



# Annual and Sustainability Report 2020



**Strukton**  
Rail

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## Our common responsibility

In 2015, the world's countries adopted Agenda 2030, with 17 Sustainable Development Goals. All businesses have an important role to play, and Strukton fully supports Agenda 2030. Our mission enables us to actively contribute to many of the goals and, in this report, we show this by highlighting the goal(s) to which our prioritised sustainability areas are linked.



## About the report

This is Strukton Rail AB's (hereinafter Strukton) combined annual and sustainability report for 2020. The report has been prepared in accordance with Global Reporting Initiative standards (2016) at the Core level of application, and is Strukton's second report prepared according to this regulatory framework. Strukton must respect the provisions in the Swedish Annual Accounts Act regarding sustainability reporting. The report addresses Strukton's important sustainability issues, risks, and how the company is working with these, and describes company policies. Strukton reports on its sustainability work in the company's annual and sustainability report.

## Contact information

Sustainability Report: Johan Sundqvist, Sustainability Manager, [johan.sundqvist@strukton.se](mailto:johan.sundqvist@strukton.se)  
Financial Report: Sofia Sartor, CFO, [sofia.sartor@strukton.se](mailto:sofia.sartor@strukton.se)



# Letter from the Managing Director

**2020 was a year that brought many challenges, with an omnipresent pandemic and major concern about political decisions in Sweden regarding operation and maintenance of railways. As Managing Director of Strukton, it feels encouraging that, despite this, we could build on the positive financial trend reversal created in 2019. This puts us in a strong position going forward. For this, I want to thank all employees who, together, have contributed to this development – thank you!**

2020 is the year when the word 'pandemic' became a concept for all of us. Like the rest of society, Strukton's activities have been affected, with negative effects for both our employees' work situation and our clients' financial position and ability to place orders.

Despite this, we still managed to generate an operating profit of SEK 69 million in 2020. This is something we can all be proud of, considering the circumstances. It is a privilege for me to lead a company that contributes to societal benefit and sustainable development. At the end of 2020, Strukton's order book stood at approximately SEK 4 659 million.

On the night of 28 February, a workplace accident occurred at Stockholm Södra with a fatal outcome. One of our employees was hit by a commuter train while working on the track. Irrespective of the liability issue, it is always a failure when an employee is taken from us. A life can never be replaced. We will tirelessly continue our preventive work on safety, with the motto "We work safely... or not at all." My thoughts go to the relatives of the employee.

In the shadow of the pandemic, the climate crisis continues to make itself felt. More sustainable travel is of the utmost importance in our green transition, where an efficient railway system is one of the most important solutions.

I want to praise all Strukton employees, whose skills, expertise, and commitment every day create our business operation and its values. A crucial success factor is for us to be an attractive workplace for them and future colleagues. We can foresee a challenge ahead in finding the right competencies to our operation, a challenge that we share with the entire sector.

During the year, the Swedish Government commission, SOU 2020:18, presented its findings. One of the recommendations involves major renationalisation of the operational and maintenance market. As a consultation body, Strukton submitted its comments, with the main message that we cannot support the commission's deliberations and proposals.

The focus going forward is continued clear management and governance, a safe work environment, and efficiency in the business operation. In addition to our core activities, we continue to focus on new, innovative, and sustainable solutions, where we see potential in the demand from both current and new international clients. During the year, we adopted a revised strategy to improve the way we will tackle future challenges.

*Together we are strong!*

Johan Oscarsson, Managing Director  
Strukton Rail AB



# The year in brief

JANUARY

## Operation and maintenance contract, Eskilstuna

Strukton wins contract for Eskilstuna intermodal freight terminal, logistics park and train depot. Contract involves inspection, maintenance, emergency measures, and alarm receiver/dispatcher.

## Collaboration project, double track, Ängelholm-Helsingborg

Together with Skanska and AFRY (ÅF), Strukton wins order for double track between Ängelholm and Helsingborg.

## BEST project, Bromma

Contract concerns BEST\*work in stages on the Bromma Blocks to Bromma Airport section, and is part of the new Tvärbanan line to Kista.

*\* BEST is an acronym of the Swedish words for Track, Electricity, Signal, and Tele*

## Adjustment measures, West Main Line

Strukton wins project for adjustment measures on the Bryngetås to Floda section. This mainly concerns signal improvements that will increase capacity on the main line.

## BEST project, Täby

Strukton wins contract to improve existing single track to double track between Täby Kyrkby and Kragstälund on the Roslag Line.

## Alingsås transformer station

Strukton Power Supply wins contract for the Alingsås transformer station. The contract form is a TEM project, where client and contractor together develop solutions during the course of the project.

## New road-rail access vehicle

Delivery of new road-rail access vehicle to Strukton Machinery with improved environmental performance (Euro 6 motor).

## Contract, basic maintenance

Strukton is awarded for the third time, through a competitive process, the contract for basic maintenance of Southern Main Line 1. Strukton also wins contract for basic maintenance of West Coast Line South.

## Mobile substations to Norway

Norska BaneNOR orders two more mobile substations from Strukton.





### Extension of Stockholm metro maintenance contract until 2024

Including Roslag Line, Lidingö Line, and the Spårväg City tram.



### Contract with Öresund Bridge Consortium

Strukton wins order, where delivery and organisation were important quality parameters in the procurement. The contract runs for six years, with possibility of extension.

### Strukton Network Scan

The Public Transport Administration renews its order for Strukton's flexible and rapid solution for mechanical scanning of both track and overhead contact wires.



### Reinforcement wire, Hallsberg-Sköldinge

Strukton wins turnkey contract from the Swedish Transport Administration to install reinforcement wire and replace transformers on the Järna-Hallsberg-Sköldinge sections.

### Maintenance contract, Stockholm Mitt and Citybanan lines

Strukton's contract for operation and maintenance of railway facility is extended until 2024.

### West, South Main Line (Operation/Maintenance)

Strukton wins contract from the Swedish Transport Administration for basic maintenance of railway facilities, comprising six consecutive track sections.

DECEMBER

## Sales

SEK 2 242 million

## Operating profit

SEK 69 million

## Order book

SEK 4 659 million

## Employees

949

## Track kilometres

maintained by Strukton

2 891 km

6 times round  
the Earth on  
electricity

Strukton electric vehicles were driven a total of 230 000 km on business travel during the year.

# About Strukton

**Strukton is a private railway contractor that designs, builds, and maintains tram, railway, and metro facilities, mainly in southern and central Sweden. Our business operation contributes to the promise of safe and punctual rail traffic.**

We ensure that tracks and facilities are of a good standard for meeting the needs of a growing population, both today and in the future. We upgrade track facilities, provide them with power, and offer technical and digital solutions for inspection and monitoring. We maintain track systems, proactively and over the long term. By enabling punctual, safe, and attractive rail traffic for operators, passengers, and purchasers of goods transports, we are contributing to societal benefit. Our main clients are the Swedish Transport Administration (Trafikverket) and the Traffic Administration in Stockholm (Trafikförvaltningen).

## Operation and maintenance

Strukton is one of the main actors on Swedish Transport Administration tracks in, mainly, southern and central Sweden. On behalf of the Traffic Administration in Stockholm, we are responsible for operation, maintenance, development, and planning of reinvestments in the Stockholm metro system, the Spårväg City tram line, the Lidingö line (Lidingöbanan), and the Roslag (Roslagsbanan) line. The maintenance contracts run for between five and nine years.

Strukton Rail's operation and maintenance activities include services such as inspection, troubleshooting, component replacement, measurement, vegetation clearance, de-icing, snow clearance, and other winter services. Our maintenance services are also offered to other owners of infrastructure in Sweden.



Digital maintenance planning enables us to plan the time more efficiently, so we can make better use of the time on the tracks. But it also gives us a consistent method of working across all contracts when all the planning takes place digitally in our own system, regardless of which client we are working with. Another advantage is that the system communicates with the clients' systems, giving a transparency that benefits business relationships. In the longer term, this gives a positive ripple effect.

Dennis Blom, Project Manager Track /Deputy Site Manager, Local Lines

## Investment projects

Strukton carries out complete BEST undertakings/ contracts. We work on a project basis with new construction, maintenance work, upgrades, and improvements in standards in all railway engineering. Examples include track and sleeper replacement, points replacement, upgrading of signal systems, and power supply facilities.

## Innovation and digital technology

Our ambition is to take a leading role in the digitalisation of railway maintenance in Sweden. Through our affiliation to the Strukton Group we already occupy a strong position in digital maintenance planning and the conditions required for proactive and cost-effective railway maintenance

By using available data, digitalisation enables us to work more proactively and over a long term with maintenance work. By monitoring, measuring, and collecting and analysing data, we can decide when the track must be replaced or repaired on the basis of a lifecycle perspective.

This enables us to take the right action at the right time. With the new technology, wear on the track can be detected before, for example, safety risks arise, but also prevent the costs associated with excessively early interventions.

*\* BEST= Bana, El, Signal och Tele*





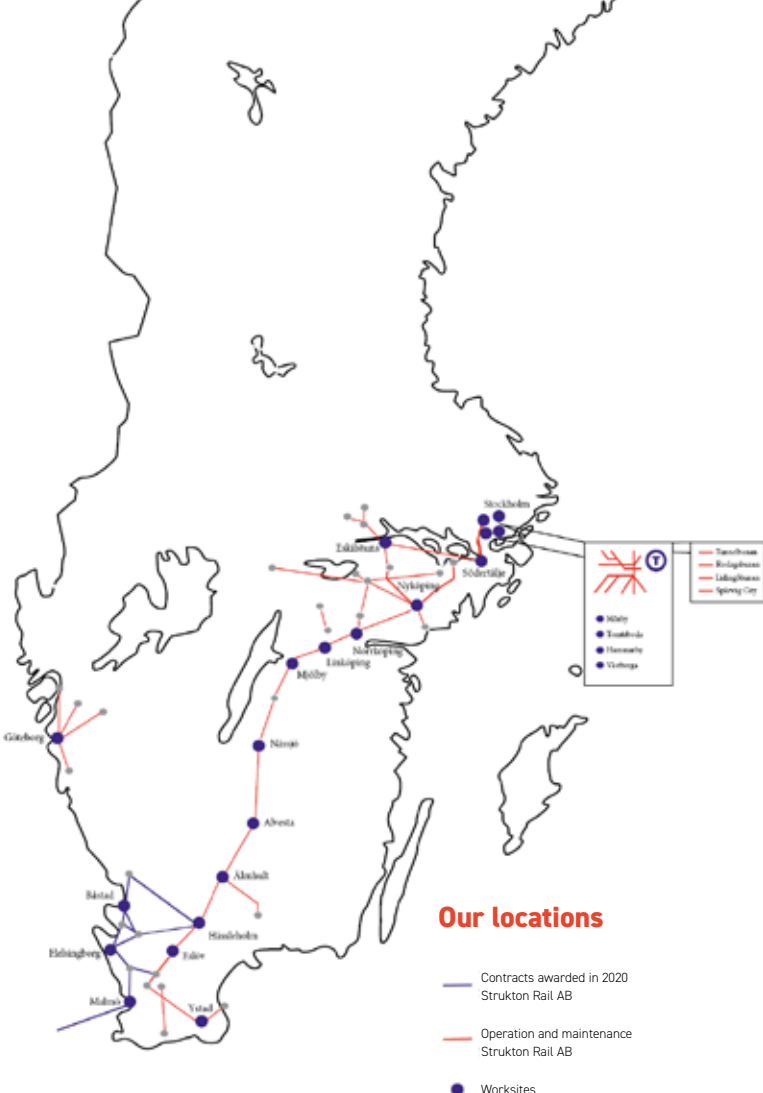
### **Our Vision**

To be the world's leading engineering company, by supplying a reliable railway system in a sustainable way.

### **Business concept**

With commitment and expertise, we plan, build, and maintain rail systems in Scandinavia. The business operation is characterised by a level of expertise, a sense of responsibility, and by constant striving for renewal.





## Organisation

In Sweden, Strukton has 949 employees. Strukton is part of the Strukton Group, which has approximately 6 500 employees. Strukton's main market is Europe, but we also conduct activities in many countries outside Europe. The parent company in our group is Strukton Rail BV, with head office in the Netherlands. In Sweden, Strukton is divided into four business units: Maintenance, Projects, Power Supply, and Machinery.

## Strategy and governance

Strukton is managed and governed through the company's strategic plan, which is based on the company's values document, RÄLS\*, and involves five strategic themes: Operative Efficiency, Commercial Efficiency, Digitalisation, Corporate Social Responsibility, and High-performance Organisation. On the basis of these themes, the company management sets overarching targets for the entire company, which are followed up quarterly on a balanced scorecard.

\* RÄLS = acronym of the Swedish words meaning Respect, Honesty, Trust and Safety

## Company Policy and Code of Conduct

Two overarching policy documents form the basis for how we make decisions and how we conduct ourselves in everyday business activities. The Company Policy sets forth Strukton's basic principles, and comprises the vision, business concept, overarching objectives, and values. As practical tools we also have internal company policies, procedures, and instructions, which are included in Strukton's management system. The Code of Conduct defines Strukton's values, and provides guidance on how employees and others commissioned by Strukton are to conduct themselves in various situations. Every manager is responsible for ensuring that employees and business partners are informed about the Code. All employees undergo training in the Code of Conduct.

