) Direct yield. p) Equity to be at least SEK 500m. q) EBIT – irrespective of accounting standard – to be positive over a five-year period, outcome in SEK m. r) Solid long-term credit rating and progressive dividend policy, with floor of SEK 2.00 per share. s) Return on capital employed. t) Funds from operations (FFO)/adjusted net debt.

Financial targets and outcomes 2021 (2020) contd

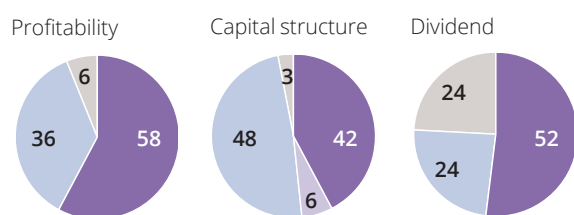
%	Profitability (return on equity, unless otherwise stated)		Capital structure				Dividend approved (based on profit for 2021, unless otherwise stated)	
			Total capital ratio		Common equity Tier 1 capital ratio			
Enter- prise	Target	Outcome 2021	Target	Outcome 2021	Target	Outcome 2021	Target	Outcome 2021
SBAB	≥10	11.1 (10.8)	≥0.6 ^{a)}	18.1 (17.6) ^{a)}	≥0.6 ^{a)}	13.5 (13.4) ^{a)}	≥40	40 (0)
SEK	≥5	5.1 (4.9)	2–4 ^{b)}	21.6 (21.8) ^{b)}	≥4 ^{b)}	21.6 (21.8) ^{b)}	20–40	40 (30)

- a) Total capital ratio and Common Equity Tier 1 capital ratio under normal circumstances to be at least 0.6 percentage points above the capital requirement communicated by Finansinspektionen, which corresponds to a target of 14.5% for the total capital ratio and 9.8% for the Common Equity Tier 1 capital ratio.
 b) Total capital ratio under normal circumstances to be between 2 and 4 percentage points above the capital requirement communicated by Finansinspektionen: 17.7–19.7%. SEK's Common Equity Tier 1 capital ratio to also be at least 4 percentage points above the capital requirement communicated by Finansinspektionen: 14.6%.

Public policy targets and outcomes in 2021 (2020)

The public policy assignments, public policy targets and outcomes of each enterprise are presented in the enterprise overviews on pages 44–87.

Enterprise	Public policy targets adopted	Target level	Outcome 2021
Almi	Increase in sales higher for Almi customers than comparison group	Target level not yet set	(57%) [□]
	Reporting of Almi's role to complement the market	No target level	Included in annual report
	Share of early-stage companies	>80%	87% (79%)
	Share of women higher than comparison group	Target level not yet set	(28%) [□]
	Share of persons with foreign backgrounds higher than comparison group	Target level not yet set	(28%) [□]
Göta kanalbolag	Number of boats in whole season	≥1 700	2 185 (1 622)
	Number of boats in booking season	≥400	520 (399)
	Regular passenger boat traffic to be operated throughout peak season	100%	80% (50%)
	Navigability in peak season	98%	93.4% (94.8%)
	Share of lock-keeper and bridge master homes of year-round standard	100%	98% (98%)
	Retain avenue trees along canal and replant to original number	No target level	152 (130) trees planted
	Number of accidents on account of condition of facility	0	0 (0)
	Customer satisfaction (index)	≥4 (of 5) for four customer categories	4.6/4.5/4.3 /4.3 (4.7/4.5/4.0/3.7)
RISE	Continuous cycle path along Göta Canal	100%	95% (90%)
	Share of turnover from competitively acquired research funding	≥30%	41% (37%)
	Share of business income from SMEs	30%–40%	37% (26%)
	Share of turnover from projects with interdisciplinary involvement	35%–55%	32% (–)
	Utilisation rate of testbeds and demonstration facilities	60%–80%	63% (61%)
	Innovation Partner Capacity (positive responses)	≥78%	78% (73%)
Samhall	Customer Satisfaction Index (CSI) (positive responses)	≥75%	76% (72%)
	Commitment index	Target level to be set in 2022	–
Saminvest	Employment rate	Target level to be set in 2022	–
	Reporting of Saminvest's role to complement the market	No target level	Included in annual report
	Investments in new teams as share of total number of investments	≥67%	100% (100%)
	Enterprise's share of fund investments in a single fund	≥50%	23% (30%)
	Share women/men in investment organisations (positive trend)	40%–60%	29% (27%) / 71% (73%)
	Share of capital committed (positive development until target is achieved)	≥80% 2026	59% (32%)
SEK	Holdings in Fouriertransform and Inlandsinnovation to be wound up	100% 2026	88% (79%)
	Customer survey, added value of export credits (positive responses)	>60%	80% (80%)
	Stakeholder dialogue to promote competitiveness	No target level	Conducted in 2021 (2020)

Achievement of targets at portfolio level in 2021, %**Financial targets, share of enterprises****Public policy targets, share of public policy targets**

*) Several relevant (sub-)targets, some of which have been achieved.

