

# green cargo

ANNUAL REPORT INCLUDING SUSTAINABILITY REPORT  
2020







## Contents

Comment from the CEO	4
Comment from the Chairman	6
Green Cargo in brief	8
Significant events during the year	9
Operating environment	10
Strategy	12
Business model	14
Market	18
Network	20
Business development	22
Sound business ethics	24
Stakeholders	26
Sustainable business	28
Safety Objective	30
Employee Objective	32
Environment Objective	34
Customer & Quality Objective	36
Finance Objective	38
About the sustainability report	39
Auditors' report and statement	40
Five-year overview	41

### ANNUAL REPORT

Administration Report including Corporate Governance Report	43
Consolidated income statement	54
Consolidated statement of comprehensive income	54
Consolidated balance sheet	55
Consolidated changes in equity	57
Consolidated cash-flow statement	58
Parent Company income statement	59
Parent Company statement of comprehensive income	59
Parent Company balance sheet	60
Parent Company changes in equity	62
Parent Company cash-flow statement	63
Notes	64
Signatures	87
Auditors' Report	88
Board of Directors	92
Group Management	93
GRI Index	94
Glossary	102

The sustainability report is presented on pages 12–38, 44–46 and 94–101 in Annual and sustainability report 2020 and is the company's statutory sustainability report in accordance with the Swedish Annual Accounts Act.

### Financial calendar 2021

Annual General Meeting	April 27, 2021
<i>Preliminary publication dates:</i>	
Q1 interim report	April 28, 2021
Q2 interim report	August 12, 2021
Q3 interim report	October 27, 2021
Q4 interim report	February 14, 2022

## In 2020, we set our sights higher and made progress on many fronts

2020 has been a bewildering year, one in which the entire railway industry and our customers have had to face immense challenges historically, as a result of the COVID-19 pandemic. Paradoxically, some industries have had greater than usual needs for transportation, while others were hit hard, which has imposed major demands on our ability to adapt our operations and maintain our production.

I would like to start by thanking all of our employees for their contributions to solving the challenges we faced in 2020. We should be proud that in difficult times, we have come together to ensure that our customers' important goods were delivered in time, both nationally and internationally. I would also like to thank our customers for their constructive dialogs, which have often formed the basis for identifying solutions at a time of unpredictability and surprises. Although the pandemic has severely impacted most forms of transportation, it should be mentioned and emphasized that rail freight has proven to be healthy and robust throughout this difficult period. Rail freight has been shown to function extremely well, which was particularly evident during the first few months of the pandemic. As country after country locked down, cross-border freight transportation by rail continued to function well, and the transfer of goods flows to rail was maintained, essentially without any adverse impact. A fact that goods owners and transport operators should keep in mind in their continuous assessment, which is a prerequisite for ensuring efficient goods flows with a sufficient degree of redundancy.

### **We have made progress on many fronts during the year**

There was more to 2020 than the pandemic and its challenges. Green Cargo has made progress on many fronts, in terms of collaboration with customers and industry, as well as internally. Within the framework of our transformation program, we continued to increase our line capacity and capacity in relation to our customers. We aim to be the professional logistics partner that our customers expect, today and in the future, and we are well on track. We have established an internal foundation for a culture centered on the importance of constant improvement and change, and in which our three main priorities – safety, punctuality and profitability – are well-entrenched. We have made clear advances in the right direction with respect to the first two priorities mentioned above.

In terms of the traffic-safety index, we delivered the highest results in our company's history, for several nonconsecutive months in 2020. It was pleasing to see the same positive performance with regard to punctuality, where the result for 2020 was 91.6 percent (90.7). Unfortunately, the pandemic has had an adverse impact on our profitability efforts and the requisite improvements. In the second quarter, many of our customers were severely impacted by the pandemic and, despite the recovery during the third and fourth quarters, the full-year finished with lower than anticipated revenues and volumes. Earnings were adversely impacted by the combination of our transformation program driving certain costs, while operating costs and other expenses have yet to be reduced at a corresponding rate. For the full-year, the operating loss totaled SEK 222 million (loss: 111). However, excluding the effects of the pandemic, it is encouraging that our company's performance was in pace with the adopted business plan, and this will provide the basis for future improvement efforts to be pursued even more energetically. Although we are seeing clear signals that we are on the right track, we cannot afford to be complacent in any manner. A complete transformation with a persistent earnings effect is absolutely necessary for us and our customers.

### **Positive shift in employee survey**

Our annual employee survey is critical to determining whether our priorities are right, and creates the requisite conditions within the organization that are conducive to the achievement of our goals and vision. This year, as in the preceding year, we had a very high participation rate in our survey. Despite the current situation and the major internal changes we are implementing, we are headed firmly in the right direction and we are happy to report that the commitment and leadership indices in our employee survey have improved within all sections of the company. I am convinced that



“ To ready ourselves and ensure our future, we need to understand our operating environment and be a swift-footed and attentive organization that acts quickly when needed.

the high level of employee commitment also directly impacts our profitability and by extension, our customers' success.

#### **Development dialog with customers and other logistics operators**

While our aim is to help create an even more robust transportation system, we are well aware that no single operator can solve everything by themselves – success is dependent on numerous vertical and lateral collaborations. During the year, we had the opportunity to lift our eyes to the horizon somewhat and achieved many advances in collaboration with our customers and the sector. Automatic coupler pilots for safer and more efficient goods traffic, new wagons for refrigerated goods with a reduced environmental footprint, the introduction of disc-brake technology for greater flexibility and improved safety in winter conditions – these are just some of the activities we are pursuing jointly with customers and other logistics operators.

Punctuality and regularity are by far the most important parameters for our customers, although they also expect quality in other regards such as better information about delays, structured deviation management, increased digitalization and increased redundancies in case of interruptions. It should be easy to be our customer. We have embarked on a journey to develop our digital services through an agile process. In the final months of the year, a selection of customers was given the opportunity to test our new customer portal for booking, processing consignment notes and to track/trace their shipments. The portal is being developed in close collaboration with customers in order to ensure solid functionality and usability. Our goal is to offer these services to a broader customer base by the first quarter of 2021. Short of stating that we are near the finish line, we have begun to create scope to set our sights higher and spend more time on development with the future in mind.

#### **We must be able to act quickly**

In December, the Swedish Parliament passed a resolution to provide additional capital to the company totaling a maximum SEK 1,400 million. The additional capital creates new opportunities to meet an increased demand for freight transportation, through investments in powerful new locomotives and the offer of new digital services to our customers. To ready ourselves and ensure our future, we need to understand our business environment and to be a swift-footed and attentive organization that acts quickly when needed. Our priorities are firmly established and we will be working systematically to maintain the improving trend in the traffic-safety index, punctuality and regularity, as well as customer satisfaction, alongside an unambiguous focus on profitability. We will continue to advance our business critical industry initiatives, at the same time as strengthening our capacity to switch to a higher gear and accelerate a green transition when the time is ripe.

That 2021 was named “the year of rail” by the European Commission is a clear signal that we have a vital role to play as industry operators. Rail is one of the safest and most sustainable transportation alternatives and it will continue to be crucial to Europe's future mobility and transportation systems. Rail connects people, regions and companies throughout Europe, and it goes without saying that Green Cargo will do its part. I am looking forward to 2021 and to gaining some momentum on our journey.

Solna, March 2021

Ted Söderholm  
President and CEO of Green Cargo

## Time to move from words to deeds.

Sweden cannot attain its climate goals without a well-functioning railway system. Although it takes wisdom and courage to challenge old truths, we cannot allow our hope and faith in novel future solutions to hinder us from choosing a wise course of action moving forward, which could actually prove beneficial in the near future.

When facing immense challenges, it is helpful to have a stable handrail to hold on to. The Swedish government and parliament adopted a sound freight transportation strategy in 2018. It is positive that the strategy brought more attention to freight transportation and how rail services could assume a crucial role in the transition to a more sustainable and collaborative logistics system.

In a business environment that is subject to increasing competition, customers must be able to expect reliable quality. For our part, which mostly comprises one part in a longer transportation chain, we have a responsibility to ensure that our trains arrive at the right place and time for our customers' deliveries to reach their consignees as agreed. Although punctuality in the railway system has improved, we cannot afford to be complacent. It is only when this chain is fully functional that additional goods owners with demands for short lead times and high delivery precision can choose rail, so as to benefit from space efficiency and minimal environmental impact, which are part and parcel of the deal.

I am looking for a more industrial approach, more resource-intensive punctuality initiatives, and an improved

planning capacity, both internally at Green Cargo and when interfacing with the Swedish Transport Administration. The railway industry needs to take a seven-league stride into the future, where manual processes are digitalized and the degree of automation is far greater. At Green Cargo, we have made some progress and we will continue to work actively to do our part in the years to come. However, successfully increasing customer value requires a broad approach – industry-wide and across transportation modes. It's time to leave the analytical and advanced-learning phase behind us. The industry has possessed the requisite knowledge for several decades. We must now translate this into tangible and scheduled activities on how to improve the competitiveness of the Swedish railway system.

### **Additional capital to increase customer and climate benefits**

During the year, the Board applied for additional capital, which, together with the internal transformation program, will enable completion of the requisite investments and the creation of a



“ With the support of our owner, proper organization and an expanded service offering, we are now creating a bigger and more successful Green Cargo.

more robust company. Although it is humbling to have to admit that to a certain extent, the need for capital was caused by our company's inadequate performance over an extended period, it is important to clarify that the condition of the infrastructure within which we operate is not good enough to be classed as a competitive logistics system. Substantial reinvestments in existing infrastructure are needed if we are to eliminate inadequate railway maintenance.

The approved additional capital will be exclusively earmarked for investments that promote sustainable transportation, not to distort and simplify the competitive situation to our advantage. In addition to upgrading our fleet with modern locomotives and wagons, we will engage in close dialog with our customers to invest and jointly develop solutions that simplify and optimize the efficiency of their logistics flows.

With the support of our owner, proper organization and an expanded service offering, we are now creating a more successful Green Cargo. One vital aspect of this initiative is that we will be working with our customers to analyze and evaluate

their future logistics challenges more proactively, as well as their requirements with respect to competitiveness, the environment and quality. Another aspect is that we will be concentrating our international presence to strengthen our offer av cross-border transportation.

With restless perseverance, we will ensure that our investments generate customer value for existing and future customers, and that it will be more convenient and competitive to move new flows of goods to rail. This will enable Green Cargo to attain the adopted environmental goals and strengthen the competitiveness of the Swedish business community.

Solna, March 2021

Jan Sundling  
Chairman of the Board



# Green Cargo in brief

Freight volumes

**10.6**

billion net tonne kilometers

Net sales SEK

**4,040**

million (4,096)

Earnings SEK

**-222**

million (-111)



Number of employees

**1,800**



Number of locomotives

**360**



Number of wagons

**5,000**



Network of freight forwarders

**50**

Traffic-safety index

**95.5** »

(95.4)

Punctuality, %

**91.6** »

(90.7)

Customer satisfaction

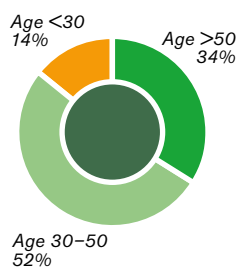
**3.75** »

(3.33)

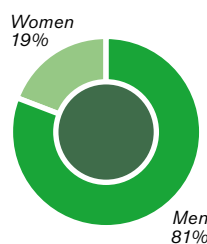
Scale 1–5

Read more about all of our goals on page 29.

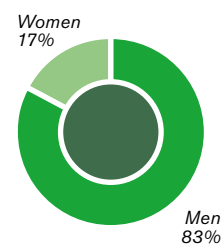
Age distribution



Gender balance in the company



Gender balance in management





## Significant events during the year

### Impact of COVID-19 pandemic

At the end of the first quarter, the COVID-19 pandemic had become increasingly widespread throughout the world. In terms of operations, rail freight was being maintained at relatively normal levels in Sweden and the rest of Europe. As country after country locked down in the first few months of the pandemic, cross-border rail freight continued to function, essentially unaffected. Green Cargo's operational capacity also remained stable. Shipment volumes were reduced 8 percent during the year and the assessment is that revenues were adversely impacted by SEK 106 million. As a measure to offset the loss of revenue, temporary eight-month lay-offs of administrative personnel were implemented.

### Business won but volumes decline

One clear effect of the pandemic in 2020 was reduced transportation volumes. Despite this, demand for the company's services continues to be healthy. During the year, new freight agreements were signed with companies such as Billerud-Korsnäs, Josef Lindberg AB, DB Cargo and TT-Line. Green Cargo signed a total of approximately SEK 530 million in new freight agreements.

### First train from Norvik Port

On Tuesday, June 9, the first scheduled Green Cargo train was put into service on the industrial track to the new freight port, Stockholm Norvik Port. Ports of Stockholm built the railway line, which enables more sustainable transportation and expands the different transportation alternatives to and from the port.

### New Board members

At Green Cargo's general meeting of shareholders in April, Crister Fritzson was elected as a new Board member. Crister Fritzson has been the CEO of Net Insight AB since spring 2019 and has prior railway industry experience through his previous role as the CEO of SJ AB.

### AEOF permit from Swedish Customs

AEO\* is an EU-wide permit aimed at enhancing security throughout the world, and facilitating efficient and uniform customs management within the EU. As of late April, Green Cargo has an approved AEOF permit. AEOF encompasses both the AEOC (customs simplification) and AEOS (security and safety), which provide stamps of quality and safety, for us and our partners.

\* Authorized Economic Operator

### Proposal on additional capital to Green Cargo AB

The Swedish Parliament passed a resolution to provide additional capital to the company totaling a maximum SEK 1,400 million. The additional capital creates new opportunities to meet an increased demand for freight transportation, through investments in powerful new locomotives and the offer of new digital services to our customers.

### Green Cargo and Softronic sign new framework agreement enabling additional locomotive orders

In 2017, Green Cargo and the Romanian locomotive supplier, S.C. Softronic S.R.L., signed an agreement for the delivery of 16 Transmontana locomotives. Satisfied with the collaboration, the parties have signed a new framework agreement for additional locomotive orders over time.

### Green Cargo is testing digital automatic couplers in a unique European collaboration

The FR8RAIL project, which is part of the freight program under Shift2Rail, is testing three types of digital automatic couplers (DACs), in Germany, Austria, Switzerland and Sweden. In Sweden, the focus is on winter conditions. Automatic couplers have many advantages for the industry when it comes to safer working conditions and increased production, thereby allowing for larger volumes of rail freight and sustainable logistics.

### Green Cargo and Schenker AS collaborate on a new environmentally smart solution for refrigerated goods

In a partnership between Schenker AS and Green Cargo, tests on new refrigerated wagons were conducted in the autumn for Schenker's rail freight product, North Rail Express (NRE), on the Oslo–Narvik route. The freight wagons, which receive their power supply from the locomotive, create a unique solution that is entirely new in the market. The new solution creates substantial opportunities to move the transportation of temperature-controlled goods off the roads and onto rail, resulting in environmental benefits and a considerable reduction of carbon emissions.

### Innovative solutions for steel traffic

A technological shift is underway for wagons and load carriers for the specialized freight transportation of steel products. A total of 40 new wagons have been leased from the wagon provider Wascosa. The wagons are equipped with new disc-brake technology for greater flexibility in wagon use, increased safety in winter conditions and reduced maintenance requirements.

### Green Cargo first in the Nordic region to put EuroDual locomotive into operation

In December, Green Cargo put the first two next-generation freight-traffic locomotives into operation in Norway. The new EuroDual locomotives are stronger, better adapted to the tough Norwegian topography and will help to reduce delays in the Norwegian rail network.

# Railway transportation essential for a sustainable transportation sector

Rail is the most energy efficient and least environmentally harmful mode of transport, and will remain so even when other forms of transport are electrified in the future. Collaboration between modes of transport remains important, but space- and energy-efficient transportation will be the key to meeting the ambitious climate goals of the EU and Sweden. Rail traffic also has clear traffic safety advantages.

According to the European Commission, the rail market employs more than one million people through rail companies and infrastructure managers. European rail traffic transports around 1.6 billion tonnes of freight and nine billion passengers every year. The rail market contributes considerably to the EU's economy, as well as financial and social cohesion, and strengthens the bonds between citizens within and between EU countries. Railway transportation is therefore significant in the EU's strategy for a more sustainable transportation sector.

## EU transportation policies in brief

Shift2Rail, founded in 2009, is the first joint European railway collaboration for the railway system of tomorrow. It is a public-private collaboration that includes the Swedish Transport Administration. The project focuses on research, innovation and market-driven solutions as well as accelerating the implementation of new and advanced technological solutions, products and services. Its goals are to realize the EU's ambitions for the transition from road to rail and to support the competitiveness of the European rail industry and the development of a joint European railway system.

In 2010, the EU adopted an ordinance describing nine freight corridors to drive development towards more efficient

and attractive rail freight on the inner EU market, the "Trans-European transportation network" – TEN-T. The TEN-T ordinance aims to reduce bottlenecks and build, maintain and upgrade infrastructure between member states.

The EU is also working to open up the European railway system for competition. In the EU's plan, the railroad plays an important role in tomorrow's travel and transportation.

## Clear transport policies in Sweden

In June 2018, the government presented a freight strategy for efficient, capacity-strengthened and sustainable freight transportation. The strategy aims for a modern, forward-looking freight transportation system, where freight transportation is efficient and smart, leverages the full potential of rail and utilizes a larger portion of maritime shipping capacity. The strategy is crucial for attaining Swedish climate goals and ensuring that trade and industry requirements for reliable transportation are met, and thereby safeguarding Swedish jobs.

The Swedish Transport Administration received several assignments pertaining to the strategy, including one to create better conditions for rail and maritime freight, and two linked to the promotion of intermodal freight. In 2019 and 2020, the Swedish Transport Administration presented several of its gov-



## Green Cargo is part of the solution for a sustainable transport system

During the pandemic, rail transportation proved to be the mode of transport with the least practical problems in terms of cross-border transportation. Consequently, the European Commission specially upheld the significance of rail and emphasized that the governments of member states must create conditions conducive to a sustainable and rapid transition of industry, trade and society. A dysfunctional railway system would entail a high risk of drastically reduced access to society, a loss of industry competitiveness and the failure of rail to contribute to the attainment of climate goals as expected.

We are able and willing to be part of the solution by realizing the EU's climate goals, and particularly the Swedish freight transportation strategy developed in 2018, and we welcome many of the measures presented by the Swedish Transport Administration through one of its government assignments. These include revised measurements of carbon emissions in socio-economic models, efficiency-enhancing measures such as bearing capacity modifications to minimize deceleration for heavy trains, improved train acceleration, extensions of existing passing loops, new passing or bypassing loops, streamlining marshalling yards and increased load limits.

There were high expectations from goods owners and the

railway industry regarding the Swedish Transport Administration's report, *Färdplan för överflyttning av godstransporter från väg till järnväg och sjöfart* (Eng: Plan for transitioning freight from road to rail and water). Unfortunately, there are still no concrete schedules for when any measures will be implemented. We do not believe that any further analyses or investigation is required. All of the information that may be required is already available among procurers of freight transportation, train operators, freight forwarders and shipping lines.

Obviously, we have areas we need to work on internally to ensure not only that the railway remains an attractive form of transportation overall, but also that Green Cargo remains an attractive freight transportation supplier. We know that we hold some of the solutions for improved quality and punctuality.

The attainment of transport and climate-policy goals is requisite on favorable transportation opportunities that connect the country and strengthen the competitiveness of Swedish business. In 2021–2022, a new national infrastructure plan will be drafted and decided by the Swedish Parliament. Green Cargo wants to see specific investments in tracks that are vital to freight traffic, with respect to increasing the capacity of the existing rail networks and to building new infrastructure.

ernment assignments related to the strategy. The most recent report, *Plan for transitioning freight from road to rail and water*, was presented in May 2020. Many of Sweden's industrial companies rely on well-functioning rail freight, perhaps now, during the pandemic, more than ever before.

Rail traffic has increased sharply. In Sweden alone, passenger traffic rose 120 percent in the past 25 years, despite the COVID-19 pandemic causing a temporary reduction in passenger volumes. Although rail freight volumes have been relatively constant over time, according to the industry and employer association, *Tågforetagen*, conditions are favorable for doubling freight capacity by 2030 compared with 2014, provided that a range of political instruments fall into place.

### Nordic and Danish investments in railways

The current national transportation plan in Norway runs from 2018 to 2029 and efforts to develop the next plan, for 2022 to 2033, are under way. The current plan comprises major investments related to passenger rail traffic, predominantly short-dis-

tance commuting. The plan also includes a specific "freight package" that aims to improve rail freight competition.

The conditions for transporting goods via rail in Norway are challenging. Compared with Swedish conditions, the topography of the Norwegian railway system is far more challenging. The general passing loop length does not allow for trains longer than 475 meters. This is a major limitation in relation to Sweden, where the system is designed for trains of up to 650 meters in length. Another prerequisite for longer trains is the prioritization of freight trains through tactical and operational planning.

Denmark's national infrastructure plan includes explicit investments in rail, such as the planned electrification of several stretches that are critical to increasing the proportion of Danish domestic rail freight, and investments linked to the construction of the new link across the Fehmarn Belt, which is expected to be completed in 2029. In tangible terms, this will entail greater opportunities for passenger and freight transportation, and reductions in lead times of about two hours to Germany.

## We are preparing for robust long-term profitability

Green Cargo's strategic objective is to be one of Europe's most efficient and profitable rail freight companies. We will achieve this in close collaboration with our customers, partners and suppliers. Our strategic orientation not only provides the prerequisites for facing our operational challenges, but also creates and contributes to new innovative customer solutions to create attractive and expanded sustainable logistics. We seek to develop our existing offering while creating new business by leveraging the potential offered by heavier and longer trains, as well as increased digitalization and automation.

### Long-term fleet strategy

Our long-term fleet strategy is based on stronger locomotives, wagons with higher payloads, optimized and proactive vehicle maintenance, as well as a higher degree of innovation for an improved work environment and increased streamlining. To date, we have invested in 16 new, Transmontana Co-Co locomotives and in winter 2020/21, we conducted several tests on automatic couplers, new refrigerated wagons and the introduction of disc-brake technology – all of which are aimed at creating a safer, more efficient and climate friendlier logistics solution.

**Why:** The lack of capacity in parts of the railway system is significant, but if we are to attain Sweden's climate and transport goals, rail freight must be increased. The opportunity to operate heavier and longer trains is a key piece of the puzzle for increasing the capacity of existing rail networks and enabling more efficient and attractive rail-based logistics solutions.



### IT transformation

We need an IT landscape that, over time, will support and contribute to improved safety, punctuality and profitability. We will achieve this by supporting and optimizing data-driven processes. Our IT transformation involves further digitalization of the customer interface and improved digital tools for our employees. Detectors, telematics-enabled locomotives and wagons, as well as a new customer portal, are examples of how we will achieve more efficient control, and thus more predictive maintenance and proactive customer dialogs. In spring 2021, Green Cargo's new customer portal was introduced to a broad selection of our customers, allowing for them to conveniently book and track their shipments. Internally, we are developing appropriate support in the form of tools and digital infrastructure for our employees. The aim is for everyone to be able to make well-informed decisions and to simplify the day-to-day work of each and every one.

**Why:** Well-functioning transportation is essential if goods are to be transported efficiently and safely, preferably with the least possible environmental impact. This requires a modern and well-functioning IT support system. It should be easy to be our customer and enjoyable to be an employee of Green Cargo.



## Customer-oriented business development

Through increased control and stability in our own operations, we will improve safety, punctuality and profitability. We see the potential for improving structure and organization within as well as between departments. We are singling out areas of work and improvement where we can ensure a healthy balance between immediate and long-term results, and meet the needs of our stakeholders. Initially, we will work within the framework of our transformation program. In the long-term, this will be integrated into our daily operations.

**Why:** For quite some time now, we have had a strained economic situation and our customers have been affected by needlessly large gaps in quality. The focus is primarily on creating robust processes that benefit our customers, employees and the company's profitability and on strengthening our improvement culture.



## International strategy

The combination of market expansion within cross-border traffic with an updated and improved infrastructure, will enable expanded operations and volumes. Green Cargo aims to be the obvious logistics partner of choice internationally and domestically. However, with respect to traffic between Sweden and the continent, road traffic accounted for most of the market growth in the past few years. During the pandemic of 2020, it became evident that rail transportation was a functional and needed backbone for the European transportation market. The competitiveness of rail will be further strengthened in pace with the building of new infrastructure, particularly the new link across the Fehmarn Belt.

**Why:** A sustainable and functioning cargo transportation system is essential to Sweden's key industries and for Sweden as a trading nation. External conditions, along with an updated and improved infrastructure, will enable efficient shipments and generate new goods volumes. These external conditions present an opportunity to expand our proprietary production internationally.



# Green Cargo is a sustainable logistics partner with climate-smart transportation solutions

Rail freight is an important cornerstone for Sweden’s prosperity and competitiveness. A sustainable and functioning cargo transportation system is essential to Sweden’s key industries and for Sweden as a trading nation. All forms of transportation are necessary, both today and in the future, and the role of rail has never been more essential. Many of Sweden’s industrial companies rely on well-functioning rail freight, an unbeatable method of transportation environmentally and in terms of capacity.

Green Cargo is wholly owned by the Swedish State and administered by the Ministry of Enterprise and Innovation. As a state-owned company, Green Cargo is to set a positive example for sustainable business. Our vision – world-class rail logistics – governs how we think, act and communicate. Sustainability has long been a natural part of our operations. In Green Cargo’s case, this entails applying a broader approach to the control and leadership of the company than a purely financial perspective. We accomplish this using a balanced scorecard that we call Måltavlan. Sustainable business operations in terms of societal, environmental and economic sustainability are ensured by using the company’s vision, business concept and values as a foundation. Read more about each of our objectives on pages 30–38.

Today, Swedish industry holds a world-class position and contributes to growth. Export revenue is essential for the welfare of Sweden. Competition is fierce in the now global market, and Sweden’s geographical position could leave it at a disadvantage considering the distances from production facilities to customers. To overcome this, a well-functioning transportation system is essential. In some basic industries, rail transportation is the only alternative, and for many companies, it is the obvious choice for climate reasons. For others, rail transportation is an important part of an overall logistics that includes collaboration with maritime and road transportation.

Green Cargo is a sustainable logistics partner and a crucial actor in Sweden’s trade and industry. Round the clock, our freight trains transport raw materials from forests and mines to process industry facilities, and consumer goods to the retail sec-

tor. The logistic system is the foundation of Sweden’s prosperity and consumption, and in many cases, the products travel by train before arriving in the hands of consumers.

## Climate-smart and space- and energy-efficient transportation

The railway’s share of long-haul freight transportation in the Swedish market has, in terms of volume, remained relatively stable at around 20 percent during the past few decades. Traditionally, the strength of railway is in large volumes and long distances, which together with its environmental aspects, gives rail its primary competitive advantages. Transporting freight via rail is not only the most climate-smart option, but it is also one of the more space-efficient and safest transportation alternatives. An average freight train (wagon load) corresponds to about 20 trucks with trailers. That is why we believe it is entirely natural that rail freight is a central part of reaching climate goals with limited encroachment on cities and the landscape.

Green Cargo is an important actor for realizing the government’s freight strategy. The strategy aims for a modern, forward-looking freight transportation system, where freight transportation is efficient and smart, and leverages the full potential of railway. We are already delivering large-scale, fossil-free freight shipments by electric train. Our shipments are carried out with low energy consumption using renewable energy. Electric trains make up over 94 percent of our ton kilometrage, and the climate impact relative to the weight of goods transported is next to zero.

### VISION

World-class rail logistics.

### BUSINESS CONCEPT

We develop and deliver efficient and sustainable rail logistics with Scandinavia as our home market.

### VALUES

We are competent, We accept the challenge, We care, We deliver

### OBJECTIVES

Safety, Employee, Environment, Customer & Quality, Finance.

## The sustainable choice

Green Cargo is a sustainable logistics partner. By collaborating with us, you can rest assured that shipments are made safely, with minimal environmental impact, and fair and safe working conditions for employees.



## Societal responsibility

We always take our environment into consideration and we are responsible for promoting a well-functioning society and Swedish industry. Our operations comprise a safe and attractive workplace, and we welcome and maintain an open dialog with our stakeholders.



## Low climate impact

We work continuously to minimize the climate impact of our operations. We offer our customers climate-smart and clear logistics solutions, and create increased insight into and understanding of freight transportation's impact on the environment.



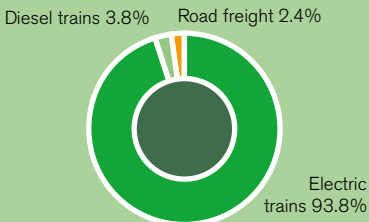
## Economic sustainability

The sustainable undertakings in our offering lead to long-term customer relationships based on trust. The goal is to meet our owners' financial requirements and to make our customers more competitive.

# Green Cargo – a sustainable logistics partner

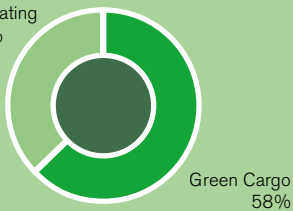
It should be easy to be a Green Cargo customer. We collaborate with our customers and suppliers to develop communication and logistics solutions. Digitalization and automation are highly prioritized. When we talk of sustainable logistics, we don't just consider the climatic element, but also the traffic safety, punctuality and cost-efficiency of our shipments.

Distribution of Green Cargo's ton kilometre by type of transportation, 2020



Source: Green Cargo

Share of rail freight in Sweden 2020 (kilometers, rail)



Source: The Swedish Transport Administration

## Increased digitalization

We assign the right wagon and right locomotive to the right customer to ensure efficient and reliable shipments. With additional telematics-enabled vehicles and wagons, we can ensure that the right vehicle is at the right location at the right time.



**Space- and energy-efficient transportation**

Electric trains make up 94 percent of our ton kilometrage, meaning the climate impact is next to zero. An average freight train (wagon load) corresponds to about 20 trucks with trailers. Our ton kilometrage for 2020 corresponds to 925,000 trucks, with each truckload freighted a distance of 500 km.

**Centering on customer requirements**

A transportation solution that incorporates rail is efficient, cost-optimized, safe, reliable and eco-friendly, particularly when rail is used early in the chain and large volumes of freight need to be transported long distances. We adapt the production, type of wagon, tractive power and timetable, completely from the perspective of the customer's logistics-chain requirements.

**Customized intermodal freight**

For increased flexibility and operations that require long-distance and local transportation by road, or a combination of road and rail freight, we offer customized solutions for transportation to and from the train, long-distance and local transportation, as well as distribution.