## Strukton in brief 2020



**Owner:** Strukton Rail BV, Netherlands

**Number of employees:** 949

**Business units:** Underhåll, Projekt, Kraft och Maskin

**Main clients:** Swedish Transport Administration, Traffic Administration in Stockholm

**Track kilometres maintained by Strukton:** 2 891 km

(of which 2 704 km for the Swedish Transport Administration and 187 km for the Traffic Administration in Stockholm)

**Sales:** SEK 2 242 million

**Operating profit:** SEK 69 million



## Orderliness with 5S

Strukton applies the 5S method in its operative work. The 5S method is a structured way to work with constant improvements at all levels. In practice, 5S is a method for sorting, systematising, shining, standardising, and sustaining. The aim is to attain and maintain an orderly approach. The method leads to time savings, greater efficiency and interaction, and a safer work environment.

## Certified management system

Strukton is certified according to the ISO standards for quality, environment, work environment, and welding. For us, the certification is proof that we are working systematically and are moving in the right direction in our improvement work.



# Focus on corporate social responsibility

We work systematically and with a long-term perspective, with a focus on eight prioritised sustainability areas where we have most impact and that are of greatest significance for our stakeholders. Strukton is part of the societal structure because we contribute to smooth-running rail systems. We are proud to contribute to one of the most energy-efficient and most sustainable modes of transport available.

## Materiality analysis

We started our systematic work on sustainability in 2017. A comprehensive stakeholder dialogue and materiality analysis enabled us to identify sustainability issues that were prioritised for Strukton, on the basis of importance for key stakeholders and the impact of our activities on people, the environment, and society. The analysis resulted in eight prioritised sustainability areas: Anti-corruption, Safety, Work environment and health, Terms of employment, Emissions from transports, Financial performance, Supplier relations, and Gender equality and diversity. In 2019, the materiality analysis was updated through a supplementary in-depth stakeholder dialogue. The result showed the same prioritised areas, but with a somewhat changed weighting: safety, terms of employment, and gender equality and diversity were weighted slightly higher than previously. Strukton intends to keep the materiality analysis updated by holding more in-depth stakeholder dialogue every 2-3 years.

## Continual stakeholder dialogue

We also hold continual dialogue with our stakeholders through ordinary communication forms and channels, such as employee surveys, supplier dialogues, and client surveys.

The aim is to create an understanding for the needs of external parties in relation to our business operation. This helps us to identify and revise our challenges and opportunities in the sustainability area. We have identified seven stakeholder groups as our key stakeholders. We did this through an internal process in which we examined which parties affect and are affected by Strukton's business operation.

## Integrated and target-oriented work

Strukton works on sustainability in an integrated way. The values, Company Policy, and the Code of Conduct form the overarching framework for the work on sustainability. The approach, with targets, activities, and follow-up, is under constant development. The work takes place on the basis of a multi-year plan, with the overarching objective to improve Strukton's own sustainability performance and contribute further to a sustainable society. In order to measure progress in the sustainability work, we have defined measures and targets that we work towards.

Stakeholder group	Prioritised issues	Dialogue form
<b>Owners</b>	Safety, Financial performance, Personal development/in-service training	Board meetings
<b>Clients</b>	Anti-corruption, Transport emissions, Gender equality and diversity	Client value surveys, regular meetings, etc.
<b>Public agencies</b>	Safety, Anti-corruption, Work environment and health	Audits/inspections, training, etc.
<b>Employees</b>	Safety, Work environment and health, Terms of employment	Employee surveys, workplace meetings, etc.
<b>Suppliers</b>	Work environment and health, Safety, Terms of employment	Supplier meetings, audits, etc.
<b>Trade unions</b>	Work environment and health, Safety, Financial performance	Continual interaction, negotiations, etc.
<b>Competitors</b>	Safety, Terms of employment, Work environment and health	Sector organisations, party-representative bodies, etc.





## Financial performance

Strukton is a limited company where the owners require that we deliver profits. Sustainable profitability over time also enables us to develop in our mission and to make a bigger contribution to societal benefit.

## Anti-corruption

Our business operation will give the best possible societal benefit, and our assignments are largely financed with taxpayers' money. With this comes a particular responsibility to ensure good business ethics.

## Emissions from transports

Climate-impacting emissions from transports and production vehicles are our most significant direct environmental impact. We have a responsibility to reduce emissions and work towards a fossil-free business operation.

## Security

Building, operating, and maintaining track and railway systems is associated with risks. Work environment and a safe track environment are top priorities for Strukton.

## Work environment and health

Strukton is a service company, and the core of our business operation is our employee's competencies. Ensuring a healthy work environment and our future skills supply are critical success factors.

## Supplier relations

Our suppliers and subcontractors are an important part of what Strukton delivers. Consequently, they must meet the same stringent requirements as those that apply to ourselves in terms of quality, ethics, safety, and responsibility for people and the environment.

## Employment terms

Good employment terms are vital for recruiting and retaining employees. We are also responsible for ensuring that our suppliers and subcontractors offer good employment terms.

## Gender equality and diversity

Our aim is to be an attractive and diverse workplace, where everybody feels that they play a role and are treated equally. We operate in a man-dominated sector, and work to encourage more women to apply to Strukton and the railway sector.

## Prioritised sustainability areas



# Sustainable economy



For Strukton, a stable economy and long-term profitability over time are key aspects of a sustainable business operation. We work systematically to improve cost-effectiveness and attain a sustainable profit level.

## Sustainable economy

Profitability and growth give us greater opportunity to implement our mission in the best way, and thereby contribute to sustainable infrastructure and societal development. Our owners also require us to be profitable in both the short and long terms. Through a clear focus on a commercial and resource-efficient approach, and by creating good conditions for the staff working in our contracts, we work continually to improve what we deliver, with more satisfied clients as a result.

## A challenging year

In many ways, 2020 has been a challenging year, but has also been a good year in terms of production. Sales were down 11% compared with the previous

year, because of a dampened order inflow at the end of 2019, particularly on the project side. Strukton has not been able to maximise efficiency in the maintenance contracts, as the permanent staff required to manage troubleshooting could not be fully utilised. The pandemic has been a worry, and entailed lower predictability in both planning of projects and in orders from clients. Despite this, a high level of flexibility and good use of resources, together with continual dialogue with clients, has meant that, overall, the economic effect of the pandemic in 2020 has been limited.

During the year, the initiatives under way regarding the development of digital support to our main processes have continued. The focus has been on development of digital tools for planning, follow-up,

## Measurable targets and outcome

Long-term sustainable profit level, measured as operating margin

Target 2021	Target 2020	Outcome 2020	Outcome 2019
1,8 %	3,9 %	3,1 %	5,0 %



and reporting. Target management continues to be developed, and an improved risk management has been implemented in terms of both company risks and project risks.

As always, cost efficiency in procurements has been a prioritised area.

### **Profit/loss for the year**

Operating profit for the year was SEK 69.6 million (125 million in 2019), and the operating margin was 3.1% (5.0%). The reduction in profit was due to lower volumes and production with greater emphasis on maintenance and investment projects. Production has continued well during the year, despite the pandemic. In 2020, Strukton paid SEK 230 million in tax (employer contributions, corporation tax, and VAT).

### **Strong order book**

Strukton's order book mainly comprises long operation and maintenance contracts, which give a stable platform for sustainable financial development. In 2020, the proportion of operation and maintenance activities was approximately 76% of sales (73% in 2019), a slight increase.

Even if demand in the market has been high in recent years, with more investments in railway infrastructure,

some restraint from the Swedish Transport Administration was again observed in 2020 in terms of volumes in existing contracts. However Strukton was awarded a number of new contracts from the Swedish Transport Administration, but also one from a new client, the Öresund Consortium. A number of existing maintenance contracts were extended by utilising option years. Looking ahead to 2021, we can see that orders for investment projects will increase again. As of 31 December 2020, the order book was worth SEK 4 660 million (3 100 million), an increase of 50%.

### **System support improves efficiency in working methods**

We continue to focus on ensuring the right competencies and right system support in our maintenance projects. This enables better planning, more efficient administration, more precise follow-up, and increased knowledge that will benefit future work processes. In the coming years, we will also place greater emphasis on internal follow-up of our working methods to ensure that we continue to improve and to ensure higher quality in what we do. We will also continue to develop digitalisation to make us even more competitive in the market.

# Strukton as a workplace



**Our employees and their competencies are the core of the business operation. Ensuring a healthy work environment and skills development are important success factors in ensuring that they enjoy working with us and remain with the company.**

Our employees contribute every day to climate-smart transports. With high levels of skills and expertise, modern technology, and great responsibility, we help our clients achieve their objectives of punctual, safe, and climate-smart transports.

## Our responsibility

A good supply of skills and a healthy work environment are important success factors for Strukton. Our most basic responsibility as an employer in the railway sector is to ensure a safe working environment for those who work on the tracks (read more about safe work environment on page 16). In 2020, the pandemic has increased the focus even more on health and safety. Strukton has followed the guidelines issued by the Public Health Agency of Sweden to protect employees and minimise the spread of infection in society. At the same time, we have focused on maintaining our work in ongoing projects. Very few work activities have needed to be stopped because of the pandemic.

## Covid-19 makes societal benefit clear

Strukton's societal benefit becomes clearer in a pandemic, when important societal functions like railways must continue to function. A crisis team at Strukton is monitoring developments, and is responsible for necessary information. Strukton is also part of a national coordination group for scenario planning that is led by the Swedish Transport Administration.

## Employee survey

This year, Strukton's employee survey according to the 'HiPO' method, High-Performance Organisation, shows an improved result in all assessment areas compared with last year. The survey measures motivation and commitment, and is a tool for development and participation in the workplace. In 2020, the HiPO index increased to 60 (58 in 2019). The response frequency was 87% (76%). Strukton will now be working even more with management and the role of employees, and set targets and follow up activities in a structured way.



We have to show applicable authorisations in checks. Our employees can now show them simply in their mobile phones. It's also easier for administrative staff and managers to find people with a special authorisation.

Gölin Forsberg, HR Manager

## Measurable targets and outcome

	Target 2021	Target 2020	Outcome 2020	Outcome 2019
High-Performance Organisation (HiPO Index)	63	61	60	58





## Skills development and authorisation

With a new system for skills development, we can simplify and develop our in-service training support to employees. The platform gives simple access to courses and training sessions, and employees who have completed a course are registered automatically in the system. Every employee can access their certificates in their mobile phones. This enables more efficient management and checks of authorisations, and drives our work on skills development. During the year, our personnel also participated in the Swedish Transport Administration's training courses in traffic safety.

## Gender equality and equal treatment

We operate in a male-dominated sector, and want to see more women apply to the railway sector. This involves working actively to promote equal treatment and diversity. We will be an inclusive workplace where everyone feels they are participating. Strukton supports human rights and will be a workplace free from discrimination and harassment. The employee survey has previously shown that violations

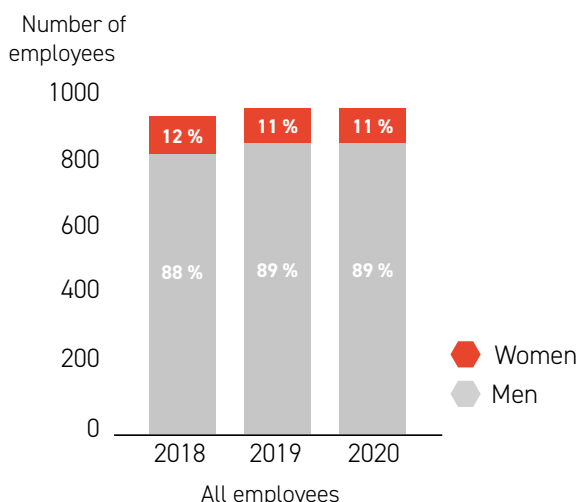
do occur, and we are working actively to prevent this. No new cases of discrimination have occurred during the year. Agreement has not yet been reached in the two previous cases, which have been investigated by independent external specialist expertise.

All Strukton employees are covered by collective bargaining agreements. We carry out annual salary reviews to ensure fair and comparable salaries. We work actively to ensure that everyone in the company has the same career opportunities, regardless of background and gender. In 2020, the gender distribution in the management team was 3 women and 8 men. The average age among Strukton employees was 43.

## Big need for recruitment

There is great demand for trained staff in the sector and, like all other actors, Strukton must work actively to ensure a future supply of skilled labour. During the year, 130 people were recruited, mostly through a digital process because of Covid-19. Together with other actors in the sector and The Swedish Construction Federation, Strukton is driving an initiative to ensure that the railway-related training programmes at upper secondary and tertiary level are structured in an equivalent way. Working groups with representatives from the trade unions and The Swedish Construction Federation have been set up to lobby for decisions from the public agencies. In 2020, we worked actively with central coordination of internships and summer jobs.