Enterprise	Public policy targets adopted	Target level	Outcome 2021
SOS Alarm	Response time for the 112 emergency number (seconds)	≤8	15.4 (9.2)
	Service level, response within 15 seconds for the 112 emergency number	92%	71% (83%)
	Service level, response within 30 seconds for the 112 emergency number	100%	86% (95%)
	Time to identify need of assistance (seconds)	≤40	27 (24)
	Customer Satisfaction, Emergency Calls and Response (index)	≥71	75 (75)
	Confidence Index	≥70	86 (85)
SSC	Capacity utilisation rate, Estringe	≥70%	73% (17%)
	Quality index, Estringe	≥80%	86% (100%)
	Stakeholder dialogue for promotion of Swedish interests	No target level	-
Svedab	Accessibility, road	100%	100% (100%)
	Accessibility, rail	≥99.6%	100% (100%)
Svenska Spel	Marketing costs as share of net gambling income, Casino Cosmopol and Vegas	≥5%	1.1% (3.7%)
	Gambling awareness index, Casino Cosmopol and Vegas	>80 and >85	80 (No measurement) and 85 (84)
	Outreach counselling calls and effect measurements, Casino Cosmopol	90%	89% (94%)
	Outreach counselling calls and effect measurements, Vegas	100%	100% (100%)
Swedavia	Reporting of share of satisfied customers	No target level	82% (74%)
	Reporting of number of passengers, domestic flights (million)	No target level	4.0 (3.6)
	Reporting of number of passengers, international flights (million)	No target level	7.9 (6.6)
	Reporting of number of international destinations	No target level	172 (173)
	Reporting of number of accidents or serious incidents	No target level	1 (2)
	Reporting of carbon dioxide footprint (ktonnes)	No target level	178 (166)
Swedfund	Share of investments with increased sales while held	≥60%	55% (59%)
	Share of investments with increased profitability while held	≥60%	55% (59%)
	Climate footprint, portfolio's estimated emissions of CO ₂ e (ktonnes)	0 in 2045 (decrease over time)	d)
	Share of investments meeting 2x Challenge criteria	≥60% after 3 years	60% (52%)
	Share of investments complying with ILO core conventions	100% after 3 years	91% (96%)
	Mobilisation of investment portfolio in commercial capital	≥30%	20% (42%)
Systembolaget	Customer Satisfaction Index (CSI)	≥80%	80.7% (81.9%)
	Alcohol index	Positive development	61.1 (63.4)
	Reporting of alcohol consumption (litres per capita/enterprise's share)	No target level	-(8.5) / - (76%)
Visit Sweden	Stakeholder dialogue for promotion of effective communication channels	7/10 2025	e)
	Business benefit experienced from marketing measures	7/10 2025	6.05/10
	Increase interest in visiting Sweden – international/Swedish target group	68% / 64% 2025	e)

c) The process for conducting measurements both of growth and of focus groups is currently being reviewed, so outcomes cannot be presented for 2021.

d) The portfolio's aggregate emissions of greenhouse gases per krona invested to decrease over time, with 2020 as the baseline year.

e) The target was adopted at an EGM in November 2021 and will be reported for the first time in the annual report for 2022.

Strategic targets for sustainable value creation

State-owned enterprises have to act in an exemplary manner and integrate sustainability perspectives in their operations by having their board of directors set strategic targets for sustainable value creation.

In the revision of the State Ownership Policy conducted in 2020 the requirements for state-owned enterprises were refined from producing “strategic targets for sustainable business” to “strategic targets for sustainable value creation”. The difference may be small, but in practice it marks a change of key importance in the meaning of the targets. The change is a signal that the owner expects the enterprises to have clearly formulated strategic targets for their operations, and that sustainable business is a natural part of this context. The owner’s ambition regarding the portfolio enterprises’ strategic targets for sustainable value creation is for each board to produce targets based on the unique situation of their enterprise and for these targets to summarise the strategically most important issues for the enterprise. The targets will therefore also be a natural starting point for the ongoing owner-enterprise dialogue.