**Efficient harbor shuttles:**

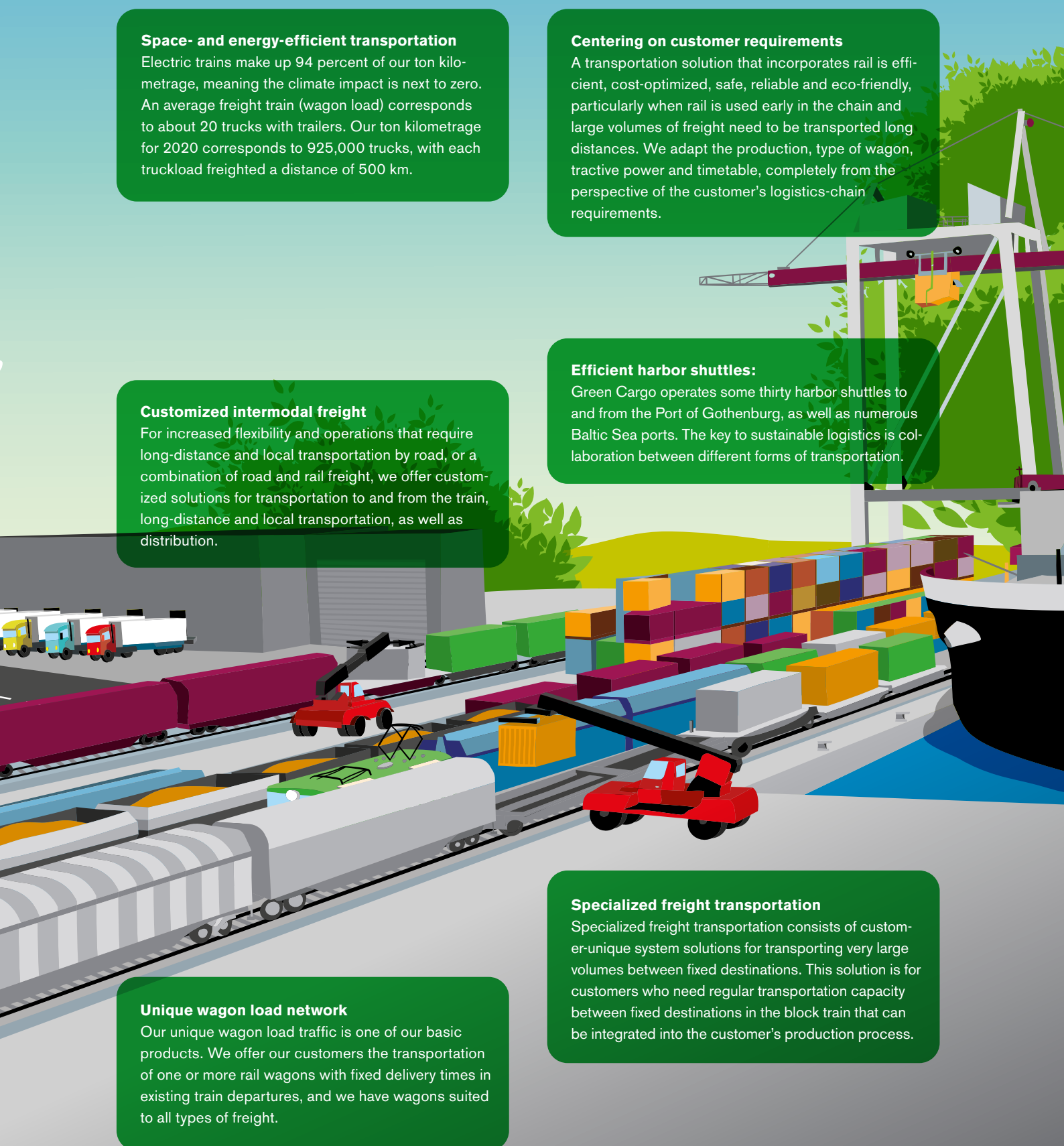
Green Cargo operates some thirty harbor shuttles to and from the Port of Gothenburg, as well as numerous Baltic Sea ports. The key to sustainable logistics is collaboration between different forms of transportation.

**Unique wagon load network**

Our unique wagon load traffic is one of our basic products. We offer our customers the transportation of one or more rail wagons with fixed delivery times in existing train departures, and we have wagons suited to all types of freight.

**Specialized freight transportation**

Specialized freight transportation consists of customer-unique system solutions for transporting very large volumes between fixed destinations. This solution is for customers who need regular transportation capacity between fixed destinations in the block train that can be integrated into the customer's production process.



## Customer-unique and flexible logistics solutions

Green Cargo is the largest train operator in Sweden. There is a wealth of experience on freight transportation within the company, whether it concerns rail logistics or road freight operations. The company's customers are found in the basic industries, where forestry, steel and paper dominate, but include other sectors, such as the chemical, energy, engineering and automotive industries, as well as the grocery retail sector.

Green Cargo manages large quantities of goods, with high frequency and wide distribution. Through customized transportation solutions, we ensure that freight arrives in the right condition, at the right place and the right time. As a cog in the Swedish economy and with a full overview and customer-unique logistics solutions, Green Cargo helps the Swedish business achieve the ambitious goals to mitigate climate impact set by the EU and Sweden's government. A large portion of Green Cargo's customers have international freight flows and to deliver international shipments, we collaborate with competent and strategic partners on the continent. Green Cargo's network is linked to Europe through direct routes, customer-unique solutions and collaboration with operators in the European network.

### **Complex, variable and heavy goods flows for steel and chemicals**

In the steel and chemicals segments, customers have investment-intensive facilities with complex and varying goods flows that are transported between harbors and industries, both nationally and internationally. Freight typically consists of finished steel products, ore, scrap iron and chemicals, such as hydrogen peroxide and sulfur products.

For steel customers, transportation capacity is of the utmost importance and Green Cargo provides unique transportation solutions that can be integrated into the customer's production processes. Quality and safety are important when transporting chemicals, which are classified as hazardous goods and must be transported using special loads.



The shipments are tailored for regular flows such as specialized freight shipments, as well as for single shipments using our unique wagon-load system. Our special loads team has excellent expertise, track familiarity and liaises with the Swedish Transport Administration, which simplifies the planning of special shipments in collaboration with the customer.

**Volume, frequency and freight alternatives are adapted based on the requirements of forestry customers**

Our services in the forestry sector include transporting forestry products such as timber/pulpwood, wood chip/biofuel, cellulose/pulp, paper, wastepaper and sawn timber. Most of the finished goods are exported to Europe and, through ports, to the rest of the world. Paper mills and sawmills, which need to transport large volumes every day, fit well into Green Cargo's network.

Large, regular flows are shipped in specialized freight transportation arrangements. Transportation solutions are based on customer needs, where volume, frequency, wagon and load-carrier solutions are components that impact how the logistics solution is designed. Where the rail network coverage is insufficient, we combine rail and road, and offer transportation of intermodal units. Intermodal traffic is suitable for customers with no direct rail connection and is the most efficient and environmentally friendly transportation alternative for loose-load carriers.

When all the included components work together, it creates climate-smart, cost-efficient, stable and punctual shipments, which is an important part of the customer's entire distribution chain.

**Collaboration between transport modes for high delivery precision**

Different steps in the transportation chain may require different modes of transportation and the key to sustainable logistics is in intermodal collaboration. Rail transportation should be chosen when possible and an unbeatable combination is to connect rail with other forms of transportation as needed.

We offer transportation customized to the unique requirements of our customers operating within grocery retailing, the automobile industry, shipping lines, freight forwarding and the construction sector. For increased flexibility and for operations that require long-distance and local transportation by road, or a combination of road and rail freight, we offer customized solutions for transportation to and from the train, or long-distance and local transportation, as well as distribution.

High delivery precision is important and close collaboration with the customer is essential to customizing the transportation solution to their needs, regardless of whether the goods are transported nationally or internationally.



# Green Cargo's network

Green Cargo has a transportation network that offers sustainable, safe and punctual transportation within Scandinavia and to and from the rest of Europe. Green Cargo makes efficient use of marshalling yards and the high frequencies between them. We connect some 300 locations in Sweden, Norway and Denmark, and we operate 400 freight trains every day, shipping the equivalent of around 8,500 truckloads daily.

Our customers' requirements range from one wagon to an entire train set, and with our approximately 5,000 wagons, 360 locomotives and employees located throughout Scandinavia, we meet the business sector's requirements for safe, punctual and sustainable transportation. With our partners, Green Cargo is able to reach thousands of destinations in Europe. The freight network consists of some 50 road carriers in Sweden who supply road freight to and from the train. Combining rail with road allows for many companies to choose rail, even when not connected to a track.

Green Cargo's network in Sweden is linked through the following connections:

- Routes (BelgiumDirect, ItalyDirect, DenmarkDirect, AustriaDirect)
- Custom tailored solutions between destinations in Scandinavia and the rest of Europe
- Connections between Sweden and Norway via Oslo
- Haparanda – Torneå
- Ferry connections between Trelleborg and Rostock

Green Cargo has its own license and operates wagon load solutions to Kolding in Denmark.

Green Cargo is a member of Xrail, a production alliance between seven European train operators that simplifies the transportation of cargo through the wagon load system in Europe. Other Xrail members include:

- CFL Cargo, Luxembourg
- DB Cargo, Germany
- Rail Cargo Group, Austria
- SBB Cargo, Switzerland
- Lineas, Belgium
- Fret SNCF, France

Approximately **300** destinations in Sweden, Norway and Denmark

Nearly **2,000** destinations in Europe

- = Three central hubs with shunting
- = Three minor marshalling yards
- = Nine local train formation facilities



### Transported tonnes – Green Cargo 2020



**21,000,000**

tonnes



**925,000**

truckloads

corresponding to

# Process- and customer-centric business development

In 2020, Green Cargo continued to transform the company through the program that was launched in 2018. The program is aimed at leveraging increased control and stability in our own operations to improve safety, punctuality and profitability, and focuses on both the commercial and operational domains, and includes a number of measures to improve profitability and our corporate culture.

Considerable focus is placed on creating robust processes that benefit our customers and employees, while strengthening the company's profitability and our improvement culture. In the course of summarizing 2020, we reviewed more than 50 initiatives, such as areas of work and improvement, to ensure that the company has a healthy balance between immediate and long-term results. Consideration is given to the pace at which the organization is able to implement the changes.

We have made progress on many fronts during the year and our three main priorities – safety, punctuality and profitability – are well-established within the company. Through the transformation program, the company has taken bold strides in the right direction with respect to the first two priorities mentioned above.

## Wagon control for improved service

Wagon control is a major, complex and highly important area that is operated cross-functionally within the company and in close collaboration with customers. Its focus is to supply the right type of wagon to the right customer at the right location and right time. Efficient wagon control allows for more proactivity on our part, so as to create greater opportunities to better serve our customers. Quality improvements generate a healthy balance between customer requirements and our capacities, which in turn result in conditions that are more conducive to further improving our production planning.

Under this initiative, we scrutinize everything from the planning of wagon flows and standing times to the utilization of wagon resources and operational control.

The components of the initiative are:

- Optimize the use of proprietary wagons
- Harmonize the process from customer booking to delivery
- Depot planning and optimization
- Reduce the number of empty wagon shipments
- Streamline the management of foreign wagons
- Control of engineering and maintenance

**Effect:** Improved punctuality, regularity and capacity utilization, fewer rebookings, reduced costs and higher customer satisfaction.

## Daily control creates a shared understanding of the present situation

Our employees are our most important asset, and maintaining a systematic orderliness in our marshalling yards allows for work to be undertaken more safely and efficiently. Daily control – whereby a present leadership interacts with committed employees – is an important tool for discussing the present situation from day to day, exposing deviations and prioritizing and distributing work. This tool is the key to identifying problems and deviations, and to pursuing various efforts on continuous improvement. A present leadership also allows for us to ensure that processes are verified through monitoring, and that we are working in accordance with agreed standards. This gives us a daily edge within our priorities of safety, punctuality and profitability.

The initiative focuses on:

- Processes and flows
- Attitude and behavior
- Management structure

**Effect:** Improved communication enables us to better coordinate our work in marshalling yards and increase quality for our customers. We gain a safer and more stable production system, with a firmly established safety culture and safer work methods, as well as fewer disruptions, a reduction in delay-minutes, increased customer satisfaction and improved profitability.

## Requirement and capacity planning for increased customer satisfaction

As a train operator engaged in planning- and production-intensive operations, we need a stable and useful process for forecasting and planning in order to match customer requirements against available capacity and resources. The initiative is a close collaboration between our Marketing and Operations departments, and is implemented in close dialog with customers. Exchanges of information on the specific needs of customers and our own network capacity are critical to our streamlining efforts, flexibility and improved forecasting precision. With the right information, we can create flexibility in current train timetable periods, adjust the capacity in accordance with customer needs, and minimize the number of canceled trains. The ability to quickly adapt and meet customer requirements allows for us to utilize free capacity and put extra trains into service, which is a success factor.

The initiative focuses on:

- Planning based on forecasts of customer requirements in terms of the freight weight and number of wagons per customer, and other relationships, etc.
- Previous exchanges of information with customers
- Ensuring our own network capacity based on customer requirements
- Creating flexibility in current train timetables to best leverage freed-up capacities.

**Effect:** An offering comprising an attractive product, with the right train utilization rate, improved regularity, higher forecasting precision, improved customer satisfaction, reduced costs and greater profitability.

# Sustainable logistics – more than just green transportation

For Green Cargo, sustainability means shipments with a minimal climate impact, a safe and healthy work environment, respect for human rights, good and decent working conditions, and sustainable finances. It also encompasses good business ethics and working actively with equal opportunity issues as well as taking diversity aspects into consideration.

Green Cargo strives to maintain long-term business relationships that provide the basis for generating value for customers and our owner, as well as safe and stimulating workplaces. We will achieve this through our actions and show our stakeholders that we are a reliable company that stands behind its commitments.

## Our internal code of conduct

Green Cargo has an internal code of conduct in place to clarify the requirements and expectations the company has for all of its employees. The code includes several areas within sustainable business, such as business ethics and human rights, safety, communication, the work environment, environmental issues and so forth. The code of conduct describes the importance of a transparent business climate and high business ethics. It also explains how we ensure safety and respect for all of the individuals who depend on our work and how we strive to create value for our stakeholders, and to build relationships based on our values.

Our code of conduct provides guidance for our employees and is to be used as a tool in daily operations. It is important for us that our employees feel it is easy to do the right thing and that the culture is one where people do so even when no one is watching. In 2021 our work will focus more on applying the code in the organization and training material will be developed along with additional material so that the code of conduct can be easily understood and applied in all functions at Green Cargo.

## Diversity and gender equality

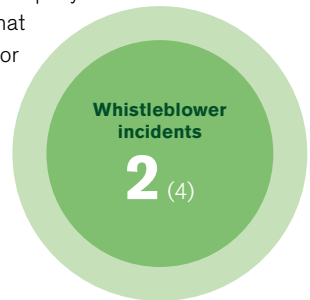
Green Cargo strives to offer attractive employment terms and we want our employees to feel proud about working for us. We strive for a workplace characterized by diversity, where all kinds of skills contribute.

Green Cargo's internal code of conduct clarifies how all employees are to conduct themselves as ethical and responsible role models. No employees are to be discriminated against due to their sex, gender identity or expression, ethnic affiliation, religion or other profession of faith, disability, sexual orientation, age or similar. Harassment, sexual harassment or abusive treatment are not accepted under any circumstances, regardless of forum, context or form, whether in words or deeds.

Employees have the right to join and participate in unions and are covered by collective agreements.

## Reporting suspected violations of the code of conduct

Green Cargo has a whistleblower service, which can be used by the company's employees to report any misgivings or suspicions that something is out of line with the company's internal code of conduct, conditions that could negatively impact the company or which may be hazardous to someone's life or health. Two cases were registered in 2020. One pertained to perceived victimization and one to safety-related services. All reported cases were handled immediately and appropriate measures taken.



## Laws, regulations and international conventions

Green Cargo adheres to laws and international conventions, which means that we always respect and comply with the legislation and regulations that are relevant to our operations.

## Suppliers and business partners

Green Cargo's stakeholders have high standards for the company. As part of these efforts, we have had a code of conduct for our suppliers since 2018, which was updated in 2020. The code of conduct enables us to conduct a deeper dialog about requirements with our suppliers and thus mutually increase expertise within responsible purchasing and deepen our collaboration in areas such as business ethics, human rights, the climate and the environment.

We are honest and transparent in our relationships with business partners and third parties, and in turn, we expect our and their suppliers to behave in a similar manner. We expect our suppliers and business partners to perpetuate our values or similar values, throughout the supply chain. We expect them to act in adherence to values that are consistent with our code of conduct and demonstrate their compliance to such.

Green Cargo's strategic suppliers are primarily suppliers connected to our core processes. These can be categorized as follows:

- Suppliers that ensure that the train works during production, such as maintenance suppliers, rental vehicle suppliers, electricity and diesel suppliers, infrastructure owners and vehicle producers.



- Services that ensure that freight reaches the customer, such as truck carriers, companies that deliver shunting services, truck and lift services, maritime carriers and train operators.
- Services that ensure the functioning of critical IT systems.

Most of our suppliers are in Sweden, Norway and Denmark, where most of our production is located. Individual suppliers in other parts of Europe are primarily responsible for maintaining and operating trains.

In 2020, we conducted only two audits of strategic suppliers. The number of audits conducted during the year were considerably fewer than planned, which was directly attributable to the pandemic and limited opportunities to visit our suppliers. In 2021, the origin plan is expected to be followed, and complemented with digital audits.

Green Cargo does not accept or offer gifts, hospitality or other personal benefits that could be construed to influence a transaction. Equivalent requirements for the company's suppliers and collaboration partners are set in the agreements the companies have with each other. Green Cargo always adheres to the national legislation and regulations of the countries where it operates.

Green Cargo is active in a handful of high-risk countries when, for example, acquiring new locomotives and procuring IT services. We continuously monitor suppliers in this category and they have signed letters of intent to abide by our code of

conduct for suppliers, which means that they are informed about the specific requirements we impose on our subcontractors on issues pertaining to business ethics, corruption, human rights and so forth. The company does not operate within an industry where bribes or corruption are commonplace. In the materiality analysis conducted in 2015 and expanded in 2018, corruption is not a material area for stakeholders and is considered a low risk for the company.

### **Risk management – a natural part of our sustainability agenda**

The assumption of and management of risk is a natural part of all business activities. Thorough knowledge of risks is necessary so that activities can be planned and implemented to minimize negative consequences and best manage related opportunities. Strategic choices, daily operations and events in the operating environment all entail risk. The assessment and management of risk within all areas are included as an integrated part of Green Cargo's operations. These are described on pages 44–46 in the Administration Report. Green Cargo intends to review its model for risk management and supplier segmentation in 2021.



## Value creation dialog with our stakeholders

Green Cargo's nationwide operations have a considerable impact in many ways. We both want and are expected to live up to the stringent requirements set by many of our stakeholders. While customers, employees and the owner are at the core, many more participants are involved in Green Cargo's daily operations. Green Cargo pursues responsible and sustainable operations by means of long-term perspectives for internal and external relationships.

Green Cargo strives to be transparent and to engage our stakeholders through close dialog and by providing room for collaborative efforts. To be influenced by and listen to those we meet and collaborate with is vital to growing as a company.

A precondition for meeting the demands and expectations set on the company is understanding which issues and areas are material for our stakeholder groups.



### Employees

Our employees are a key prerequisite for Green Cargo's future. Their commitment and performance

are essential to providing efficient and sustainable rail logistics. Green Cargo strives to be an attractive employer with a clear sustainability profile and good leadership. We strive to offer a safe and comfortable work environment, and to be a stimulating workplace.

**Dialog:** Recurring workplace meetings, employee surveys, development dialogues and other internal channels. Dialogs are also conducted with employees' union representatives.

**Follow-up:** Sickness absence, traffic-safety index, number of accidents, the percentage of women at Green Cargo, annual employee surveys with a leadership and commitment index.



### Customers

Our customers have high reliability requirements for rail freight in terms of punctuality and proactive

behavior. In a collaboration with Green Cargo, customers should rest assured that shipments are made safely, with minimal environmental impact and fair and safe working conditions for employees, and moreover, lead to long-term sustainable finances. Our relationship with our customers is essential for our continued success and growth.

**Dialog:** Continuous dialog with Green Cargo's marketing organization, customer meetings, project meetings, meetings at the management level and through our website and press room.

**Follow-up:** Measuring customer experience through a weekly customer satisfaction survey regarding the experience of quality, punctuality and regularity.



### Owner

Green Cargo is wholly owned by the Swedish State and administered by the Ministry of Enterprise

and Innovation. The Swedish State is of the opinion that state enterprises should act as a role model for sustainable business. Sustainable business is to permeate everything from decisions to planning, investing, purchasing and recruiting. There are requirements for market returns with relevant and clear goals but also for good business ethics and working actively with equal opportunity issues as well as taking diversity aspects into consideration.

**Dialog:** Continuous dialogs with entities on state ownership in the Ministry of Enterprise and Innovation, the Board, the AGM and network meetings.

**Follow-up:** Interim reports, annual and sustainability reports, corporate governance reports, presentations and other continuous reporting throughout the year.

### Engaging stakeholder dialogs

Dialogs with our stakeholders help us develop and improve operations, not least from a sustainability perspective. Stakeholders, who both affect and are affected by our operations, therefore have significant influence on which sustainability areas we focus on. Employees, customers and owners are our primary stakeholders.

Green Cargo conducts regular dialogs with all of our stakeholders in daily operations, while more penetrating dialogs are conducted every third year with each stakeholder group. Continuous in-depth conversations and workshops are also held with one or several select groups.

In 2018, Green Cargo conducted a major workshop with several of our customers. The goal was to create deeper insight into what challenges customers face as well as what is essential in choosing a logistics solution, especially Green Cargo and the solutions we offer. Results indicated that customers, to a large extent, prioritize issues that impact them directly, such as quality and punctuality. They expect Green Cargo to digitalize important information flows and interruption information, report available capacity and improve and develop information on our transportation's current location.

In 2018, an in-depth workshop was conducted with the stake-

holder group, Employees. The group included representatives from traditional staff functions, the operating organization and production. An agenda was prepared ahead of the workshop with important sustainability aspects for Green Cargo's operations to be discussed, evaluated and prioritized. Safety, work environment and the company's financial performance are the most important areas for employees. This stakeholder group also holds that it is important to provide them with the opportunity to do the right thing, regardless of whether it concerns safety, processes, environmental issues or any other areas. It is also important for the group to be able to trust that appropriate decisions are made in the right levels in the organization so that everyone can do their best regardless of function.

Sustainability issues are integrated into other dialogs with our owner, the Swedish state. The owner has emphasized safety and work environment in particular, but also the company's financial situation, as being the key to achieving stable long-term financial operations. Sweden's government has ambitious climate goals. It is therefore of the greatest importance to our owners that Green Cargo helps Sweden reach its climate goals.



### Suppliers and other business partners

Green Cargo has active, long-term partnerships with several suppliers and business partners both national and international. Each working relationship is important to ensure a high level of quality in ton kilometers shipped and building on mutually set requirements. The Swedish Transport Administration is both a supplier to Green Cargo and an important partner. Joint issues under discussions include the transportation system's robustness in terms of punctuality.

**Dialog:** Continuous reconciliation meetings, agreement renegotiations and procurements.

**Follow-up:** Punctuality statistics, traffic safety, safety, contract review, external overhauls and monitoring supplier compliance with Green Cargo's code of conduct.



### Organizations

Strategic development of railway's brand and competitiveness is important for Green Cargo, as are fair conditions for the transportation industry. Green Cargo jointly addresses issues with JBS, the joint industrial group TTT and the industry and employer association, Tåg företagen.

**Dialog:** Continuous reconciliation meetings, participation in board meetings.

**Follow-up:** Punctuality, traffic safety, safety, decisions in transportation politics.



### Government agencies

As a rail company and employer, Green Cargo has an ongoing mission from government agencies to prevent the risks that operations entail.

The most important partners in this are the Swedish Transport Agency, the Norwegian Railway Authority and the Danish Transport, Construction and Housing Authority as well as the Swedish Work Environment Authority. Authorization, safety management and systematic work environment measures are important issues for our contacts.

**Dialog:** Collaboration with government agencies including strategic and tactical meetings as well as site visits.

**Follow-up:** Serious accidents, accident trends and safety management.



### Society

Green Cargo's network serves some 300 locations in Sweden, Norway and Denmark. It is important for us to be a positive influence in our environment. Collaborating with schools and consideration for residents who are affected by our operations are part of our daily operations. Local media, trade press and national press are also important from a societal perspective. Green Cargo wants to be, and to be perceived as, a transparent and open actor, as well as help the media fulfill its societal duties.

**Dialog:** Advisory meetings with municipalities, dialogs with compulsory schools, trade schools and universities as well as a 24-hour hotline, interviews, external websites and social media.

### Materiality analysis – collaboration on sustainability

Green Cargo's daily sustainability work is based on the state's ownership policy, the company's strategies and goals and the UN's Sustainable Development Goals. Close collaboration with our stakeholders drives and improves sustainability – social, environmental and financial – in our operations.

As a state-owned company, Green Cargo is to set a positive example for the entire value chain. This includes conducting and developing all aspects of the operations sustainably, and encompasses the analysis of, and responsibility for, business opportunities and risks related to the environment, human rights, labor conditions, anticorruption, business ethics, equality and diversity.

The company's materiality analysis is based on results from various stakeholder dialogs, management reviews within the framework of the company's integrated management system, as well as strategic and business-planning processes. It is also based on the transformation program that the company started in 2018. The program entails a systematic improvement initiative where the company

prioritizes measures within management and procedures to achieve increased control, quality and profitability.

We prioritized the most important sustainability issues based on impact, stakeholder expectations and requirements, and the owner directive. A total of five areas were chosen as prioritized sustainability areas: work environment, safety, punctuality, environmental performance (energy consumption and greenhouse gas emissions) and financial performance.

Each sustainability area is connected to the objectives that Green Cargo has already defined to ensure sustainable business and that are all of significance to our operations: Safety, Employees, Environment, Customers & Quality, and Finance.

The aspects are continuously evaluated to assess whether anything has changed either internally or in the operating environment that would prompt a change in priorities. There were no significant changes in 2020 that would affect how the company's most important sustainability issues are prioritized.

# A business focused on sustainability

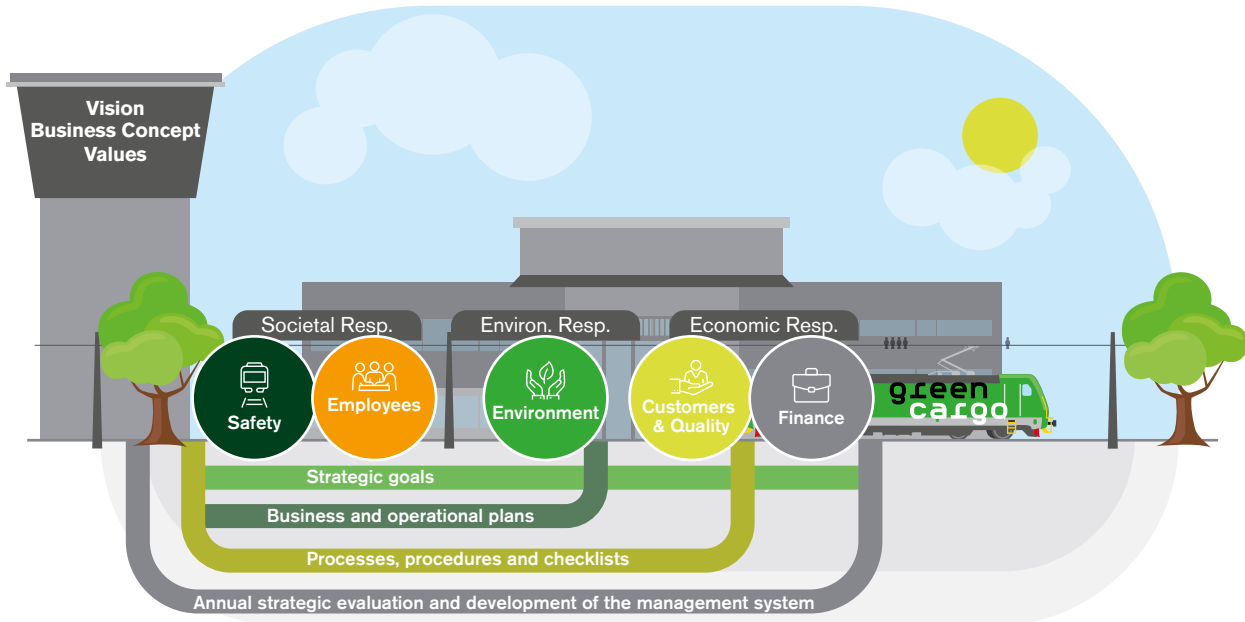
Green Cargo is governed so that it develops in accordance with the Board’s and the owner’s operational goals and the company’s vision of world-class rail logistics. We apply a broader perspective than merely a financial one to the control and leadership of the company, using a balanced scorecard that we call Måltavlan. This ensures that sustainability permeates all of our operations.

Our ambition is always to meet the sustainability requirements placed on us by stakeholders. With roots in the origins of Swedish rail traffic, we are Sweden’s most experienced operator in rail logistics. We are an important part of the Scandinavian economy, both as a reliable logistics supplier and as an attractive employer. Our freight trains carry both raw materials and processed products to industries in different parts of Scandinavia and the continent all hours of the day. In many cases, end products travel to consumers by train in a sustainable logistics system that sets the foundation for Sweden’s prosperity and consumption.

Our five objectives (Safety, Employees, Environment, Customers & Quality, and Finance) help us govern and lead operations according to the requirements and expectations that our

customers, owner and other stakeholders have of us. Accordingly, we create conditions for an efficient, stable and eventually profitable business and for offering our customers safe and punctual transportation with minimal climate and environmental impact. Naturally, this includes a safe workplace with a positive work environment for our employees as well. Read more about each of our objectives on pages 30–38.















The Swedish State proactively encourages state enterprises to act as a role model for sustainable business. Green Cargo considers Måltavlan, as a whole, as our aggregate sustainability goals. Green Cargo’s board has set long-term goals for several of the collected sustainability areas. Where relevant, the base year is 2019 and all goals must be met by 2030 unless otherwise noted.



Sustainable business is a natural and integrated part of Green Cargo’s business model. Sustainable business operations in terms of societal, environmental and economic sustainability are ensured by using our vision, business concept and values as a foundation and by measuring and monitoring the five objectives in Måltavlan.

Strategic goals are clarified in business and operational plans. Green Cargo’s processes, procedures and checklists are to ensure that we work as efficiently as possible and assume our social, environmental, and economic responsibility.

# Måltavlan

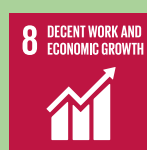
	Objective	Target	Score 2020	Target 2020	Score 2019	Target 2030	SDG
	<b>Safety</b>						
	Traffic-safety index		95.5	95.7	95.4	98	
	<b>Employees</b>						
	Sickness absence, %		4.1	4.5	4.1	n/a	
	Commitment index, Green Cargo AB		78	76	74	85	
	Leadership index, Green Cargo AB		74	70	68	n/a	
	Proportion of women, Green Cargo AB, %		19	18	18	30	
	<b>Environment</b>						
	Gram CO <sub>2</sub> e/tonne km		2.96	2.66	3.09	n/a	 
	kWh/tonne km electric rail traffic		0.036	0.035	0.037	0.030	
	<b>Customer &amp; quality</b>						
	Customer satisfaction, selected customers (scale of 1–5)		3.75	3.50	3.33	n/a	 
	Delivery punctuality to customers, loaded wagons to customers within the appointed hour, %		91.6	95	90.7	95	
	Regularity, discontinued percentage of total trains (rolled out plan), %		96.3	95.5	96.0	n/a	
	<b>Finance</b>						
	Operating loss, Parent Company Green Cargo AB (SEK m)		-206	n/a	-107	n/a	 
	Net sales, Parent Company Green Cargo AB (SEK m)		3,714	n/a	3,738	n/a	
	Return on operating capital % (Group)		-10.7	n/a	-4.6	n/a	
	Net debt/equity ratio* (Group)		7.3	n/a	3.5	n/a	

## The UN Sustainable Development Goals



**THE GLOBAL GOALS**  
For Sustainable Development

Our vision contributes to a sustainable future. The UN's 17 Sustainable Development Goals (SDGs) establish what is required for the world to achieve sustainable development. Three goals are relevant for Green Cargo. For each of these goals, we have the capability to be part of the solution or to enable our customers to do so.