### Gender distribution

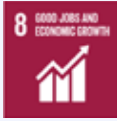


Gender distribution for all employment positions (regardless of type/length) at any time during each calendar year.

In 2020, the total number of employees was 949, of which 598 were skilled workers and 351 administrative staff and management.

	Employees	Management
Under 30	20 %	0 %
30-49	47 %	18 %
Over 50	33 %	82 %
Data as of 31 December 2020.		

# Safe work environment



## Work safely... or not at all

Our safety platform is a compilation of ten important principles that we follow every day. The overarching motto is that everyone will come home safely – this applies to both passengers and train staff as well as railway employees. Everyone who works in the track environment, both our own staff and suppliers, must be trained in safety. Suppliers who work in track environments must have a designated Safety Officer in place before they can carry out assignments on our behalf.

1. We work safely... or not at all
2. We teach new colleagues how to work safely
3. We work preventively
4. We plan our work well
5. We have an orderly workplace
6. We check and follow up
7. We review our partners
8. Everyone is entitled to stop a work process
9. We follow up to learn
10. We collaborate in the sector



**Building and maintaining railway systems is always associated with certain risks. Consequently, a safe work environment for everyone who works on or near the railway tracks is our top priority.**

At Strukton, we work systematically to prevent and minimise safety risks. There is operative contingency in place 24/7. Together with Strukton's safety policy, laws and regulations set the frameworks for the safety work. However, what is also crucial is that everyone who works on the track facilities has sufficient knowledge and a high level of safety awareness.

### **Preventive risk management**

Work in track environments is governed by an extensive regulatory framework. Before any work starts, the work team must prepare the work and assess risks, and draw up a work environment plan that describes how the work will be carried out. Checks of the work environment comprise health and safety inspections and workplace checks.

We are certified according to ISO 45001 and, in 2020, we strengthened our systematic work on safety with a greater focus on proactive safety indicators. By following up even small risks that have been observed in, for example, documentation, training, and safety governance, we aim to minimise the risk of accidents occurring. The most common risk observations in 2020 were 22 cases of short-circuit wrong track/place with A-level safety. If a project is given more than three negative observations during the follow-up period, measures must be taken, even if they concern minor deviations. In the next stage, Strukton will be working more with behaviour-based safety to increase safety awareness among employees and subcontractors.

### **Risk of accidents involving agency staff**

One prioritised area is to reduce the number of accidents, incidents, and deviations involving external agency staff. Previously, we have had an increasing number of risk situations and incidents, for example where staff lacked sufficient local knowledge or have had incorrect documentation on the facility, or that tracks have not been shut down correctly during work. We have therefore raised the level of scrutiny in supplier assessments, and improved the safety requirements stipulated in agreements. We have particular focus on the suppliers (16 in 2020) identified as being most critical for Strukton, on the basis of their role and assignment.

### **Checks of heavy rail vehicles**

As part of the work on constant improvements, in 2020 Strukton ensured that heavy rail vehicles, such as tractors and excavators, satisfy all technical requirements.



### Local awareness crucial in track environment

When work is taking place in the track environment, the railway's sophisticated safety system is used. Local awareness is needed so that employees can identify where there are risks and know about the nature of the safety system for every specific workplace. The Swedish Transport Administration, as manager of the infrastructure, is responsible for ensuring that local information about the facility is made available, at different levels for different safety authorisations. As contractors, we are responsible for ensuring that the employees participating in the work are given the right information.

### Clear policy regarding alcohol and drugs

Strukton has been taking the issues of drugs and alcohol at workplaces very seriously for a long time. We have a random sample programme in which 25% of our employees are tested annually by the occupational healthcare service in workplace visits. Agency staff and any subcontractors are included in the sampling,

and all suppliers must agree to this in contracts with Strukton.

### Follow-up and active improvement work

Through monthly follow-up of quality, environment, work environment, and safety, the entire organisation is kept informed on current status and incidents that have occurred. The follow-up also enables continual sharing of experiences and active improvement work through the year. The monthly report includes performance figures for near-accidents, work environment accidents, and undesirable incidents, with particular focus on the five most serious incidents in traffic and electrical safety. This includes collisions, derailments, and deviations. Unfortunately, in 2020, an accident occurred that must not happen, a fatal accident during work on one of the tracks in southern Stockholm. Strukton has investigated the incident and taken measures to prevent it happening again. Read, for example, above about Strukton's proactive work on safety.

The monthly reporting gives us a picture of the most common accidents, incidents, and deviations, and the underlying causes. This enables us to work in a preventive way, make directed interventions, and draw up the right proposals for measures.

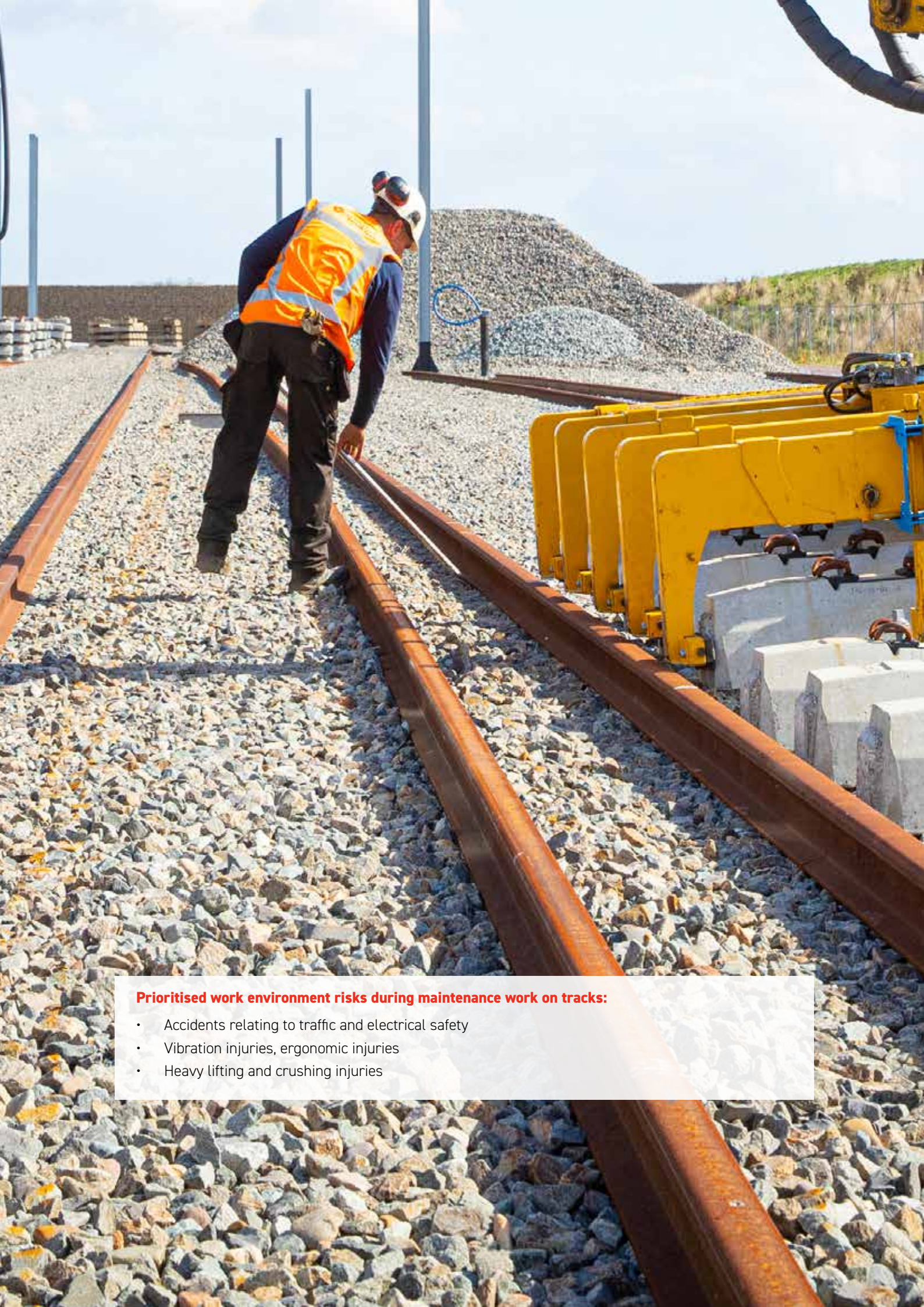
Andreas Jönsson, QEW engineer



### Measurable targets and outcome

	Target 2021	Target 2020	Outcome 2020	Outcome 2019
Safe and healthy work environment (LTAR = Lost Time Accident Rate, number of work-related accidents per million hours worked)	4	4	5,8	5,1



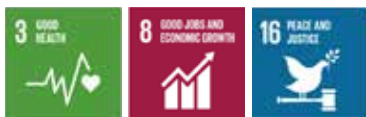


**Prioritised work environment risks during maintenance work on tracks:**

- Accidents relating to traffic and electrical safety
- Vibration injuries, ergonomic injuries
- Heavy lifting and crushing injuries



# Procurement and supplier relations



**Our ambition is long-term, stable supplier relations, and we place the same high level of requirements on our suppliers as we do on ourselves in terms of quality, safety, ethics, and responsibility for people and the environment.**

Suppliers and subcontractors are an important part of Strukton's operation and undertakings. In 2020, Strukton's total purchasing volume was SEK 1.5 billion, of which the largest proportion by far was hired resources and subcontractors.

## **Sustainability aspects in the supplier chain**

The risks that can arise in our supplier chain mostly concern safety, work environment, and terms of employment at our subcontractors. With regard to environmental impact from materials, most of the material used in our contract activities is purchased directly from our largest client (Swedish Transport Administration Logistics), and is thereby assured from a sustainability perspective.

Our clients require that we ensure that our suppliers respect social conditions, human rights, and environmental responsibility, which are regulated in agreements. For example, we check that our suppliers and subcontractors have collective bargaining agreements in place. In 2020, the Swedish Transport Administration initiated an audit to check compliance with requirements, but this was postponed because of the pandemic.

## **Improved procurement process**

Strukton establishes stable, efficient supplier relations, and strives to ensure control and responsibility throughout the supplier chain. By ensuring that our procurements are made with quality and through a fair competition process, we are contributing to efficiency in societal investments in railways. In recent years, extensive work has gone into developing strategy, organisation, and process regarding our procurements. The procurement strategy is now integrated in the production operation, with clear allocation of responsibility and tasks, ensuring cost-effective and quality-assured procurements.

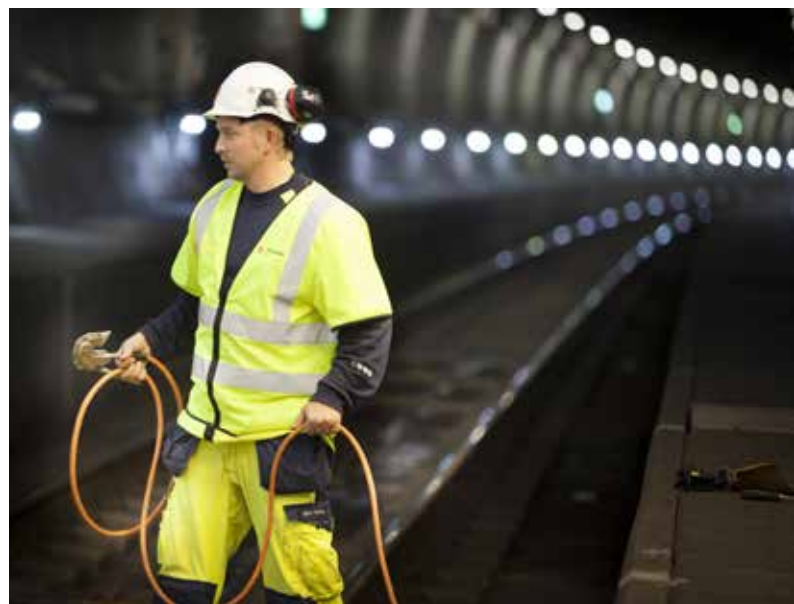
## **Requirements and assessment of suppliers**

All our suppliers must undergo an approval and qualification process. The requirements vary according to whether the supplier is delivering materials or services, and whether or not the suppliers operate in the track environment. Our supplier assessment includes checks of the supplier's financial position, quality, safety and environment work, work environment, collective bargaining agreements, and work to support human rights, and that the supplier has the right insurance cover.

### Measurable targets and outcome

	Target 2021	Target 2020	Outcome 2020
All Category A suppliers must have undergone supplier assessment	100 %	100 %	96 %





### Target: Increase the proportion of business with our Category A suppliers

All suppliers who have signed agreements in 2020 have confirmed in writing compliance with Strukton's Code of Conduct. Our agreements and appendixes are continually updated in line with new requirements. Category A suppliers are followed up and assessed according to an audit plan. Continual follow-up also takes place during ongoing projects. The ambition is to have fewer suppliers in total, and a greater proportion of suppliers with agreements.

### Proportion of purchases from Category A (Agreement) suppliers

In 2020, we had 222 Category A suppliers who together accounted for 71% of the procurement volume.