Following and challenging, in a constructive and positive way, how state-owned enterprises set strategic targets is an important part of the value creation work of the investment management organisation.

Strategic targets – purpose

As an owner, the State has high ambitions for state-owned enterprises in areas including sustainable business, digitalisation and security. The starting point is that state-owned enterprises should contribute, through their business models, to

value creation in a way that promotes long-term sustainable development. This means that, in the light of their industry and the markets in which they operate, these enterprises have to identify and minimise the risk of negative impacts of their operations, while also taking advantage of new business opportunities and innovative thinking for sustainable value creation. This includes both material sustainability issues and also digitalisation and systematic security work.

Since the portfolio of state-owned enterprises is large and an important part of the business sector in Sweden, the actions of these enterprises can serve as examples for other companies.

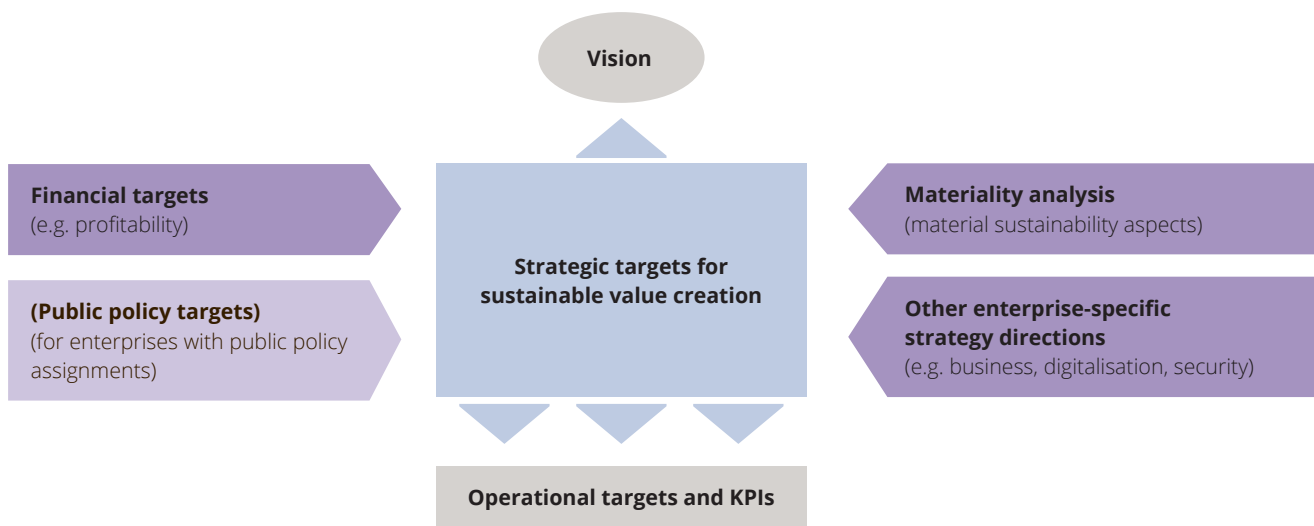
Formulation of targets and strategies

The strategic targets for sustainable value creation have to focus on value creation and be relevant to the enterprise’s business operations and significant sustainability aspects. The targets also have to be long term, challenging and trackable, while being clear and comparable.

Where applicable, the targets also have to be relevant to the enterprise’s specifically adopted public policy assignment. In addition, the owner expects enterprises to consider whether the themes of digitalisation and/or security should be included in their targets.

Description of the strategic targets and examples of potential sources and themes

(which can differ from company to company).



Success factors identified

Ensure that, taken together, the targets steer towards the enterprise's vision and that the targets can be broken down into detailed KPIs for the operational management of activities.



...is responsible for the production of the targets on behalf of the board, and is likely to receive support from functions in business development, finance and sustainability in the enterprise.



...is probably a relevant number of targets to be included in the strategic targets.



...years is the period the targets should aim at to be assessed as long term.

The investment management organisation conducts a continuing dialogue with portfolio enterprises, closely following their work. A number of success factors have been identified when enterprises have worked on their strategic targets. This list is being developed all the time.