At [www.greencargo.com](http://www.greencargo.com), you can read more about how we contribute to the SDGs.

## Safety for a safe work environment and high quality

In addition to compliance with the Railways Act and the requirements of national transport authorities, our safety efforts aim to prevent all types of accidents in our operations. The most important and principal safety target is that no Green Cargo employee should lose their life or be injured due to operations. This target was achieved for 2020.

Our work within the Safety Objective focuses on reducing risk in order to prevent all kinds of accidents. Safety is the basis for superior quality in terms of our deliveries to customers; it provides employees with a safer work environment and reduces costs and any adverse environmental impact. Safety is our most highly prioritized objective.

The traffic-safety index is an overall measure of the company's traffic-safety level performance in relation to ton kilometre completed. The index is based on a measurement of all accidents based on the accident definitions set by the Swedish Transport Agency. Traffic-safety index in 2020 was 95.5, compared with the year's target of 95.7. Although the goal was not met, this is a steady improvement over the preceding year. With the right focus and commitment, we are convinced that we can further improve the results over time.

In 2020, we maintained our efforts to continuously improve safety. Clear leadership has been introduced in several areas, with encouraging success, through daily management and process verifications. A conscientious culture of reporting unsafe conditions and behavior, which is the foundation of efforts to strengthen our safety culture, has gained momentum in 2020. This is an example of the sound work methods that are continuing to spread throughout our organization.

The year was characterized by a particular focus on raising safety levels in shunting work and while riding in wagons. The established in-house "Rideability Group" has developed designs for running boards and handrails, and several wagons were retrofitted to include the new fixtures. A project has been launched to investigate possibilities for preventing personnel from standing in the first wagon in the direction of travel. The

project is aimed at proposing a new technical solution, where CCTV and object identification can be used to meet the need for looking in the direction of travel. In addition, new regulations on shunting were introduced in the company to change certain shunting methods and increase safety for employees.

It is of paramount importance to the company that employees involved in traffic safety services possess the right knowledge and skills. Consequently, our Production Academy was reinforced in 2020 to adapt to this requirement, which has so far yielded positive results, such as improved educational plans and materials, and improved forward planning and course planning. The focus, moving forward, is for the Production Academy to continue functioning as a knowledge center for all employees with job assignments that could impact traffic safety.

Our prioritized objectives for 2021 and the years ahead are to continue to strengthen the overall safety culture in the company and to intensify safety efforts through visible leadership and Safe Habits throughout the organization. We believe this is the right path to establishing a culture based on openness and transparency, as well as compliance and clarity with respect to safety initiatives and their priorities.

Green Cargo is engaged in industry-wide safety initiatives through industry and employer association, Tågforetagen, and in direct collaboration with the Swedish Transport Administration and other rail operators. We also participate in the administration of shared Traffic Regulations for Railways (TTJ). These activities are also continuing in 2021 as an important contribution to developing and improving industry-wide rules and safety issues, as well as to managing shared risks in the railway system.





Why these KPIs?	Prioritized activities in 2020	Targets and outcomes 2020	Examples of activities 2021–2023
<p><b>Traffic-safety index</b></p> <p>The traffic-safety index is a volume-based measure of how safe our operations are. The degree of severity for an accident affects the index, where 100 indicates no accidents occurred. The traffic-safety index includes accidents that result from internal factors that we can influence (safety culture, training, behavior), as well as from external factors (weather, infrastructure, other rail operators).</p>	<ul style="list-style-type: none"> <li>• Day-to-day governance, process verification and 5S launched in several locations.</li> <li>• Improved safety culture through increased reporting of unsafe conditions and behavior.</li> <li>• Broad implementation of procedures for systematic troubleshooting with a focus on root causes and effective measures.</li> <li>• Improved safety while riding in wagons, through “Rideability Group” installments of handrails and running boards.</li> <li>• Increased safety in shunting operations through amended internal regulations.</li> </ul>	<p>Outcome: 95.5 Target: 95.7</p>	<ul style="list-style-type: none"> <li>• Day-to-day governance, process verification and 5S launched in all locations according to plan.</li> <li>• Improved knowledge and skills through <ul style="list-style-type: none"> <li>– updated selection of and further training for supervisors</li> <li>– strengthened procedures for learning and development within operations</li> <li>– increased usage of simulators for training and follow-up</li> <li>– expanded role-based in-service training</li> </ul> </li> <li>• Safe Habits introduced to Norwegian operations.</li> <li>• Development of innovative solutions to reduce employee exposure while riding in wagons.</li> <li>• Continued industry collaboration to improve safety with respect to level crossings, loading and securing loads.</li> <li>• Active participation in International Level Crossing Awareness Day (ILCAD) as part of our efforts to improve safety at level crossings.</li> </ul>

## Our employee commitment is directly linked to our results

At Green Cargo, employees are our most important assets; their expertise and ambition drive our performance and successes in attaining our vision of providing world-class rail logistics. Green Cargo strives to be an attractive employer with a safe, healthy and stimulating work environment that develops our business and our employees. This requires present, communicative and inspiring leadership, as well as a systematic focus on the work environment.

The Employee Objective ensures that the company has committed employees. Our leaders are to have the right skills and ambitions for creating conditions conducive to performance, so that we can develop and deliver our customer offering. Green Cargo is responsible for providing employees with the right training for their tasks, as well as the right information and resources for carrying out their work correctly and safely. A high level of safety awareness is an important factor for a positive work environment, which in turn is a precondition for good health and low sickness absence.

A systematic work environment initiative characterized by surveys, risk analyses, preventative measures and continuous improvements is requisite to a safe workplace and a positive work environment. In 2020, we updated our procedures and tools for systematic work-environment management. Green Cargo has also achieved certification under the work environment standard, ISO 45001, with the aim of further harmonizing the integration of systematic work-environment processes into the company's management system.

Green Cargo strives continuously to provide all employees with better conditions to, based on role and responsibility, actively contribute to developing and improving the company's systematic work environment initiatives and, consequently, a safer workplace. In 2020, Green Cargo provided further training for production-related managers on the conduct of safety inspections, risk analyses and incident management. An overarching risk analysis for shunting operations was also performed.

The company has had low sickness absence throughout 2020, despite the ongoing pandemic, and the result of the target is lower than the annual target, which is very encouraging. Continuous dialogs were held between managers and Safety Officers at centralized and local levels; various measures were taken to reduce the risk of contagion. Green Cargo's offices in Hallsberg and Solna were partially locked down and administrative employees have been working from home to the extent possible. To improve the opportunities to communicate and collaborate remotely, digital tools that enable distance work were introduced in spring 2020. On the whole, the measures that were taken had a positive impact on Green Cargo's management of the pandemic, which is reflected in the low sickness figures.

Green Cargo's continued development requires continuous improvement, which requires continuously ensuring that we have the right number of employees with the right skills who will, under qualitative management, deliver our customer promise. It is important for Green Cargo to work from a long-term perspective with activities that ensure the best possible conditions for stable operations. A deeper, more frequent collaboration with vocational schools continued in 2021, which is to result in hiring a greater portion of train drivers from their graduates.

A high level of employee commitment is directly connected to Green Cargo's business performance. It requires an active, present leadership that is trusting and involved, and which manages the needs of employees and monitors performance. We are happy to report that our annual employee survey indicates an improvement in the commitment and leadership indices within all sections of the company. Employee surveys identify and clarify our development areas and are a tool for management, supervisors and employees. The results support us in prioritizing the activities necessary for continuing to develop as a company and to strengthen our appeal as an employer. Every manager and his/her employees jointly create an action plan with improvement activities for their own group, which is then adhered to for the rest of the year.

Green Cargo's transformation program and its various initiatives require and are dependent on changes in working methods and behaviors, if our improvements are to be sustainable over the long term. To succeed in this, we are maintaining focus on providing our leaders with methods and tools, so that Green Cargo can deliberately and systematically pursue successful change management. One aspect is to provide our managers with the communicative support they need, so that employees can understand their part in the whole and how they can each contribute based on their preconditions and in their function. When an employee understands their own initiative and participation in change work, it leads to a desire to strengthen cross-functional collaboration and contribute to attaining the company's targets and goals. A useful basis in this regard is present and unambiguous leadership with a coaching style, with the aim of supporting, guiding and monitoring employees in their day-to-day work.

During the year, we continued to increase percentage of women at Green Cargo according to plan, and we have also recruited several new female managers.





Employees

Why these KPIs?	Prioritized activities in 2020	Targets and outcomes 2020	Examples of activities 2021–2023
<p><b>Sickness absence</b> Healthy, thriving employees perform well and grow. Sustainable employees are a profitability issue.</p>	<ul style="list-style-type: none"> <li>• Monthly analysis and review meetings between the central HR function and supervisors.</li> <li>• Timely responses to recurring short-term absences.</li> <li>• Ergonomics training in marshalling yards.</li> </ul>	<p>Outcome: 4.1% Target: 4.5%</p>	<ul style="list-style-type: none"> <li>• Review and analysis of reasons for sickness absence at the aggregate and individual level informs the choice of wellness activities.</li> <li>• Monthly analysis and review meetings between the central HR function and supervisors.</li> </ul>
<p><b>Commitment index</b> Committed employees are requisite to Green Cargo's efficiency quality and growth.</p>	<ul style="list-style-type: none"> <li>• Rooting Green Cargo's overall objectives across all operations and breaking down the overarching goals into individual targets and establishing them.</li> <li>• Completing activities related to employee surveys.</li> </ul>	<p>Outcome: 78 Target: 76</p>	<ul style="list-style-type: none"> <li>• Active follow-up with employee surveys.</li> <li>• Clarifying goals at the individual level.</li> <li>• Including employees in improvement initiatives.</li> </ul>
<p><b>Leadership index</b> Present, clear and coaching leadership, with leaders who encourage collaboration and create the necessary conditions for performance lead to committed employees.</p>	<ul style="list-style-type: none"> <li>• When recruiting for supervisors, the diversity of internal and external candidates is evaluated, as well as gender, for a dynamic management group.</li> <li>• Completing activities related to employee surveys.</li> <li>• Increasing the number first-line managers and group leaders, with the aim of enabling leadership presence.</li> </ul>	<p>Outcome: 74 Target: 70</p>	<ul style="list-style-type: none"> <li>• Proactively working with and following up on outcomes and action plans based on the employee survey.</li> <li>• Increasing the leadership presence and supporting employees in troubleshooting and using a coaching approach for decision making.</li> </ul>
<p><b>Proportion of women at Green Cargo</b> An equal workplace invigorates and strengthens Green Cargo.</p>	<ul style="list-style-type: none"> <li>• When hiring new employees, consideration is given to increasing the proportion of women at Green Cargo.</li> <li>• Internal network meetings, Wrail, for our female employees.</li> </ul>	<p>Outcome: 19% Target: 18%</p>	<ul style="list-style-type: none"> <li>• Wrail, the women's network with the goal of attracting more women to the railway industry and strengthening Green Cargo's appeal as an employer.</li> <li>• When hiring new employees, consideration is given to increasing the proportion of women at Green Cargo.</li> </ul>

## Large-scale, energy-efficient and fossil-free freight transportation

The environmental impact of transportation is of increasing significance when choosing transportation solutions and Green Cargo already delivers large-scale, fossil-free freight shipments. Over 94 percent of our total ton kilometrage and more than 96 percent of rail shipments are conducted with electric locomotives, where the electricity is produced exclusively from renewable sources with low emissions and low energy consumption (2020).

Sweden aims to become one of the world's first fossil-free welfare nations with zero net emissions of greenhouse gases by 2045. The transportation sector accounts for about 30 percent of carbon dioxide emissions in Sweden today. According to the Swedish Transport Administration, road traffic accounts for 90 percent of these emissions. Rail is the most space- and energy-efficient and the least environmentally detrimental mode of transport, and thus completely essential to Sweden achieving its highly set goals. Our goal is to ensure that Green Cargo is equipped to allow for the transfer of freight to railways, with a high degree of customer satisfaction and quality.

Although Green Cargo's environmental performance is excellent at present, we must keep working systematically and continuously to reduce the environmental impact we nevertheless have – proceeding from Sweden's and our own, internal climate goals, particularly to strengthen our competitiveness from a sustainability perspective.

Several environmental initiatives were implemented during the year. One was an internal cross-functional project where we tested the alternative fuel, HVO100, in our diesel locomotives. HVO100 is synthetic diesel that is a chemical copy of ordinary fossil-based diesel. It is a renewable and fossil-free fuel that is generated from waste and various residual and byproducts. The tests have yielded positive results in terms of diesel consumption and engine performance, and also for the work environment, as a consequence of reduced exhaust gases. We are reviewing opportunities for implementation ahead of 2021, initially with selected customers in a pilot, and associated customer offerings for fossil-free train hauling and shunting operations.

We also tested an idling-control prototype on several of our diesel locomotives during the year. The idling control functions in the same way as with modern cars, meaning that the diesel engine is automatically stopped when it doesn't need to be running. The system allows for engine idling to be reduced and the resulting fuel savings are positive for the external environment and finances. Furthermore, the work environment benefits from reduced noise levels and exhaust fumes. The idling control is already in use today in our Td locomotives and additional system modifications are ongoing for other vehicle types prior to series installations in 2021.

In 2020, we launched an initiative within the framework of the transformation program, aimed at reducing the energy

consumption of trains, and the wear-and-tear of their brakes. The goal is to introduce a method of driving that preserves the kinetic energy of trains by, for example, taking the topography into consideration and adapting speeds so that trains do not run ahead of schedule. The initiative involves finding and implementing a system solution (Driver Advisory Systems – DAS) that performs real-time calculations and appropriately presents the ideal speed the train driver should maintain in order to consume the least possible energy, without sacrificing punctuality. In the first part of the initiative, we took an inventory of various existing systems, in order to choose the most applicable solution. Eco-Driving methods provide gains not only for the environment, but for our maintenance costs, with less worn-down brakes.

During the year, Green Cargo tested the EuroDual locomotive in Norway. The EuroDual has a powerful diesel engine that uses a generator to power the locomotive's electric engines through non-electrified stretches of routes. The locomotive is unique in that it can pull heavy trains with full loads using both electricity and diesel, while maintaining speed. Using EuroDual locomotives will allow for us to reduce the use of diesel fuels, as well as general energy consumption in certain transportation solutions.

With lower volumes due to the ongoing pandemic, the train-utilization rate has fallen during the year. Capacity utilization rates are down for terminal trains, which are mostly pulled by diesel locomotives. Similarly, train-utilization is in decline for single-commodity trains and the Malmö-Gothenburg-Hallsberg triangle, which reduces the efficiency of electric-locomotive usage and adversely impacts key targets. However, key targets were positively impacted by a mild winter that required less engine idling earlier in the year, by a solid recovery in large and heavy volumes primarily within the Steel and Chemicals segment, and several electrical regenerative locomotives in circulation during the final quarter. However, we did not attain the annual targets for gram CO<sub>2</sub>e/Net tonne kilometers or kWh/Net tonne kilometers, due to relatively greater environmental impact in completed ton kilometrage.

More customers can choose rail as their transport equipment, if the efficiency of traffic plans is enhanced through a fleet strategy based on creating opportunities for pulling heavier and longer trains in the most efficient manner, as well as external factors, such as the electrification of sidings and investments in efficient terminals.



Why these KPIs?

**Gram CO<sub>2</sub>e/tonne km**

The minimal greenhouse gas emissions from electric trains give us an important competitive edge over our competitors. Green Cargo uses large quantities of electricity, but electricity usage only accounts for a small proportion of carbon dioxide equivalent emissions. Most of the emissions by Green Cargo's operations are due to diesel locomotives and road transportation.

**kWh/tonne km (electric rail traffic)**

Green Cargo uses a considerable amount of electricity for the operation of its trains. Energy consumption is determined to a great extent by the weather, the number of stops and the speed. Measures to increase energy efficiency therefore create long-term results when it comes to total consumption.

Prioritized activities in 2020

- Tested idling controls on T44 locomotives.
- Testing renewable fuel, such as HVO100, with good results
- Developing a fleet strategy.

- EcoDriving as a training module in the ordinary training package.
- Initiative launched to find new system solutions and EcoDriving modules.

Targets and outcomes 2020

Outcome: 2.96 gram CO<sub>2</sub>e/tonne km  
Target: 2.66 gram CO<sub>2</sub>e/tonne km

Outcome: 0.036 kWh/tonne km  
Target: 0.035 kWh/tonne km

Examples of activities 2021–2023

- Series installation of idling controls on T44 locomotives.
- Putting new locomotives into circulation
- Reviewing plans for the diesel locomotive fleet and reviewing opportunities to partially switch to fossil-free fuel.
- Establish relevant requirements for our truck logistics suppliers.

- Implement efficient EcoDriving module in several locomotive types.
- Efficient planning of ton kilometrage.
- Using the right kind of locomotive and wagon for the task.

## Increased customer satisfaction with efficient quality-controlled processes

Good service and high-quality performance drives customer satisfaction and loyalty, which will ensure Green Cargo's long-term capacity for profitability and new business. The Customer & Quality Objective aims to ensure we meet and completely surpass customers' expectations for transportation and logistics services. Punctuality and regularity are by far the most important parameters for our customers, although they also expect quality in other regards such as better information about delays, structured deviation management, increased digitalization and increased redundancies in case of interruptions.

Green Cargo works systematically with the areas of the punctuality problem that we cause ourselves and during the year, particular focus has been on root cause analyses for trains with the lowest punctuality. We are also active in industry-wide collaborations to make the entire railway system more robust.

This work is conducted within the framework of TTT – Together for punctual trains. TTT is an industry-wide initiative with the goal of achieving 95 percent punctuality across the entire system by 2020.

In the final quarter, we introduced an internal-use punctuality application (mobile app) in selected locations to test the direct reporting by our production personnel regarding empty and loaded wagons at delivery events. This will provide us with new monitoring possibilities, and further improve our analysis of quality performance and our implementation of appropriate punctuality strengthening measures. A launch date has been set for the app in selected locations during the first quarter of 2021.

Punctuality is defined as "loaded wagons to customers within the appointed hour." The outcome in 2020 was 91.6 percent (90.7), compared with the annual target of 95 percent. This was a marked improvement compared with the preceding year. Punctuality was stable for most of the year. The mild winter early in the year had a positive impact, while a shunting accident during the third quarter which resulted in major barriers and impacted sections of the system, combined with congested flows in December, had an adverse impact on punctuality results. The continuous internal quality-enhancement measures we are taking in relation to our own punctuality efforts, are having an appreciable positive effect. To a certain extent, freight train punctuality was positively impacted by the reduced utilization of railway-system capacities during the COVID-19 pandemic, when several passenger train operators sharply reduced their traffic.

During the year, Green Cargo worked to optimize our train paths in light of lower utilization of railway system capacities. If the Swedish Transport Administration could plan our trains as they are actually driven, the unused capacity between assessed and actual train paths would be freed up. The upside would be a higher rate of punctuality and freeing up time for the Swedish Transport Administration to plan for other trains and track works.

Regularity is the measurement we use to describe the extent to which we operate planned trains within a given period, usually on a monthly basis. The measure is aimed at capturing Green Cargo's shortcomings (such as rolling stock issues, delays and personnel shortages) and the Swedish Transport Administration's shortcomings (such as rail breakage, signaling failures, prioritization of other rail traffic and weather-related problems). Regularity exceeded our targets for most months in 2020 and the outcome was 96.3 percent compared with the annual target of 95.5 percent. The improved result was mainly attributable to Green Cargo having had far fewer staff and locomotive shortages, which stems from a better balance between access and demand, as well as improved train punctuality thanks to fewer passenger trains.

During the year, we saw a definite link between high punctuality and regularity rates, and increased customer satisfaction. It should be easy to be our customer and we are continuing to develop our digital services. We are setting up a customer portal for booking and consignment note processing, and for customers to track their shipments in 2021.

Our major internal transformation program consists of several highly effective improvement initiatives to create efficient, stable core processes that benefit our customers, our employees and Green Cargo as a company. Our focus in 2021 remains on process orientation and implementing Green Cargo's Improvement Model for increased customer satisfaction, increased employee commitment and, eventually, increased profitability.



Why these KPIs?	Prioritized activities in 2020	Targets and outcomes 2020	Examples of activities 2021–2023
<p><b>Customer satisfaction, selected customers (scale of 1–5)</b></p> <p>We operate in a competitive industry with low margins. Our customers have choices – we want to be their first. We are to deliver high-quality services.</p>	<ul style="list-style-type: none"> <li>• Continuous punctuality and quality measures where recurring problem areas are identified and addressed.</li> <li>• Education and introduction of systematic improvement work.</li> <li>• Introduction of Lean to our largest marshalling yard.</li> </ul>	<p>Outcome: 3.75 Target: 3.50</p>	<ul style="list-style-type: none"> <li>• Continuous punctuality and quality measurements.</li> <li>• Digitalization of data transfers between customers and Green Cargo.</li> <li>• Introduction of improved analysis tools.</li> </ul>
<p><b>Delivery punctuality to customers, loaded wagons, %</b></p> <p>If Green Cargo is to be an attractive choice as a transportation service supplier, our customers need to be able to trust that their wagons will be delivered according to our customer promise and with a high level of punctuality.</p>	<ul style="list-style-type: none"> <li>• Root cause analyses of trains with the lowest punctuality figures.</li> <li>• Focus on preparing our trains in marshalling yards in time for the transition to traffic management at the Swedish Transport Administration.</li> <li>• Roll-out punctuality app.</li> </ul>	<p>Outcome: 91.6% Target: 95%</p>	<ul style="list-style-type: none"> <li>• Continued roll-out of punctuality app.</li> <li>• Establishing cross-functional production quality groups.</li> </ul>
<p><b>Regularity, discontinued percentage of total trains (rolled out plan), %</b></p> <p>Keeping our promises in our established traffic plan is absolutely essential to ensuring that our customer promise is kept and that employee and locomotive circulations are maintained.</p>	<ul style="list-style-type: none"> <li>• Revised measuring of key performance indicators for better quality and follow-up</li> <li>• Refined internal cause codes and increased reporting.</li> <li>• More root cause analyses.</li> </ul>	<p>Outcome: 96.3% Target: 95.5%</p>	<ul style="list-style-type: none"> <li>• Analysis and measures for canceled trains.</li> <li>• Eliminating internal systematic interruptions that affect customers.</li> </ul>

## Impact of pandemic on the operating environment and Green Cargo

For Green Cargo, sustainability entails a holistic approach to responsible business. This means that the company's operations must be economically sustainable, and achieve adequate profitability to manage future investments and development. Performance in the other four objectives is reflected, to a great extent, in the financial metrics. The Finance Objective measures profitability, productivity and efficiency.

Green Cargo's financial performance in 2020 was weak, contrary to expectations. This was mainly due to the effects of the ongoing pandemic, which caused lower volumes and thereby lower transport revenues. In combination with operating costs and other expenses not being reduced at a corresponding rate, earnings were negatively impacted.

The economic situation in the operating environment has begun to take the form of reduced rail shipment volumes, which directly affects Green Cargo's operations. The COVID-19 pandemic has adversely impacted our profitability efforts and our requisite improvements. However, excluding the effects of the pandemic, the company performed completely in step with the adopted business plan. Notwithstanding the effects of the pandemic, work is ongoing to create profitability in our operations. The costs of the ongoing transformation program have been high, but we are beginning to see some positive results.

The transformation program, which was launched in 2018, is aimed at achieving increased safety, punctuality and profitability. The program addresses commercial and operational areas, and includes a number of measures to improve profitability. In 2020, several program initiatives were carried out with satisfactory results and we are beginning to see their effects. For example, there are already positive trends in the traffic-safety index and punctuality, which both have a positive effect on the results.

Several initiatives were also implemented in the more commercial departments, which are now contributing positively.

In autumn 2020, a new Network Management department was formed. The new department is responsible for the governance and coordination of our network based on market requirements and will accordingly design, adapt, plan and manage our network demand and capacity. It will also coordinate the asset investment program that has been initiated. The change will also entail our Operations and Marketing departments receiving more dedicated content with an emphasis on production, as well as customers and sales.

The owner's financial goal for the Group is that the return on operating capital should amount to not less than 10 percent measured over a business cycle. Return on operating capital in 2020 was negative. The net debt/equity ratio is to fall between 0.6 and 0.9, while it was 7.3 (3.5) at December 31, 2020. The regular dividend should amount to half of after-tax profit for the year, assuming that the net debt/equity ratio after the dividend payment is within the target interval. It is incumbent on the CEO and company management to manage and follow up operations to ensure that the owner's overall targets are reached. This means that the entire organization needs to focus on results, using resources efficiently and utilizing capital efficiently.



# Sustainability reporting according to GRI

## Accounting policies

Green Cargo's sustainability report is prepared pursuant to GRI Standards: Core option. Reporting is performed once a year as a part of the annual report. This report applies to the full-year 2020 and covers Green Cargo AB, including its subsidiaries. The latest report was published in March 2020. The company has been preparing a sustainability report every year since 2002. Key performance indicators (KPIs) recognized in Måltavlan pertain to the Parent Company, with the exception of "Return on operating capital" and the "Net debt/equity ratio," which pertain to consolidated results.

## Green Cargo's sustainability governance

Green Cargo's Board has the ultimate responsibility for the company's sustainability governance. Among company management, the CEO has overarching responsibility, but each manager is responsible for integrating sustainability into regular operations. All managers and employees in the organization are responsible for following applicable policies and guidelines. The CEO is responsible for ensuring that the necessary resources are available for carrying out the sustainability work the company has undertaken.

The sustainability report describes how sustainability issues relate to Green Cargo's long-term strategies, risks and possibilities. Performance is reported in a broader sustainability context of the company's various objectives and aims to increase understanding of the existing challenges and possibilities.

The sustainability report is presented on pages 12–38, 44–46 and 94–101 in Annual and sustainability report 2020 and is the company's statutory sustainability report in accordance with the Swedish Annual Accounts Act.

The GRI index and Green Cargo's sustainability governance are presented on pages 94–101 of the Annual and sustainability report.

In 2018, Green Cargo conducted a stakeholder dialog and materiality analysis. The analysis helps elucidate the areas the company needs to focus on. Based on the company's strategies and goals, our actual impact and expectations and interest from our stakeholders, the company has chosen to report six material sustainability areas. There were no significant changes in 2019 that would affect how the company's most important sustainability issues are prioritized. Read more about our stakeholders, stakeholder dialogs and materiality analysis on pages 26–27.

Green Cargo only reports data that can be verified with reliable documentation. Cases where the boundaries or accounting policies for the reported data have changed are described in the text or table together with the disclosed data. Definitions of the measuring methods used for calculations are on [www.greencargo.com](http://www.greencargo.com).

It is Green Cargo's own assessment that the sustainability report meets the criteria for GRI Standards: Core option. The report is controlled internally and subject to a review engagement. The auditors' review of the Sustainability Report and statement on the statutory Sustainability report are on page 40.

If you have questions about the Sustainability Report, contact Green Cargo at [miljo@greencargo.com](mailto:miljo@greencargo.com).



# Auditor's Limited Assurance Report on Green Cargo's Sustainability Report and Statement on the Statutory Sustainability Report

This is a translation of the original report in Swedish

To the annual general meeting of Green Cargo AB, org.nr 556119-6436

## Introduction

We have been engaged by the Board of Directors of Green Cargo AB ("Green Cargo") to undertake a limited assurance of Green Cargo's Sustainability Report for the year 2020. The company has defined the scope of the sustainability report on page 3, which also constitutes the statutory sustainability report.

## Responsibilities of the Board and Group Management for the Sustainability Report

The Board of Directors and Group Management are responsible for preparing the Sustainability Report, including the Statutory Sustainability Report, in accordance with applicable criteria and the Annual Accounts Act. The criteria are described on page 94 of the Sustainability Report, and consist of the parts of the standard for sustainability reports published by GRI (Global Reporting Initiative) that are applicable to the sustainability report, as well as the accounting and calculation principles that Green Cargo has developed. This responsibility also includes the internal control which is deemed necessary to establish a sustainability report that does not contain material misstatement, whether due to fraud or error.

## Responsibilities of the Auditor

Our responsibility is to express a conclusion on the sustainability report based on the limited assurance procedures we have performed and to provide an opinion on the statutory sustainability report. Our assignment is limited to the historical information that is presented and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. We have conducted our review regarding the statutory sustainability report in accordance with FAR's recommendation RevR 12, the Auditor's Opinion on the Statutory Sustainability Report. A limited assurance engagement and a statement according to RevR 12 have a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Green Cargo according to generally accepted auditing standards in Sweden and have fulfilled our professional ethics responsibility according to these requirements.

The procedures performed in a limited assurance engagement and review according to RevR 12 do not allow us to obtain such assurance that we become aware of all significant matters that could have been identified if an audit was performed. The stated conclusion based on a limited assurance and review in accordance with RevR 12, therefore, does not have the security that a stated conclusion based on an audit has.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria as suitable for the preparation of the Sustainability Report.

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

## Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not, in all material respects, prepared in accordance with the criteria defined by the Board of Directors and Group Management.

A statutory sustainability report has been prepared.

Stockholm, 29th of March 2021

PricewaterhouseCoopers AB

**Linda Corneliusson**  
Authorized Public Accountant

**Isabelle Hammarström**  
Expert Member of FAR



# Five-year overview, Group

PROFIT/LOSS ITEMS	2020	2019 <sup>1</sup>	2018	2017	2016
<b>Net sales</b>	<b>4,040</b>	<b>4,096</b>	<b>4,208</b>	<b>4,337</b>	<b>4,208</b>
<b>Earnings</b>	<b>-222</b>	<b>-93</b>	<b>-122</b>	<b>1</b>	<b>-78</b>
Earnings adjusted for items affecting comparability	-255	-217	-217	8	-36
Operating margin	-5.5%	-2.2%	-2.9%	0.0%	-2.0%
Operating margin adjusted for items affecting comparability	-6.3%	-5.3%	-5.2%	0.2%	-0.9%
Net financial items	-7	-36	-33	-33	-33
<b>Loss after financial items</b>	<b>-229</b>	<b>-129</b>	<b>-155</b>	<b>-32</b>	<b>-111</b>
<b>Loss after discontinued operations</b>	<b>0</b>	<b>-0</b>	<b>-11</b>	<b>-73</b>	<b>-5</b>
<b>Net loss for the year</b>	<b>-229</b>	<b>-129</b>	<b>-179</b>	<b>-105</b>	<b>-225</b>
BALANCE-SHEET ITEMS	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016
<b>TOTAL ASSETS</b>	<b>3,170</b>	<b>3,035</b>	<b>2,679</b>	<b>3,067</b>	<b>3,320</b>
<b>Equity</b>	<b>243</b>	<b>473</b>	<b>596</b>	<b>755</b>	<b>851</b>
<b>Total external liabilities</b>	<b>2,927</b>	<b>2,562</b>	<b>2,083</b>	<b>2,312</b>	<b>2,469</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,170</b>	<b>3,035</b>	<b>2,679</b>	<b>3,067</b>	<b>3,320</b>
CASH FLOW	2020	2019	2018	2017	2016
Cash flow from operating activities	283	422	33	216	85
Cash flow from investing activities	-335	-125	83	-76	-67
Cash flow from financing activities	12	-247	-213	-235	122
<b>Cash flow for the year</b>	<b>-40</b>	<b>50</b>	<b>-98</b>	<b>-95</b>	<b>140</b>
KEY PERFORMANCE INDICATORS	2020	2019	2018	2017	2016
Return on operating capital	neg.	neg.	neg.	neg.	neg.
Return on equity	neg.	neg.	neg.	neg.	neg.
Equity/assets ratio	8%	16%	22%	25%	26%
Net debt/equity ratio (multiple)	7.3	3.5	2.1	1.9	1.8
Gross investments, continuing operations	339	168	151	85	74
Average number of employees, continuing operations	1,836	1,771	1,800	1,897	1,918
ITEMS AFFECTING COMPARABILITY	2020	2019	2018	2017	2016
<b>Earnings</b>	<b>-222</b>	<b>-93</b>	<b>-122</b>	<b>1</b>	<b>-78</b>
<i>Items affecting comparability</i>					
Set-up costs for new operations	-	-	-	-5	-42
Restructuring program	-	-	-	-25	-
Divestments of land facilities	-	-	-	23	-
Divestments of locomotives in conjunction with restructuring	-	-	-	-	-
Refunds on infrastructure fees	-	10	-	-	-
Earnings effect of climate compensation	33	114	95	-	-
<i>Total items affecting comparability</i>	<i>33</i>	<i>124</i>	<i>95</i>	<i>-7</i>	<i>-42</i>
<b>Earnings adjusted for items affecting comparability</b>	<b>-255</b>	<b>-217</b>	<b>-217</b>	<b>8</b>	<b>-36</b>

<sup>1</sup> IFRS16 applied as of 2019.