# Anti-corruption



**Strukton stands for good business ethics, and takes a clear stand against all forms of bribery and corruption. Our clients, collaboration partners, suppliers, and other stakeholders must have confidence in the way we work.**

Strukton's good reputation is vital for our long-term success. Even if our business operation is largely regulated by law, and must comply with many stringent requirements, it is important that we work preventively against corruption. Corruption in all its forms undermines trust in society, and damages both societal and economic development. It is therefore important that we collaborate with our clients and other stakeholders in the anti-corruption work, and ensure a high level of awareness of the risks and challenges that arise.

## **Values and Code of Conduct**

Our values document, RÄLS, and our Code of Conduct, guide us in the ways we conduct our business activities and our actions in relation to our clients, suppliers, competitors, and each other. §

The Code of Conduct is a living document that is continuously updated, and is a fixed point on the agenda at workplace meetings. Managers are responsible for ensuring that the employees in their teams understand and can apply the Code of Conduct. Higher-level managers are also responsible for giving guarantees to the Board of Directors in the Strukton Rail Group about compliance with the Code of Conduct.

## **Zero tolerance against corruption**

Our Code of Conduct makes clear our position and our rules regarding bribes and corruption. Our employees and suppliers may neither offer nor accept gifts, rewards, or other benefits.

## **Training for all employees**

All managers in Strukton have been trained in how we work to prevent bribery and corruption, and on the risks in each business area. All employees undergo an e-training programme in the Code of Conduct, which includes a section on anti-corruption.

## **Whistleblower function**

Our employees are encouraged to report any suspicions of bribery, corruption, or other incidents that violate our Code of Conduct or values. The first stage is to report incidents to the immediate supervisor, and then to the HR department or the company lawyer. Incidents may also be reported using the email address stated in the Code of Conduct. We also have a whistleblower function that enables anonymous reporting through an external service. Reported cases are handled by HR. No cases were submitted to the whistleblower function in 2020, and we have no ongoing cases concerning corruption.

### **Extract from the Code of Conduct**

#### **Bribery and corruption**

We refuse to offer, give, or receive bribes or improper payment, or participate in any form of corrupt activity, neither directly nor through a third party.

#### **Human rights**

We respect and protect human rights. It is of the utmost importance that we all act in accordance with the accepted norms stipulated by national and international agencies and UN norms.

# Environment and climate



**Strukton aims to ensure a long-term sustainable use of natural resources, and works systematically to reduce its environmental impact. Our significant environment issues concern climate-impacting emissions from transports, energy use, management of waste, and handling of chemicals.**

Our environmental work will be characterised by a cyclical approach and prevention of contaminations. We apply the precautionary principle in all our decisions that can impact people and the environment. The work is carried out within the framework of our ISO 14001-certified environmental management system. All employees are given a basic online environmental training programme to learn about their own role in the environmental work.

## **Compliance with environmental legislation**

Strukton ensures that it complies with the applicable environment-related legislation by using an online legislation monitoring system. Compliance with legislation is checked annually. Strukton was not served any environmental sanction fees or injunctions in 2020. Strukton's activities do not require any statutory permits or reporting.

## **Climate work aligned with the Paris Agreement**

Since 2019, Strukton has been a member of the Fossil Free Sweden initiative. This entails a commitment to implement tangible climate measures as a contribution to enable achievement of the Paris Agreement and the 1.5-degree target. In our own business operation, we are focusing on reducing the climate impact from vehicles and transports, and on efficient use of energy.

## **Vehicle fleet independent of fossil fuels**

Production vehicles and company cars account for most of Strukton's consumption of diesel and petrol. Since 2017, we have had a target to reduce carbon dioxide emissions from the vehicle fleet by 10% annually. The target was exceeded even in 2020 despite the pandemic causing air travel, rail travel, and travel med public transport to be largely replaced by single drivers in cars.

We continue to focus on coordinated procurement of company cars and on expanding the charging infrastructure at our workplaces. Other important instruments in reducing the climate impact of travelling are electronic driving journals and specified/split fuel invoices. The travel policy has also been made clearer, and domestic flights are only permitted in exceptional cases and require special approval.

It remains difficult to find fossil-free alternatives to our production vehicles, where the market is still lagging. Dialogue is held with the Swedish Transport Agency and the Traffic Administration in Stockholm to find solutions together. One target is to install charging stations near operational sites in the facilities.







### Environmental adaptation of work vehicles

Work machines and rail-based vehicles carry out much of the work on the track, and these comprise a significant environmental risk in the event of leakage of diesel or hydraulic oil. In 2020, we had two reported leakages of hydraulic oil of a less serious nature.

Fuel consumption of machines is difficult to influence, but through our continual investment programme for machines, we are gradually improving performance in terms of work environment, environment, and safety. In 2020, we invested in new road-rail access vehicles, and upgraded a number of existing vehicles/machines with eco-engines.

### Nearly six times round the Earth on electricity

We monitor the use of electricity in our electric and hybrid cars. In 2020, approximately 35 000 kWh was used on business travel, which is sufficient for 230 000 fossil-free km – nearly six times round the Earth on electricity.

### Energy use in properties

Strukton owns no properties, but leases approximately 70 operational premises, approximately 45 000 square metres, around Sweden. Heating, water, and electricity are usually included in the rent.

In 2016, a first energy audit was carried out in accordance with the Law on Energy Audits in Large Companies, which led to several improvement measures. In 2021, a new audit will be carried out by certified energy auditors.

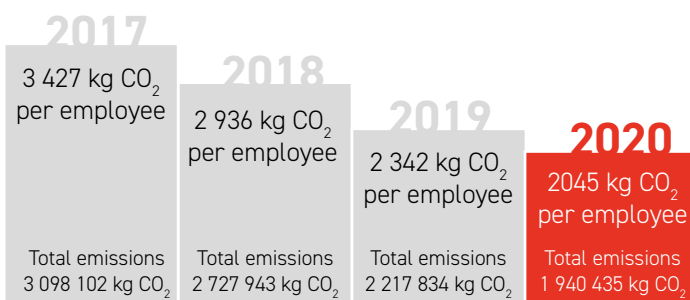
### Improved waste management

The waste generated in Strukton's business operation is mainly construction and demolition material from our worksites. In order to satisfy the increasingly stringent statutory requirements, and to ensure we have control over all generated waste, we collaborate closely with a nationally procured partner. In addition to collection of waste, they help with training and sorting guides, and statutory reporting to the Swedish Environmental Protection Agency regarding, for example, hazardous waste.

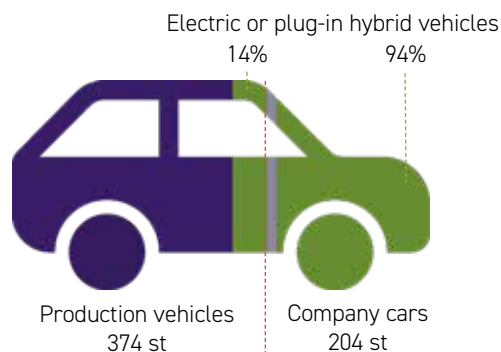
A new Waste Ordinance came into effect in 2020, and we comply with its more stringent requirements by monitoring waste volumes in more categories of waste than previously, including more categories of materials, such as plastic and mineral. The diagram on page 25 follows the same category division as last year. The total amount of waste in 2020 was approximately 5 570 tonnes, of which approximately 74 tonnes was hazardous waste, and 9.7 tonnes went to landfill.

### Emission from transports

During the year, we reduced our carbon dioxide emissions by a total of 277 399 kg. This is a reduction of 297 kg, or 13%, per employee, which means we exceeded the target for the year. For the individual, the reduction is the equivalent of approximately two tanks of fossil fuel on an annual basis.



<sup>1)</sup> Conversion factors: diesel 2,72 kg CO<sub>2</sub>, petrol 2,36 kg CO<sub>2</sub>





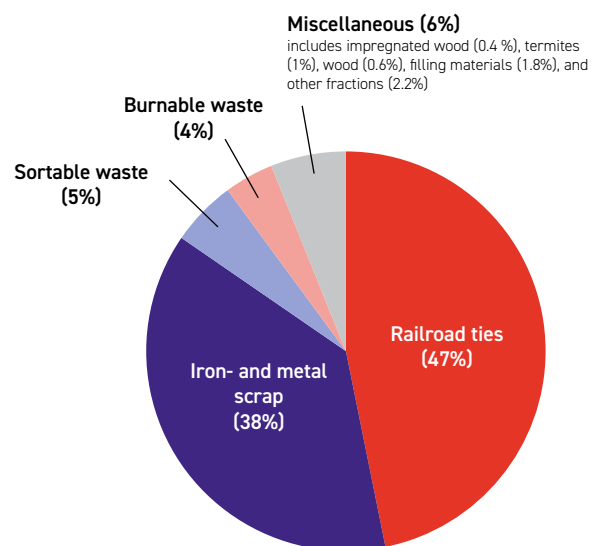
The easily accessible chemicals system makes it easier for us to comply with applicable statutory requirements, but it also makes it easier to maintain a high level of safety and ensure that no one is exposed to chemical risks at work.

Carolina Österberg, QEW Strategist

### New procedure for fewer and less hazardous chemicals

The chemicals that are handled in our business activities are mainly maintenance chemicals such as lubricants and marking paints, but also small quantities of construction chemicals such as cement. Our clients have strict environmental and work environment requirements regarding the chemicals we may use. In our work to satisfy the requirements, in 2020 we introduced a new procedure for how we choose materials and chemical products in our projects. All our chemical products are registered in a web-based chemicals system that is also accessible using a telephone app. This gives all employees and subcontractors direct access to safety data sheets and risk assessments for each product via computers and telephones.

For next year, we have raised the bar even further, and have set a target to reduce the number of chemicals by 40%. In 2020, we reported to the Swedish Chemicals Agency the import of 81 tonnes of chemicals in the form of welding material. This is in accordance with the requirements in the Swedish Environmental Code.



### Measurable targets and outcome

	Target 2021	Target 2020	Outcome 2020	Outcome 2019
Annual reduction of carbon dioxide emissions from production vehicles and company cars in relation to number of employees	-10 %	-10 %	-13 %	-20 %

# Risk management

Like all companies, Strukton is exposed to both external and internal factors, which contributes to uncertainty about whether we will be able to achieve our goals. Active risk management is an important and natural part of our corporate governance.

Few businesses had the Covid-19 pandemic in their risk analyses when 2020 started. However, after this year, all businesses, like Strukton, have probably included pandemics in their risk processes.

The world, both in and outside Sweden, has unfortunately been characterised by increased concern and a need for greater preparedness for external security risks. Protecting information and facilities against possible external threat has become more important than previously. So far, the railway system has been spared from more serious incidents, but this does not mean that Strukton can drop its

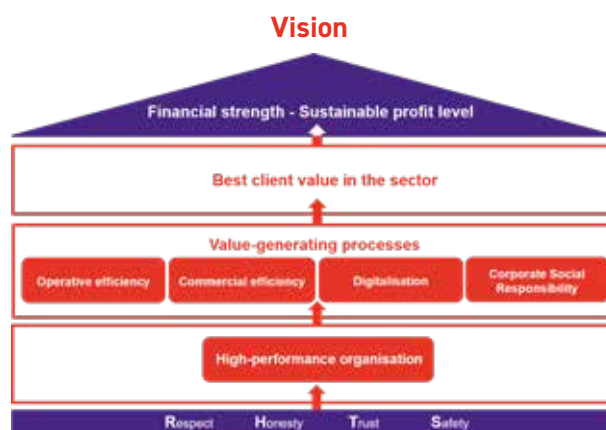
guard, quite the opposite in fact. We are constantly reviewing our risk management work, with the aim of simplifying and improving, but also to meet increased external requirements.

## ISO 31000 – Strukton's risk management

In 2020, Strukton revised its entire approach to identifying and managing risks and opportunities. This is now based on the principles and processes in the guideline standard for risk management, ISO 31000. We now base our work on the following adopted and documented method of working:



Our risk categorisation follows Strukton's strategic map. The financial risks are a risk for our financial strength. Market and external risks stand in relation to us wanting to create the best client value in the sector, while operative risks are risks for our value-generating processes and our ability to be a high-performance organisation.







## Risk management

Risk management is a learning process that will contribute to our strategic work and help us attain our goals and make well-considered decisions. We will continue to develop our risk management process, with the ambition to acquire an even better overall picture of the risks, more clearly linked to the overarching objectives of the business.

For several years, the sustainability perspective has been an integrated part of Strukton's risk management. Risks are assessed and managed continually within the framework of Strukton's certified management system.

## Risk overview

Strukton's overarching risk compilation comprises a total of 31 risks, which are evaluated on the basis of the probability of the undesirable events occurring and the consequences if the event should occur. Strukton has identified seven significant ('red') risks.

No significant risks have been identified within the areas of human rights or environmental impact. Environment-related risks are managed within the framework of Strukton's environmental management system.