Sustainable business

In the area of sustainable business, state-owned enterprises should act in an exemplary way, which includes working strategically and transparently with a focus on cooperation. This work is guided by international guidelines and by the 2030 Agenda and the Global Goals for sustainable development. All actors in society are important in the implementation of the 2030 Agenda, and business plays a key role. This also includes state-owned enterprises, which have to analyse the Goals to identify which goals and targets they have an impact on and can contribute to through their operations (read more about the 2030 Agenda on page 30).

In the Government's view, proactive and integrated work on sustainability makes a positive contribution to the development of these enterprises. The board of directors is responsible for integrating sustainable business into their enterprise's business strategy.

Cooperation for greater value creation

On many occasions collaboration between different actors contributes to more knowledge and better and more innovative solutions. State-owned enterprises are therefore expected to conduct active work both in their own operations and in cooperation with business partners, customers, suppliers and other stakeholders in order to promote knowledge transfer and innovative cooperation in the area of sustainable business.

International guidelines

State-owned enterprises have to act responsibly and work actively to follow international guidelines regarding environmental consideration, human rights, working conditions, anti-corruption and business ethics. The 2030 Agenda guides the work of the enterprises. The enterprises also have to work actively to follow guidelines such as the Global Compact, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Human rights are an integrated part of Sweden's State Ownership Policy and of its corporate governance. The focus on human rights in the governance of state-owned enterprises has been strengthened through, for instance, a guide for boards of state-owned enterprises about the expectations on the work of these enterprises in the area of human rights and the role and responsibility of their boards.

Digital transformation

In the area of digital transformation, state-owned enterprises have to work actively to make use of the opportunities of digitalisation, and manage its risks, in their value creation.

Security

To ensure long-term sustainable value creation in a changing world it is important that these enterprises conduct active, systematic, ambitious and responsible security work.

The 2030 Agenda

The countries of the world have agreed a common agenda for sustainable development, including 17 new Global Goals that apply up to 2030. The level of ambition for the work of the enterprises in the area of sustainable business has been raised further by the inclusion of the

UN's 2030 Agenda, with 17 global Sustainable Development Goals, in the State Ownership Policy. State-owned enterprises have to analyse the Global Goals and identify the Goals that they affect and contribute to through their operations.

There are a number of examples of how state-owned enterprises have undertaken work on the Global Goals; work that they also present in their annual reports or on their websites.

The Global Goals – part of value creation

The 2030 Agenda and the global Sustainable Development Goals are a clear example of how challenges and opportunities are interrelated. Business has a central role in the implementation of the Agenda and enterprises are called on to use their creativity and capacity for innovation to make contributions. Business has a key role in finding solutions to the challenges that exist in the area of environment and climate, in creating a more gender-equal working life and in ensuring acceptable working conditions and respect for human rights.

Guidance for the enterprises

One important starting point for the state-owned enterprises is the well-established international guidelines for sustainable business. The Government wants state-owned enterprises to be involved in showing the way forward and has therefore included requirements for and expectations on the enterprises in the State Ownership Policy, which establishes that the work of state-owned enterprises on sustainable business has to be guided by international guidelines, the 2030 Agenda and the global Sustainable Development Goals. The enterprises have to analyse the Global Goals and identify the Goals that each enterprise affects and contributes to through its operations.



The Government views sustainable business as an important issue of business strategy. Short-term and long-term strategies are interrelated and the decisions taken today must also be guided by care for the future position of the enterprise in a sustainable world. The Policy therefore also expects the enterprises to identify business opportunities that contribute to achieving the Global Goals.

Knowledge and inspiration

The investment management organisation at the Government Offices is working in various ways to inspire the enterprises and increase their knowledge of the 2030 Agenda and the 17 Global Goals. For instance, it has held a series of workshops on the theme of the 2030 Agenda attended by enterprise representatives so as to increase the joint

exchange of knowledge. The themes have included materiality analysis and the impact of operations and the Global Goals as a part of their strategy; and in 2020 this series was concluded with a workshop about how the enterprises best report their work with the Global Goals.

Further work done by the enterprises will be tracked as part of the ongoing owner dialogues between owner representatives and the enterprises.