# Annual Report

## Contents

Administration Report including Corporate Governance Report	43
Consolidated income statement	54
Consolidated statement of comprehensive income	54
Consolidated balance sheet	55
Consolidated changes in equity	57
Consolidated cash-flow statement	58
Parent Company income statement	59
Parent Company statement of comprehensive income	59
Parent Company balance sheet	60
Parent Company changes in equity	62
Parent Company cash-flow statement	63
Notes	64
Signatures	87
Auditors' Report	88



# Administration Report

The Board of Directors and President of Green Cargo AB (Corp. Reg. No. 556119-6436) hereby submit the Annual Report and the consolidated financial statements for the 2020 fiscal year. The company is domiciled in Solna, Sweden. All amounts in this Annual Report are stated in million Swedish kronor unless otherwise stated.

## About Green Cargo

Green Cargo is a sustainable logistics partner and crucial for Scandinavia's trade and industry. Round the clock, our freight trains transport raw materials from forests and mines to the process industries, and consumer goods to the retail sector. The logistic system is the foundation of Sweden's prosperity and consumption.

The company connects some 300 locations in Sweden, Norway and Denmark, and meets transportation needs that vary from one wagon to entire train sets. Together with partners, Green Cargo links the Swedish market to nearly 2,000 destinations in continental Europe.

Green Cargo is owned by the Swedish State and administered by the Ministry of Enterprise and Innovation. We transport 21 million tonnes of freight each year, and have 1,800 employees and annual sales of about SEK 4.0 billion.

Operations in the Green Cargo Group are conducted through the Parent Company as well as primarily through the subsidiaries Nordisk Transport Rail AB (NTR) and Green Cargo Norge AS. All of the companies are controlled through board representation and all intra-Group transactions are subject to market terms and conditions.

## Freight operations

Rail freight forms the basis of Green Cargo's operations. To add increased flexibility, the company can offer road freight services as a complement to our rail-freight services. Combining rail with road solutions allows many companies to choose rail even when not connected to a track, and the combination of transportation forms is a key element of the offering. The company's customers are found in the basic industries, where forestry, steel and paper dominate. But our customers also represent other sectors such as the chemical, energy, engineering and automotive industries, as well as the grocery retail sector.

## Statutory Sustainability Report

In accordance with Chapter 6 Section 11 of the Annual Accounts Act, Green Cargo has elected to prepare the statutory Sustainability Report as a separate report. The scope of this Sustainability Report, which also encompasses Green Cargo's sustainability reporting, is set out on page 39.

## Operating environment and market

2020 was dominated by the COVID-19 pandemic, the impact of which was noted by all sectors, particularly in the second quarter.

However, revenue and volumes essentially recovered in the second half of the year, even if many customers are still affected by the pandemic.

Demand for rail freight is strongly linked to the trend for Swedish basic industries which, in turn, are impacted by demand in the export markets. Demand is rising for low-emission logistics solutions, high energy efficiency, safety focus and ethically justifiable working conditions.

Approximately 35 percent of Green Cargo's sales are in foreign currencies, mainly the euro. The effects of currency fluctuations were limited during the year.

During the year, Green Cargo signed new freight agreements with a total contract value of about SEK 530 million (553).

## The Group's revenue and earnings

In 2020, net sales for the Group totaled SEK 4,040 million (4,096), down slightly more than 1 percent on the preceding year. Freight volumes were 8 percent lower year-on-year. The operating loss totaled SEK 222 million (loss: 93).

Healthy freight volumes were noted at the start of the year and the Forestry segment remained stable throughout the year. However, mainly in the second quarter, volumes and revenue were negatively impacted by the COVID-19 pandemic, primarily in the Steel & Chemicals and Retail & Logistics segments. A clear recovery started in the third quarter. Lost revenue due to the COVID-19 pandemic for the full-year is estimated at SEK 106 million. Over the year, the company received COVID-19 pandemic-related state support of SEK 11 million.

Moreover, the year-on-year decline in earnings was attributable to environmental compensation received of SEK 81 million.

The net financial expense for the period was SEK 7 million (expense: 36). Changes in exchange rates had a positive impact on net financial items of SEK 25 million (negative: 4), of which SEK 2 million (0) comprised the net effect of agreements measured pursuant to IFRS 16 and SEK 23 million (negative: 4) pertained to the remeasurement of liabilities to credit institutions. The net interest expense was SEK 32 million (expense: 32). Net financial items included the gain of SEK 16 million on the sale of associated companies last year. The loss for the year totaled SEK 229 million (loss: 129). Tax on profit for the period was SEK 0 million (0).

### Non-current assets

The Group's gross investments in intangible assets and property, plant and equipment during the year totaled SEK 339 million (168) and pertained primarily to investments in the new Transmontana locomotives. Over the period, SEK 88 million was reclassified pursuant to IFRS 16 from right-of-use assets to current financial receivables and non-current financial assets. This has been performed where the right-of-use asset is sub-leased to Green Cargo's customers with contractual terms that match the original leases. At the end of the year, financial assets amounted to SEK 35 million (0) in accordance with IFRS 16.

### Financing

At the closing date, the Group's interest-bearing liabilities were SEK 2,017 million (1,771), of which SEK 891 million (1,032) pertained to lease liabilities. At the closing date, the Group's interest-bearing liabilities to banks and credit institutions were SEK 1,499 million (1,275). The provision for pensions amounted to SEK 25 million (19). Liabilities to banks and credit institutions mature between 2021 and 2025, and have an average term of just over three years, with a fixed-interest term, including fixed-income derivatives, of one year and five months.

Over the year, new borrowings were raised in an amount of SEK 368 million, and borrowings of SEK 608 million were refinanced. Regular capital repayments were made and amounted to SEK 94 million and a total of SEK 25 million in liabilities fell due and were repaid.

At the closing date, interest-bearing assets amounted to SEK 239 million (103), up SEK 136 million (57). The change comprised an increase in financial receivables pursuant to IFRS 16 of SEK 170 million and a decrease in cash and cash equivalents as well as other interest-bearing assets totaling SEK 34 million. On the closing date, interest-bearing net debt totaled SEK 1,778 million (1,668). Cash and cash equivalents at the closing date totaled SEK 55 million (95). In addition, Green Cargo has unutilized credit facilities of SEK 200 million and EUR 15 million as well as an unutilized working capital credit totaling SEK 75 million.

### Cash flow

Consolidated cash flow for the full-year 2020 amounted to negative SEK 40 million (positive: 50). Cash flow from operating activities amounted to SEK 283 million (422). Net investments in property, plant and equipment and intangible assets during the year amounted to an expense of SEK 335 million (expense: 144) and pertained primarily to investments in the new Transmontana locomotives and reinvestments in the locomotive fleet, the conversion of wagons and investment in IT. Cash flow from financing activities was SEK 12 million (negative: 247) and was attributable to borrowings primarily related to investments in new locomotives and the amortization of loans and lease liabilities.

### Events after the closing date

No events with any significant impact on operations or the Group have taken place after the closing date.

### Outlook

Sustainable profitability is a prerequisite for Green Cargo's operations which, by nature, are capital intensive and dependent on a network of resources to function efficiently. Given the large proportion of fixed resources in the form of locomotives and wagons, as well as employees, it is important that the company reaches a stable level of profitability over a business cycle that generates a return for the owner on its invested capital.

A large number of profitability enhancing activities, which remain ongoing, were initiated in 2018 with the goal of creating economically sustainable operations in the Group.

Uncertainty regarding developments with the COVID-19 pandemic risk impacting the company's operations. Business has been relatively unaffected during the beginning of 2021.

Demand for climate-smart rail freight is predicted to increase. This strengthens the conviction that Green Cargo has a competitive offering and is a company that creates value through sustainable logistics both today and in the future.

### Financial targets

The owner's financial targets for the Green Cargo Group comprise a requirement that the net debt/equity ratio should be not less than 0.6 and a maximum of 0.9. The net debt/equity ratio increased to 7.3 (3.5) as of December 31, 2020. This increase in the net debt/equity ratio was mainly due to the Group's operating loss. The return on operating capital should amount to not less than 10 percent measured over a business cycle. Return on operating capital in 2020 was negative (neg). The regular dividend should amount to half of after-tax profit for the year assuming that the net debt/equity ratio after the dividend payment is within the target interval. The Board of Directors proposes to the AGM that no dividend be distributed for the 2020 fiscal year.

### Liquidity and financial position

On December 16, 2020, the Swedish parliament decided to authorize the government to provide additional capital to Green Cargo AB of not more than SEK 1,400 million. For procedural reasons, the additional capital has yet to be disbursed to the company.

The company's equity is at a less than desirable low level. The company is monitoring the situation on an ongoing basis and the assessment is that over the next twelve months, notwithstanding the additional capital, the company is at no risk of finding itself required to prepare a control balance in accordance with Chapter 25, Section 13 of the Companies Act. Significant surplus values have been established in the form of the company's locomotive assets.

As regards the company's liquidity, notwithstanding the additional capital, no risk exists of any liquidity shortage over the next 12 months.

### Risks and risk management

The assumption of and management of risk is a natural part of all business activities. Strategic choices, daily operations and events in the operating environment all entail risk. The assessment and management of risk – tools and policies for the assessment and countering of risk in the respective risk areas – are included as an integrated part of Green Cargo's operations.

## The most material risks

Risk	Objective	Risks	Consequence	Action/s to manage risk
<b>S2</b>	<b>Safety</b>	Increased quantity of composite brake blocks leads to poorer braking performance in certain winter conditions.	Serious derailments and/or collisions.	Updated conditions for braking weight reduction. Introduction of separate brake wagons or alternatively operating with shorter trains. Introduction of payload reduction. Driver information and training initiatives for operating brakes.
<b>S6</b>	<b>Safety</b>	The potential for serious disruptions to business-critical IT services and breaches of IT systems to lead to serious incidents.	Impact on the company's financial position, brand and several other non-financial KPIs as well as earnings. Could lead to major disruptions in our rail freight production and other business processes.	Plan and invest in maintenance of business-critical IT services. Identify and rectify end-of-life risks attributable to critical applications and IT infrastructure. Conduct fail-over tests. Conduct penetration testing. Implement pro-active management measures for business critical systems and ensure scheduled patching. Implement a management system for information security and raise employee understanding and behavior through new technical measures (authentication, etc.), ongoing information and training. Implement business continuity and disaster recovery.
<b>ME1</b>	<b>Employees</b>	Conditions with the COVID-19 pandemic worsen and impact broadly across the entire population.	Difficulty in maintaining production.	Follow the recommendations of the Public Health Agency of Sweden.
<b>ME5</b>	<b>Employees</b>	The company fails to attract women, thereby affecting its diversity and gender equality efforts. Limits current and future business opportunities as a result of an overly lean and homogeneous organization.	The company lacks the diversity needed in its team. Difficulty to attract and recruit from a diversity and equality perspective.	Active measures in conjunction with recruitment, including targeted initiatives, e.g. the women's network WRail. Collaboration with the vocational schools.
<b>MI12</b>	<b>Environment</b>	Electrified long-distance road haulage is developing rapidly. Road haulage is increasingly being selected even for long distances despite rail being the most space- and energy-efficient and least environmentally damaging mode of transport, regardless of whether more modes of transport are electrified in the future.	In absolute terms, energy consumption is positively affected; however, Sweden's ability to reach stringent climate targets is reduced.	Influence rail policy with the objective that different modes of transport can compete on equal terms.
<b>MI13</b>	<b>Environment</b>	Emissions to the sea and land from hazardous goods transportation during switching, shunting and train operation.	Production impact, loss of revenue and high insurance costs in connection with decontamination.	Dialogue with infrastructure owners for functioning shunting facilities, personnel dialogue and training on rules and regulations, and technical barriers in the form of signaling systems (ATC and ERTMS).
<b>KK1</b>	<b>Customer &amp; Quality</b>	Canceled trains due to persevering shortage of train drivers. Delays and cancellations due to infrastructure problems.	Loss of revenue, customer dissatisfaction and additional costs.	Recruitment in affected areas as well as training and skills broadening with regard to route knowledge and locomotive type. Quality assurance with regard to handovers in the workforce planning. Structured feedback and dialogue with Swedish Transport Administration. Preparations ahead of the winter.
<b>KK2</b>	<b>Customer &amp; Quality</b>	Slower flows in the network due to brake block issues.	Loss of revenue, customer dissatisfaction and additional costs.	Follow the prepared action and communication plan.
<b>KK4</b>	<b>Customer &amp; Quality</b>	Continued problems with damage to locomotives and wagons.	Increased production costs. Delays in customer deliveries. Dissatisfied employees due to overtime, unpredictable work environment and dissatisfied customers. Badwill within the industry arising from disruption caused by Green Cargo for other operators and the Swedish Transport Administration.	Root cause analysis of damage to locomotives and wagons. Focus on the maintenance of locomotives and wagons.
<b>FI1</b>	<b>Financial risk</b>	Consequences of the COVID-19 pandemic affecting our customers in terms of, e.g., production and input goods.	Lost revenue that is difficult to offset through cost reductions.	Close dialogues with customers to understand the pandemic's impact on their operations. Adapt the production plan to conditions where possible. Short-time work.

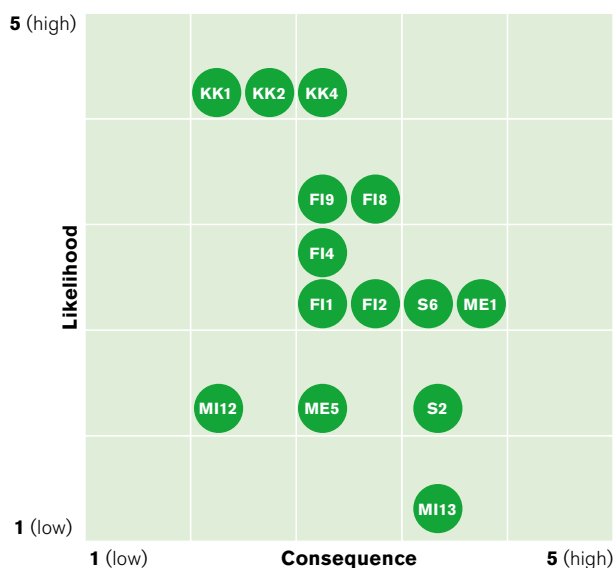
Risk	Objective	Risks	Consequence	Action/s to manage risk
<b>F12</b>	<b>Financial risk</b>	Macroeconomic events that adversely affect interest rates and currencies as well as electricity and fuel prices.	Decreased earnings and/or net financial income.	Currency and interest rate hedging. Clauses in customer contracts that regulate changes in electricity and fuel prices.
<b>F14</b>	<b>Financial risk</b>	Loss of major customer contracts in conjunction with renegotiation/procurement or significant changes in customers' transportation requirements.	Investment in new vehicles fails to generate the required return.	Link vehicle investments to business arrangements and transport assignment types, where the new vehicle investment results in a high competitive advantage. Continuously develop a competitive offering.
<b>F18</b>	<b>Financial risk</b>	Goods or services purchased from suppliers fail to secure sustainable supply chains.	Impact on the company's financial position and brand. Business-critical services or goods could also directly impact production.	To the greatest extent possible, Green Cargo tries to avoid purchasing services, goods and contract work from geographic risk areas. Green Cargo's supplier code of conduct sets out the base requirements that the company applies for business partners and audits are conducted of prioritized suppliers. In the case of any criminal suspicion, the company's internal whistleblower service can be used to report the suspicion.
<b>F19</b>	<b>Financial risk</b>	That the effects of climate change, in terms of warm summers, high precipitation and extreme winters, lead to infrastructure problems with track gauges and the risk of fire in railway embankments.	Serious derailments. Railway embankment fires. Negative financial impact on earnings. Substantial impact on production in the form of canceled trains, lower revenue, increased maintenance costs, etc.	Training through e-courses on winter conditions. Winter contingency planning with infrastructure managers and certain customers. Information campaign on track gauge faults. Information campaign on operating brakes. Detector alarm with own parameters for unintentional braking. Industry-wide work with the Swedish Transport Administration, such as winter and summer contingency plans. Continuity planning.

Green Cargo uses a balanced scorecard to control operations with five objectives: Safety, Employees, Environment, Customers & Quality, and Finance. Each area is further described in the Group's sustainability report.

Green Cargo defines risk as events or uncertainties that could impact possibilities for reaching the established targets within each objective.

Risk management is conducted daily within operations, and in 2021, the company will further develop efforts through the implementation of a central risk management process to improve the possibility of reaching the company's targets and minimizing their negative effects.

A systematic risk management model, which identifies, evaluates, manages and follows up risks according to a shared methodology in various risk categories, improves possibilities for managing and reducing risks.



The risks have been assessed based on their likelihood of occurring and their resulting consequences. Both of these parameters are weighted together to assign a risk level. The risks in the matrix above are described below.

### Identifying financial risks

Green Cargo's operations are exposed to a number of financial risks that impact the Group's earnings trend and cash flow. Green Cargo's Parent Company has a finance function tasked primarily with identifying, assessing and efficiently managing these risks. It also acts as an internal bank for capital and cash management. The work is carried out in line with the financial policy adopted by the Board. The policy establishes a framework for interest-rate risk and currency exposure, and defines permitted counterparties and amount limits to achieve a reasonable level of risk exposure. Green Cargo's investment and capital policy is established each year by the Board and sets out the framework within which liquidity and liabilities are managed. More detailed information on management of financial risks is available in Note 27.

### Green Cargo AB (Parent Company)

The above comments on the Group's figures are, overall, also applicable to the Parent Company.

Net sales in the Parent Company, Green Cargo AB, were SEK 3,714 million for the year compared with SEK 3,738 million last year. The Parent Company's operating loss totaled SEK 206 million (loss: 107). The loss from financial items amounted to SEK 6 million (loss: 25). Tax on profit for the period was SEK 0 million (0).

The net loss for the year totaled SEK 212 million (loss: 132). The Parent Company's net debt on the opening date increased SEK 129 million to a total of SEK 1,812 million (1,683) on the closing date, of which SEK 317 million (471) pertained to lease liabilities that arose pursuant to IFRS 16.

### Operations requiring environmental permits

The Parent Company conducts one notifiable activity, which comprises an oil-loading terminal for diesel. Other smaller oil-loading terminals are subject to fire-protection ordinances. The Parent Company Green Cargo AB's operations also include a maintenance depot for servicing and cleaning locomotives. The maintenance depot is a notifiable activity under the Ordinance on Environmentally Hazardous Activities and the Protection of Public Health. Green Cargo has permits for transporting waste, including hazardous waste.

The Parent Company does not carry out any operations requiring an environmental permit under Ordinance (1998:899) on Environmentally Hazardous Activities and the Protection of Public Health.

### Appropriation of profits

The following funds are at the disposal of the AGM (SEK):

Profit brought forward	174,637,761
Fair-value reserve	-5,085,595
Loss for the year	-212,071,590
<b>Total</b>	<b>-42,519,424</b>

The Board of Directors proposes that the accumulated loss be appropriated as follows:

To be carried forward	-42,519,424
<i>Of which to the fair-value reserve</i>	<i>-5,085,595</i>

## Corporate Governance Report for the 2020 fiscal year

Green Cargo AB is wholly owned by the Swedish State and administered by the Department for State-Owned Enterprises at the Ministry of Enterprise and Innovation. Green Cargo has no separate societal mission from the Swedish parliament, except to be operated in an environmentally-friendly manner.

### CORPORATE GOVERNANCE

Green Cargo is guided based on both external and internal regulations.

#### Green Cargo's external regulations:

- Laws and permits
- The State Ownership Policy and principles for state-owned enterprises 2020 (adopted by the government on February 27, 2020)
- The Swedish Corporate Governance Code (the Code)

#### Green Cargo's internal regulations:

- Articles of Association
- The Board's written rules of procedure, instructions to the CEO and instructions for reporting on sustainable long-term value creation, including financial reporting
- Green Cargo's internal code of conduct
- Green Cargo's supplier code of conduct
- Group policies
- Policy documents

In the state's ownership policy, the government accounts for its approach in important policy issues related to the corporate governance of all state-owned enterprises. The policy sets out, inter alia, that majority state-owned enterprises whose shares are not admitted to trading on a regulated market in Sweden, the Code has to be applied except for the rules on nomination committees and the rules on the election of the board of directors and selection of auditors. Nor are these enterprises required to set up a remuneration committee in accordance with the rules set out in the Code, but they can choose to do so. The Code is applied according to the "comply or explain" principle, which means that departures from the Code are permitted but must be explained. (The principles to be applied for the election of a board of directors, instead of the rules under the Code, are set out in the "Board nomination procedure" section below).

Green Cargo's Articles of Association, previous corporate governance reports and AGM minutes are available at [www.greencargo.com](http://www.greencargo.com) under "Corporate Governance."

### DEVIATIONS FROM THE CODE

Green Cargo applies the Code. The company's deviations are a result of Green Cargo being wholly owned by the Swedish state. Deviations have been made from the following Code rules:

#### 1.2–1.3 and 2.1–2.7, 8.1 and 10.2

Code requirement: The company is to have a nomination committee that represents the company's shareholders, with the

functions set out in the Code and with reporting relevant to the assignment.

Deviation: No nomination committee has been established.

Explanation: The nomination committee has been replaced by the owner's nomination procedure.

#### 4.5–4.6

Code requirement: The majority of the Board members elected by the general meeting must be independent of the company and its management and at least two of said majority should be independent in relation to larger shareholders.

Deviation: Independence in relation to the company, management and major shareholders is not reported.

Explanation: Board members of state-owned enterprises must possess a high degree of integrity and are not permitted to be dependent on the enterprise or its executive management to such an extent that their independence can be questioned. The state's ownership policy maintains that the relevant regulations in the Code are aimed primarily at protecting minority shareholders in companies with diverse ownership. Therefore, in a wholly state-owned company, there is no reason to report such independence.

#### 7.2

Code requirement: If the Board has established an audit committee, the majority of the committee's members are to be independent in relation to the company and its management, and at least one of the members who is independent in relation to the company and its management is also to be independent in relation to the company's major shareholders.

Deviation: Independence in relation to the company, management and major shareholders is not reported.

Explanation: Board members of state-owned enterprises must possess a high degree of integrity and are not permitted to be dependent on the enterprise or its executive management to such an extent that their independence can be questioned. The state's ownership policy maintains that the relevant regulations in the Code are aimed primarily at protecting minority shareholders in companies with diverse ownership. Therefore, in a wholly state-owned company, there is no reason to report such independence.

### CORPORATE GOVERNANCE

State-owned companies are governed exactly like privately owned companies, with the Companies Act (2005:551) as the overarching framework and the Annual General Meeting (AGM) as the company's highest decision-making body.

The company's Board is responsible for the company's organization and management of the company's affairs. This includes continuously assessing the company's financial position and ensuring that the company has adequate internal controls. Operating activities are administered by the company's management. The owner exercises its shareholder rights at the AGM and has established Green Cargo's Articles of Association and financial targets. In the Articles of Association the owner determines the business purpose of the enterprise's operations and certain specific limits for its operations. The business purpose of the operations of state-owned enterprises is based on decisions of the Riksdag. The Articles of Association for state-owned enterprises are based on the rules in the Companies Act for



public limited companies whose shares are admitted to trading on a regulated market in Sweden, the Swedish Corporate Governance Code and the State Ownership Policy. Green Cargo's Articles of Association stipulate that the company is to manage logistics and freight transportation services to national and international customers primarily within rail transportation.

#### The owner's financial targets for Green Cargo are:

- Profitability: Return on operating capital 10 percent.
- Capital structure: Net debt/equity ratio 0.6–0.9.
- Dividends: 50 percent of the after-tax profit for the year, taking the net debt/equity ratio into consideration.

#### Sustainable value creation and strategic targets

Long-term and sustainable value creation requires enterprises to take account of and handle aspects material to their operations and to adopt a strategic approach to these aspects. As an owner, the State has identified certain areas in which it is important that state-owned enterprises work actively to attain sustainable value creation. These include sustainable business and managing the opportunities and risks of digitalization. The Board of Directors is responsible for developing the enterprise's overall strategy and setting strategic targets for sustainable value creation.

According to the State's ownership policy, the strategic targets for sustainable value creation have to focus on value creation and be relevant to the enterprise's business operations and material sustainability aspects. The targets also have to be long-term, challenging and trackable, while being clear and comparable. Financial targets are tracked in an owner dialogue between representatives of the owner and the Chairman of the Board, in which outcomes in relation to the targets are discussed, along with any measures planned for achieving the targets. In Green Cargo's case, this entails applying a broader approach to the control and leadership of the company than a purely financial perspective. To support these efforts, we use a balanced scorecard (Måltavlan) to control operations with five objectives: Safety, Employees, Environment, Customers & Quality, and Finance.

Måltavlan reflects Green Cargo's aggregate sustainability goals (see page 29). Of the aggregate sustainability goals in Måltavlan, Green Cargo's Board has chosen to set long-term goals (2030) in relation to the following:

- Traffic-safety index
- Commitment index
- Proportion of women at Green Cargo
- kWh/tonne kilometer
- Delivery punctuality to customers, wagons within the appointed hour
- Growth target, intermodal

#### THE GENERAL MEETING

The general meeting is the company's highest decision-making organ, and the forum whereby the shareholder formally exercises its influence. State-owned enterprises have to apply the rules set out in the Companies Act for public limited companies with regard to the general meeting. In accordance with the Companies Act, the Annual General Meeting is to be held annually. Members of the Riksdag are entitled to attend general meetings

of enterprises in which the State owns at least 50 per cent of the shares, provided that the enterprise or an operating subsidiary has more than 50 employees. The Board is responsible for ensuring that a notice of the time and place of the general meeting is sent to the Central Bureau of the Riksdag when the notice convening the general meeting is issued to shareholders.

The general public should be invited to attend the general meetings of state-owned enterprises. Notice of attendance has to be received at least one week before the meeting.

The annual general meeting of state-owned enterprises has to take place by April 30, and any dividend has to be distributed no later than two weeks after the annual general meeting.

The AGM is to appoint the Board of Directors and auditors, resolve on fees to the same and determine the profit or loss and the balance sheet. At the AGM, the Board is also to present proposals for guidelines for remuneration to senior executives.

#### AGM

The 2020 AGM for Green Cargo AB was held on April 27, 2020. Due to the contagion risk posed by the coronavirus, the company was unable to provide the public with access to the meeting. The minutes from the AGM are available on Green Cargo's website.

Board member Crister Fritzson was newly elected at the AGM, and Board members Anna Elgh, Catarina Fritz, Charlotte Gaarn Hansson, Henrik Höjsgaard, Michael Thorén and Jan Sundling were re-elected. Jan Sundling was elected Chairman of the Board.

The AGM approved the 2019 annual report given by the Board and the CEO and discharged the Board and the CEO from liability for the 2019 fiscal year.

The meeting also resolved, in accordance with the Board's proposal, that no dividend would be distributed to the owner. It was further resolved by the AGM to adopt the guidelines for remuneration to senior executives, which accords with the government's principles for remuneration and other terms of employment for senior officers of state-owned enterprises as adopted by the government on February 27, 2020.

The next AGM for Green Cargo AB will be held on April 27, 2021. The AGM will be held in a digital format.

#### BOARD NOMINATION PROCEDURE

The government's objective is for boards of state-owned enterprises to possess a high level of expertise well geared to the operations, situation and future challenges of their enterprise. Uniform and common principles for a structured board nomination procedure for state-owned enterprises are applied to ensure effective provision of expertise to their boards of directors, which replaces the Code's rules on regarding the appointment of Board members. In the case of state-owned enterprises whose shares are not admitted to trading on a regulated market in Sweden, the Government Offices prepares a proposal for the election of directors and for the directors' fees.

The Board nomination procedure within the Government Offices of Sweden is coordinated by the Ministry of Enterprise and Innovation. According to the State's ownership policy, the expertise required is analyzed on the basis of the enterprise's operations, situation and future challenges, board composi-

tion and board evaluations performed. As part of its work in the board nomination process, the Government Offices also conducts its own ongoing evaluation of the boards of all state-owned enterprises. Any recruitment need is then determined, and recruitment work is begun. When the Government Offices' nomination procedure is complete, the proposal adopted is published on the enterprise's website and is included in the notice convening the general meeting, in line with the rules set out in the Code. Moreover, the information about the proposed directors specified in the Code, except for information about independence from the owner, is also published on the enterprise's website.

## BOARD OF DIRECTORS

According to the Articles of Association, the Board is to consist of no less than three and no more than eight members, without deputies. According to Swedish law, labor organizations have the right to appoint ordinary members with deputies. The Chairman of the Board is appointed by the general meeting pursuant to the Articles of Association. Green Cargo's chief legal counsel is the Board's secretary. The CEO is not part of the Board, but reports to the Board's meetings. None of the Board members are part of the company's executive management.

### The Board's work and responsibility

The Board is responsible for ensuring that the enterprise is managed in an exemplary way within the framework of the legislation, its Articles of Association and the State Ownership Policy. The Board is responsible for the organization of the enterprise and for managing its affairs. This includes ensuring effective internal control, risk management and regulatory compliance. The Swedish Corporate Governance Code (the "Code") requires the Board to make an annual evaluation of the company's need for a separate audit function (internal audit function) and to motivate its position. In accordance with the Code, the Board has evaluated the need for a separate audit function (internal audit function) and decided to continue without establishing such a function on the following grounds: "The company will continue without establishing a separate audit function since, in 2021, this function will be administered within the remit of the CFO and the CFO's organization by a newly appointed internal control and governance specialist." The Board has to ensure that the enterprise attains targets set and practices good stewardship of all resources in its operations. The Board is responsible for setting targets and strategies for the enterprise's operations. Work aimed at ensuring public confidence in operations includes adopting policy documents of relevance to operations and an annual evaluation of applicable policy documents and associated tracking and compliance processes.