### Risk areas

### Significant 'red' risks

### Where addressed

#### Financial risks

Financial risks

Sustainable economy, pp 12-13

#### Market and external risks

Corruption

Anti-corruption, page 22

Political decisions

Letter from the Managing Director, page 3

Pandemics/Epidemics

Strukton as a workplace, pp14-15

#### Operative risks

Lose licence and safety certificates A+B

Safe work environment, pp 16-17

Processes

About Strukton, pp 6-9

Work environment/Traffic safety

Safe work environment, sid 16-19



# Financial report 2020









Strukton Rail AB  
Org nr 556571-9449

## Annual Report for the 2020 Financial Year

The Board of Directors and the Managing Director hereby present the following annual report.

### Innehåll

Administration report	31
Income statement	36
Balance sheet	37-38
Report on changes in equity	39
Cash flow analysis	40
Notes	42-55

Unless stated otherwise, all figures are shown in SEK thousand. Figures in parentheses refer to the previous year (2019).

# Administration report

## Information about the business operation

The Board of Directors and the Managing Director of Strukton Rail AB hereby present the Annual and Sustainability Report for the 2020 financial year. The company was formed on 12 May 1999. The registered office of the company is in Stockholm municipality and, since 2015, the head office of Strukton Rail has been in Västberga, south of Stockholm. The company is a wholly owned subsidiary of Strukton Railinfra AB (556634-6747), which in turn is owned by Strukton Rail BV (Netherlands).

Strukton Rail AB is a private contractor with a focus on track and railway systems. The company's main clients are the Swedish Transport Administration and the Traffic Administration in Stockholm. The total number of employees in the financial year was 949 (947).

Sales during the year for Strukton Rail AB's wholly owned subsidiary RBS ban och signal AB, corporate ID number 559048-4167, were 0 (166) and the operating profit was -1 (1.2). On 1 December 2019, the business operation was taken over by Strukton Rail AB through an acquisition of assets and liabilities, and the company was virtually dormant in 2020.

## Multi-year comparison (SEK thousand)

Summary of the company's financial development.

	2020	2019	2018	2017	2016
Net sales	2 242 475	2 521 099	2 302 870	2 440 598	2 569 510
Operating profit	69 616	125 116	133 843	-40 068	4 364
Profit after financial items	-60 305	23 433	-136 077	-42 784	883
Total assets	1 092 761	1 124 645	1 078 271	1 067 666	1 082 693
Number of employees	949	947	929	904	865
Equity ratio %	21.4	13.1	8.0	18.1	21.0
Return on equity %	neg	15.9	neg	neg	0.4
Cash flow from operating activities	-22 573	6 027	98 957	33 524	23 106

Performance indicators are defined in Note 1.

## Market

The market for railway contractors is showing growth, particularly in new-construction projects and reinvestments. The Swedish Government's commission on railway maintenance is creating uncertainty about the future. One of the commission's proposals is that the Swedish Transport Administration should take over the operation of eight basic contracts for facilities that it manages. The purpose for this is to strengthen its competencies in railway maintenance and to develop new methods. As a consultation body, Strukton was able to submit a statement, which it has done. Strukton's main message is that we cannot support the commission's considerations and proposals. We believe in a functioning competitive market to promote innovation and efficiency.

We are also seeing that clients are continuing to invest in their own competencies in the form of staff and monitoring systems for greater control of their facilities. Strukton continues to invest in, for example, an asset management system and digital tools that will improve the company's competitiveness, increase its proactivity, and secure deliveries of the right quality.

## **The business operation and significant events**

Strukton is responsible for the basic maintenance in ten of the Swedish Transport Administration contracts. During the year, the work has continued without major external impact of extreme cold or fires. Instead, the causes of concern since Quarter 2 have been whether the Covid-19 pandemic will affect our capability to provide personnel and how the clients will be affected. Constructive and continual dialogue, both externally and internally, have enabled resource allocation and planning to proceed well.

A trend that has continued from previous years is that the Swedish Transport Administration is placing fewer orders. Changed procurement behaviour caused by the end of funding credit has had a negative effect on the profitability. Consequently, Strukton has not had full efficiency in the contracts, since the fixed staffing required for troubleshooting could not be utilised to its maximum. The Swedish Transport Administration's procurement pattern varies according to the region, and has personal links with the client. In the basic maintenance contract for Malmö C, the two triggered option years started in September. No new basic maintenance projects started in 2020.

In the Projects business unit, Strukton has been commissioned by the Traffic Administration in Stockholm for work on the Roslagsbanan line, expansion of existing single track Täby Kyrkby and Kragstälund, and also on the new Tvärbanan line towards Kista from Bromma. Also for the Traffic Administration in Stockholm, the Sandhem-Nässjö project has been in full production, and the work is expected to continue throughout 2021. On the West Main Line, Strukton has been involved in the Adjustment Project, largely work on signals but also earthwork. The Ängelholm-Maria double-track project, awarded at the start of 2020, is under way, but most of the work will be done in 2021.

During the year, the Power Supply business unit has completed Phase 1, design and planning, of the contract on the extension of the Alingsås substation. In Norway, Power Supply has delivered to Bane NOR a mobile switching centre and a mobile gas-insulated switchgear unit at Kjelland substation, south of Stavanger. Power Supply has also delivered a new protection and control system to Järna substation for converters 1, which is the first stage of three.

In 2020, Strukton Rail AB's (SRAB) wholly owned subsidiary Strukton Rail A/S (SR A/S) recognised more impairments of its largest project, which resulted in a need for capital from SRAB. As of 31 December, a shareholder contribution of SEK 28 million was granted. The shares in the subsidiary were assessed on the basis of expected future profit and, as of 31 December, were written down by SEK 117 million.

Strukton Rail AB's equity changed by SEK 86 million. The equity increased because of profit for the year of SEK -71 million, and also increased by SEK 157 million when the company received two unconditional shareholder contributions from Strukton Rail Infra AB (SR Infra AB). A loan from SR Infra AB of SEK 100.4 million was converted to equity through an unconditional shareholder contribution, and an unconditional shareholder contribution of SEK 57.1 million relates to the transfer of the shares in Strukton Rail Holding A/S from SR Infra AB to SRAB. These shares were then reassigned to SRAB's wholly owned subsidiary SR A/S.

### **Incoming orders, order book**

During the year, Strukton was awarded three of the Swedish Transport Administration's basic maintenance contracts: the West Coast Line, the West South Main Line, and South Main Line 1, which Strukton has previously had. All contracts will be started in spring 2021. In 2020, Strukton was also awarded the Öresund Bridge contract, which was positive as the client, the Öresund Consortium, is a new client. The contract runs for six years, with a possible extension option of 1-4 years. The procurement involved a negotiating process whereby lowest price was not the only consideration; quality parameters such as delivery and organisation were also considered. In overall economic terms, Strukton was the most favourable alternative. The contract begins on 1 April 2021.

Option years were triggered by the Swedish Transport Administration regarding basic maintenance of the Stockholm Mitt/Citybanan lines, and these start in spring 2022. The Traffic Administration in Stockholm triggered the option of a further two years regarding the contracts for the Stockholm Metro and the Roslag and Lidingö lines. All these contracts are therefore extended until January 2024.

On the project side, incoming orders have been somewhat lower than expected, but sales in existing projects have greatly increased. During the year, the project for Adjustment Measures on the West Main Line was awarded, as well as the Reinforcement Line project Järna-Hallsberg, which will be carried out in 2021-2022. At the end of the year, incoming orders started to increase, and Strukton was awarded a number of BEST contracts in the Stockholm area. Work will take place in 2021. One example is a contract for new operational sites Helenelund-Sollentuna.

In the spring, the Power Supply business unit was awarded a contract by Bane NOR for two mobile switching centres which was a triggered option for an ongoing contract, Kjelland substation. In autumn 2020, a contract



was awarded to replace safety and control equipment in the Mellansel substation. Aftermarket activities involved several small assignments that, added together, made a positive contribution to incoming orders.

Orders at the end of the year were worth SEK 4.7 billion (3.1), an increase of 50%. The increase was due to new contracts and options triggered in existing contracts.

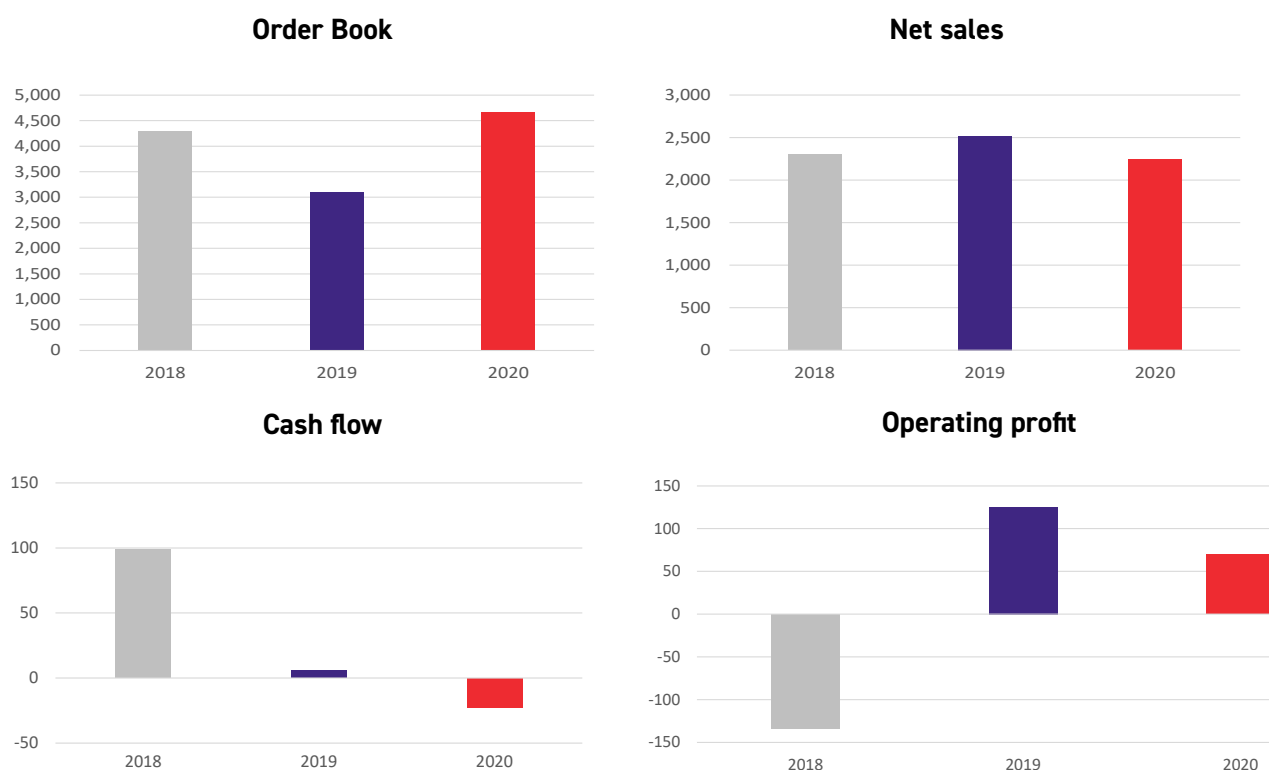
### Sales, profit, cash flow

Net sales decreased by 11% compared to last year, and were 2 242 (2 521). Approximately 76% of sales involved operation and maintenance activities, the majority on commission from the Traffic Administration in Stockholm and the Swedish Transport Administration. Operating profit was 69.6 (125.1) and operating margin was 3.1% (5%).

2020 was a good production year, and the pandemic did not have a major effect on profits, the result of successful replanning and good use of resources. The pandemic was a cause of concern, and reduced predictability in planning and orders, but continual dialogue has been held with clients. Sales were lower than previous years because of fewer orders from the Swedish Transport Administration on the maintenance side, but also because incoming orders from the project side were lower ahead of 2020. However, the order book has been supplemented by deferral of a number of projects until next year because of the pandemic. The Power Supply business unit has seen many incoming orders, and has delivered services and products in contracts in both Sweden and Norway.

Despite lower volumes, the Covid-19 pandemic, and the mix of projects/maintenance, operating profit was better than expected. Lower volumes and production efficiency in certain maintenance projects led to impairment of some operation and maintenance contracts. Utilisation of the machine pool was not at its maximum because the volumes were smaller, but the possibility for external leasing increased. Project activities have been more profitable than expected, both within BEST deliveries and the Power Supply business unit. Profits were also impacted to a certain extent by overcapacity in administration, where costs must be borne by a greater volume.

Cash flow from operating activities was -22.5 (6). The net flow of acquisitions and disposals of non-current assets was -33.6 (-33.1). Cash and cash equivalents at year-end were 119 (151). Strukton has an approved overdraft facility of 75 (75), which had not been utilised at year-end. Other performance figures are shown in the multi-year comparison.



## Significant risk factors

Strukton Rail is exposed to operational, client and external risks, and financial risks. As Strukton Rail mainly works with state and municipal clients, there are also market and political risks. Decisions beyond our control can have major consequences for Strukton's capability to act. Within railway contracts, safety is of utmost importance, safety and the work environment are also linked with large regulatory compliance risks.