The enterprises' priority Global Goals

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Akademiska Hus				●	●		●	●			●	●	●				●
Almi					●		●	●								●	
APL			●			●	●	●				●	●				
Apoteket			●			●		●				●	●				●
Arlandabanan Infrastructure								●	●				●				
Bilprovingen			●		●	●	●	●			●		●	●	●	●	
Dramaten			●	●	●		●	●		●	●	●	●				●
Green Cargo								●	●				●				
Göta kanalbolag						●	●	●							●		
Infranord			●		●			●	●	●	●	●					
Jernhusen					●		●	●	●		●	●	●		●	●	
Lernia				●	●			●		●							
LKAB					●		●	●	●		●	●	●		●		●
Miljömärkning Sverige												●					
Operan			●	●	●						●	●	●				●
Orio			●		●			●				●	●				
PostNord				●	●			●	●		●	●	●				●
RISE			●				●		●		●	●					
Samhall				●	●			●		●		●	●				●
Saminvest					●			●	●			●					●
SAS					●			●				●	●				
SBAB								●			●	●	●				
SEK							●				●		●			●	●
SJ							●	●		●	●						
SOS Alarm			●					●	●		●					●	●
Specialfastigheter							●	●				●	●		●	●	●
SSC									●				●				●
Statens Bostadsomvandling							●				●						
Sveaskog					●	●	●	●	●	●	●	●	●		●		●
Svedab			●		●	●	●	●	●		●						
Svenska Skeppshypotek								●	●				●	●			
Svenska Spel			●		●			●		●		●	●			●	●
Svevia			●					●	●	●		●				●	
Swedavia									●		●	●	●				
Sweden House																	
Swedfund International	●					●		●		●		●	●			●	●
Systembolaget			●		●	●		●		●		●	●		●	●	●
Telia Company			●	●	●			●	●	●	●	●	●			●	●
Teracom Group					●			●	●	●	●					●	
Vattenfall							●		●		●	●	●				●
Visit Sweden								●			●	●	●				●
Voksenåsen			●		●	●	●		●	●		●					●

A future-oriented enterprise portfolio

In a changing world characterised by a transition to sustainability and shifts in technology, the companies and business models of the future face new demands. To ensure sustainable value creation both the owner and the enterprises should raise their sights and also plan for the unpredictable.

Review of digital maturity

In 2021 the Government Offices commissioned a consultant to produce an analysis of digital maturity in the state enterprise portfolio.

As a result of the changes brought by digitalisation, many enterprises in the state enterprise portfolio are in the midst of what can essentially be seen as comparable to a paradigm shift. New customer needs, greater competition, changes in markets and challenges linked to sustainability are all examples of potentially revolutionary changes that require the enterprises to review their position and business model, often with digitalisation as the enabler. This then makes demands for new governance, new ways of working and new competences.

The result of this analysis, which is based on a self-assessment is that, when viewed from an international perspective, the state enterprise portfolio generally has relatively high digital maturity. This applies to the ability to lead digitalisation, while the actual use of new technology is slightly lower. The report also contains numerous recommendations to ensure the continued relevance and competitiveness of the state enterprise portfolio. The investment management organisation will evaluate these recommen-

dations and continue to follow up the issue in close dialogue with the enterprises.

Portfolio-wide sustainability analysis

As a commission from the Government Offices, a consultant has carried out sustainability analyses of some 30 companies in the state enterprise portfolio using the enterprises' public reporting. This was the first time that the owner had arranged for sustainability analyses to be conducted on such a large part of the portfolio at one and the same time. A 'materiality analysis' was included for each holding (see the table on page 33), as was an assessment of how the common EU taxonomy affects a number of enterprises in the portfolio.

The purpose of the project has been to define areas for sustainable value creation at portfolio level and areas that require further attention from the owner and enterprises. Since the analysis contains a great deal of forward-looking perspectives, this will be used in setting future goals and priorities in the portfolio.