The Board is also responsible for preparing proposals of guidelines for remuneration to senior officers and for preparing the separate remuneration report on remuneration to senior officers as specified in the government's principles for remuneration and other terms of employment for senior officers of state-owned enterprises and its principles for external reporting in state-owned enterprises.

Each year, the Board establishes written rules of procedure for its work, instructions to the CEO and instructions for reporting on sustainable long-term value creation, including financial reporting.

In state-owned enterprises, the Chairman has a separate coordination responsibility. When the enterprise is faced with particularly important decisions, the Board must, through its Chairman, coordinate its view in writing with representatives of the owner. It is for the Board to initiate and assess the cases in which coordination via the Chairman is required ahead of a particular Board decision. The Chairman's duties and information to the Board are set out in the written rules of procedure. According to the written rules of procedure, the statutory Board meeting is to be held immediately after the AGM, or immediately after an extraordinary general meeting if reason to do so exists. At the statutory meeting, the Board must establish a preliminary program with dates and locations for scheduled Board meetings and specify the issues to be addressed at the respective meetings, where the items on the written rules of procedure are given particular attention. Extraordinary meetings are to be held if a Board member or the CEO so request. The Board is responsible for the reporting on sustainable long-term value creation, including financial reporting, and has regular meetings with the company's auditors via the Audit Committee.

Additionally, the auditors meet the entire Board at least once per year without any members of corporate management. The Board continuously evaluates its work, along with that of the CEO, and addresses this issue specifically once each year.

### Composition of the Board

Up until the AGM on April 27, 2020, Green Cargo's Board consisted of seven members elected at the AGM, including the Chairman. From the 2020 AGM onwards, the Board consists of seven members elected at the AGM. The Board had two additional ordinary employee representatives with two deputies in 2020.

Page 92 provides every Board member's age, education, primary work experience, other material assignments outside the company and number of years as a Board member at Green Cargo. The Board's members include three women (43 percent) and four men (57 percent). The Board achieves the government's targets for gender balance according to the state's ownership policy. In 2020, the employee representatives were four men. The average age of Green Cargo's Board members, including employee representatives, is 54.

### Chairman of the Board

The Chairman of the Board is elected by the AGM. The special role of the Chairman of the Board is dealt with in the Companies Act and the Code. The particular duties of the Chairman of the Board have to be specified in the written rules of procedure for the Board. According to the written rules of procedure for Green Cargo's Board, the Chairman is to ensure that the work of the Board is conducted efficiently and that the Board fulfills its duties. The Chairman is to organize and manage the work of the Board, maintain regular contact with the President, and ensure that the Board receives sufficient information and decision data for its work. In state-owned enterprises, the particular duties of the Chairman of the Board include coordination responsibility.

When the enterprise is faced with particularly important decisions, the Board must, through its Chairman, coordinate its view in writing with representatives of the owner. It is for the Board to initiate and assess the cases in which coordination via the Chairman is required ahead of a particular Board decision.

### The Board's work in 2020

In 2020, the Board held nine meetings, of which eight were scheduled and one was statutory. During the year, the Board of Green Cargo continued and intensified its initiatives addressing the profitability challenges that face the company. On 13 March 2020, the Board submitted the company's request for additional capital to the owner. On 16 December 2020, the Riksdag decided, in accordance with the government's proposal in the Budget Bill 2021, to provide additional capital of SEK 1,400 million to Green Cargo AB.

The management has continued work with the transformation program started after summer 2018 – The Journey of Change. The program entails a systematic improvement initiative where Green Cargo prioritizes measures within management, procedures and customer satisfaction to thereby achieve increased safety, punctuality and profitability.

*In 2020, the Board has addressed the following main issues:*

- Safety
- Punctuality
- Profitability
- Request for additional capital
- Follow-up of the company's transformation program, The Journey of Change
- Systematic work with internal governance and control
- Customer agreements with a business value exceeding SEK 50 million
- New agreement with S.C. Softronic SRL regarding the order and delivery of Transmontana locomotives.

### The Board's committee work

Green Cargo's Board has an Audit Committee and a Remuneration Committee. The committees prepare matters prior to Board meetings. Guidelines for the committee work are in each committee's written rules of procedure.

The Audit Committee is tasked with preparing and assuring the quality of the company's financial reports and maintaining an ongoing dialogue with the company's auditors. During 2020, the Audit Committee held seven minuted meetings and has worked with items including the format and content of internal and external reporting, has monitored the earnings impact of The Journey of Change and discussed the climate compensation report. The Committee has also evaluated the company's need of a separate audit function (internal audit function), focused on internal governance and control, reviewed and supervised the external auditor's impartiality and independence as well as ensured that the external auditor did not offer any consulting services that would have affected impartiality. Following the statutory Board meeting in 2020, the Audit Committee has consisted of Catarina Fritz, Anna Elgh and Michael Thorén. The Committee appointed Catarina Fritz as Chairman. The Remuneration Committee is tasked with preparing issues of

remuneration and other employment terms and conditions for senior executives. Among other actions in 2020, the Remuneration Committee has ensured that the company's template agreement for senior officers was designed in accordance with the government's principles for remuneration and other terms of employment for senior officers of state-owned enterprises (2020) and the company's guidelines for remuneration to senior officers as adopted by the AGM on April 27, 2020. Furthermore, the Remuneration Committee has worked with the preparation of the new remuneration report to be published in 2021.

Additionally, the Committee is to evaluate compliance with the AGM's resolutions concerning remuneration. The Remuneration Committee had one minuted meeting in 2020. Since the 2020 statutory Board meeting, the Remuneration Committee has consisted of Jan Sundling, Henrik Höjsgaard and Michael Thorén. The Committee appointed Jan Sundling as Chairman.

### The Board of Directors,

#### Board functions and attendance in 2020

Of the AGM-elected members	Position	Board meeting attendance
Jan Sundling	Chairman	9/9
Anna Elgh	Board member	8/9
Catarina Fritz	Board member	9/9
Crister Fritzson	Board member	6/9 (elected 2020)
Charlotte Hansson	Board member	9/9
Henrik Höjsgaard	Board member	8/9
Michael Thorén	Board member	9/9
Håkan Åkerström	Board member	2/9 (stepped down 2020)
<i>Appointed employee representatives</i>		
Jonas Blomqvist, Seko	Employee representative	7/9
Jerker Liljeberg, ST	Employee representative	8/9
Anders Gustafsson, Seko	Deputy	8/9
Donny Sjöberg, ST	Deputy	7/9

### Evaluation of the Board's work in 2020

On the Chairman's initiative, during the year the Board was evaluated by an external, independent party according to a systematic and structured procedure. The evaluation aims to develop a solid foundation for the Board's own development agenda. The results of the evaluation are presented to the Board, and then presented to the owner by the Chairman of the Board. Based on the evaluation, the Board establishes measures to develop its working method and efficiency.

### Remuneration of the Board

Directors' fees are determined by the AGM. The fee for the Chairman of the Board amounted to SEK 415,000, and for each Board member, SEK 170,000. At Green Cargo's AGM, it was also resolved, in accordance with the state's ownership policy, that no fees be awarded to Board members who are employed by the Government Offices of Sweden or to employee representatives. It was resolved to pay a fee to the Chairman of the

Audit Committee of SEK 55,000 and SEK 40,000 to each of the Committee members. No fees were paid to members of the Remuneration Committee.

### **PRESIDENT AND CEO AND GROUP MANAGEMENT**

One of the Board's most important tasks is to appoint, evaluate and, when required, dismiss the CEO. State-owned enterprises have to apply the rules set out in the Companies Act for public limited companies with regard to the instructions to the CEO. The CEO is responsible for the ongoing management of the company according to the Board's instructions. Within the frameworks established by the Board, the CEO manages operations and keeps the Chairman of the Board continuously updated regarding significant business transactions. The CEO is to organize the company's management so that appropriate governance and control of operations is achieved. Other members in the group management are appointed by the CEO. Group management is an information, discussion and decision forum for Group-wide issues. Group management's meetings are led by the CEO and occur every three weeks. Green Cargo's Group management, including the CEO, is reported in more detail on page 93.

### **Remuneration of senior executives**

At Green Cargo's AGM on April 27, 2020, the owner established guidelines for remuneration and other employment terms and conditions for senior executives. Green Cargo applies the government's principles for remuneration and other terms of employment for senior officers of state-owned enterprises as adopted by the government on February 27, 2020. Equivalent principles are applied in Green Cargo's subsidiaries. Green Cargo does not apply variable remuneration for senior executives.

### **Subsidiaries and associated companies**

Green Cargo had four directly-owned subsidiaries at year-end 2020: TGOJ Trafik Aktiebolag, Green Cargo Fastigheter AB, Nordisk Transport Rail Aktiebolag and Green Cargo Norge AS. Green Cargo Norge AS is, in turn, Parent Company to Green Cargo Terminaljenester AS and Green Cargo Togdrift AS. All subsidiary companies owned directly and indirectly in the Group have a member of Green Cargo's Group management on their boards.

## **AUDITORS**

### **External audit**

Proposals concerning the selection of auditors and auditors' fees in a state-owned enterprise have to be submitted by the Board and are prepared by the enterprise applying the rules concerning the contracting and selection of auditors that apply to companies whose shares are admitted to trading on a regulated market under the EU Audit Regulation.

Proposals for the selection of auditors have to be published on the enterprise's website, including information on the recommendation by the Board or the Audit Committee of the Board of Directors on which the proposal is based, and have to be included in the notice convening the general meeting, in accordance with the rules of the Companies Act and the Code.

An auditor selected by the Annual General Meeting is appointed for a term of one year. The rules of the Audit

Regulation on rotation of audit firms also have to be applied in state-owned enterprises; this means that, as a general rule, an audit firm may not be reselected for a period of more than 20 years, and that a complete contracting of audit services must be carried out at least every ten years.

The final election of auditors is determined by the owner at the AGM. The auditor is to conduct an independent review of the company's and the Group's annual report and accounting as well as the Board and CEO's administration of the company. At Green Cargo's AGM on April 27, 2020, the accounting firm PwC was elected as auditor. The audit assignment extends to the close of the 2021 AGM. PwC appointed Authorized Public Accountant Linda Corneliusson as Auditor in Charge. Linda Corneliusson has not had assignments from other companies that affect her independence as an auditor for Green Cargo. A fee has been paid to the auditors and the accounting firm for auditing and for audit-related consulting.

## **THE BOARD'S REPORT ON INTERNAL CONTROL OF THE FINANCIAL REPORTING**

### **Internal control of the financial reporting**

This section has been prepared pursuant to the Code and the Annual Accounts Act and describes the company's internal control and risk management with regard to the financial reporting. The objective is to provide owners and other stakeholders with an understanding of how the internal control of financial reporting is organized in the company. The internal control of financial reporting aims to provide reasonable assurance regarding the reliability of external financial reporting in the form of interim reports and annual and sustainability reports. Moreover, the reports are prepared pursuant to the applicable laws, accounting standards and the specific external reporting guidelines applicable to state-owned companies.

### **The Board's responsibility**

The Board is responsible for ensuring that Green Cargo has good internal control and formal procedures that ensure compliance with the established principles for financial reporting and internal control. The Board is also responsible for ensuring that the financial reporting complies with the Companies Act, applicable accounting standards and other requirements imposed on the company. The Board of Directors has established an Audit Committee tasked, inter alia, with monitoring the company's financial reporting and the effectiveness of the company's internal control as well as risk management with respect to financial reporting.

### **Green Cargo's model for internal control**

Internal control at Green Cargo AB is based on an established framework, namely the COSO Framework for internal Control. In the last quarter of 2020 and throughout 2021, an extensive review will be conducted with the aim of creating an image of the current status and what needs to be developed to ensure that internal control is properly implemented and that the process covers identified risks in the financial reporting.

### Governance and control environment

A good control environment forms the foundation for the effectiveness of a company's internal control system. It builds on an organization with clear decision paths, where authorities and responsibilities have been allocated through guidelines, and a corporate culture with shared values. Moreover, the control environment is influenced by employees' awareness of their role in maintaining good internal control. The Board's written rules of procedure and the instructions to the CEO ensure clear allocation of roles and responsibilities, with the aim of promoting effective control and management of operational risks.

The Board's responsibility pursuant to the state's ownership policy is to establish relevant policies for the operations and to annually evaluate current policies and related follow-up and compliance processes. The Board is responsible for Green Cargo's internal control, for which the overriding purpose is to protect the owners' investment and the company's assets. Green Cargo works actively with the following policies among others: Financial Policy, Purchasing Policy, Code of Conduct, which includes the Work Environment Policy (Diversity and equal treatment), Safety Policy, Environmental Policy, Quality Policy, Communication Policy, Data Security and Whistle-blower.

The CFO is responsible for ensuring that internal accounting guidelines and guidelines for financial reporting are in place and that they are designed pursuant to applicable legal requirements and accounting standards.

### Risk assessment

Risk management is a company-wide process within Green Cargo. Risk assessments are conducted in a strategic context and across the entire company. Moreover, they are designed to identify potential events that could impact Green Cargo within its risk appetite and provide reasonable assurance that Green Cargo's objectives are met.

In the risk assessment process as part of Internal Governance and Control, Green Cargo conducts specific, annual analyses of risks pertaining to the achievement of financial reporting objectives as a basis for determining how risks are managed. Risk analysis is conducted at an overall level, based on the balance sheet and income statement, and at a process level.

### Control activities

Control activities comprise Green Cargo's policies and procedures that ensure the implementation of management decisions. To the extent possible, control activities must be integrated into operations. This pertains to procedures for approvals, verifications, transfers of authority, follow-ups, control accounts, etc.

The risk analysis forms the basis for the implemented procedures and control activities.

Green Cargo's control initiatives are based on three different types of controls: company-wide controls, transaction controls and general IT controls.

### Information and communication

Information holds the company together and enables employees to perform their tasks, management to administer and control operations, and internal governance and control to function properly.

Rules and instructions pertaining to reliable financial reporting must be documented and communicated to those involved at Green Cargo. This encompasses a wide range of rules such as rules for attestation, account reconciliation, hedging of assets and allocation of responsibilities.

External reporting is conducted pursuant to the guidelines in the state's ownership policy. Financial information in the form of an annual report and year-end report is available on Green Cargo's website.

### Monitoring

Ongoing monitoring is performed, inter alia, through testing controls, following up conducted risk analyses and performing individual audits to enable management and the Board to determine whether internal governance and control are in place and functioning.

Monitoring means Green Cargo can:

- Identify and correct internal governance and control problems in good time; Communicate deficiencies in controls for example to those responsible for improvements;
- Produce more accurate and reliable information for decision making;
- Prepare accurate financial reports in time; and
- Deliver certifications and statements on the efficiency of internal governance and control more easily.

Each year a three-year business plan is drawn up which includes the budget, and is broken down to departmental level for follow-up. Each month, the Board receives a report on the financial position in relation to the business plan and the preceding year. The objectives established in the company's balanced scorecard (Måltavlan) for Safety, Employees, Environment, Customers & Quality, and Finance are also followed up.

Each year, the Board meets the external auditors for the external audit report encompassing internal control. The Board also meets with auditors without the attendance of corporate management once a year. In addition to this, the Chairman of the Audit Committee maintains a continuous dialogue with the auditor in charge. The Board discusses all interim accounts as well as the annual report prior to publication. The Audit Committee reports to the Board on internal control issues, including issues for decision. Minutes of the Audit Committee meetings are available to Board members.

The Audit Committee has a separate responsibility to monitor the effectiveness of risk management and internal control of the financial reporting.

The company's external auditor examines selected procedures and routines as part of the annual audit.

Green Cargo works on an ongoing basis to develop internal control and controls in the company by taking into consideration and implementing steps pertaining to recommendations from the company's external auditors, inter alia. Separate evaluations of specific focus areas as described above are also carried out, if necessary.

## Consolidated income statement

SEK million	Note	GROUP	
		2020	2019
<b>CONTINUING OPERATIONS</b>			
<i>Operating income</i>			
Net sales	4, 5	4,040	4,096
Other operating income	6	90	181
<b>Total operating income</b>		<b>4,130</b>	<b>4,277</b>
<i>Operating expenses</i>			
Operating costs	4	-2,081	-2,037
Personnel costs	7	-1,448	-1,369
Other external costs	8	-431	-541
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	14, 15, 16	-392	-441
Profit/loss from participations in associated companies	10	-	18
<b>Earnings</b>		<b>-222</b>	<b>-93</b>
<i>Profit/loss from financial items</i>			
Financial income	11	27	1
Financial expenses	12	-34	-37
<b>Loss after financial items</b>		<b>-229</b>	<b>-129</b>
Tax on profit for the year	13	-	-
<b>Loss for the year from continuing operations</b>		<b>-229</b>	<b>-129</b>

## Consolidated statement of comprehensive income

SEK million	Note	GROUP	
		2020	2019
<b>Loss for the year</b>		<b>-229</b>	<b>-129</b>
<b>Items that cannot be reclassified to profit or loss</b>			
Revaluation of defined-benefit pension plans		-8	-7
<b>Items that have been or can be reclassified to profit or loss</b>			
Change for the year in fair values of cash-flow hedges		8	10
Hedging of net investments in operations abroad		-	-
Translation differences		-1	4
Tax attributable to items that have been or can be reclassified to profit or loss	13	0	-1
<b>Total other comprehensive income, net after tax</b>		<b>-1</b>	<b>6</b>
<b>Total comprehensive income for the year</b>		<b>-230</b>	<b>-123</b>

# Consolidated balance sheet

ASSETS SEK million	Note	GROUP	
		Dec 31, 2020	Dec 31, 2019
<b>Non-current assets</b>			
<i>Intangible assets</i>	14		
Capitalized development expenditure		25	21
Ongoing capitalized development expenditure		13	8
<b>Total intangible assets</b>		<b>38</b>	<b>29</b>
<i>Property, plant and equipment</i>			
Land, land improvements and buildings	15	13	13
Transport equipment	15	1,439	1,286
Equipment, fixtures and fittings	15	29	34
Construction in progress	15	132	142
<b>Total property, plant and equipment</b>		<b>1,613</b>	<b>1,475</b>
<b>Right-of-use assets</b>	16	<b>682</b>	<b>897</b>
<i>Financial assets</i>			
Deferred tax assets	18	6	6
Other financial assets		35	–
<b>Total financial assets</b>		<b>41</b>	<b>6</b>
<b>Total non-current assets</b>		<b>2,374</b>	<b>2,407</b>
<b>Current assets</b>			
Inventories	19	28	28
Accounts receivable	27	461	403
Other receivables		158	16
Current tax assets		3	4
Prepaid expenses and accrued income	22	91	82
Cash and cash equivalents	27	55	95
<b>Total current assets</b>		<b>796</b>	<b>628</b>
<b>TOTAL ASSETS</b>		<b>3,170</b>	<b>3,035</b>

# Consolidated balance sheet

EQUITY AND LIABILITIES SEK million	Note	GROUP	
		Dec 31, 2020	Dec 31, 2019
<b>Equity</b>			
Share capital		200	200
Other capital contributions		1,047	1,047
Reserves		-15	-14
Profit brought forward		-760	-631
Loss for the year		-229	-129
<b>Total equity</b>	24	<b>243</b>	<b>473</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Pension provisions	28	26	19
Non-current lease liabilities	27	629	390
Other non-current liabilities	27	1,057	439
Derivative instruments	27	20	22
<b>Total non-current liabilities</b>		<b>1,732</b>	<b>870</b>
<i>Current liabilities</i>			
Accounts payable		363	195
Current lease liabilities	27	262	578
Other liabilities	27	77	421
Accrued expenses and deferred income	20	493	498
Other provisions	21	0	0
<b>Total current liabilities</b>		<b>1,195</b>	<b>1,692</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,170</b>	<b>3,035</b>



## Consolidated changes in equity

GROUP		Share	Other	Reserves	Profit/loss	Profit/loss	Total
SEK million	Note	capital	capital con-		brought	for the year	
			tributions		forward		
<b>Opening balance, Jan 1, 2019</b>		<b>200</b>	<b>1,047</b>	<b>-20</b>	<b>-452</b>	<b>-179</b>	<b>596</b>
Allocation of preceding year's profit/loss					-179	179	0
<b>Comprehensive income</b>							
Loss for the year						-129	-129
<b>Other comprehensive income</b>							
Cash-flow hedges, after tax				8			8
Translation difference, after tax				4			4
Revaluation of defined-benefit pension plans, after tax				-6			-6
<i>Total other comprehensive income</i>		<i>0</i>	<i>0</i>	<i>6</i>	<i>0</i>	<i>0</i>	<i>6</i>
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>-129</b>	<b>-123</b>
<b>Closing balance, Dec 31, 2019</b>	24	<b>200</b>	<b>1,047</b>	<b>-14</b>	<b>-631</b>	<b>-129</b>	<b>473</b>
<b>Opening balance, Jan 1, 2020</b>		<b>200</b>	<b>1,047</b>	<b>-14</b>	<b>-631</b>	<b>-129</b>	<b>473</b>
Allocation of preceding year's profit/loss					-129	129	0
<b>Comprehensive income</b>							
Loss for the year						-229	-229
<b>Other comprehensive income</b>							
Cash-flow hedges, after tax				6			6
Translation difference, after tax				-1			-1
Revaluation of defined-benefit pension plans, after tax				-6			-6
<i>Total other comprehensive income</i>		<i>0</i>	<i>0</i>	<i>-1</i>	<i>0</i>	<i>0</i>	<i>-1</i>
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>-229</b>	<b>-230</b>
<b>Closing balance, Dec 31, 2020</b>	24	<b>200</b>	<b>1,047</b>	<b>-15</b>	<b>-760</b>	<b>-229</b>	<b>243</b>

# Consolidated cash-flow statement

SEK million	Note	GROUP	
		2020	2019
<i>Operating activities</i>			
Loss after financial items		-229	-129
Adjustments for non-cash items	25	480	406
Changes in provisions		-20	-13
Tax paid		-25	-25
<b>Cash flow from operating activities before changes in working capital</b>		<b>206</b>	<b>239</b>
<b>Cash flow from changes in working capital</b>			
Increase/decrease in current receivables		-49	114
Increase/decrease in current liabilities		126	69
<b>Cash flow from operating activities</b>		<b>283</b>	<b>422</b>
<i>Investing activities</i>			
Acquisition of intangible assets		0	-7
Acquisition of property, plant and equipment		-339	-160
Sale of property, plant and equipment		4	23
Sale of financial assets		-	16
Dividends from associated companies divested during the year		-	3
<b>Cash flow from investing activities</b>		<b>-335</b>	<b>-125</b>
<i>Financing activities</i>			
Borrowings		368	532
Amortization of lease liabilities and loans		-356	-779
<b>Cash flow from financing activities</b>		<b>12</b>	<b>-247</b>
<b>Cash flow for the year</b>		<b>-40</b>	<b>50</b>
Cash and cash equivalents at the beginning of the year		95	45
<b>CLOSING BALANCE, CASH AND CASH EQUIVALENTS</b>	25	<b>55</b>	<b>95</b>

## Parent Company income statement

SEK million	Note	PARENT COMPANY	
		2020	2019
<b>Operating income</b>			
Net sales	4, 5	3,714	3,738
Other operating income	6	64	153
<b>Total operating income</b>		<b>3,778</b>	<b>3,891</b>
<b>Operating expenses</b>			
Operating costs	4	-1,861	-1,800
Personnel costs	7	-1,332	-1,269
Other external costs	8	-424	-513
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	14, 15, 16	-367	-416
<b>Earnings</b>		<b>-206</b>	<b>-107</b>
<b>Profit/loss from financial items</b>			
Profit from participations in Group companies	9	2	6
Profit/loss from participations in associated companies	10	-	4
Interest income and similar profit/loss items	11	25	1
Interest expense and similar profit/loss items	12	-33	-36
<b>Loss after financial items</b>		<b>-212</b>	<b>-132</b>
Tax on profit for the year	13	-	-
<b>Loss for the year</b>		<b>-212</b>	<b>-132</b>

## Parent Company statement of comprehensive income

SEK million	Note	PARENT COMPANY	
		2020	2019
<b>Loss for the year</b>		<b>-212</b>	<b>-132</b>
<b>Items that have been or can be reclassified to profit or loss for the period</b>			
Change for the year in fair values of cash-flow hedges		8	10
Tax attributable to items that have been or can be reclassified to profit or loss	13	-2	-2
<b>Total other comprehensive income, net after tax</b>		<b>6</b>	<b>8</b>
<b>Total comprehensive income for the year</b>		<b>-206</b>	<b>-124</b>

# Parent Company balance sheet

ASSETS SEK million	Note	PARENT COMPANY	
		Dec 31, 2020	Dec 31, 2019
<b>Non-current assets</b>			
<i>Intangible assets</i>	14		
Capitalized development expenditure		25	21
Ongoing capitalized development expenditure		13	8
<b>Total intangible assets</b>		<b>38</b>	<b>29</b>
<i>Property, plant and equipment</i>			
Land, land improvements and buildings	15	2	1
Transport equipment	15	1,438	1,285
Leased transport equipment		–	–
Equipment, fixtures and fittings	15	29	34
Construction in progress	15	132	142
<b>Total property, plant and equipment</b>		<b>1,601</b>	<b>1,462</b>
<b>Right-of-use assets</b>	16	<b>676</b>	<b>891</b>
<i>Financial assets</i>			
Participations in Group companies	17	80	55
Participations in associated companies	17	–	–
Deferred tax assets	18	1	3
Other financial assets	16	35	–
<b>Total financial assets</b>		<b>116</b>	<b>58</b>
<b>Total non-current assets</b>		<b>2,431</b>	<b>2,440</b>
<i>Current assets</i>			
Inventories	19	28	28
Accounts receivable	27	389	298
Receivables from Group companies	4	56	42
Other receivables		151	12
Current tax assets		3	3
Prepaid expenses and accrued income	22	91	85
Cash and bank balances	27	55	68
<b>Total current assets</b>		<b>773</b>	<b>536</b>
<b>TOTAL ASSETS</b>		<b>3,204</b>	<b>2,976</b>

# Parent Company balance sheet

EQUITY AND LIABILITIES SEK million	Note	PARENT COMPANY	
		Dec 31, 2020	Dec 31, 2019
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital		200	200
Statutory reserve		100	100
Reserve for development expenditure		25	14
<i>Non-restricted equity</i>			
Fair-value reserve		-5	-11
Profit brought forward		175	318
Loss for the year		-212	-132
<b>Total equity</b>	24	<b>283</b>	<b>489</b>
<b>Provisions</b>			
Pension provisions	28	4	5
<b>Total provisions</b>		<b>4</b>	<b>5</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Non-current lease liabilities	27	629	390
Other non-current liabilities	27	1,057	442
Derivative instruments	27	20	19
<b>Total non-current liabilities</b>		<b>1,706</b>	<b>851</b>
<i>Current liabilities</i>			
Accounts payable		342	170
Liabilities to Group companies	4	76	22
Current lease liabilities	27	257	572
Other liabilities	27	67	412
Accrued expenses and deferred income	20	469	455
<b>Total current liabilities</b>		<b>1,211</b>	<b>1,631</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,204</b>	<b>2,976</b>

## Parent Company changes in equity

PARENT COMPANY SEK million	Note	Share capital	Statutory reserve	Reserve for development expenditure	Fair-value reserve	Profit/loss brought forward	Profit/loss for the year	Total
<b>Opening balance, Jan 1, 2019</b>		<b>200</b>	<b>100</b>	<b>17</b>	<b>-19</b>	<b>507</b>	<b>-192</b>	<b>613</b>
Allocation of preceding year's profit/loss						-192	192	0
Capitalized development expenditure, own work				-3		3		0
<b>Comprehensive income</b>								
Loss for the year							-132	-132
<b>Other comprehensive income</b>								
Cash-flow hedges, after tax					8			8
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>8</b>
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>-132</b>	<b>-124</b>
<b>Closing balance, Dec 31, 2019</b>	24	<b>200</b>	<b>100</b>	<b>14</b>	<b>-11</b>	<b>318</b>	<b>-132</b>	<b>489</b>
<b>Opening balance, Jan 1, 2020</b>		<b>200</b>	<b>100</b>	<b>14</b>	<b>-11</b>	<b>318</b>	<b>-132</b>	<b>489</b>
Allocation of preceding year's profit/loss						-132	132	0
Capitalized development expenditure, own work				11		-11		0
<b>Comprehensive income</b>								
Loss for the year							-212	-212
<b>Other comprehensive income</b>								
Cash-flow hedges, after tax					6			6
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>6</b>
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-212</b>	<b>-206</b>
<b>Closing balance, Dec 31, 2020</b>	24	<b>200</b>	<b>100</b>	<b>25</b>	<b>-5</b>	<b>175</b>	<b>-212</b>	<b>283</b>

# Parent Company cash-flow statement

SEK million	Note	PARENT COMPANY	
		2020	2019
<b>Operating activities</b>			
Loss after financial items		-212	-132
Adjustments for non-cash items	25	447	396
Changes in provisions		-20	-13
Tax paid		-25	-25
<b>Cash flow from operating activities before changes in working capital</b>		<b>190</b>	<b>226</b>
<b>Cash flow from changes in working capital</b>			
Increase/decrease in current receivables		-86	137
Increase/decrease in current liabilities		204	38
<b>Cash flow from operating activities</b>		<b>308</b>	<b>401</b>
<b>Investing activities</b>			
Acquisition of intangible assets		0	-7
Acquisition of property, plant and equipment		-337	-160
Sale of property, plant and equipment		5	17
Shareholders' contributions		-25	-
Sale of financial assets		0	16
Dividends from associated companies		-	3
<b>Cash flow from investing activities</b>		<b>-357</b>	<b>-131</b>
<b>Financing activities</b>			
Borrowings		368	532
Amortization of lease liabilities and loans		-332	-757
<b>Cash flow from financing activities</b>		<b>36</b>	<b>-225</b>
<b>Cash flow for the year</b>		<b>-13</b>	<b>45</b>
Cash and cash equivalents at the beginning of the year		68	23
<b>CLOSING BALANCE, CASH AND CASH EQUIVALENTS</b>	25	<b>55</b>	<b>68</b>

# Notes

NOTE NAME	PAGE
1 General information	65
2 Summary of significant accounting policies	65
3 Critical accounting estimates and assessments	70
4 Related-party transactions	70
5 Breakdown of revenue	70
6 Other operating income	70
7 Employees and personnel costs	71
8 Auditors' fees and expenses	73
9 Profit from participations in Group companies	73
10 Profit/loss from participations in associated companies	73
11 Interest income and similar profit/loss items	73
12 Interest expense and similar profit/loss items	73
13 Income tax	73
14 Intangible assets	74
15 Property, plant and equipment	75
16 Right-of-use assets	77
17 Participations in Group and associated companies	79
18 Deferred income tax	79
19 Inventories	79
20 Accrued expenses and deferred income	79
21 Provisions	80
22 Prepaid expenses and accrued income	80
23 Pledged assets and contingent liabilities	80
24 Separate disclosures pertaining to equity	80
25 Cash-flow statements, supplementary disclosures	81
26 Overdraft facility	82
27 Financial instruments	82
28 Pensions	85
29 Appropriation of profits	86
30 Events after the closing date	86



All amounts are stated in SEK million unless otherwise stated.

Rounding differences can occur in the preparation of the annual report as amounts are stated in SEK million.