The biggest risks are mainly within the operative business, occurring throughout the contractor process, from procurement phase to completion. Significant risks are found in resource planning, procurement of subcontractors, attracting and retaining employees, and efficiency in production planning and governance. The management system in Strukton Rail includes processes for managing risks within the operational activities. The work to improve risk management and analysis is continuous.

Strukton applies the percentage of completion method, which means that profit is recognised on the basis of the contract's stage of completion and final forecast of costs. This requires reliable forecasts and detailed follow-up. Forecasts are continually followed up monthly according to the established process, to ensure correct valuations and to minimise risks and fluctuations when reporting profit/loss. Contract expertise linked to the financial side is an area that is always important; training takes place continuously and is part of the improvement work to enable Strukton to attain its long-term growth objectives.

Financial risks such as currency exchange risks, credit risks, and liquidity risks are relatively limited. Strukton is exposed to currency risks to only a small extent, because most purchases are made in Swedish kronor. In a sector with clear seasonal variation, there is always a liquidity risk, i.e. the inflow of cash does not match expenses. Strukton limits this risk through regular liquidity planning, but the opportunities for rapid invoicing and liquidity are limited by our clients' contract requirements. The credit risk is small, as the main clients are the Swedish Transport Administration and the Traffic Administration in Stockholm.

Strukton is insured against risks relating to property, disruption and liability caused by the business activity. In conjunction with Strukton Rail's sustainability work, a more comprehensive risk analysis has been drawn up, and this is presented on pages 26-27.

## Expected future developments and significant risk factors

Like all companies and organisations, Strukton is exposed to both external and internal factors and influences that promote uncertainty about whether Strukton will be able to meet the company's targets. Strukton raises three future significant risk factors: politics, pandemic, and climate.

In 2020, the Swedish Government presented the findings of its SoU 2020:18 commission regarding railway maintenance. One of the proposals was a major reregulation of the Swedish operation and maintenance market. Under the proposal, the state would retake control of eight operation and maintenance contracts, five engineering contracts, and set up a national machine pool. If these proposals become reality, the risks are clearly negative for Strukton, i.e. a shrinking market and thereby reduced sales for all business units within the company.

Strukton's business operation, like the rest of society, has been affected by the pandemic, with effects both for the employees and their work situation and our clients' financial position/ability to place orders. Uncertainty remains about how the pandemic and its effects will develop in the future.

In the shadow of politics and the pandemic, the climate crisis still leaves its mark in the form of continued negative climate change, above all extreme weather conditions. This trend will require both climate-smart investments and new methods of working.

In view of the above, active and systematic risk management is of key importance in our corporate governance. Despite significant risks, Strukton remains confident about the future. The grounds for this optimistic view is a stable economy, a solid business activity, a strong order book and, externally, an increased focus on sustainable travel in which railways are crucial.

## Proposed appropriation of the profit

The following profit (SEK thousand) is at the disposal of the General Meeting of Shareholders.

Profit appropriation	Profit (SEK thousand)
Profit brought forward	288 256
Loss for the year	-71 335
<b>Amount carried forward</b>	<b>216 921</b>

The company's profit/loss and position in other financial aspects are shown in the following income statement and balance sheet, and in the cash flow analysis with notes.

## Sustainability report

Strukton is subject to the provisions in the Swedish Annual Accounts Act regarding the preparation of a sustainability report. The company has chosen to prepare its sustainability report integrated in this annual report. To identify its significant sustainability areas, the company has carried out a materiality analysis.

The area of human rights is integrated in many of the significant sustainability areas that Strukton has identified, but is not presented as a separate section in the materiality analysis, as the issue is integrated in many parts of the business activities. Respect for human rights in Strukton's business operation concerns requirements placed on suppliers and contractors, but it also includes carrying out active safety work in the assignments, covering Strukton employees, contractors, partners, clients, and the general public. Strukton's active work on gender equality and diversity is also part of the work on respect for human rights.

Strukton's Board of Directors is responsible for sustainability reporting. The sustainability report in accordance with the Swedish Annual Accounts Act is presented on the following pages:

Sustainability area	Pages
Business model	6-9
Material sustainability issues	10-11
Social responsibility	14-21
Respect for human rights	14-21
Personnel	14-15
Environment	23-25
Anti-corruption	22
Risk management	26-27



## Income Statement (SEK thousands)

	Not	2020	2019
<b>Operating income</b>			
Net sales	2, 3, 4	2 242 475	2 521 099
Other operating income		11 474	5 105
<b>Total operating income</b>		<b>2 253 950</b>	<b>2 526 204</b>
<b>Operating costs</b>			
Materials and subcontractor expenses		-992 311	-1 213 505
Other external expenses	5, 6	-255 716	-241 612
Personnel expenses	7	-912 585	-924 089
Depreciation of property, plant and equipment and amortisation of intangible assets	8, 9, 10	-23 722	-21 881
<b>Total operating costs</b>		<b>-2 184 334</b>	<b>-2 401 087</b>
<b>Operating profit</b>		<b>69 616</b>	<b>125 116</b>
<b>Profit from financial items</b>			
Profit from participations in associated companies	11	-12	-13
Interest income and currency exchange gains	12	6 749	11 475
Interest expenses and currency exchange losses	13	-19 352	-22 732
Impairment of shares in subsidiaries		-117 307	-90 414
		-129 921	-101 684
<b>Profit after financial items</b>		<b>-60 305</b>	<b>23 432</b>
Appropriations	14	0	22 442
<b>Pre-tax profit</b>		<b>-60 305</b>	<b>45 874</b>
Tax on the year's profit	15	-11 030	-32 108
<b>Profit for the year</b>		<b>-71 335</b>	<b>13 766</b>

## Balance Sheet (SEK thousands)

	Not	31-12-2020	31-12-2019
<b>Assets</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Expenses brought forward for development work	8	2 404	2 507
Intangible assets in progress		1 458	130
		<b>3 862</b>	<b>2 637</b>
<i>Property, plant and equipment</i>			
Equipment, tools and fixtures	9, 16	11 706	13 102
Machines and installations, and other equipment	10	71 742	85 013
Construction in progress and prepayments regarding tangible assets		6 599	3 661
		<b>90 047</b>	<b>101 776</b>
<i>Financial assets</i>			
Participations in group companies	17, 18	132 785	152 855
Participations in associated companies	19, 20	59	5 698
		132 844	158 553
<b>Total non-current assets</b>		<b>226 753</b>	<b>262 966</b>
<b>Current receivables</b>			
<i>Accounts receivable</i>			
Receivables in group companies		390 797	396 262
Tax assets		184 737	116 645
Other current receivables		0	9 738
Income accrued but not invoiced		5 544	15 416
Prepaid expenses and accrued incomes		120 845	129 563
	21	44 925	42 631
<b>Total current assets</b>		<b>746 848</b>	<b>710 255</b>
<i>Cash and cash equivalents</i>	22	119 161	151 424
<b>Total current assets</b>		<b>866 009</b>	<b>861 679</b>
<b>Total assets</b>		<b>1 092 762</b>	<b>1 124 645</b>

## Balance Sheet (SEK thousands)

	Note	31-12-2020	31-12-2019
<b>Equity and liabilities</b>			
<b>Equity</b>	23, 24		
<i>Restricted equity</i>			
Share capital		100	100
Reserve fund		20	20
		<b>120</b>	<b>120</b>
<i>Unrestricted equity</i>			
Retained profit or loss		288 256	117 022
Profit for the year		-71 335	13 766
		<b>216 921</b>	<b>130 788</b>
<b>Total equity</b>		<b>217 041</b>	<b>130 908</b>
<b>Untaxed reserves</b>	25	<b>20 741</b>	<b>20 741</b>
<b>Provisions</b>	26		
Provisions for pensions and similar obligations		278 728	258 753
Other provisions	27	65 992	82 357
		<b>344 720</b>	<b>341 110</b>
<b>Non-current liabilities</b>	28		
Liabilities to group companies		0	104 471
Other liabilities		8 722	11 555
		<b>8 722</b>	<b>116 026</b>
<b>Current liabilities</b>			
Accounts payable		185 279	138 261
Liabilities to group companies		59 331	54 387
Current tax liabilities		331	0
Other liabilities		39 158	38 041
Invoiced but not accrued income		45 744	131 317
Accrued expenses and prepaid income	29	171 695	153 854
		<b>501 538</b>	<b>515 860</b>
<b>Total equity and liabilities</b>		<b>1 092 762</b>	<b>1 124 645</b>



## Report on Changes in Equity (SEK thousands)

	Share capital	Reserve fund	Profit brought forward	Total equity
<b>Equity as of 1-1-2019</b>	<b>100</b>	<b>20</b>	<b>53 616</b>	<b>53 736</b>
Shareholder contribution received			63 406	63 406
Profit for the year	-	-	13 766	13 766
<b>Equity as of 31-12-2019</b>	<b>100</b>	<b>20</b>	<b>130 788</b>	<b>130 908</b>
<b>Equity as of 1-1-2020</b>	<b>100</b>	<b>20</b>	<b>130 788</b>	<b>130 908</b>
Shareholder contribution received	-	-	157 468	157 468
Profit for the year	-	-	-71 335	-71 335
<b>Equity as of 31-12-2020</b>	<b>100</b>	<b>20</b>	<b>216 921</b>	<b>217 041</b>

## Cash flow analysis (SEK thousands)

	Note	31-12-2020	31-12-2019
<b>Operating activities</b>			
Operating profit before financial items		69 616	125 116
Adjustments for non-cash items, etc.	30	-13 717	-101 855
Interest received		3 938	6 841
Interest paid		-20 465	-19 200
Income tax paid		-961	-9 130
<b>Profit after financial items</b>		<b>38 411</b>	<b>1 772</b>
<b>Cash flow from increase/decrease in operating capital</b>			
Increase/decrease in group receivables		-67 464	71 795
Increase/decrease in accounts receivable		5 465	-9 378
Increase/decrease in other current receivables		-46 478	43 313
Increase/decrease in accounts payable		47 019	-43 277
Increase/decrease in group liabilities		3 897	-57 263
Increase/decrease in other current operating liabilities		-3 423	-935
<b>Cash flow from operating activities</b>		<b>-22 573</b>	<b>6 027</b>
<b>Investing activities</b>			
Investments in property, plant and equipment		-2 314	-1 857
Investments in subsidiaries		-1 059	-31 306
Investments in intangible assets		-6 317	0
<b>Cash flow from investing activities</b>		<b>-9 690</b>	<b>-33 163</b>
<b>Financing activities</b>			
Loans from group companies		0	104 471
<b>Cash flow from financing activities</b>		<b>0</b>	<b>104 471</b>
		<b>-32 263</b>	<b>77 335</b>
<b>Cash flow for the year</b>			
Opening cash and cash equivalents		151 422	74 087
<b>Opening cash and cash equivalents</b>		<b>119 159</b>	<b>151 422</b>





## Notes

### Note 1 Accounting and valuation principles

#### General information

Strukton Rail AB's annual report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board General Guidelines, BFNAR 2012:1 Annual and Consolidated Accounting (K3).

The accounting principles are unchanged compared to previous years.

Consolidated accounts have not been prepared, in accordance with the exemption provision in Chapter 7, Section 3 of the Swedish Annual Accounts Act. The company is a wholly owned subsidiary of Strukton Railinfra AB, corporate ID number 556634-6747, with registered office in Stockholm. Strukton Railinfra AB is part of a group in which Strukton Groep NV, corporate ID number 30004006, with registered office in Utrecht, Netherlands, prepares the consolidated accounts for the largest group.

Assets, provisions, and liabilities have been valued at cost, unless stated otherwise.

#### Intangible assets

Intangible assets in Strukton Rail AB comprise development costs for business systems.

#### Property, plant and equipment

Property, plant and equipment are carried at cost after deductions for accumulated amortisation and impairments.

#### Financial assets

Financial assets in Strukton Rail AB comprise participations in group companies (Strukton Rail Danmark and RBS ban och signal AB) and in associated companies (Bergproduktion i Sverige HB and JPL Rail A/S).

#### Impairment testing of financial assets

At each balance sheet date, Strukton Rail AB assesses whether there is an indication of a need for impairment of any of the financial assets. Impairment losses occur if the decrease in value is deemed to be permanent. The need for impairment is tested individually for shares and participations and other individual financial assets that are significant. Examples of indications of a need for impairment are negative financial circumstances or unfavourable changes in sector terms in companies in which Strukton Rail AB has invested in shares. Impairment of assets is valued at accrued cost of acquisition, calculated as the difference between the asset's carrying amount and present value of the company management's best estimate of the future cash flows, discounted with the asset's original effective interest rate. If shares are impaired, the impairment amount is determined as the difference between the carrying amount and the highest of the fair value, less selling costs, and the present value of future cash flows.

#### Financial instruments

Strukton Rail har inga finansiella instrument.

#### Additional expenses

Additional expenses that satisfy the asset criterion are included in the carrying amount of the asset. Expenses for continual maintenance and repairs are reported as costs when they arise.

## Depreciation

Depreciation is done on a straight-line basis over the estimated useful life of the asset, because this reflects the expected consumption of the asset's future financial benefits. Depreciation is recognised as a cost in the income statement.