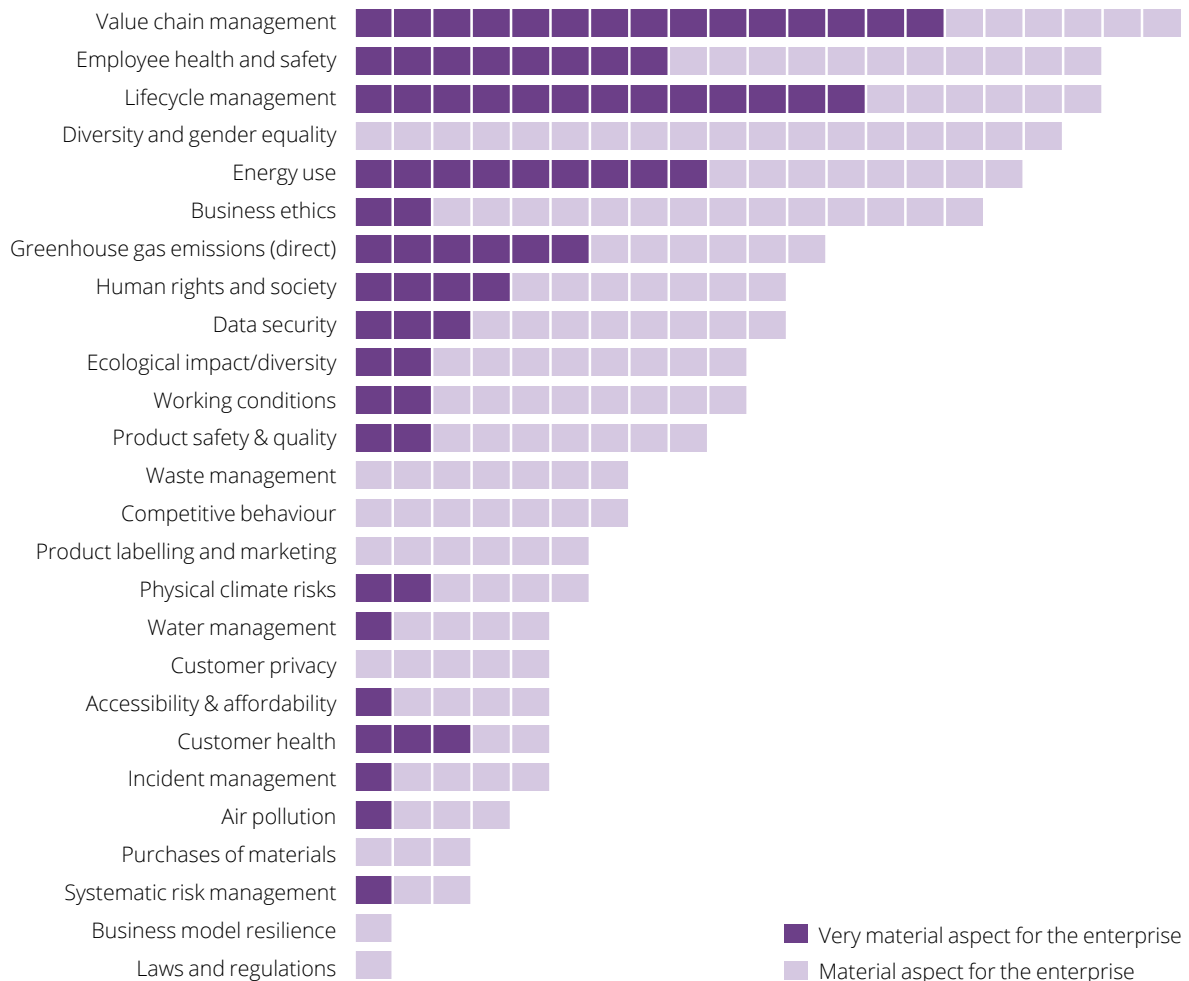
The result shows that virtually all the enterprises in the study have a specific and often ambitious sustainability agenda, but also that they have a lot of work ahead (in managing risks and/or creating new value). It is important that state-owned enterprises drive this work with engagement since the issues are developing rapidly and the private sector is moving forward rapidly.

State-owned enterprises are recommended to make use of the opportunities arising from the transition to sustainability, and one of the study's conclusions is that the portfolio provides considerable opportunities for sustainability-driven value creation by, for example, building up new green business areas and steering their core business towards sustainability-driven growth.

This analysis will be followed up in a number of different ways in 2022, both in broader forums via network meetings and in meetings with individual enterprises. On the basis of this analysis, the State can, as the owner, continue to work actively to reduce the sustainability risks in its portfolio, at the same time as it presses for ambitious work on new sustainable business areas, models and services.

Mapping of material sustainability aspects

Number of enterprises highlighting each sustainability aspect as material or very material.



The corporate governance of the future and four Cli-Fi prototypes

Sustainability challenges are complex and seldom have perfect solutions. Moreover, climate change brings both increasing urgency and unpredictability.

To create space for transformative thinking and forestall the unpredictable, the investment management organisation started project cooperation during the year with a student at Uppsala University. In conjunction with

two workshops, risks and opportunities were identified, along with conditions for change, for governance in the direction of (un)sustainability in the state enterprise portfolio.