## NOTE 1 GENERAL INFORMATION

Green Cargo offers secure, reliable and climate-smart rail-based logistics solutions. Our vision – world-class rail logistics – governs how we think, act and communicate. Green Cargo connects 300 locations in Sweden, Norway and Denmark, and meets transportation needs that vary from one wagon to entire train sets. Together with partners, Green Cargo links the Swedish market to nearly 2,000 destinations in continental Europe. Combining rail with road solutions allows many companies to choose rail even when not connected to a track. The railway plays a decisive role in the competitiveness of the Swedish business community and Green Cargo's sustainable logistics system lays the foundation for Sweden's prosperity and consumption.

The Parent Company, Green Cargo AB, is wholly owned by the Swedish State and administered by the Ministry of Enterprise and Innovation.

Green Cargo AB is domiciled in Solna, Sweden and the head office address is:

Box 39, SE-171 11, Solna.

The financial statements were approved for publication by the Board and the CEO on March 29, 2021 and will be submitted to the AGM on April 27, 2021 for approval.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### GENERAL

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the EU.

In addition, the Group applies the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups, which specifies the disclosures required under the provisions of the Annual Accounts Act. Assets and liabilities are recognized at cost, with the exception of certain financial assets and liabilities measured at fair value. Financial assets and liabilities measured at fair value comprise derivative instruments, and financial assets/liabilities measured at fair value through profit or loss (FVTPL), or through other comprehensive income (FVTOCI) and are recognized in equity in the hedging reserve. Current assets and current liabilities consist, essentially, of amounts that are expected to be recovered or paid within twelve months of the closing date. Other assets and liabilities are reported as non-current assets and non-current liabilities respectively. The Parent Company's accounting policies correspond with those of the Group with the exception of the mandatory rules pursuant to the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. Differences in the accounting policies applied by the Group and the Parent Company are stated under the heading Parent Company's accounting policies. The significant accounting policies applied are detailed below. Unless otherwise stated, these policies have been applied consistently for all years presented. During the year, Right-of-use assets were reclassified as property, plant and equipment at a value of SEK 60 million (62), and current and non-current lease liabilities to other current and non-current liabilities at a value of SEK 60 million (64).

## GROUP ACCOUNTING POLICIES

### Changes in accounting policies

The Group did not make any changes to the accounting policies during the year.

### Published standards that have yet to be applied by the company

No new standards have been published in 2020 that are applicable for the company.

### Application of accounting policies Consolidated financial statements

The consolidated financial statements include the companies and operations in which the Parent Company, directly or through subsidiaries, has a controlling interest. The IFRS model for determining when a controlling influence exists is based on (i) the level of influence that exists, (ii) the exposure to variable returns from the actual investment and (iii) the ability to exercise control over the holding to affect the amount of the return. In companies that are not wholly owned subsidiaries, non-controlling interests are recognized in the consolidated balance sheet as an item under equity and comprises the share of the subsidiaries' earnings and net assets attributable to external shareholders. Subsidiaries are recognized in accordance with the acquisition method. Intra-Group transactions and balance-sheet items as well as unrealized profits on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset.

### Translation of operations abroad

In the preparation of the consolidated financial statements, the balance sheets of the Group's operations abroad are translated from their functional currencies to SEK based on the closing-date exchange rate. Income and expense items are translated at the average exchange rate for the period. The translation differences that arise are recognized in other comprehensive income and transferred to the Group's translation reserve. The accumulated translation difference is transferred and recognized under capital gains or losses in the event the operation abroad is divested. Goodwill and fair-value adjustments arising from the acquisition of operations with functional currencies other than SEK are treated as assets and liabilities of the acquired entity and translated at the closing-date rate.

### Associated companies

Associated companies are defined as companies in which the Group exercises a significant, but not controlling, influence over operational and financial control, normally through a shareholding of 20–50% of the votes. The equity method entails that the carrying amounts of the shares in the associated companies recognized in the Group correspond to the Group's participations in the associated companies' equity and any other residual values of consolidated surpluses or deficits. The Group's share in the profit/loss of associated companies after tax adjusted for any depreciation/amortization and dissolution of acquired surpluses or deficits is recognized in the consolidated income statement under the item "Share in profit/loss of associated companies." Dividends received from associated companies reduce the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognize any further losses, unless it has incurred obligations or made payments on behalf of the associated company. If the associated company later returns to profit, the Group reverts to recognizing its share of these profits only after these have equaled the share of losses not recognized by the Group.

## Revenue

The company's customer contracts mainly encompass revenue from freight transportation executed, to all extents and purposes, with the company's own locomotives and wagons. Revenue is recognized when transportation has been completed. Often, transportation also includes undertakings pertaining to shunting, delivery and collection, and lifting. Shunting, delivery and collection, and lifting are conducted at the start and end of the transportation chain. The transportation time is normally very short and varies from one to two days. Transportation revenue is recognized from arrival at the customer, which is when the customer has obtained control of the goods and Green Cargo has discharged its undertaking. Accordingly, revenue is not recognized over time. Revenue for additional services is recognized when these services have been performed. Transportation revenue can be divided into wagon loads and specialized freight transportation. Under wagon loads, Green Cargo offers the transportation of wagons from sender to recipient through Green Cargo and its partner network, where capacity is available, according to scheduled services. With specialized freight transportation, Green Cargo designs unique solutions for operations that have large volumes in regular flows between fixed destinations. Customer contracts include a predetermined fixed capacity and functionality in the form of trains and personnel, at a predetermined price, and can extend over several years. Revenue from transportation to and from other countries, where Green Cargo uses other train operators on stretches abroad, is recognized in gross amounts. The entire invoice, even the proportion pertaining to the portion abroad which is performed by sub-contractors, is recognized as revenue. Remuneration to foreign train operators is recognized as a cost. The reason for this accounting policy is that Green Cargo has a full-service undertaking to customers. Invoicing is normally conducted in arrears, which means that there are no contractual undertakings outstanding. The Group conducts freight forwarding operations through its subsidiary NTR AB. NTR AB buys and sells international rail freight capacity. Revenue is recognized in the period in which the transportation started. Discounts in the form of volume-based kickbacks only arise to a limited extent and are deducted from revenue on an ongoing basis. Green Cargo has no material financing components linked to customer contracts. Standard credit periods apply for the company's customers.

## Government subsidies

Government subsidies are recognized in the balance sheet and profit or loss when there is reasonable assurance that the company will meet the conditions associated with the subsidy and that the subsidy will be received. Government subsidies are recognized as revenue in profit or loss. The subsidies are allocated in the same manner and over the same time period as the costs the subsidies are intended to compensate. If the company has already incurred the costs to which the subsidy pertains, the subsidy is recognized immediately, the moment the receivable arises.

## Employee benefits

### *Short-term employee benefits*

Short-term employee benefits, such as salaries, social security expenses and paid vacation are recognized as a cost in the actual vesting period.

### *Defined-contribution pension plans*

Plans whereby the company's commitments are limited to the contributions that the company has undertaken to pay are classified as defined-contribution pension plans. The amount of the employee's pension depends on the contributions that the company pays to the plan or to an insurance company and the return on capital generated by the contributions. The company's obligations regarding contributions to defined-contribution plans are recognized as an expense in profit or loss for the year at the rate in which they are earned by employees performing services for the company during a period.

### *Defined-benefit pension plans*

In defined-benefit pension plans, the amount of the pension benefit that employees receive after retirement is based on or more factors such as age, period of service and salary. The liability recognized in the balance sheet in respect of defined-benefit pension plans is the present value of the defined-benefit obligation on the closing date, less the fair value of plan assets. The defined-benefit pension obligation is calculated each year by independent actuaries through application of the projected unit credit method. The present value of the defined-benefit obligation is established by discounting estimated future cash flows by using the interest rate on Swedish mortgage bonds, issued in the same currency as the benefits will be paid in and with corresponding maturities to the term of the actual pension obligation. Actuarial gains and losses as a result of experience-based adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they arise. Service costs for previous years are recognized directly in profit or loss.

### *Termination benefits*

Termination benefits are recognized directly when the company has established and communicated its plan for termination of employment and has no realistic possibility to annul the plan. When employees are released from any service obligation during the notice period, an immediate provision is made for pay over the notice period, if there is a continued obligation to provide service the pay is expensed over the notice period.

## Financial income and expenses

Financial income consists of interest income from invested funds, dividend income and gains on changes in the value of financial assets measured at FVTPL. Interest income on financial instruments is recognized using the effective-interest method (see below). Gains on the disposal of a financial instrument are recognized when the risks and benefits associated with owning the instrument are transferred to the buyer and the Group no longer controls the instrument. Financial expenses comprise the interest expense on loans, losses from changes in value of financial assets measured at FVTPL and impairment of financial assets. Financial exchange-rate gains and exchange-rate losses are recognized in net amounts. The effective-interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. The calculation includes all fees paid or received by contractual parties that are an integral part of the effective-interest rate, transaction costs and all other fair-value adjustments.

## Taxes

Income tax comprises current tax and deferred tax. Tax is recognized in profit or loss, except where the underlying transaction is recognized in other comprehensive income or directly in equity. The actual tax is based on earnings for the period and is calculated at the closing-date tax rate. Current tax is tax that is to be paid or received in the current year. This also includes adjustments of current tax attributable to prior periods. Fiscal legislation contains different rules to those contained under generally accepted accounting principles regarding the timing for taxation of certain business transactions. Deferred tax is recognized for differences that arise in this manner between values for tax purposes and the carrying amounts of assets and liabilities, known as temporary differences, and on loss carryforwards. With regard to the valuation of deferred tax assets, that is, the value of future tax reductions, deferred tax assets are recognized if it is probable that the amounts can be used against future taxable surpluses. The value of the deferred tax assets is reduced when it is no longer considered likely that they can be utilized. Given Green Cargo's history of tax losses, deferred tax assets are recognized only insofar that sufficient taxable temporary differences exist that convincingly indicate that adequate taxable surpluses will exist.

### Intangible assets

The surplus comprising the difference between the consideration transferred and the net fair value of acquired identifiable assets and liabilities at the acquisition date, is recognized as goodwill. Goodwill on acquisitions of subsidiaries is recognized under intangible assets. Goodwill on acquisitions of associated companies is included in the value of the investment in the associated company. Costs for the development of software for the company's own use are recognized as assets in the balance sheet, on condition that future efficiency gains are probable and exceed the costs incurred. Capitalized development expenditure primarily comprises costs for the development of IT systems and is amortized in a straight line over the estimated useful life. The amortization period for capitalized development expenditure is three to five years.

### Property, plant and equipment

Property, plant and equipment is recognized at cost less deductions for accumulated depreciation and impairment. Expenses for improving the performance of the assets beyond their original level increase the carrying amounts of the assets. Expenses for repairs and regular maintenance are recognized as costs. Depreciation is based on the historical cost, estimated useful life and expected residual value. Impairment is carried out when carrying amounts exceed the estimated value in use and the assets' fair value less sales costs. The value in use is based on future discounted cash flows from using the asset including the estimated residual value at the end of the useful life. Straight-line depreciation is applied and the following depreciation periods apply:

Class of asset	Depreciation in %
Buildings	2–4
Land improvements	5
Locomotives and wagons	2.5–5
Other transport equipment	10–20
Other equipment, including locomotive and building components	5–20

Certain components in the company's locomotive fleet have a useful life that is shorter than the total useful life of the actual locomotive and are, therefore, regularly replaced as part of periodic maintenance (known as overhauls). These components are isolated and depreciated as separate units over this shorter useful life (the component depreciation method). Components are also separated for buildings and depreciated over various useful lives. The assets' residual values and useful lives are tested, and adjusted if appropriate, at each closing date. Gains and losses on disposals are determined by comparing the sales proceeds and the carrying amount, and are recognized in profit or loss.

### Impairment

Assets that are subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less sales costs, and its value in use. For the purpose of impairment testing, assets are grouped on the basis of the lowest level at which separate identifiable cash flows (cash-generating units) exist. Impairment of tangible and intangible assets is reversed if there has been a change in the assumptions underlying determination of the recoverable amount. An impairment is only reversed to the extent that the asset's carrying amount following reversal does not exceed the carrying amount the asset would have had after taking into consideration the amortization or depreciation that would otherwise have been applied. Impairments of goodwill are not reversed.

### Leases

The company applies IFRS 16 from January 1, 2019.

#### *Policies applied from January 1, 2019.*

When a new contract is entered into, Green Cargo makes an assessment of whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Leases where Green Cargo is the lessee*

Upon lease commencement, Green Cargo recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus lease payments at or prior to commencement plus any initial direct costs incurred. The right-of-use asset is depreciated in a straight line from the commencement date until the earlier of the end of the asset's useful life and the end of the lease term, which for Green Cargo is normally the end of the lease term.

The lease liabilities – which is allocated between long-term and short-term components – is initially measured at the present value of the remaining lease payments payable over the lease term. The lease term comprises the non-cancellable period plus extension periods included in the contract if it is reasonably certain that these will be exercised. The lease payments are discounted calculated to current value with Green Cargo's incremental borrowing rate, which in addition to the company's credit risk also reflects the respective contract's lease term, currency and the quality of the underlying asset as collateral.

The lease liability encompasses the present value of the following fees over the assessed lease term:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- any amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price for a purchase option that Green Cargo is reasonably certain to use; and
- penalty payments that arise on termination of the lease if the assessed lease term reflects that such termination is likely.

The lease liabilities for Green Cargo's premises subject to index-linked rent are calculated based on the applicable rent at the end of the reporting period. At this date, the liability is adjusted together with a corresponding adjustment of the right-of-use asset's carrying amount. In a similar way, the values of the liability and the asset are adjusted in conjunction with the reassessment of the lease term. This occurs when the last termination date has passed for the previously expected lease term of the premises lease, or when significant events occur or conditions are substantially changed in a manner that is within Green Cargo's control and influences the applicable assessment of the lease term. Green Cargo presents right-of-use assets and lease liabilities as separate items in the statement of financial position. No right-of-use asset or lease liability is recognized for leases with a lease term of 12 months or less and for low-value assets, less than SEK 50 thousand. Lease payments for these leases are recognized as a cost straight-line over the lease term.

#### *Leases where Green Cargo subleases locomotives and wagons to its customers – Subleasing*

In cases where the company leases assets to its customers with contractual terms that match the original leases, these leases are classified as financial assets and are amortized over the period of the agreement.

### Inventories

The Group has an inventory of spare parts and an inventory of diesel. Inventories are measured using the LCM rule at the lower of cost and net realizable value on the closing date. The average-cost method is used for determining the cost of spare parts. The cost of diesel is determined using a calculation of when an average liter was purchased by using the average turnover rate for the diesel inventory. The purchase price that applied at that date is used as a basis for the diesel valuation. When assessing obsolescence, consideration is taken to the age and turnover rate for the inventory item.

### Financial instruments

Green Cargo applies IFRS 9 for the recognition of financial instruments. Financial instruments recognized on the asset side of the balance sheet include cash and cash equivalents, accounts receivable, shares, loan receivables, and derivatives. Accounts payable, borrowings, lease liabilities and derivatives are found on the liabilities side. Financial instruments are initially recognized at cost, which corresponds to the instrument's fair value including transaction costs for all financial instruments. Financial instruments are classified on acquisition and are recognized in accordance with how they are classified according to the below. A financial asset or financial liability is recognized in the balance sheet when the company becomes a party to the instrument's contractual terms and conditions. Accounts receivable are recognized in the balance sheet when an invoice has been issued. A liability is recognized when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not been received. Accounts payable are recognized when an invoice has been received. The purchase and sale of financial instruments are recognized on the settlement date. Financial assets are derecognized from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred. Financial liabilities are derecognized from the balance sheet when the contractual obligation is discharged or extinguished in another manner. The fair value of investments with market listings is based on actual market prices. The fair value of unlisted securities is established using the issuer's or bank's valuation. The Group values its financial instruments at amortized cost or FVTPL (Fair Value Through the Statement of Profit or Loss) or FVTOCI (Fair Value Through the Statement of Other Comprehensive Income). Valuation is based on how the instruments were acquired, and whether they are being held until maturity or can be sold.

#### *Financial assets/liabilities measured at FVTPL*

Financial assets/liabilities and derivative instruments that can be sold or are being held until maturity are continuously measured at FVTPL. Assets and liabilities in this category are classified as current assets and current liabilities respectively if held for trading or expected to be realized within 12 months of the closing date. Gains and losses attributable to changes in fair value are recognized in profit or loss in the period in which they occur.

#### *Financial assets/liabilities measured at FVTOCI*

Financial assets/liabilities and derivative instruments that are being held until maturity are continuously valued at amortized cost or at FVTOCI. Derivatives that are held to maturity include cash-flow hedges in the form of currency forward contracts and interest-rate swaps. Accumulated gains and losses attributable to changes in fair value affect profit or loss in the period in which they fall due.

#### *Financial assets/liabilities measured at amortized cost.*

Loans receivable and accounts receivable are non-derivative financial assets that have fixed or fixable payments, such as cash and cash equivalents or accounts receivable. These receivables are measured at amortized cost. Amortized cost is defined as the value at which the financial asset or liability is measured when initially entered in the balance sheet, less any repayments and with addition or deduction

of the accrual of any difference between the initial carrying amount and the repayment amount. Following individual measurement in the balance sheet, accounts receivable are recognized at the amounts at which they are expected to be received. Since the expected maturity of accounts receivable is short, a nominal value without discounting is recognized. Impairment of accounts receivable is recognized under operating expenses. Receivables in foreign currency are restated at the closing-date rate. Exchange-rate differences on cash balances, operating receivables and operating liabilities are included in earnings, while exchange-rate differences on financial receivables and liabilities are recognized under financial items. Held-to-maturity investments comprise non-derivative financial assets with fixed or fixable payments and determined maturity, which are held to maturity. These are included under non-current assets except when the maturity is less than 12 months after the closing date, in which case they are categorized as current assets. Assets in this category are measured at amortized cost.

#### *Other liabilities*

Liabilities to credit institutions, lease liabilities and accounts payable are measured at amortized cost or fair value. Since the expected maturity of accounts payable is short, a nominal value without discounting is recognized. Non-current liabilities have expected maturities in excess of one year while current liabilities have maturities of less than one year.

### Recognition of derivative instruments and hedging activities

Derivative instruments are recognized at fair value in the balance sheet and changes in value are recognized in either profit or loss or other comprehensive income, depending on why they are being held. The method for recognizing the resulting gain or loss on remeasurement depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group uses cash-flow hedges in the form of currency forward contracts and interest-rate swaps to minimize its exposure to changes in exchange rates and interest-rate risks. When entering into the transaction, the relationship between the hedging instrument and the hedged item is documented. An assessment is made upon acquisition as to whether the derivative instruments used will be effective in terms of offsetting changes in the cash flows of the hedged items. Currency risk cash-flow hedges manage the risk of changes in spot exchange rates and the following criteria need to be met for hedge accounting to be applied:

- The nominal value of the hedging instrument does not exceed the hedged item;
- The currency is the same as the hedging instrument and the hedged item; and
- the hedging instrument and the hedged item mature in the same period.

Interest-rate risk cash-flow hedges manage the risk of changes in reference rates and the following criteria need to be met for hedge accounting to be applied:

- The nominal value of the hedging instrument does not exceed the hedged item;
- The currency is the same as the hedging instrument and the hedged item;
- The reference rate is the same as the hedging instrument and the hedged item;
- The interest determination date is the same for the hedging instrument and the hedged item; and
- An efficiency assessment is carried out if the credit rating of the counterparty changes such that it has a material effect on the value of the hedging instrument.

When critical terms do not perfectly match, a continuous quantitative assessment is performed to assess efficient and inefficient portions. The effective portion of changes in the fair value of derivative instruments identified as cash-flow hedges that meet the conditions for hedge accounting are recognized in other comprehensive income. The change in value relating to the ineffective portion is recognized directly in profit or loss. No ineffectiveness from derivative instruments used for

hedging was reported during the year. Amounts accumulated in other comprehensive income are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

#### Reference interest rate reform

The project to reform reference interest rates, the IBOR reform, continues and alternative reference rates are under development and will replace existing reference rates. The assessment is that established hedging relationships will remain effective and that the change will not have any material impact on instruments recognized at fair value or on interest expenses and interest income.

#### Provisions

The Group makes provisions for restructuring measures and for onerous contracts under the items non-current and current liabilities in the balance sheet. A provision for restructuring measures is made when a detailed and decided plan for restructuring operations exists. A provision is made for personnel costs for the cost of releasing employees from any service obligation during the notice period, any severance pay and contractual pensions including social security contributions. Green Cargo has sales agreements that extend over several years. Profitability is tested on an annual basis for agreements for which special resources have been assigned. Should an agreement be unprofitable, a provision is made for the time until the date for the next contractual price negotiation or the date the agreement is assessed as unprofitable for other reasons.

#### Contingent liabilities

A contingent liability is recognized when there is a possible commitment originating from events that have occurred and whose occurrence is confirmed only by one or several uncertain future events or when there is a commitment that is not recognized as a liability or a provision because it is unlikely that an outflow of resources will be required.

#### Cash-flow statement

Green Cargo prepares its cash-flow statements in accordance with the indirect method. The indirect method starts with profit/loss for the year after financial items and adjustments are made for non-cash profit/loss items and for changes in working capital. Profit/loss after financial items, provisions made, taxes paid and adjustments for non-cash items are reported under cash flow from operating activities. This pertains to costs and revenue in the profit or loss that do not have any corresponding cash payments or receipts, for example, depreciation and amortization. Payments and receipts relating to the company's investments are recognized in cash flow from investing activities; this includes all purchases and sales of non-current assets, but also items such as dividends. Investing activities also include investments that are not included in the concept of cash and cash equivalents, in other words, investments with a remaining maturity in excess of three months at the time of investment. Non-current assets acquired through financial leases are not recognized as purchases in cash flow. Since the borrowing and the investment occur as a single transaction, they offset each other. Only cash differences resulting from the acquisition or sale of subsidiaries are recognized, that is, the sum of the sales price and the subsidiary's cash and cash equivalents. Cash transactions arising from the company's financing are recognized in cash flow from financing activities. Accordingly, borrowings with the exception of lease liabilities, loan repayments (including amortization of leasing liabilities), new issues, shareholders' contributions and dividends paid are recognized here.

#### PARENT COMPANY'S ACCOUNTING POLICIES

The Parent Company's accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2. RFR 2, means that, in its accounting for the legal entity, the Parent Company should apply the EU-adopted IFRS and statements, as far as possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act and with reference to the connection between accounting and taxation. The recommendations stipulate which exceptions from and additions to the IFRS that are allowed. Certain exceptions and additions to this rule are made in the recommendation, depending on legal provisions, primarily in the Annual Accounts Act, and on the connection between accounting

and taxation. Unless otherwise stated, the Group's accounting policies apply. All departures from the Group's policies are detailed below.

#### Participations in subsidiaries and associated companies

Participations in subsidiaries and associated companies are recognized in the Parent Company using the cost method. This means that transaction charges are included in the carrying amount of participations in subsidiaries and associated companies. In the consolidated financial statements, transaction charges attributable to subsidiaries are recognized directly in profit or loss when they arise.

#### Group contributions and shareholders' contributions

Green Cargo applies the main rule for recognition of Group contributions. Under the main rule, Group contributions received from subsidiaries are recognized as financial income. Group contributions paid by the Parent Company to subsidiaries are recognized as an increase in participations in Group companies.

#### Presentation of financial statements

IAS 1, which deals with the structure and content of the financial statements, is not applied with regard to the Parent Company's balance sheet and income statement. Instead, the balance sheet and income statement are presented in accordance with the Annual Accounts Act. In the consolidated financial statements, the balance sheet makes no distinction between restricted and non-restricted equity which, on the other hand, is made in the Parent Company in line with the Annual Accounts Act. In accordance with IAS 1 point 10 a, Green Cargo AB prepares an income statement with a supplement in which comprehensive income is presented. Voluntary application of specific regulations in the Annual Accounts Act means that companies applying IFRS in their consolidated financial statements, among other things, divide provisions into long-term and current portions. This specific regulation is applied by Green Cargo AB.

#### Financial guarantee contracts

In accordance with RFR 2, the rules in IFRS 9 applying to financial guarantee contracts in the Parent Company pertaining to guarantee agreements in favor of subsidiaries and associated companies are not applied. Instead, when this exception is applied, the rules for recognition and measurement in IAS 37 Provisions, Contingent Liabilities and Contingent Assets are applied. The underlying reason for this exception to recognition of financial guarantees pertaining to guarantee agreements in favor of subsidiaries and associated companies is the connection between accounting and taxation.

#### Employee benefits

##### Defined-benefit pension plans

The Parent Company applies different principles for the calculation of defined-benefit plans to those stipulated in IAS 19. The Parent Company complies with the provisions of the Pension Obligations Vesting Act and the regulations of the Swedish Financial Supervisory Authority, which is a requirement for rights to tax deductions. The most significant differences compared with the IAS 19 regulations are the determination of the discount rate, that the defined-benefit obligation is calculated based on current salary levels without any assumptions concerning future salary increases, and that all actuarial gains and losses are recognized in profit or loss when they arise.

#### Reserve for development expenditure

Capitalized, self-developed intangible assets are transferred from non-restricted equity to restricted equity "Reserve for development expenditure". This is then transferred back to non-restricted equity in pace with amortization.

#### Other information

Amounts in the financial reports are given in million of Swedish kronor (MSEK) unless otherwise stated. Values in some tables might not add up due to rounding.

**NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND ASSESSMENTS**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates.

It also requires that management make certain assessments when applying the Group's accounting policies.

In the financial statements, these estimates and assessments impact asset and liability items, and profit and loss items as well as other disclosures, including those pertaining to contingent liabilities.

Estimates and assessments are evaluated on an ongoing basis, based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing circumstances. The conclusions reached in this manner form the basis for decisions concerning the carrying amounts of assets and liabilities, where these cannot be determined by means of information from other sources. The actual outcome may diverge from these assessments if other assumptions are made, or other conditions arise. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are addressed below. The type of operations conducted by the Group entails risk of customer credit losses and the Group has established principles for provisions for accounts receivable. The principles are essentially estimates of historical outcomes and these estimates are regularly evaluated to ensure that they track actual outcomes in terms of customer credit losses.

Disputes with suppliers could have another outcome than the assessed outcome. The amount of provisions made for accident costs is deemed uncertain. Liability as well as costs incurred can be difficult to assess and investigation takes time. The provision is based on the company's best estimate of the assessed outcomes. Provisions for onerous contracts can be uncertain regarding the amount, since they include assumptions about future events, such as transport volumes, efficiency enhancements, etc. No onerous contracts were recognized in 2020 or 2019. No loss carryforwards were capitalized in 2020 or 2019. The valuation of deferred tax assets related to loss carryforwards and the Group's capacity to utilize loss carryforwards is based on management's estimates of future taxable income.

The depreciation periods applied for the company's non-current assets are based on the company's best assessment of the assets' and the included components' useful lives.

**Lease term and discount rate**

When establishing the lease term for premises, extension options have been included in the cases where we deemed it reasonably certain that these will be utilized. For the remaining leases, the lease term has been established based on the contractual lease term. The Group's incremental borrowing rate on borrowing is used to calculate and value the lease liability at the day of application.

For actuarial assumptions when calculating pension liabilities, refer to Note 28.

**NOTE 4 RELATED-PARTY TRANSACTIONS**

Green Cargo AB is wholly owned by the Swedish State. Subsidiaries and associated companies are detailed in Note 17.

Commercial terms and market prices are applied to the delivery of services between the Group and other state-owned companies or operations, such as the Swedish Transport Administration. Refer to Note 7 for details of salary and benefits to employees.

	Group		Parent Company	
	2020	2019	2020	2019
<b>Sale of services</b>				
Subsidiaries	–	–	345	368
<b>Total sales of services to related parties</b>	<b>0</b>	<b>0</b>	<b>345</b>	<b>368</b>

**Purchase of services**

Subsidiaries	–	–	60	50
<b>Total purchases of services from related parties</b>	<b>0</b>	<b>0</b>	<b>60</b>	<b>50</b>

**Receivables outstanding from related parties**

Subsidiaries	–	–	56	42
<b>Total receivables outstanding from related parties</b>	<b>0</b>	<b>0</b>	<b>56</b>	<b>42</b>

**Outstanding liabilities to related parties**

Subsidiaries	–	–	76	22
<b>Total outstanding liabilities to related parties</b>	<b>0</b>	<b>0</b>	<b>76</b>	<b>22</b>

According to the above tables, sales to and receivables from associated companies mainly comprise transportation and other transport-related services, which include loading/unloading, shunting, switching and rental of rail vehicles.

**NOTE 5 BREAKDOWN OF REVENUE**

Industry	Group		Parent Company	
	2020	2019	2020	2019
Trade and Logistics	1,494	1,475	1,362	1,346
Forestry	1,011	1,010	925	922
Steel and Chemicals	1,365	1,441	1,270	1,315
Other	170	170	157	155
<b>Total</b>	<b>4,040</b>	<b>4,096</b>	<b>3,714</b>	<b>3,738</b>

**Timing of revenue recognition**

At a date	4,040	4,096	3,714	3,738
Over time	–	–	–	–
<b>Total</b>	<b>4,040</b>	<b>4,096</b>	<b>3,714</b>	<b>3,738</b>

The breakdown of revenue is presented in accordance with the standard IFRS 15. Net sales from transportation services and relevant services based on customer contracts are separated according to industry sectors. Revenue is recognized at a date based on the accounting policies in Note 2.

**NOTE 6 OTHER OPERATING INCOME**

	Group		Parent Company	
	2020	2019	2020	2019
Capital gain on sale of non-current assets	4	22	4	17
Exchange-rate differences impacting earnings	2	1	0	0
Climate compensation	66	153	42	131
Other contributions	18	5	18	5
<b>Total</b>	<b>90</b>	<b>181</b>	<b>64</b>	<b>153</b>

**NOTE 7 EMPLOYEES AND PERSONNEL COSTS**

Average number of employees	Of whom women, %		Of whom women, %	
	2020		2019	
<b>Parent Company</b>				
Sweden	1,749	19	1,697	18
<b>Total – Parent Company</b>	<b>1,749</b>	<b>19</b>	<b>1,697</b>	<b>18</b>
<b>Subsidiaries</b>				
Norway	87	6	74	5
<b>Total – subsidiaries</b>	<b>87</b>	<b>6</b>	<b>74</b>	<b>5</b>
<b>Total – Group</b>	<b>1,836</b>	<b>18</b>	<b>1,771</b>	<b>17</b>

The Board of the Parent Company comprised four men and three women (excluding employee representatives). Together, all of the Group's boards comprised seven men and three women. The Parent Company's management group (also Group Management) comprised six men and two women.

**Salaries, other benefits and social security expenses**

	2020		2019	
	Salaries and benefits	Social security expenses	Salaries and benefits	Social security expenses
Parent Company	887	380	865	374
<i>(of which, pension costs)</i>		<i>(82)</i>		<i>(81)</i>
Subsidiaries	81	20	61	12
<i>(of which, pension costs)</i>		<i>(8)</i>		<i>(3)</i>
<b>Total – Group</b>	<b>968</b>	<b>400</b>	<b>926</b>	<b>386</b>
<i>(of which, pension costs)</i>		<i>(91)</i>		<i>(84)</i>

Of the Group's pension costs, SEK 1 million (1) pertained to the Board and CEO. The Group's pension obligations outstanding to these individuals amount to SEK 0 million (0). During the year, costs related to termination benefits were SEK 0 million (12).