	Useful life
Machinery	10-15 years
Equipment, tools, and fixtures	5 years
Technical facilities	10 years

## Operational leasing

Leasing fees according to operational leasing agreements, including increased first-time rental fee but excluding expenses for services such as insurance and maintenance, are recognised as costs on a straight-line basis over the leasing period. All leasing agreements are reported as operational leasing agreements.

## Foreign currency

*Items in foreign currency*

*Monetary items in foreign currency are translated at the exchange rate in effect on the balance sheet date.*

*Non-monetary items are not translated, and are instead recognised at the exchange rate in effect at the time of acquisition.*

*Exchange rate differences that arise in adjustment or translation of monetary items are recognised in the income statement in the financial year in which they arise.*

## Employee benefits

In the company, there are both defined-benefit and premium-based pension plans. Strukton is currently covered by collective bargaining agreements on ITP occupational pensions for salaried employees and SAF-LO pensions for other workers.

### Defined-benefit pensions

For salaried employees with ITP 2 pensions, retirement pension with obligatory credit insurance is reported as a liability. In addition, there is a commitment (pension liability) from the time when parts of the company were covered by the municipal pension plan. These liabilities are reported under 'Provisions for pensions and similar obligations'.

### Premium-based pensions

For workers and salaried employees with ITP 1 pensions, premium-based pensions apply, with payments to pension insurance schemes according to the respective collective bargaining agreement. Here, no pension liability arises.

## Tax

Tax on the profit/loss for the year as shown in the income statement comprises current tax and deferred tax. Current tax is income tax for the current financial year that relates to the year's taxable profit, and income tax from previous financial years that has not yet been reported. Deferred tax is income tax on taxable profit relating to future financial years as a result of earlier transactions or events.

Deferred tax liability is recognised for all taxable temporary differences, but deferred tax attributable to untaxed reserves is not reported separately because untaxed reserves are reported as a separate item on the balance sheet. Deferred tax assets are recognised for deductible temporary differences and to enable the

utilisation of tax-loss carry forwards in the future. The valuation is based on how the recognised value of a corresponding asset or liability is expected to be recovered or settled. The amounts are based on the tax rates and tax regulations that are adopted before the balance sheet date, and have not been given present value.

Deferred tax assets have been valued to a maximum of the amount that will probably be recovered based on current and future taxable profit. The valuation is reviewed on every balance sheet date.

### **Provisions**

A provision is recognised in the balance sheet when the company has a legal or informal obligation as a result of a past event, and when it is probable that an outflow of resources will be required to settle the obligation and when it is possible to make a reliable assessment of the amount. On the first reporting occasion, provisions are valued at an amount that corresponds to the best estimate of the payment required to settle the obligation on the balance sheet date. The provisions are reviewed on every balance sheet date.

### **Contingent liabilities**

A contingent liability is a possible obligation resulting from events that have occurred, and whose occurrence is only confirmed if one or more uncertain future events that are not completely within the company's control occur or do not occur; or when there is an existing obligation that is not reported as a liability or provision because it is not likely that an outflow of resources will be required to settle the obligation or because it cannot be estimated with sufficient reliability.

### **Revenue**

Revenue is reported as the fair value received or that the company will receive for its own account, after deductions for value added tax, discounts, or similar deductions. Revenue is recognised only if it is probable that the economic benefits will fall to the company. In cases of uncertainty, a bad-debt loss is reported under costs in the income statement.

For investment projects and operation and maintenance contracts, the company applies the percentage of completion method. Revenues in the contract are recognised in line with the stage of completion, measured as the expenses paid in the project in relation to the estimated costs for the entire project. One requirement for this principle is that the project can be forecast in a reliable way. If there is uncertainty about this, revenues are recognised to cover expenses paid. On the balance sheet, the difference between accrued revenue and invoicing is recognised as a current asset, and accrued revenue that is not invoiced is reported as a current liability.

A possible loss in both operation and maintenance contracts and investment projects is reported as soon as it becomes known. A possible loss is reported as a cost. Costs for tenders are not capitalised.

Leasing of machinery is reported on a straight-line basis over the leasing period.

### **Dividend**

A dividend is recognised when the Board of Directors has decided that a dividend will be paid.

### **Year-end appropriations**

Changes in untaxed reserves are reported as year-end appropriations in the income statement.

Group contributions are recognised as year-end appropriations.

### **Shares and participations in subsidiaries**

Shares and participations in subsidiaries are reported at cost, after deduction for any impairments. The acquisition value includes the price paid for the shares and acquisition costs. Any contribution of capital and group contributions are added to the acquisition value when they are made. Dividends from subsidiaries are recognised as revenue.



## Equity

Equity is divided into restricted and non-restricted equity, in accordance with the division in the Swedish Annual Reports Act.

## Untaxed reserves

Untaxed reserves are reported as a gross amount in the balance sheet, including the deferred tax liability attributable to the reserves.

## Definitions of performance indicators

Net sales

Main revenue from the operation, invoiced costs, revenue from other activities, and revenue corrections.

Operating profit

Profit after depreciation and amortisation, but before financial items.

Profit after financial items

Profit after financial revenue and expenses, but before year-end appropriations and taxes.

Total assets

The company's total assets.

Equity ratio (%)

Adjusted equity (equity and untaxed reserves, with deduction for deferred tax) as a percentage of total assets.

Return on equity (%)

Profit after financial items as a percentage of adjusted equity (equity and untaxed reserves, with deduction for deferred tax).

## Note 2 Net sales according to business unit and geographical markets

	2020	2019
Net sales by business unit:		
Operation and maintenance contracts	1 710	1 844
Investment projects	532	678
	<b>2 242</b>	<b>2 522</b>

Of the total net sales, 99% were made in Sweden.

### Note 3 Estimations and judgements

Estimations and judgements are reviewed on a regular basis, and are based on historical experience and other factors, including expectations regarding future events. The actual outcome may deviate from the judgements made earlier.

The percentage of completion method is based on final-stage forecasts for the projects. This means there is always an uncertainty in assessing future forecasts. In order to increase reliability and control, the forecasts are regularly updated and assessed.

In the event of disputes with suppliers and clients, a plausibility assessment has been carried out based on the information that is known and considered in the accounts.

Guarantee commitments apply for certain performed services, so any future guarantee expenses have been estimated.

Accounts receivable are recognised as the amount that is expected to be paid, after deduction for individually assessed possible credit losses. Every individual project is assessed individually, and reservations made if there is a need for impairment.

### Note 4 Transactions with related parties

The following shows the proportion of the year's purchases and sales relating to group companies.

	2020	2019
Purchases (%)	2.40 %	8.17 %
Sales (%)	1.65 %	0.15 %

Costs for management fees were SEK 10 150 thousand (12 057 thousand) and management fee revenue fees were SEK 0 thousand (3 190 thousand).

### Note 5 Operational leasing agreements

Leasing costs for the year regarding leasing agreements were SEK 36 494 thousand (44 009 thousand)

	2020	2019
Future minimum leasing fees that must be paid for leasing agreements that cannot be terminated:		
Due for payment within one year	4 247	11 364
Due for payment between one and five years	1 549	6 374
Due for payment later than five years	0	0
	<b>5 796</b>	<b>17 738</b>

Future leasing fees are based on agreements regarding cars, and are based on standard agreements.

## Note 6 Auditors' fees

	2020	2019
<b>PwC</b>		
Auditing	1 697	1 419
Tax advice	78	428
Other services	42	108
	<b>1 818</b>	<b>1 955</b>

The auditing item includes quality assurance services and advice services or other representation resulting from observations regarding such an audit or implementation of other work tasks.

## Note 7 Employees and personnel costs

	2020	2019
<b>Average</b>		
Women	104	110
Men	845	837
	<b>949</b>	<b>947</b>
<b>Wages, salaries, and other payments</b>		
Board of Directors and Managing Director	2 036	2 854
Other employees	627 436	622 340
	<b>629 472</b>	<b>625 194</b>
<b>Social costs</b>		
Pension costs for the Board of Directors and the Managing Director	193	157
Pension costs for other employees	67 257	68 344
Social security charges according to law and agreements	207 891	208 164
	<b>275 341</b>	<b>276 665</b>
<b>Total wages and salaries, payments, social costs, and pension costs</b>	<b>904 813</b>	<b>901 859</b>
<b>Gender distribution among senior executives</b>		
Proportion of women on the board	1	1
Proportion of men on the board	3	3
Proportion of women among other senior executives	3	3
Proportion of men among other senior executives	8	7

## Agreement on severance pay

If the Managing Director is given notice by the company, a lump-sum payment corresponding to 24 months of salary is paid. If notice is given on the Managing Director's initiative, the period of notice is six months. During the year, two Managing Director salaries were paid for a short period.



## Note 8 Expenses brought forward for development work

	31-12-2020	31-12-2019
Opening costs	21 833	20 106
Purchases	986	1 727
<b>Closing accumulated costs</b>	<b>22 819</b>	<b>21 833</b>
Opening amortisation	-19 327	-18 312
Amortisation for the year	-1 088	-1 015
<b>Closing accumulated amortisation</b>	<b>-20 415</b>	<b>-19 327</b>
<b>Closing carrying amount</b>	<b>2 404</b>	<b>2 506</b>

## Note 9 Equipment, tools, and fixtures

	31-12-2020	31-12-2019
Opening costs	36 903	31 069
Purchases	2 859	7 359
Sales/disposals	-2 906	-1 525
<b>Closing accumulated costs</b>	<b>36 856</b>	<b>36 903</b>
Opening depreciation	-23 802	-21 262
Sales/disposals	2 906	1 525
Depreciation for the year	-4 254	-4 064
<b>Closing accumulated depreciation</b>	<b>-25 150</b>	<b>-23 801</b>
<b>Closing carrying amount</b>	<b>11 706</b>	<b>13 102</b>

## Note 10 Machinery and other equipment

	31-12-2020	31-12-2020
Opening costs	254 012	235 064
Purchases	9 503	20 660
Sales/disposals	-30 714	-1 712
<b>Closing accumulated costs</b>	<b>232 801</b>	<b>254 012</b>
Opening depreciation	-168 999	-153 824
Sales/disposals	26 317	1 627
Depreciation for the year	-18 377	-16 802
<b>Closing accumulated depreciation</b>	<b>-161 059</b>	<b>-168 999</b>
<b>Closing carrying amount</b>	<b>71 742</b>	<b>85 013</b>

## Note 11 Profit from participations in associated companies

	2020	2019
Profit from Bergproduktion i Sverige AB	-12	-13
	<b>-12</b>	<b>-13</b>

## Note 12 Other interest income and similar profit items

	2020	2019
Interest income from group companies	-2 070	-3 087
Other interest income	-1 868	-3 754
Currency exchange gains	-2 811	-4 634
	<b>-6 749</b>	<b>-11 475</b>

### Note 13 Interest expenses and similar profit items

	2020	2019
Interest expenses to group companies	4 127	2 632
Other interest expenses	2 245	6 893
Currency exchange losses	3 026	3 546
Financial expenses	9 953	9 661
	<b>19 352</b>	<b>22 732</b>

### Note 14 Year-end appropriations

	2020	2019
Group contribution received	0	1 575
Change in accelerated depreciation	0	20 867
	<b>0</b>	<b>22 442</b>

### Note 15 Current and deferred tax

	%	2020	%	2019
<b>Tax on profit for the year</b>				
Current tax for the year		-11 030		-804
Current tax attributable to previous years				0
Deferred tax				-31 304
<b>Total recognised tax</b>		<b>-11 030</b>		<b>-32 108</b>
<b>Calculation of effective tax</b>				
Recognised profit before tax		-60 305		45 874
Tax based on applicable tax rate	21,40%	12 905	21,40%	-9 817
Non-deductible expenses		-25 104		150
Tax-exempt revenue		1 169		8 863
Tax effect of deferred tax assets pertaining to previous year				0
Deferred tax				-31 304
<b>Reported effective tax</b>	<b>-18,29%</b>	<b>-11 030</b>	<b>69,99%</b>	<b>-32 108</b>



## Note 16 State aid for acquisition of property, plant, and equipment

During the year, state grants were received for investment costs for charging stations at Strukton's workplaces. Strukton has received SEK 524 thousand so far.