One means used to imagine various possible, rather than most likely, futures was a matrix in which great and no changes of governance meet planetary recovery and greater planetary stress. The results of the project included four Cli-Fi prototypes^{a)} and a master's thesis^{b)} that evaluates the method and discusses

deadlocks and solutions. The thesis shows that one path to sustainability can be for the investment management organisation to do even more than at present to link up various societal interests both within and outside the portfolio so as to address risk together. The thesis also demonstrates that applying the climate fiction (Cli-Fi) method can be of benefit in identifying organisation- and business-specific deadlocks and solutions.

a) Cli-Fi or climate fiction deals with climate issues and human responsibility for the environment and global warming.

b) State-Owned Enterprise in Sweden Year 2080: Four Governance Prototypes – Creating Transformative Space with Transdisciplinary Cli-Fi Prototyping.

Gender equality

Gender equal organisations feel and perform better. In the state enterprise portfolio, board representation has to be at least 40% for both women and men.

Gender equality targets

A general target for all state-owned enterprises is gender balance on the boards of directors. The share of women and men has to be at least 40% in the state enterprise portfolio (fully and partly owned enterprises). Women accounted for 48 per cent and men for 52 per cent of directors of state-owned enterprises elected by the general meeting as on 1 May 2022. This can be compared with the boards of listed companies, where the figures were 34% women and 66% men.^{a)}

The gender balance on the board of each enterprise has to follow the “staircase”, which indicates how many directors of each gender a board with a particular number of directors has to have. (Read more about board composition on page 103.) Gender balance was achieved in 37 of the 39 state-owned enterprises included in the statistics this year, which is a deterioration compared with 2021 when 40 of 41 enterprises reached the target. In the two enterprise that deviate from the target, men are overrepresented on one board of directors, and women are overrepresented on the other.

The proportion of women chairs of enterprises wholly or partly owned by the State has increased for many years and

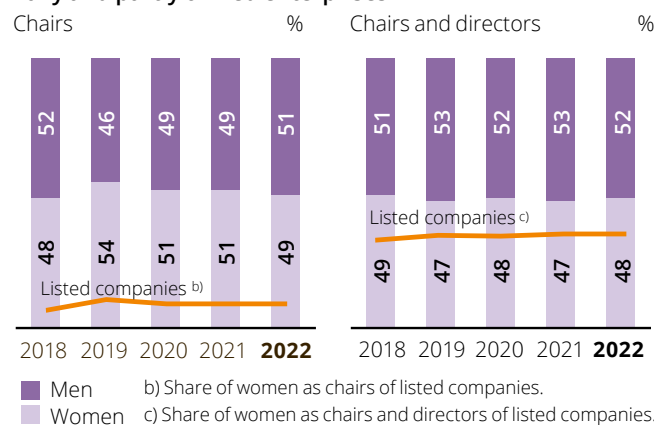
a) Second Swedish National Pension Fund's Women's Index 2021.

women have, at times, been in the majority, most recently in 2021, which can be compared with 9% among listed companies.^{a)}

On page 95 there is a long time series showing the development of gender equality in the state enterprise portfolio.

Gender distribution

Fully and partly owned enterprises



Gender distribution – CEO and executive management team^{d)}

Women (W), Men (M)	2021					2020		2019		2018	
	W, no	M, no	Total	W, %	M, %	W, %	M, %	W, %	M, %	W, %	M, %
CEO	20	22	42	48	52	49	51	42	58	39	61
Executive management team ^{e)}	123	158	281	44	56	44	56	44	56	42	58

d) At year-end there were 45 enterprises. The evaluation for 2021 does not include EUROFIMA, INSTEX and Sweden House. e) Executive management team excl. CEO.

Gender distribution – directors appointed by AGM^{f)}

Women (W), Men (M)	2022					2021		2020		2019		2018	
	W, no	M, no	Total	W, %	M, %	W, %	M, %	W, %	M, %	W, %	M, %	W, %	M, %
Fully and partly owned enterprises													
Chairs	19	20	39	49	51	51	49	51	49	54	46	48	52
Directors	119	129	248	48	52	46	54	47	53	45	55	49	51
Total chairs and directors appointed by GM	138	149	287	48	52	47	53	48	52	47	53	49	51
Fully owned enterprises													
Chairs	18	17	35	51	49	54	46	54	46	53	47	46	54
Directors	105	113	218	48	52	46	54	47	53	47	53	49	51
Total chairs and directors appointed by GM	123	130	253	49	51	47	53	48	52	48	52	49	51

f) The calculation covers limited companies whose registered office is in Sweden. The report does not include EUROFIMA, INSTEX, Svenska Skeppshypotek, Sweden House and Voksenåsen.