**Salaries and other benefits allocated by Board members including the President and other employees**

	2020		2019	
	Board and CEO	Other employees	Board and CEO	Other employees
Parent Company	6	881	6	859
<i>(of which bonus, etc.)</i>		<i>(–)</i>		<i>(–)</i>
Subsidiaries	1	80	0	61
<i>(of which bonus, etc.)</i>		<i>(–)</i>		<i>(–)</i>
<b>Total – Group</b>	<b>7</b>	<b>961</b>	<b>6</b>	<b>920</b>
<i>(of which bonus, etc.)</i>		<i>(–)</i>		<i>(–)</i>

**Remuneration of and other benefits to senior executives**

"Senior executives" refers to the President, individuals in Group Management in the company who are responsible for operations and CEOs of subsidiaries who report to the Group CEO.

**Parent Company***Guidelines and decision-making*

Throughout the year, the company has followed the principles for remuneration and other employment terms and conditions for senior executives that were determined at the 2020 AGM. The principles are based on guidelines that the government issued for employment terms and conditions for senior executives in companies with state ownership. The

employment terms for the CEO of the Parent Company are proposed by the Remuneration Committee and decided by the Board.

Employment terms and conditions for other senior executives are decided by the CEO after a customary meeting with the company's Remuneration Committee. The result of the agreements reached are reported to the Board. Before a decision is made regarding individual remuneration, written documentation of the company's total costs is produced as a basis for the decision. The Board ensures that remuneration follows these guidelines by comparing remuneration for equivalent senior executives in other state and privately owned comparable companies in Sweden in terms of size, complexity and sales. The Board presents proposals for principles for remuneration and other employment terms and conditions to the Group CEO and senior executives for approval at the AGM. The Remuneration Committee prepares the Board's proposals for principles for salary and other remuneration.

The members of the Remuneration Committee are Jan Sundling, Michael Thorén and Henrik Højsgaard.

Remuneration of the Board, 2020 fiscal year		Directors' fees
Amounts in SEK thousand		
Chairman of the Board	Jan Sundling	416
Board member	Henrik Højsgaard	170
Board member	Catarina Fritz <sup>4</sup>	225
Board member	Charlotte Gaarn Hansson	170
Board member	Anna Maria Elgh <sup>3</sup>	210
Board member	Crister Fritzson <sup>1</sup>	115
Board member	Håkan Åkerström <sup>2</sup>	55
Board member	(Representing the State)	–
Employee representative	Jonas Blomqvist	–
Employee representative	Jerker Liljeberg	–
Employee rep. (deputy)	Anders Gustavsson	–
Employee rep. (deputy)	Donny Sjöberg	–
Employee rep. (co-opted member)	Göran Ringqvist	–

<sup>1</sup> Elected to the Board on April 27, 2020. <sup>2</sup> Stepped down from the Board on April 27, 2020. <sup>3</sup> Of which SEK 40,000 was remuneration as a member of the Audit Committee from May. <sup>4</sup> Of which SEK 55,000 was remuneration as Chairman of the Audit Committee from May.

Remuneration of the Board, 2019 fiscal year		Directors' fees
Amounts in SEK thousand		
Chairman of the Board	Jan Sundling	413
Board member	Henrik Højsgaard	167
Board member	Margareta Alestig Johnson <sup>2</sup>	53
Board member	Catarina Fritz <sup>1,4</sup>	151
Board member	Ann-Christine Hvittfeldt <sup>2</sup>	53
Board member	Charlotte Gaarn Hansson <sup>1</sup>	114
Board member	Anna Maria Elgh <sup>3</sup>	193
Board member	Ingvar Nilsson <sup>2</sup>	53
Board member	Håkan Åkerström <sup>1</sup>	114
Board member	(Representing the State)	–
Employee representative	Jonas Blomqvist	–
Employee representative	Donny Sjöberg	–
Employee rep. (deputy)	Anders Gustavsson	–
Employee rep. (deputy)	Jerker Liljeberg	–
Employee rep. (co-opted member)	Göran Ringqvist <sup>5</sup>	–
Employee rep. (co-opted member)	Ann-Charlotte Juliusson <sup>6</sup>	–

<sup>1</sup> Elected to the Board on April 29, 2019. <sup>2</sup> Stepped down from the Board on April 29, 2019. <sup>3</sup> Of which SEK 27,000 was remuneration as a member of the Audit Committee from May. <sup>4</sup> Of which SEK 37,000 was remuneration as Chairman of the Audit Committee from May. <sup>5</sup> Replaced previously co-opted member from June 1, 2019. <sup>6</sup> Replaced by new co-opted member June 1, 2019.

**Remuneration of and other benefits to senior executives, 2020**

Amounts in SEK thousand		Period in Group Management	Salary <sup>1</sup>	Other benefits <sup>2</sup>	Pension cost	Total	Pension obligation
President and CEO	Ted Söderholm <sup>3</sup>	Jan 1 to Dec 31, 2020	3,749	3	1,239	4,991	–
CFO	Pär Nordlander	Jan 7 to Dec 31, 2020	2,069	3	807	2,879	–
CEO of Green Cargo Norge AS		Not a member of Group Management					
	Bengt Fors		1,166	283	342	1,741	–
Communications Director	Erica Kronhoffer	Jan 1 to Dec 31, 2020	1,788	30	730	2,548	–
HR Director	Peter Hagert	Jan 1 to Dec 31, 2020	1,753	3	810	2,566	–
IT Director	Ingo Paas	Jan 1 to Dec 31, 2020	1,550	81	817	2,448	–
Legal Director	Malin Fries	Jan 1 to Dec 31, 2020	1,524	0	506	2,030	–
Purchasing Director	Andreas Takacs	Not a member of Group Management	968	0	384	1,352	–
Operations Director	Markus Gardbring	Jan 1 to Dec 31, 2020	1,836	119	494	2,450	–
SVP of Commercial	Richard Kirchner	Jan 1 to Dec 31, 2020	1,810	114	581	2,506	–
Head of Network Management	Shad Hallam	Nov 1 to Dec 31, 2020	218	0	89	307	–

<sup>1</sup> No variable remuneration was paid during the year. <sup>2</sup> Other benefits pertain to company car, fuel benefit, travel benefits and accommodation. Senior executives can swap the right to a company car for cash remuneration in the form of salary. <sup>3</sup> Acting CFO Jan 1, 2020 to Jan 6, 2020.

**Remuneration of and other benefits to senior executives, 2019**

Amounts in SEK thousand		Period in Group Management	Salary <sup>1</sup>	Other benefits <sup>2</sup>	Pension cost	Total	Pension obligation
President and CEO	Ted Söderholm <sup>3</sup>	Jan 7 to Dec 31, 2019	3,784	5	1,174	4,963	–
CFO	Erik Johansson <sup>4</sup>	Jan 1 to Nov 30, 2019	2,527	4	475	3,006	–
CEO of Green Cargo Norge AS		Not a member of Group Management					
	Bengt Fors		1,136	0	344	1,480	–
Communications Director	Erica Kronhoffer	Jun 3 to Dec 31, 2019	1,033	15	362	1,410	–
HR Director	Peter Hagert	Oct 14 to Dec 31, 2019	360	1	179	540	–
Acting HR Director	Mikael Jansson	Jan 1 to Oct 13, 2019	859	0	339	1,198	–
IT Director	Ingo Paas	Sep 1 to Dec 31, 2019	588	32	198	818	–
Acting IT Director	Christian Möllerfors	Jan 1 to Aug 31, 2019	Contracted				
IT Director	Klas Andersson	Jan 1 to Jan 7, 2019	17	0	29	46	–
Legal Director	Malin Fries	Jan 1 to Dec 31, 2019	1,500	5	484	1,989	–
Operations Director	Markus Gardbring	Jan 1 to Dec 31, 2019	1,834	114	491	2,439	–
SVP of Commercial	Richard Kirchner	Jan 1 to Dec 31, 2019	1,813	104	500	2,417	–

<sup>1</sup> No variable remuneration was paid during the year. <sup>2</sup> Other benefits pertain to company car, fuel benefit, travel benefits and accommodation. Senior executives can swap the right to a company car for cash remuneration in the form of salary. <sup>3</sup> Acting CFO Mar 7, 2019 to Dec 31, 2019. <sup>4</sup> Acting CEO Jan 1, 2019 to Jan 6, 2019.

**Remuneration****Board**

According to the 2020 AGM, annual fees to Green Cargo AB Board members are SEK 415,000 for the Chairman of the Board and SEK 170,000 per person for other members elected by the AGM. Additionally, annual fees to members of the Audit Committee are SEK 55,000 for the Chairman and SEK 40,000 per person for other members. Other committee work entails no fees. Fees do not apply to members employed in the Government Offices of Sweden.

**Group management**

The overall principle is that remuneration and other employment terms and conditions, while not market leading, should nonetheless be tailored to the market to ensure that Green Cargo can attract and retain qualified senior executives. Remuneration to the CEO and other senior executives comprises basic salary, taxable benefits, health care insurance and pension. The basic salary is set individually in line with salary levels in the market where the executive is employed. The CEO and senior executives have no right to any variable remuneration or remuneration in the form of financial instruments. Benefits reported in the table refer primarily to service cars.

**Pensions**

The retirement age for the Parent Company's CEO and other senior executives is 65 and these individuals are all covered under the ITP plan (Swedish supplementary pension for salaried workers), or another solution at a corresponding cost, whereby the alternative rule applies and, therefore, continued pension obligations do not exist. All pension benefits comply with the government guidelines for remuneration of senior executives.

**Severance pay**

Between the company and the CEO, a notice period of six months applies if notice is given by the company and a notice period of six months applies if notice is given by the CEO. In case of termination by the company, severance pay amounting to 12 months' salary is payable, paid monthly. New income from other employment or own operations can be used to offset pay during the notice period and severance pay. If notice is given by the CEO, no severance pay is payable.

Between the company and other senior executives, a notice period of six months applies if notice is given by the company and a notice period of six months applies if notice is given by the executive. In case of termination by the company, severance pay amounting to six months' salary is payable. New income from other employment or own operations can be used to offset pay during the notice period and severance pay. If notice is given by the senior executive, no severance pay is payable.



**NOTE 8 AUDITORS' FEES AND EXPENSES**

	Group		Parent Company	
	2020	2019	2020	2019
<i>PWC (KPMG)</i>				
Audit assignment	2.0	1.7	2.0	1.7
Other services	0.3	0.5	0.3	0.5
<b>Total</b>	<b>2.3</b>	<b>2.2</b>	<b>2.3</b>	<b>2.2</b>

Auditor's fees in the Swedish subsidiaries have been invoiced to the Parent Company. The audit assignment refers to the statutory audit of the financial statements, the accounting records and the administration of the business by the Board of Directors and the CEO, and auditing and other review procedures performed in accordance with agreements or contracts. This includes other procedures required to be performed by the company's auditors as well as other services caused by observations during the performance of such examination and other procedures. Other services pertains to advice with regard to auditing issues.

**NOTE 9 PROFIT FROM PARTICIPATIONS IN GROUP COMPANIES**

	Parent Company	
	2020	2019
Group contributions received	2	6
<b>Total</b>	<b>2</b>	<b>6</b>

**NOTE 10 PROFIT FROM PARTICIPATIONS IN ASSOCIATED COMPANIES**

	Group		Parent Company	
	2020	2019	2020	2019
Dividends on shares and participations in associated companies	-	3	-	3
Sale of participations in associated companies	-	15	-	1
<b>Total</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>4</b>

**NOTE 11 INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS**

	Group		Parent Company	
	2020	2019	2020	2019
Interest income, other	2	1	2	1
Financial exchange-rate gains	25	-	23	-
Fair value gains for financial instruments: derivative instruments not used for hedging	0	0	0	0
<b>Total</b>	<b>27</b>	<b>1</b>	<b>25</b>	<b>1</b>

*Of which, interest income on financial assets measured at fair value*

	2	1	2	1
--	---	---	---	---

**NOTE 12 INTEREST EXPENSE AND SIMILAR PROFIT/LOSS ITEMS**

	Group		Parent Company	
	2020	2019	2020	2019
Fair value losses for financial instruments: derivative instruments not used for hedging	0	0	0	0
Financial exchange-rate differences	-	-4	-	-4
Interest expense, other	-34	-33	-33	-33
<b>Total</b>	<b>-34</b>	<b>-37</b>	<b>-33</b>	<b>-37</b>

*Of which, interest expense on financial liabilities measured at fair value*

	-34	-33	-33	-33
--	-----	-----	-----	-----

**NOTE 13 INCOME TAX**

Significant subtotals in the tax expense for the year	Group		Parent Company	
	2020	2019	2020	2019
Current tax	-	-	-	-
Deferred tax	-	-	-	-
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**The connection between the tax expense for the year and recognized earnings before tax**

	Group		Parent Company	
	2020	2019	2020	2019
Loss after financial items	-229	-129	-212	-132
Tax according to applicable tax rate (21.4%)	49	28	45	28
Tax effect of non-deductible expenses/non-taxable income	-2	-1	-2	-1
Tax effect of deficits for which no deferred tax asset was recognized	-47	-27	-43	-27
<b>Tax recognized</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Tax attributable to components pertaining to other comprehensive income in the Group**

2020	Before tax	Tax effect	After tax
Revaluation of defined-benefit pension plans	-8	2	-6
Cash-flow hedges	8	-2	6
Translation differences	-1	0	-1
<b>Total</b>	<b>-1</b>	<b>0</b>	<b>-1</b>

2019	Before tax	Tax effect	After tax
Revaluation of defined-benefit pension plans	-7	1	-6
Cash-flow hedges	10	-2	8
Translation differences	4	0	4
<b>Total</b>	<b>7</b>	<b>-1</b>	<b>6</b>

**Tax attributable to components pertaining to other comprehensive income, Parent Company**

2020	Before tax	Tax effect	After tax
Cash-flow hedges	8	-2	6
<b>Total</b>	<b>8</b>	<b>-2</b>	<b>6</b>

2019	Before tax	Tax effect	After tax
Cash-flow hedges	10	-2	8
<b>Total</b>	<b>10</b>	<b>-2</b>	<b>8</b>

**NOTE 14 INTANGIBLE ASSETS**

Group	Capitalized development expenditure		Ongoing capitalized development expenditure	
	2020	2019	2020	2019
<i>Accumulated cost</i>				
Opening balance	173	155	8	23
New acquisitions	5	2	12	5
Divestments and disposals	–	–	–	-4
Reclassifications	7	16	-7	-16
<b>Closing balance</b>	<b>185</b>	<b>173</b>	<b>13</b>	<b>8</b>
<i>Accumulated amortization</i>				
Opening balance	-148	-143	–	–
Amortization for the year	-8	-5	–	–
<b>Closing balance</b>	<b>-156</b>	<b>-148</b>	<b>–</b>	<b>–</b>
<i>Accumulated impairment</i>				
Opening balance	-4	-3	–	–
Impairment recognized in profit or loss	0	-1	–	–
<b>Closing balance</b>	<b>-4</b>	<b>-4</b>	<b>–</b>	<b>–</b>
<b>Recognized residual value at year end</b>	<b>25</b>	<b>21</b>	<b>13</b>	<b>8</b>
Parent Company	Capitalized development expenditure		Ongoing capitalized development expenditure	
	2020	2019	2020	2019
<i>Accumulated cost</i>				
Opening balance	168	150	8	23
New acquisitions	4	2	12	5
Divestments and disposals	–	–	–	-4
Reclassifications	7	16	-7	-16
<b>Closing balance</b>	<b>179</b>	<b>168</b>	<b>13</b>	<b>8</b>
<i>Accumulated amortization</i>				
Opening balance	-143	-138	–	–
Amortization for the year	-7	-5	–	–
<b>Closing balance</b>	<b>-150</b>	<b>-143</b>	<b>–</b>	<b>–</b>
<i>Accumulated impairment</i>				
Opening balance	-4	-3	–	–
Impairment recognized in profit or loss	0	-1	–	–
<b>Closing balance</b>	<b>-4</b>	<b>-4</b>	<b>–</b>	<b>–</b>
<b>Recognized residual value at year end</b>	<b>25</b>	<b>21</b>	<b>13</b>	<b>8</b>

Capitalized development expenditure pertains largely to different projects for the business system, a traffic-flow planning system and adapting data integration. The average remaining amortization period of the residual value was three years.

Total development expenditure	Group		Parent Company	
	2020	2019	2020	2019
Development expenditure that has been expensed	26	21	24	21
Amortization	8	4	8	4
<b>Total</b>	<b>34</b>	<b>25</b>	<b>32</b>	<b>25</b>

**NOTE 15** PROPERTY, PLANT AND EQUIPMENT

Group	Land, land improvements and buildings		Leasehold improvements					
	2020	2019	2020	2019				
<i>Accumulated cost</i>								
Opening balance	30	36	60	60				
New acquisitions	–	–	1	–				
Divestments and disposals	-3	-6	-19	–				
<b>Closing balance</b>	<b>27</b>	<b>30</b>	<b>42</b>	<b>60</b>				
<i>Accumulated depreciation</i>								
Opening balance	-17	-21	-60	-60				
Depreciation for the year	0	-2	–	–				
Divestments and disposals	2	6	19	–				
<b>Closing balance</b>	<b>-15</b>	<b>-17</b>	<b>-41</b>	<b>-60</b>				
<b>Recognized residual value at year end</b>	<b>12</b>	<b>13</b>	<b>1</b>	<b>0</b>				
	Transport equipment <sup>1</sup>		Leased transport equipment <sup>2</sup>		Equipment		Construction in progress	
	2020	2019	2020	2019	2020	2019	2020	2019
<i>Accumulated cost</i>								
Opening balance	5,456	5,421	0	1,089	179	182	142	100
New acquisitions	314	178	–	-64	–	5	20	42
Bought-out leases	140	-66	–	–	–	–	–	–
Divestments and disposals	-59	-77	–	–	-19	-8	–	–
Reclassifications	–	–	–	–	0	0	-30	0
Transition effect of IFRS 16	–	–	–	-1,025	–	–	–	–
<b>Closing balance</b>	<b>5,851</b>	<b>5,456</b>	<b>0</b>	<b>0</b>	<b>160</b>	<b>179</b>	<b>132</b>	<b>142</b>
<i>Accumulated depreciation</i>								
Opening balance	-3,329	-3,202	0	-592	-145	-144	0	0
Depreciation for the year	-185	-176	–	–	-6	-7	–	–
Acc. depreciation, bought-out leases	-111	–	–	–	–	–	–	–
Divestments and disposals	44	49	–	–	20	6	–	–
Reclassifications	–	0	–	2	–	–	–	–
Transition effect of IFRS 16	–	–	–	590	–	–	–	–
<b>Closing balance</b>	<b>-3,581</b>	<b>-3,329</b>	<b>0</b>	<b>0</b>	<b>-131</b>	<b>-145</b>	<b>0</b>	<b>0</b>
<i>Accumulated impairment</i>								
Opening balance	-841	-867	0	-23	0	0	0	0
Acc. impairment, bought-out leases	-4	-1	–	–	–	–	–	–
Divestments and disposals	14	27	–	–	–	–	–	–
Transition effect of IFRS 16	–	–	–	23	–	–	–	–
<b>Closing balance</b>	<b>-831</b>	<b>-841</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recognized residual value at year end</b>	<b>1,439</b>	<b>1,286</b>	<b>0</b>	<b>0</b>	<b>29</b>	<b>34</b>	<b>132</b>	<b>142</b>

1 OB values for 2019 are changed for some facilities that have been completely depreciated. The change does not affect the balance sheet or profit or loss.

2 On the transition to IFRS 16 in 2019, Leased transport equipment was reclassified as Right-of-use assets, see Note 16.

Parent Company	Land, land improvements and buildings		Leasehold improvements	
	2020	2019	2020	2019
<i>Accumulated cost</i>				
Opening balance	2	2	60	60
New acquisitions	–	–	1	–
Divestments and disposals	-1	2	-19	60
<b>Closing balance</b>	<b>1</b>	<b>2</b>	<b>42</b>	<b>60</b>
<i>Accumulated depreciation</i>				
Opening balance	-1	-1	-60	-60
Depreciation for the year	0	0	–	–
Divestments and disposals	1	0	19	–
<b>Closing balance</b>	<b>0</b>	<b>-1</b>	<b>-41</b>	<b>-60</b>
<b>Recognized residual value at year end</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>

	Transport equipment <sup>1</sup>		Leased transport equipment <sup>2</sup>		Equipment		Construction in progress	
	2020	2019	2020	2019	2020	2019	2020	2019
<i>Accumulated cost</i>								
Opening balance	5,454	5,420	0	1,090	171	172	142	100
New acquisitions	313	177	–	-64	–	5	20	42
Bought-out leases	141	-66	–	–	–	–	–	–
Divestments and disposals	-59	-77	–	–	-12	-6	–	–
Reclassifications	–	–	–	–	–	–	-30	–
Transition effect of IFRS 16	–	–	–	-1,026	–	–	–	–
<b>Closing balance</b>	<b>5,849</b>	<b>5,454</b>	<b>0</b>	<b>0</b>	<b>159</b>	<b>171</b>	<b>132</b>	<b>142</b>
<i>Accumulated depreciation</i>								
Opening balance	-3,328	-3,202	0	-592	-137	-137	0	0
Depreciation for the year	-185	-176	–	2	-6	-6	–	–
Acc. depreciation, bought-out leases	-111	–	–	–	–	–	–	–
Divestments and disposals	44	49	–	0	13	6	–	–
Reclassifications	–	1	–	0	–	–	–	–
Transition effect of IFRS 16	–	–	–	590	–	–	–	–
<b>Closing balance</b>	<b>-3,580</b>	<b>-3,328</b>	<b>0</b>	<b>0</b>	<b>-130</b>	<b>-137</b>	<b>0</b>	<b>0</b>
<i>Accumulated impairment</i>								
Opening balance	-841	-867	0	-23	0	0	0	0
Acc. impairment, bought-out leases	-4	-1	–	0	–	–	–	–
Divestments and disposals	14	27	–	0	–	–	–	–
Transition effect of IFRS 16	–	–	–	23	–	–	–	–
<b>Closing balance</b>	<b>-831</b>	<b>-841</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recognized residual value at year end</b>	<b>1,438</b>	<b>1,285</b>	<b>0</b>	<b>0</b>	<b>29</b>	<b>34</b>	<b>132</b>	<b>142</b>

1 OB values for 2019 are changed for some facilities that have been completely depreciated. The change does not affect the balance sheet or profit or loss.

2 On the transition to IFRS 16 in 2019, Leased transport equipment was reclassified as Right-of-use assets, see Note 16.

**NOTE 16 RIGHT-OF-USE ASSETS****Accounting policies**

Green Cargo leases premises (offices, locomotive sheds/maintenance depots and overnight accommodation) and vehicles (primarily locomotives, wagons and load carriers). Leases are recognized as a right-of-use asset under IFRS 16 and a corresponding lease liability as of the day the leased asset is available for use by Green Cargo. The accounting policies applied for right-of-use assets are given in Note 2.

For more information on leases and lease liabilities, see Note 27. For information on the transition to IFRS 16, see Note 18 in the 2019 Annual and Sustainability Report.

Right-of-use assets	2020				2019			
	Premises, land and parking	Locomo- tives and wagons	Company cars	Total	Premises, land and parking	Locomo- tives and wagons	Company cars	Total
<i>Accumulated cost</i>								
Opening balance	318	1,443	7	1,768	-	-	-	-
New acquisitions	70	186	6	262	318	1,443	7	1,768
Divestments and disposals	-	-2	-	-2	-	-	-	-
Reclassifications <sup>1</sup>	-	-388	-	-388	-	-	-	-
Adjustment of opening value	-	-	-5	-5	-	-	-	-
<b>Closing balance</b>	<b>388</b>	<b>1,239</b>	<b>8</b>	<b>1,635</b>	<b>318</b>	<b>1,443</b>	<b>7</b>	<b>1,768</b>
<i>Accumulated depreciation</i>								
Opening balance	-47	-784	-3	-834	-	-	-	-
Depreciation for the year	-71	-211	-4	-286	-47	-784	-3	-834
Divestments and disposals	-	1	-	1	-	-	-	-
Reclassifications	-	201	-	201	-	-	-	-
Adjustment of opening value	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>-118</b>	<b>-793</b>	<b>-7</b>	<b>-918</b>	<b>-47</b>	<b>-784</b>	<b>-3</b>	<b>-834</b>
<i>Accumulated impairment</i>								
Opening balance	-	-37	-	-37	-	-	-	-
Impairment recognized in profit or loss	-	-	-	-	-	-	-	-
Divestments and disposals	-	-	-	-	-	-	-	-
Reclassifications	-	2	-	2	-	-	-	-
Adjustment of opening value	-	-	-	-	-	-37	-	-37
<b>Closing balance</b>	<b>-</b>	<b>-35</b>	<b>-</b>	<b>-35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Recognized residual value at year end</b>	<b>270</b>	<b>411</b>	<b>1</b>	<b>682</b>	<b>271</b>	<b>622</b>	<b>5</b>	<b>897</b>

Right-of-use assets	2020				2019			
	Premises, land and parking	Locomotives and wagons	Company cars	Total	Premises, land and parking	Locomotives and wagons	Company cars	Total
<b>Parent Company</b>								
<i>Accumulated cost</i>								
Opening balance	318	1,414	7	1,739	–	–	–	–
New acquisitions	47	186	6	239	318	1,414	7	1,739
Divestments and disposals	–	-2	–	-2	–	–	–	–
Reclassifications <sup>1</sup>	–	-388	–	-388	–	–	–	–
Adjustment of opening value	–	–	-5	-5	–	–	–	–
<b>Closing balance</b>	<b>365</b>	<b>1,210</b>	<b>8</b>	<b>1,583</b>	<b>318</b>	<b>1,414</b>	<b>7</b>	<b>1,739</b>
<i>Accumulated depreciation</i>								
Opening balance	-47	-762	-3	-812	–	–	–	–
Depreciation for the year	-48	-211	-4	-263	-47	-762	-3	-812
Divestments and disposals	–	1	–	1	–	–	–	–
Reclassifications	–	201	–	201	–	–	–	–
Adjustment of opening value	–	–	–	–	–	–	–	–
<b>Closing balance</b>	<b>-95</b>	<b>-771</b>	<b>-7</b>	<b>-873</b>	<b>-47</b>	<b>-762</b>	<b>-3</b>	<b>-812</b>
<i>Accumulated impairment</i>								
Opening balance	0	-36	0	-36	–	–	–	–
Impairment recognized in profit or loss	–	–	–	–	–	–	–	–
Divestments and disposals	–	–	–	–	–	–	–	–
Reclassifications	–	2	–	2	–	–	–	–
Adjustment of opening value	–	–	–	–	–	-36	–	-36
<b>Closing balance</b>	<b>0</b>	<b>-34</b>	<b>0</b>	<b>-34</b>	<b>0</b>	<b>-36</b>	<b>0</b>	<b>-36</b>
<b>Recognized residual value at year end</b>	<b>270</b>	<b>405</b>	<b>1</b>	<b>676</b>	<b>271</b>	<b>616</b>	<b>4</b>	<b>891</b>

<sup>1</sup> Over the year, SEK 88 million was reclassified under the IFRS 16 framework from right-of-use assets to current financial receivables and non-current financial assets. This has been performed where the right-of-use asset is subleased to Green Cargo's customers with contractual terms that match the original leases.

<sup>2</sup> Reclassifications were also made from right-of-use assets to property, plant and equipment at a value of SEK 60 million (62).

### Amount recognized in profit or loss

In the balance sheet the following amounts are related to leases (aside from amortization and depreciation):

Group:	SEK million
Interest expenses (included in financial expenses):	11
Other fees (leases where the underlying asset is of low value or short-term leases):	3
Revenue from subleasing:	97

### Parent Company:

Interest expenses (included in financial expenses):	11
Other fees (leases where the underlying asset is of low value or short-term leases):	2
Revenue from subleasing:	97

**NOTE 17 PARTICIPATIONS IN GROUP AND ASSOCIATED COMPANIES**

Participations in Group companies, Parent Company	Corporate Reg. Number	No. of shares	Share in % <sup>1</sup>	Carrying amount
Green Cargo Fastigheter AB, Stockholm	556167-6197	4,200	100.0	0
Green Cargo Norge AS	916783434	3,600,000	100.0	28
Green Cargo Togdrift AS	815794532	30,000	100.0	–
Green Cargo Terminaltjenster AS	915692478	60,000	100.0	–
Nordisk Transport Rail AB, Trelleborg	556336-9270	100,000	100.0	42
Nordisk Transport Rail GmbH, Berlin, DE	HRB 89700 B	–	100.0	–
TGOJ Trafik AB, Eskilstuna	556157-6587	5,000	100.0	10
<b>Total</b>				<b>80</b>

<sup>1</sup> Pertains to participating interest in capital, which also corresponds to the number of votes for the total number of shares.

During the year, Green Cargo Händelö AB and Loco & Wagon Trading AB were divested.

Participations in associated companies, Group	2020	2019
Opening balance	0	0
Dividends received	–	–
Share of profit	–	–
Exchange-rate differences	–	–
<b>Closing balance</b>	<b>0</b>	<b>0</b>

The associated company SeaRail OY was divested in 2019 and recognized under the item Profit/loss from discontinued operations, net after tax.

**NOTE 18 DEFERRED INCOME TAX**

Deferred tax assets and tax liabilities are offset when a legal right exists to offset current tax assets and tax liabilities and when deferred income taxes pertain to the same tax authority.

Specification of temporary differences	Group		Parent Company	
	2020	2019 <sup>2</sup>	2020	2019 <sup>2</sup>
Leases	-214	-121	-214	-121
Property, plant and equipment (declining balance method)	104	-188	104	-188
Loss carryforwards <sup>1</sup>	110	309	110	309
Other	30	30	24	24
<b>Total temporary differences</b>	<b>30</b>	<b>30</b>	<b>24</b>	<b>24</b>

Specification of deferred tax on temporary differences	Group		Parent Company	
	2020	2019 <sup>2</sup>	2020	2019 <sup>2</sup>
Leases	-44	-26	-44	-26
Property, plant and equipment (declining balance method)	21	-40	21	-40
Loss carryforwards <sup>1</sup>	23	66	23	66
Other	6	6	5	5
<b>Total deferred tax assets</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>5</b>

<sup>1</sup> The total accumulated tax loss carryforwards amounted to around SEK 1,400 million.

<sup>2</sup> 2019 values have been updated. The change does not affect the balance sheet or profit or loss.

Deferred tax liabilities recognized in profit or loss:	Group		Parent Company	
	2020	2019	2020	2019
Loss carryforwards	–	–	–	–
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Deferred tax liabilities recognized in other comprehensive income:	Group		Parent Company	
	2020	2019	2020	2019
Other	0	-1	-2	-2
<b>Total</b>	<b>0</b>	<b>-1</b>	<b>-2</b>	<b>-2</b>

**NOTE 19 INVENTORIES**

Carrying amount	Group		Parent Company	
	2020	2019	2020	2019
Diesel inventory	1	2	1	2
Spare parts inventory	27	26	27	26
<b>Total carrying amount</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>

**NOTE 20 ACCRUED EXPENSES AND DEFERRED INCOME**

	Group		Parent Company	
	2020	2019	2020	2019
Employee-related expenses	162	146	162	146
Infrastructure charges	50	61	50	61
Interest expense	3	6	3	6
Freight costs	56	120	32	85
Other accrued expenses	164	117	164	108
Other deferred income	58	48	58	49
<b>Total</b>	<b>493</b>	<b>498</b>	<b>469</b>	<b>455</b>

**NOTE 21 PROVISIONS**

Group	Restructuring measures	Other provisions	Total
Opening balance	0	–	0
Provisions made during the year	0	–	0
Provisions utilized during the year	0	–	0
<b>Closing balance</b>	<b>0</b>	<b>–</b>	<b>0</b>
of which current portion	0	–	0

Parent Company	Restructuring measures	Other provisions	Total
Opening balance	0	–	0
Provisions made during the year	0	–	0
Provisions utilized during the year	0	–	0
<b>Closing balance</b>	<b>0</b>	<b>–</b>	<b>0</b>
of which current portion	0	–	0

Other provisions relate to onerous contracts.