## Note 17 Participations in group companies

	31-12-2020	31-12-2019
Opening accumulated cost	243 269	66 668
Reclassification	11 944	
Shareholder contribution	85 292	176 601
<b>Closing accumulated cost</b>	<b>340 505</b>	<b>243 269</b>
Opening impairments	-90 414	
Impairments for the year	-117 307	-90 414
<b>Closing accumulated impairments</b>	<b>-207 721</b>	<b>-90 414</b>
<b>Closing carrying amount</b>	<b>132 785</b>	<b>152 855</b>

## Note 18 Specification of proportions in group companies

Parent company	Share of capital %	Share of voting capital %	Number of shares	Book value 31-12-20
Strukton Rail A/S	100	100	500	116 790
RBS Ban och Signal AB	100	100	500	4 050
JPL Rail AS	70	70	75 600	11 944
				<b>132 785</b>

	Registered office	Corp ID number
Strukton Rail A/S	Copenhagen	20286547
RBS Ban och Signal AB		559048-4167
JPL Rail AS	Örje	998 086 221

**Note 19 Participations in associated companies and companies with joint management**

	31-12-2020	31-12-2019
Opening cost	5 698	5 711
Reclassifications	-5 628	
Participation profit	-12	-13
<b>Closing accumulated cost</b>	<b>59</b>	<b>5 698</b>
<b>Closing carrying amount</b>	<b>59</b>	<b>5698</b>

**Note 20 Specification of participations in associated companies and companies with joint management**

	Share of capital %	Share of voting capital %	Number of shares	Book value 31-12-20
Bergproduktion i Sverige HB	50	50	50	59

	Registered office	Corp ID number
Bergproduktion i Sverige HB	Stockholm	969692-0132

**Note 21 Prepaid expenses and accrued income**

	31-12-2020	31-12-2019
Prepaid rents	10 559	9 958
Other prepaid expenses	30 217	28 834
Prepaid insurance premium	4 150	3 839
	<b>44 925</b>	<b>42 631</b>

**Note 22 Overdraft facility**

	31-12-2020	31-12-2019
Approved overdraft facility	75 000	75 000
	<b>75 000</b>	<b>75 000</b>

None utilised as of 31-12-2020

**Note 23 Share capital**

The share capital comprises 1 000 class A shares with a par value of SEK 100 per share.

## Note 24 Appropriation of profit or loss

	2020
Profit/loss at the disposal of the General Meeting:	
Profit brought forward	288 256
Loss for the year	-71 335
	<b>216 921</b>
The Board of Directors proposes that the profits be carried forward.	<b>216 921</b>

## Note 25 Untaxed reserves

	31-12-2020	31-12-2019
Accumulated accelerated depreciation	20 741	20 741
	<b>20 741</b>	<b>20 741</b>

## Note 26 Provisions for pensions and similar obligations

	31-12-2020	31-12-2019
<b>Provisions according to Pension Obligations Vesting Act</b>		
FPG/PRI-system pensions	278 728	258 753
	<b>278 728</b>	<b>258 753</b>

## Note 27 Other provisions

	31-12-2020	31-12-2019
Guarantee commitments	3 176	7 683
Provisions for bad-debt contracts	62 815	74 674
	<b>65 992</b>	<b>82 357</b>

### Guarantee commitments

The company provides guarantees on certain performed services, and undertakes to repair or replace parts whose performance is inadequate. A provision of 3 176 thousand (7 683 thousand) has been reported on the balance sheet date for expected guarantee claims, based on previous experiences of the level for repairs and replacement parts.



## Note 28 Borrowing

	31-12-2020	31-12-2019
<b>Times of maturity</b>		
Liabilities to credit institutions 1-5 years	8 722	11 555
	<b>8 722</b>	<b>11 555</b>

## Note 29 Accrued expenses and prepaid income

	31-12-2020	31-12-2019
Holiday liability including social security charges	64 600	59 152
Accrued wages and salaries	13 836	13 483
Shortened working time, including social security charges	14 221	13 303
Overtime liability, including social security charges	9 968	11 296
Expected penalties	1 378	1 771
Production-related expenses	30 797	32 094
Administrative expenses	36 894	22 755
	<b>171 694</b>	<b>153 854</b>

## Note 30 Adjustments for non-cash items

	31-12-2020	31-12-2019
Depreciation	23 722	21 881
Capital gain	-9 845	799
Changes in participations in associated companies	12	13
Provisions for pensions	19 975	20 215
Provisions for bad-debt contracts	-16 366	-44 698
External long-term loans	-2 833	11 555
Group contribution received		1 575
Shareholder contribution received	157 468	63 406
Shareholder contribution paid	-85 293	-176 601
Loans from group companies	-100 342	-
Uncapitalised currency exchange differences	-215	-
	<b>-13 717</b>	<b>-101 855</b>

### Note 31 Pledged assets

	31-12-2020	31-12-2019
For own provisions and liabilities		
Chattel mortgages as collateral, Danske Bank	400 000	400 000
Chattel mortgages as collateral, PRI	50 000	50 000
	<b>450 000</b>	<b>450 000</b>
Liabilities to credit institutions		
Bank guarantees, Atradius	7 845	77 942
Bank guarantees, Danske Bank	212 079	216 581
Bank guarantees, NordicGuarantee	3 316	8 588
	<b>223 240</b>	<b>303 111</b>

### Note 32 Contingent liabilities

	31-12-2020	31-12-2019
<b>Contingencies</b>		
PRI and KPA Pension Guarantees	5 575	5 177
	<b>5 575</b>	<b>5 177</b>

In the 2019 financial report, the information about KPA's contingent liability was not shown, so it is reported now.

### Note 33 Events after the balance sheet date

No significant events after the end of the financial year.

The Income Statement and Balance Sheet will be presented to the General Meeting of Shareholders for adoption.

Stockholm XX-XX-2021

Tjark Arno de Vries  
Chair

Trond Blomberg

Madelien Orveland

Alexander Hagenbeek

Johan Oscarsson  
Managing Director

Our audit report is submitted on XX-XX-2021

Öhrlings Pricewaterhouse Coopers AB

Helena Ehrenborg  
Authorised Public Accountant







## Auditor's report

To the general meeting of the shareholders of Strukton Rail AB, corporate identity number 556571-9449

### Report on the annual accounts and consolidated accounts

#### Opinions

We have audited the annual accounts and consolidated accounts of Strukton Rail AB for the year 2020.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Strukton rail AB as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

#### Basis for Opinions

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

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

#### Other Information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises pages 3-27 samt 62-63. (but does not include the annual accounts, consolidated accounts and our auditor's report thereon).

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

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

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.



In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibility**

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar).

This description is part of the auditor's report.

### **Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Strukton Rail AB for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### **Basis for Opinions**

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

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

### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.



### **Auditor's responsibility**

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company,

or

- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

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

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Stockholm 2021

Öhrlings PricewaterhouseCoopers AB

Helena Ehrenborg

Authorized Public Accountant



## Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Strukton Rail AB, corporate identity number 556571-9449.

### **Engagement and responsibility**

It is the board of directors who is responsible for the statutory sustainability report for the year 2020 on pages 3–27 and that it has been prepared in accordance with the Annual Accounts Act.

### **The scope of the audit**

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### **Opinion**

A statutory sustainability report has been prepared.

Stockholm 2021

Öhrlings PricewaterhouseCoopers AB

Helena Ehrenborg

Authorised Public Accountant



# GRI-index

This is the GRI Content Index that helps you navigate in the report. More information about GRI can be found at [www.globalreporting.org](http://www.globalreporting.org).

DISCLOSURE	DESCRIPTION	COMMENT	PAGE
<b>GRI 102 (2016) General disclosures</b>			
<b>GRI 101 (2016) Foundation</b>			
<b>Organisational profile</b>			
102-1	Name of the organisation		2
102-2	Activities, brands, products, and services	6-9	6-9
102-3	Location of headquarters Stockholm, Västberga	Stockholm, Västberga	6-9
102-4	Location of operations		6
102-5	Ownership and legal form		6-8
102-6	Markets served		6-8
102-7	Scale of the organisation		5-8
102-8	Information on employees and other workers, divided into employment form, employment terms, region, and gender		14-15
102-9	Supply Chain		20-21
102-10	Significant changes to the organisation and its supply chain	No significant changes have taken place	
102-11	Precautionary Principle or approach		23-25
102-12	External initiatives	ISO 9001, ISO 3834-2 ISO 14001, ISO 45001 and Fossilfritt Sverige	
102-13	Membership of associations	The Swedish Construction Federation	
<b>Strategy</b>			
102-14	Statement from senior decision-maker		3
<b>Ethics and Integrity</b>			
102-16	Values, principles, standards and norms of behaviour		8-9

DISCLOSURE	DESCRIPTION	COMMENT	PAGE
<b>Governance</b>			
102-18	Governance structure		6-11
<b>Stakeholder engagement</b>			
102-40	List of stakeholder groups		10
102-41	Collective bargaining agreements	100% of employees	
102-42	Identifying and selecting stakeholders		10
102-43	Approach to stakeholder engagement		10
102-44	Key topics and concerns raised		10
<b>Reporting practice</b>			
102-45	Entities included in the consolidated financial statements	This report concerns Strukton Rail AB	34
102-46	Defining report content and topic boundaries		10
102-47	List of material topics		11
102-48	Restatements of information	No significant changes has been made	
102-49	Changes in reporting	No significant changes since the last report	
102-50	Reporting period	1-1-2020 – 31-12-2020	
102-51	Date of most recent	June 2020	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report		2
102-54	Claims of reporting in accordance with the GRI standards		2
102-55	GRI content index		62-63
102-56	External assurance	No external assurance	

DISCLOSURE	DESCRIPTION	COMMENT	PAGE
<b>Material topics disclosures</b>			
<b>GRI 200 Economic Impact</b>			
201 (2016)	Economic Performance		
<b>Management approach</b>			
103-1	Explanation of the material topic and its boundaries		22
103-2	The management approach and its components		22
103-3	Evaluation of the management approach		22
<b>Disclosure</b>			
201-1	Direct economic value generated and distributed		12–13
205 (2016)	Anti-corruption		
<b>Management approach</b>			
103-1	Explanation of the material topic and its boundaries		22
103-2	The management approach and its components		22
103-3	Evaluation of the management approach		22
<b>Disclosure</b>			
205-2	Kommunikation och utbildning kring anti-korruptionspolicy och rutiner		22
205-3	Korruptionsincidenter och vidtagna åtgärder	No cases	22
<b>GRI 300 Environmental impact</b>			
305 (2016)	Emissions to air		
<b>Management approach</b>			
103-1	Explanation of the material topic and its boundaries		23–25
103-2	The management approach and its components		23–25
103-3	Evaluation of the management approach		23–25
<b>Disclosure</b>			
305-1	Direct (Scope 1) GHG emissions	Limited to emissions from production vehicles and company (incl. leased vehicles)	24
305-5	Reduction of GHG emissions		24
306 (2016)	Effluents and waste		
<b>Management approach</b>			
103-1	Explanation of the material topic and its boundaries		23–25
103-2	The management approach and its components		23–25
103-3	Evaluation of the management approach		23–25
<b>Disclosure</b>			
306-2	Waste by type and disposal method		25
<b>GRI 400 Social Impact</b>			
403 (2018)	Occupational health and safety		
<b>Management approach</b>			
103-1	Explanation of the material topic and its boundaries		16–19
103-2	The management approach and its components		16–19
103-3	Evaluation of the management approach		16–19
403-1	Occupational health and safety management system	Strukton has an occupational health and safety management system that is certified according to ISO 45001. Non-conformities and incidents are registered in our FOA database and handled accordingly.	16–19

DISCLOSURE	DESCRIPTION	COMMENT	PAGE
403-2	Hazard identification, risk assessment, and incident investigation	Risk assessments are carried out in conjunction with changes, in work environment plans, and before all work in track environments. Incidents are documented in the FOA system and investigated accordingly.	17, 26–27
403-3	Occupational health services	All employees are covered by occupational health services.	
403-4	Worker participation, consultation, and communication on occupational health and safety	Work Environment Committee, MB Group. Locally through APT, everyday management.	17
403-5	Worker training on occupational health and safety	Managers and Health and Safety Officers undergo BAM training. All staff with roles in railway safety are trained for their roles. Training in hazardous work such as truck driving, chainsaw work, work at height, etc.	
403-6	Promotion of worker health	Workplace health and safety policy, preventive health care benefits.	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business	To minimise risks, competency requirements are placed on both our own and hired agency staff. Work in the track environment is governed by extensive statutory requirements. Workplace checks are carried out in the form of inspection rounds	17, 20–21
<b>Disclosure</b>			
403-8	Workers covered by an occupational health and safety management system	100%	16–17
403-9	Work-related injuries		18
404 (2016)	Training and education		
<b>Management approach</b>			
103-1	Explanation of the material topic and its boundaries		14–15
103-2	The management approach and its components		
103-3	Evaluation of the management approach		14–15
<b>Disclosure</b>			
404-3	Percentage of employees receiving regular performance and career development reviews	Appraisal discussions, virtually all employees	14–15
405 (2016)	Diversity and equal opportunity		
<b>Management approach</b>			
103-1	Explanation of the material topic and its boundaries		w14–15
103-2	The management approach and its components		14–15
103-3	Evaluation of the management approach		14–15
<b>Disclosure</b>			
405-1	Diversity of governance bodies and employees		14–15
406 (2016)	Non-discrimination		
<b>Management approach</b>			
103-1	Explanation of the material topic and its boundaries		14–15
103-2	The management approach and its components		14–15
103-3	Evaluation of the management approach		14–15
<b>Disclosure</b>			
406-1	Incidents of discrimination and corrective actions taken		14–15



**Strukton**  
**Rail**

**Strukton Rail AB**

Postal and visitor address

Västberga Allé 60

SE-126 30 Hägersten

Telephone +46 10 480 50 00

Fax +46 10 480 50 01

[www.strukton.se](http://www.strukton.se)