Sustainable pay levels and terms of employment

Remuneration to senior officers of companies in the business sector is an important issue of confidence. State-owned enterprises should therefore pay their managers carefully considered salaries and pensions.

The demand for sound remuneration systems is an important corporate governance issue, both in Sweden and internationally. One important part of the corporate governance of state-owned enterprises is therefore reasonable and well-considered remunerations for senior officers.

Principles for remuneration

On 27 February 2020 the Government adopted new principles for remuneration and other terms of employment for senior officers of state-owned enterprises. They have been applied as of the annual general meeting in 2020 and replace the previous guidelines adopted in 2016. The boards of state-owned enterprises are responsible for applying these principles. In enterprises where the State is one of several owners, the Government should engage in a dialogue with the other owners to work for the application of these guidelines as far as possible.

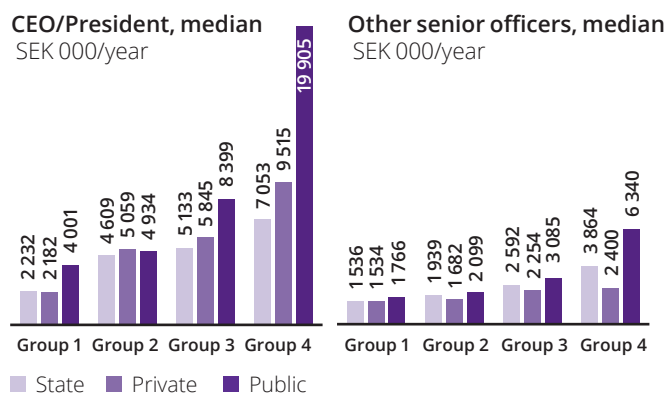
According to the Government's remuneration principles, total remuneration to senior officers should be reasonable and carefully considered. It should also be competitive, have a set ceiling and be appropriate, while fostering sound ethics and a good corporate culture. The remuneration should not be a salary leader in relation to other comparable companies, but be characterised by moderation. This also has to guide total remuneration to other employees.

Tracking and compliance

The Government Offices has commissioned a consulting company to examine compliance with the remuneration principles in state-owned enterprises in 2021, and a comparison has also been made of remuneration levels in these enterprises with market data from privately held and public companies. A total of 306 of the companies listed on Nasdaq Stockholm and 154 representative private comparison companies were identified and included in the survey. The starting point for the survey was whether or not total remuneration to senior officers has been "competitive but not a salary leader". Here, total remuneration means all components of remuneration to the employee, usually the sum of basic salary, short- and long-term variable salary, benefits and pension.

At the end of 2021 four senior officers were entitled to variable remuneration in an enterprise in which the State has a minority holding (the CEO is not entitled). The possibility of giving variable salary to senior officers was removed from the guidelines in 2009.

Total remuneration 2021



Group 1: companies with sales below or equal to SEK 850m.

Group 2: companies with sales of SEK 851–3 300m.

Group 3: companies with sales of SEK 3 301–14 000m.

Group 4: companies with sales equal to or greater than SEK 14 001m.

The share of individuals with defined benefit pensions decreased. In 2021, 2.7% of all CEOs (17.9% in 2020) and 29.3% of all other senior officers (38.3% in 2020) had defined benefit pension plans. These are based on applicable collective agreements and are therefore not in conflict with the guidelines. Under the guidelines from 2009, the retirement age in the enterprises must not be lower than 62 and ought to be at least 65. Under the guidelines from 2017, the retirement age in employment contracts entered into after the guidelines entered into force must not be below 65. In 2021 no senior officer had a retirement age below 65.

According to the government guidelines from 2009, the period of notice in the case of termination by the enterprise must not exceed six months and severance pay must not be paid for longer than 18 months. Under the 2017 guidelines, employment contracts made after the guidelines came into effect must limit severance pay to a maximum of 12 months' salary. In 2021 no senior officers had severance pay of 18 months' salary.

State-owned enterprises and the market's comparison companies were divided into four groups (and two samples: listed/public and private unlisted) based on sales levels. Total remuneration to CEOs shows that the median remuneration state-owned enterprises in groups 3 and 4 is below the private market median regarding listed companies. Overall, median remuneration to other senior officers of state-owned enterprises is in line with the market median, but the spread of observations is slightly larger than in the private listed and private unlisted market.