**NOTE 22 PREPAID EXPENSES AND ACCRUED INCOME**

	Group		Parent Company	
	2020	2019	2020	2019
Prepaid rent and similar items	11	12	12	13
Other prepaid expenses	19	15	19	15
Accrued freight revenue	56	52	55	53
Other accrued revenue	5	3	5	4
<b>Total</b>	<b>91</b>	<b>82</b>	<b>91</b>	<b>85</b>

**NOTE 23 PLEDGED ASSETS AND CONTINGENT LIABILITIES**

	Group		Parent Company	
	2020	2019	2020	2019
<b>Pledged assets</b>				
Assets with retention of title	59	–	59	–
<b>Total pledged assets</b>	<b>59</b>	<b>0</b>	<b>59</b>	<b>0</b>
<b>Contingent liabilities</b>				
Guarantees issued for associated companies	6	6	6	6
<b>Total contingent liabilities</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>

**NOTE 24 SEPARATE DISCLOSURES PERTAINING TO EQUITY****Management of capital**

Capital is defined as equity and borrowed capital. The Group's target for management of capital is to ensure the Group's continued existence and scope for maneuver as well as to ensure the owner continues to receive a return on its invested funds. The division between equity and borrowed capital should be sufficient to secure a healthy balance between risk and return. The capital structure is adapted if necessary to changed financial conditions and other external factors. The Group may distribute funds, increase its equity by issuing new shares or through capital injections, or alternatively decrease or increase liabilities to maintain and adapt its capital structure. The Group's liabilities and equity are detailed in the balance sheet. The various components of equity are detailed in the Statement of changes in equity, and this note contains a specification of the various components included in reserves. The owner's financial targets for the Green Cargo Group comprise a requirement that the net debt/equity ratio should be a minimum of 0.6 and a maximum of 0.9. The return on operating capital should amount to not less than 10 percent measured over a business cycle.

**GROUP****Reserves***Hedging reserve*

The hedging reserve includes the effective portion of the accumulated net change in fair value of a cash-flow hedging instrument attributable to transactions that have not yet occurred.

*Translation reserve*

The translation reserve includes all exchange-rate differences arising on the translation of the financial statements from foreign operations that have prepared their financial statements in a different currency to the currency in which the consolidated financial statements are presented. The Parent Company and the Group present their financial statements in Swedish kronor (SEK).

**Retained earnings and net profit for the year**

Profits earned in the Parent Company and its subsidiaries and associated companies are included in retained earnings, including net profit for the year.

**PARENT COMPANY****Other capital contributions**

Refers to equity that has been provided by the owners. This includes the premium from the new issue of shares of SEK 100 million and shareholders' contributions received of SEK 947 million. SEK 347 million of shareholders' contributions are subject to conditions.

**Share capital**

The total number of shares was 2,000,000 and the quotient value is SEK 100 per share. All shares are fully paid up. No shares are held by the company or its subsidiaries.

**Restricted and non-restricted equity**

Restricted equity may not be reduced through the distribution of profits. Restricted equity comprises share capital of SEK 200 million, a statutory reserve of SEK 100 million and a reserve for development expenditure of SEK 25 million. Non-restricted equity comprises the fair-value reserve, retained earnings and net profit for the year.

Specification of the fair-value reserve	2020	2019
<b>Opening balance</b>	<b>-11</b>	<b>-19</b>
Cash-flow hedges, currency futures and interest-rate swaps:		
Recognized in statement of comprehensive income	8	10
Deferred tax	-2	-2
<b>Closing balance</b>	<b>-5</b>	<b>-11</b>



Specification of reserves	2020			2019		
	Hedging reserve	Translation reserve	Revaluation reserve	Hedging reserve	Translation reserve	Revaluation reserve
<b>Opening balance</b>	<b>-11</b>	<b>8</b>	<b>-11</b>	<b>-19</b>	<b>4</b>	<b>-5</b>
<b>Items that may be subsequently reclassified to profit or loss</b>						
Opening balance, reclassification						
Cash-flow hedges, currency futures:						
Recognized in statement of comprehensive income	8			10		
Deferred tax	-2			-2		
Exchange-rate differences:						
Associated companies/subsidiaries		-1			4	
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurements of post-employment benefit obligations			-7			-7
Deferred tax			1			1
<b>Closing balance</b>	<b>-5</b>	<b>7</b>	<b>-17</b>	<b>-11</b>	<b>8</b>	<b>-11</b>

**NOTE 25 CASH-FLOW STATEMENTS, SUPPLEMENTARY DISCLOSURES**

Interest paid and received	Group		Parent Company	
	2020	2019	2020	2019
Interest received	0	1	0	1
Interest paid	-30	-33	-26	-33
<b>Adjustments for non-cash items, etc.</b>				
Depreciation/amortization and impairment of assets	491	445	467	421
Capital loss on sale of non-current assets	-4	-21	-4	-17
Loss on sale of associated companies	-	-16	-	-
Exchange-rate differences in cash and cash equivalents	-	-	-	-
Currency revaluations	-25	4	-24	4
Currency revaluation, shareholdings	-	-	-	-
Group contributions received/paid, unpaid/paid	-	-	-2	-3
Provisions	18	-3	10	-9
Share in profit of associated companies	-	-3	-	-
Other	-	-	-	-1
<b>Total</b>	<b>480</b>	<b>406</b>	<b>447</b>	<b>396</b>

Group	Opening balance 2020	Cash flows	Non-cash items			Closing balance 2020
			Effect of IFRS 16	Revaluation	Reclassification	
Liabilities to credit institutions	698	342	-	-21	60	1,080
Lease liabilities	1,032	-326	246	-2	-60	891
Derivative instruments	22	-	-	-2	-	20
<b>Parent Company</b>						
Liabilities to credit institutions	698	342	-	-21	60	1,080
Lease liabilities	1,026	-303	224	-2	-60	886
Derivative instruments	22	-	-	-2	-	20

Cash and cash equivalents include the following sub-components:	Group		Parent Company	
	2020	2019	2020	2019
Cash and bank balances	55	95	55	68

Group	Opening balance 2019	Cash flows	Non-cash items		Closing balance 2019
			Effect of IFRS 16	Revaluation	
Liabilities to credit institutions	748	-51	-	1	698
Lease liabilities	546	-196	679	3	1,032
Derivative instruments	24	-	-	-2	22
<b>Parent Company</b>					Reconciled against balance sheet
Liabilities to credit institutions	748	-51	-	1	698
Lease liabilities	546	-174	651	3	1,026
Derivative instruments	24	-	-	-2	22

Cash and cash equivalents include the following sub-components:	Group		Parent Company	
	2019	2018	2019	2018
Cash and bank balances	95	45	68	23

**NOTE 26 OVERDRAFT FACILITY**

	Group		Parent Company	
	2020	2019	2020	2019
Credit limit granted	75	75	75	75
Unutilized portion	75	75	75	75
<b>Credit utilized</b>	-	-	-	-

Green Cargo also has unutilized revolving credit facilities of SEK 200 million and EUR 15 million respectively.

**NOTE 27 FINANCIAL INSTRUMENTS****Financial risk management**

Green Cargo is exposed to various financial risks as part of its operations. The Board is responsible for determining the Group's financial policy, including guidelines, targets and frameworks for managing financial risks within the Group. The Treasury Unit is responsible for managing financial risks.

**Liquidity and refinancing risk**

Liquidity risk is the risk of being unable to discharge payment commitments as a consequence of having insufficient cash funds available. Accordingly, Green Cargo maintains a minimum level of liquidity corresponding to 4 percent of the Group's annual sales, which comprises bank balances and unutilized, committed credit facilities.

Refinancing risk is the risk that Green Cargo is unable to obtain financing or that financing can only be secured at a considerably increased cost. The maturity of the Group's loans should also be allocated so that the loans mature evenly or are adapted to coincide with expected inflows, and that no more than 30 percent of the liabilities are permitted to mature in the next 12 months.

**Maturity structure for borrowings, Group:**

	Carrying amount	Contracted months cash flows (of which interest) <sup>1</sup>	6 months or less (of which interest)	6–12 months (of which interest)	1–2 years (of which interest)	2–5 years (of which interest)	More than 5 years (of which interest)
<b>Liabilities on Dec 31, 2020</b>							
Borrowings	1,080	1,116	16	16	385	698	-
		(36)	(5)	(5)	(12)	(14)	-
Lease liabilities	891	907	52	215	363	277	-
		(16)	(2)	(3)	(6)	(5)	-
Fixed-income derivatives	20	20	3	3	4	8	3
		(20)	(3)	(3)	(4)	(8)	(3)
<b>Liabilities on Dec 31, 2019</b>							
Borrowings	698	764	15	310	30	72	338
		(67)	(3)	(4)	(10)	(32)	(18)
Lease liabilities (excl. IFRS 16)	555	563	38	365	35	126	-
		(8)	(3)	(1)	(1)	(3)	-
Fixed-income derivatives	22	22	5	3	4	7	3
		(22)	(5)	(3)	(4)	(7)	(3)

**Maturity structure for borrowings, Parent Company:**

	Carrying amount	Contracted months cash flows (of which interest) <sup>1</sup>	6 months or less (of which interest)	6–12 months (of which interest)	1–2 years (of which interest)	2–5 years (of which interest)	More than 5 years (of which interest)
<b>Liabilities on Dec 31, 2020</b>							
Borrowings	1,080	1,126	16	17	383	710	-
		(46)	(5)	(5)	(10)	(26)	-
Lease liabilities	886	901	52	209	363	277	-
		(16)	(2)	(3)	(6)	(5)	-
Liabilities to Group companies <sup>2</sup>	76	76	76	-	-	-	-
		(0)	(0)	-	-	-	-
Fixed-income derivatives	20	20	3	3	4	8	3
		(20)	(3)	(3)	(4)	(8)	(3)
<b>Liabilities on Dec 31, 2019</b>							
Borrowings	698	764	15	310	30	72	338
		(67)	(3)	(4)	(10)	(32)	(18)
Lease liabilities (excl. IFRS 16)	555	563	38	365	35	126	-
		(8)	(3)	(1)	(1)	(3)	-
Liabilities to Group companies <sup>2</sup>	22	22	22	-	-	-	-
		(0)	(0)	-	-	-	-
Fixed-income derivatives	22	22	5	3	4	7	3
		(22)	(5)	(3)	(4)	(7)	(3)

1) Contracted future cash flows include estimated interest payments and other expenses. Undiscounted amounts.

2) Includes Group accounts and borrowings.

Future interest flows are based on forecasts from various market players together with our own assessment primarily based on interest rate levels fixed for longer than one year.

**Currency risk**

Currency risk is the risk that changes in exchange rates negatively impact cash flow. Changes in exchange rates affect the income statement and balance sheet when revenue and costs, as well as assets and liabilities are translated from foreign currencies to Swedish kronor.

Green Cargo is exposed to various financial risks as part of its operations. The foremost exposure pertains to the Group's net sales and purchases in foreign currencies, which lead to transaction exposure. Currency risks comprise the risk of fluctuations in the value of accounts receivable and accounts payable as well as in expected and contracted payment flows. The Group is also exposed to currency risks pertaining to revaluations of assets and liabilities in foreign currency (translation exposure).

The Group's net profit/loss for the year for the year included exchange-rate differences of negative SEK 15 million (neg: 12) in operating profit and of positive SEK 23 million (neg: 4) in net financial items.

The risk that changes in exchange rates will impact earnings and profitability is managed by hedging forecast revenue and costs in foreign currencies through selling currency forwards. The target for hedging is that 75 percent of net exposure should be hedged. In 2020, 77 percent of transaction exposure was hedged through currency derivatives. Hedge accounting is applied in the financial statements when the requirements for hedge accounting are met, see Note 2 Summary of significant accounting policies. Subsidiaries are financed as necessary in local presentation currencies. Green Cargo does not hedge net assets in foreign subsidiaries.

Green Cargo classifies its forward contracts used for hedging forecast transactions as cash-flow hedges. Green Cargo's foreign currency contracts are primarily in EUR. The fair value of forward contracts used

to hedge projected flows totaled a net amount of SEK 13 million (8) at December 31, 2020. Of this amount, SEK 0 million (0) is recognized in the balance sheet as liabilities and SEK 13 million (8) as assets. In 2020, SEK 3 million (neg: 18) was transferred from the hedging reserve via other comprehensive income to net profit for the year as part of sales.

The impact of currency derivatives on operating profit totaled SEK 3 million (neg: 18). The value of outstanding contracts, not taken up as revenue, is detailed in the following table.

Hedging of currency flows at Dec 31, 2020		EUR/SEK volume <sup>1</sup>	Rate <sup>2</sup>
Q1	2021	12	10.25
Q2	2021	12	10.31
Q3	2021	13	10.30
Q4	2021	14	10.32
<b>Total</b>		<b>51</b>	<b>10.30</b>
Closing-date rate	Dec 31, 2020		10.04
Unrealized gains/losses (SEK million) recognized in the hedging reserve <sup>3</sup>	Dec 31, 2020		13.2

Hedging of currency flows at Dec 31, 2019		EUR/SEK volume <sup>1</sup>	Rate <sup>2</sup>
Q1	2020	14	10.54
Q2	2020	14	10.54
Q3	2020	12	10.55
Q4	2020	13	10.69
<b>Total</b>		<b>54</b>	<b>10.58</b>
Closing-date rate	Dec 31, 2019		10.43
Unrealized gains/losses (SEK million) recognized in the hedging reserve <sup>3</sup>	Dec 31, 2019		7.8

<sup>1</sup> The volume is expressed in EUR million.

<sup>2</sup> The exchange rate comprises the spot exchange rate.

<sup>3</sup> Fair value, excluding deferred tax, recognized in reserves in equity on cash-flow hedges where hedge accounting is applied.

#### Sensitivity analysis for changes in exchange rates, Group and Parent Company

Dec 31, 2020	Change	Impact on earnings	Impact on equity
EUR/SEK	+/-2.5%	+/-5 MSEK	+/-13 MSEK

Dec 31, 2019	Change	Impact on earnings	Impact on equity
EUR/SEK	+/-2.5%	+/-3 MSEK	+/-14 MSEK

The sensitivity analysis is based on all other factors (for example, interest rates) remaining unchanged.

#### Interest-rate risk

The risk that changes in market interest rates negatively influence cash flow or the fair value of financial assets and liabilities comprises an interest-rate risk. A major portion of Green Cargo's interest-bearing liabilities pertains to lease- and loan-financed investments subject to floating interest rates. Interest-bearing assets primarily comprises of cash funds. Fixed-income derivatives in the form of interest-rate swaps are mainly used for managing interest-rate risk pertaining to liabilities. Interest-rate risk is measured each week and the fixed-interest term for the liabilities is permitted to vary between 12 and 36 months. Hedge accounting is sought after and applied for the effective portion between liability

instruments and interest rate swaps. Changes in market rates therefore also have an effect on equity.

At December 31, 2020, the Group had ten (10) open fixed-income derivatives, whereby floating interest rates were swapped for fixed interest rates, with maturities of between 15 months (five) and six years (eight). Nominal amounts and interest rates for these are as follows:

SEK	Nominal value (SEK million)	Fixed interest rate	Floating inter- est rate
2020	400	1.47	-0.10
2019	750	1.72	-0.04

The net fair value of fixed-income derivatives was a negative amount of SEK 20 million (neg: 22) at December 31, 2020 and comprised liabilities of SEK 20 million (22).

#### Sensitivity analysis of interest-rate risk, Group and Parent Company

The interest-rate risk for the debt portfolio is +/- SEK 9 million (-/+ SEK 6 million), including interest-rate swaps, measured as the change in annual interest expense with a +/- 1 percent change in interest rates.

The interest-rate risk for cash balances is +/- SEK 1 million (+/- SEK 1 million), measured as the change in annual interest income with a +/- 1 percent change in interest rates.

#### Credit risk

Credit risk, comprising primarily customer credit risk, is the risk that the counterparty is unable to discharge its contracted financial obligations and that any collateral provided does not cover the company's claim.

#### Customer credit risk

Credit granted in conjunction with new agreements and contract extensions can be decided by contracts administration within a preset framework. Other credit granting decisions are taken centrally by Treasury or by the company's credit committee. Credit loss calculations are based on historical outcomes, which are at a very low level.

#### Age distribution of accounts receivable:

Group	2020		2019	
	Gross	Provision	Gross	Provision
Not past due	418	–	358	–
<30 days	31	–	34	–
30–90 days	7	0	5	0
91–180 days	1	0	1	0
>180 days	4	3	5	5
<b>Total</b>	<b>461</b>	<b>3</b>	<b>403</b>	<b>5</b>

Parent Company	2020		2019	
	Gross	Provision	Gross	Provision
Not past due	358	–	286	–
<30 days	27	–	30	–
30–90 days	2	0	2	0
91–180 days	0	0	-2	0
>180 days	2	2	4	4
<b>Total</b>	<b>389</b>	<b>2</b>	<b>320</b>	<b>4</b>

**Provision for doubtful accounts receivable:**

	Group		Parent Company	
	2020	2019	2020	2019
Opening balance, provisions	5	5	4	5
Provision for probable losses	3	5	2	4
Reversal of previous provisions	-5	-5	-4	-5
Realized losses	0	0	0	0
<b>Closing balance, provisions</b>	<b>3</b>	<b>5</b>	<b>2</b>	<b>4</b>
Expense for the year for doubtful receivables	1.0	1.5	0.2	1.5

**Counterparty risk**

Credit risk related to financial counterparties arises in the management of liquidity. These counterparty risks are regulated in the financial policy and investments are only permitted in instruments issued by counterparties with high credit ratings, together with clear limits per counterparty and for the risk class that applies for the counterparty. At the end of the year, the company had no holdings of financial investments.

**Carrying amounts and fair value of financial instruments recognized pursuant to IFRS 9 at Dec 31, 2020**

Group	Dec 31, 2020		Dec 31, 2019	
	Total carrying amount	Fair value	Total carrying amount	Fair value
<b>Assets</b>				
<b>Financial assets measured at FVTOCI</b>				
Derivative instruments	13	13	8	8
	<b>13</b>	<b>13</b>	<b>8</b>	<b>8</b>
<b>Financial assets measured at amortized cost</b>				
Accounts receivable (external)	461	461	403	403
	<b>461</b>	<b>461</b>	<b>403</b>	<b>403</b>
<b>Cash and cash equivalents</b>				
Cash and bank balances	55	55	95	95
	<b>55</b>	<b>55</b>	<b>95</b>	<b>95</b>
<b>Liabilities</b>				
<b>Financial liabilities measured at FVTOCI</b>				
Derivative instruments	20	20	22	22
	<b>20</b>	<b>20</b>	<b>22</b>	<b>22</b>
<b>Financial liabilities measured at amortized cost</b>				
Accounts payable (external)	363	363	195	195
Liabilities to credit institutions	1,479	1,479	1,253	1,253
	<b>1,842</b>	<b>1,842</b>	<b>1,448</b>	<b>1,448</b>

For more exhaustive information about the recognition of hedging instruments and hedged items, refer to Note 2 Summary of significant accounting policies in the 2020 Annual Report.

The fair value of fixed-interest and currency derivatives has been calculated as the costs/revenue that would have arisen if the contracts had been terminated on the closing date. Market prices have been used to this end. Fair value has been equated with the carrying amounts for cash and cash equivalents, receivables and liabilities with variable interest as well as current receivables and liabilities. For currency contracts, the fair value is based on the currency pair's fixed exchange rate on

the closing date. Fair value for interest rate swaps is calculated as the discounted estimated future cash flows based on the market rate for similar instruments on the closing date.

	Level 1 <sup>1</sup>	Level 2 <sup>2</sup>	Level 3 <sup>3</sup>
<b>December 31, 2020</b>			
<b>Financial assets</b>			
Financial assets measured at FVTPL:			
– Derivative instruments used for hedging	–	13	–
<b>Total</b>	<b>–</b>	<b>13</b>	<b>–</b>
<b>Financial liabilities</b>			
Financial liabilities measured at FVTPL:			
– Derivative instruments used for hedging	–	20	–
<b>Total</b>	<b>–</b>	<b>20</b>	<b>–</b>

1) According to prices listed in an active market for the same instrument.

2) Based on directly or indirectly observable market data not included in Level 1.

3) Based on inputs not observable in the market.

Financial assets and liabilities are measured in accordance with level 2. The fair value of fixed-interest and currency derivatives has been calculated as the costs/revenue that would have arisen if the contracts had been terminated on the closing date. Market prices have been used to this end.

**Hedge accounting**

At the end of 2020, hedge accounting was applied in accordance with IFRS 9 as follows:

- Cash-flow hedges of currency derivatives were used to hedge projected future flows in foreign currencies.
- Cash-flow hedges of fixed-income derivatives were used to hedge future interest payments on loans with floating interest rates.

**The effect of hedge accounting on the Group's financial position and performance**

	2020	2019
<b>Cash-flow hedges of currency risk:</b>		
Nominal value of the hedging instrument, EUR million	51	54
Carrying amount of the hedging instrument, SEK million	13	8
Effect on Equity, SEK million	5	8
Effect on Operating profit/loss, SEK million	3	-18
<b>Cash-flow hedges of interest-rate risk:</b>		
Nominal value of the hedging instrument, SEK million	400	750
Carrying amount of the hedging instrument, SEK million <sup>1</sup>	-20	-22
Effect on Equity, SEK million	3	2
Effect on Interest expense, SEK million	-9	-13

1 Accrual of interest expenses/carrying amounts pertaining to hedging instruments is presented in the Group's maturity structure for borrowings in the above table.

No ineffectiveness applies to cash-flow hedges. Refer to Note 24 Separate disclosures pertaining to equity. For more exhaustive information about the recognition of hedging instruments and hedged items, refer to Note 2 Summary of significant accounting policies.

**NOTE 28 PENSIONS****General description of pension plans**

Employees at Green Cargo AB are covered by the Spårtrafikavtal, the Swedish rail workers' collective agreement, which stipulates that no distinction is to be made between salaried and non-salaried employees. Every employee at Green Cargo AB, regardless of role, belongs to the ITP plan, a collective agreement occupational pension.

ITP complements the statutory insurance covering illness, retirement pension and death. The plan consists of a defined-contribution occupational pension plan, ITP 1, and a primarily defined-benefit plan, ITP 2. Whether the employee is covered by ITP 1 or ITP 2 depends, as a rule, on the employee's age. Employees born in 1979 or later are part of ITP 1, and employees born in 1978 or earlier are part of ITP 2.

The ITP plan is insured through Alecta and administered by Collectum.

Prior to the incorporation of Statens Järnvägar (the Swedish State Railways) at the end of 2000, the State was responsible for vested and unpaid pension rights to Parent Company employees who were employed by the state-owned public utility Statens Järnvägar. These employees are covered by the government pension plans PA 91 (personnel on sick leave since the incorporation and for that reason could not be moved to another plan) or PA 16, which are administered by the National Government Employee Pensions Board (SPV). PA 91 is a defined-benefit plan and PA 16 is both a defined-benefit and defined-contribution plan. Under these plans, a number of employees are entitled to retire at 60 or 63, known as forfeitable pension rights. The employees have been given the option of remaining in these plans. Since the defined-benefit portion of PA 16 is assessed as insignificant for the Group, it has been classified in its entirety as a defined-contribution plan. No personnel are part of the PA91 or the PA16 plans.

Forfeitable pensions also exist at Green Cargo AB. These were taken over from the subsidiary TGOJ Trafik AB as of January 1, 2011. The obligation and costs for these pensions are recognized in the Group in accordance with IAS 19.

The year's charges for pension insurances taken up with Alecta amounted to SEK 38 million (40). Alecta's surplus may be distributed to the policy holders and/or the insured parties.

According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a multi-employer, defined-benefit plan. For the 2020 fiscal year, the company did not have access to information to enable it to recognize this plan as a defined-benefit plan. Accordingly, ITP pension plans that are secured through an insurance in Alecta are recognized as defined-contribution plans.

At the end of 2020, the preliminary estimate of Alecta's surplus in the form of its collective consolidation level was 148 percent (148). The collective consolidation level is determined as the market value of Alecta's assets as a percentage of insurance commitments calculated in line with Alecta's actuarial methods and assumptions, which do not comply with IAS 19.

The Group's share of the total contributions to the plan and the Group's share of the total number of active members in the plan amounts to 0.08 percent and 0.20 percent respectively (2019: 0.15 and 0.19, respectively).

**Defined-benefit pension plans**

Group	2020	2019
Present value of wholly or partly funded obligations	91	82
Fair value of plan assets	-66	-68
Deficit/(Surplus) in funded plans	25	14
Present value of unfunded obligations	-	5
Total deficit of defined-benefit pension plans	25	19
<b>Balance-sheet liability including special payroll tax</b>	<b>25</b>	<b>19</b>

**Overview of defined-benefit pension plans**

The securing of defined-benefit pensions presented in the balance sheet consists of the ITP-S plan, PA 91 and forfeitable early-retirement pensions. The ITP-S plan is similar to the ITP plan and, for Green Cargo

AB, is secured through insurance with an insurance company. The PA 91 plan comprises primarily retirement pensions, disability pensions and survivor's pensions. Securing retirement pensions in PA 91 is carried out through provisions in the balance sheet.

**The change in the defined-benefit obligation over the year was as follows:**

Group	Present value of the obligation	Fair value of plan assets	Total
<b>At January 1, 2020</b>	<b>87</b>	<b>-69</b>	<b>18</b>
Service costs for the year	0	-	0
Interest expense	1	-1	0
Return on plan assets, excluding amounts included in interest expense	-	2	2
(Gain)/loss from change in demographic assumptions	-	-	0
(Gain)/loss from change in financial assumptions	3	-	3
Experience-based (gains)/losses	2	-	2
Special payroll tax related to remeasurements	1	-	1
Payments from the employer	-	-	0
Benefits paid	-3	2	-1
<b>At December 31, 2020</b>	<b>91</b>	<b>-66</b>	<b>25</b>

Plan assets are comprised as follows	Listed	Unlisted	Total
Equity instruments/shares	15	7	22
Interest-bearing securities	30	-	30
Property	6	-	6
Other (Business-strategic assets, raw materials, infrastructure, loan portfolio and other debt investments)	8	-	8
<b>Total</b>	<b>59</b>	<b>7</b>	<b>66</b>

**Pension cost recognized in profit for the year**

Group	2020	2019
Service costs during the current period	2	2
Interest expense	0	0
<b>Pension costs including special payroll tax</b>	<b>2</b>	<b>2</b>

The Group estimates that SEK 1 million will be paid in 2021 to funded (and unfunded) defined-benefit plans (recognized as defined-benefit plans) and that SEK 85 million will be paid in 2021 to defined-benefit plans (recognized as defined-contribution plans).

**Assumptions pertaining to defined-benefit obligations**

Key actuarial assumptions as of the closing date.

Group	2020	2019
Discount rate at December 31	0.85%	1.35%
Expected rate of salary increase	2.20%	2.50%
Change in income base amount	2.50%	2.80%
Inflation	1.50%	1.80%
Employee turnover	3.50%	3.50%
Return on plan assets	0.85%	1.35%
Special payroll tax related to remeasurements	24.26%	24.26%
Life expectancy	DUS14 w-c	DUS14 w-c

**Basis of assumptions**

Under IAS 19, the discount rate is established based on market returns on corporate bonds at the closing date. The maturity period of the obligation is 15 years. The expected pace of salary increases and changes in the income base amount are expected to track each other. This assumption builds on a rate of increase that is reasonable in relation to other parameters, primarily inflation and the expected labor market trend. The Riksbank's, Sweden's central bank, long-term targets for inflation have been applied. Employee turnover and the utilization rate of forfeitable pensions have been determined based on historical experience.

**Life expectancy DUS14**

The remaining life expectancy after the age of 65, according to the DUS14 document issued by Insurance Sweden (Svensk Försäkring), is 24 years for women and 22 years for men. The average age for individuals covered by defined-benefit obligations is 77.

**Sensitivity analysis**

The sensitivity analysis was conducted using the Project Unit Credit (PUC) method, with the same basis as the calculations of the current value, service costs and interest expense in IAS 19. The assumptions used in the sensitivity analysis were provided by the customer.

**Calculation parameters in SEK m**

Discount rate +/- 0.50%	0.35%	0.85%	1.35%
Present value of the obligation at the end of the period, including payroll tax	100	91	84
Inflation +/- 0.50%	1.00%	1.50%	2.00%
Present value of the obligation at the end of the period, including payroll tax	84	91	99
Life expectancy +/- 1 year	-1 year	DUS 14	+1 year
Present value of the obligation at the end of the period, including payroll tax	86	91	97

**Defined-benefit pensions recognized in accordance with RFR 2****Net liability in the balance sheet**

Parent Company	2020	2019
Present value of wholly or partly funded pension plans (-)	4	5
Present value of unfunded pension plans (-)	0	0
<b>Net amount recognized pertaining to pension obligations</b>	<b>4</b>	<b>5</b>

**Change in net liability**

Parent Company	2020	2019
Net liability at beginning of year pertaining to pension obligations	4	5
Cost of the company's own pensions recognized in profit or loss, excl. taxes (+)	1	2
Pension payments (-)	-1	-2
<b>Net liability at year end</b>	<b>4</b>	<b>5</b>

Net liability	2020	2019
Non-forfeitable pension liability	4	5
Forfeitable pension liability	0	0
	<b>4</b>	<b>5</b>

Of which insured through PRI 4 5

Of the net liability, SEK 4 million is covered by the Pension Obligations Vesting Act.

**Pension costs**

Parent Company	2020	2019
<i>The company's own pensions</i>		
Service cost of pensions, etc.	1	2
<b>Cost of the company's own pensions excl. taxes</b>	<b>1</b>	<b>2</b>
<i>Pensions through insurance</i>		
Insurance premiums or equivalents (+)	81	82
<b>Pension cost for year excl. taxes</b>	<b>82</b>	<b>84</b>
Recognized net cost attributable to pensions excl. taxes	82	84

Of the net recognized cost SEK 82 million (84) was in operations and SEK 0 million (0) in net financial items.

Group	2020	2019
<i>The company's own pensions</i>		
Service cost of pensions, etc.	1	2
<b>Cost of the company's own pensions excl. taxes</b>	<b>1</b>	<b>2</b>
<i>Pensions through insurance</i>		
Insurance premiums or equivalents (+)	89	82
<b>Pension cost for year excl. taxes</b>	<b>90</b>	<b>84</b>
Recognized net cost attributable to pensions excl. taxes	90	84
Of the net recognized cost SEK 90 million (84) was in operations and SEK 0 million (0) in net financial items.		

**NOTE 29 APPROPRIATION OF PROFITS****Appropriation of profits**

The following funds are at the disposal of the AGM (SEK):

Profit brought forward	174,637,761
Fair-value reserve	-5,085,595
Loss for the year	-212,071,590
<b>Total</b>	<b>-42,519,424</b>

The Board of Directors proposes that the accumulated loss be appropriated as follows:

To be carried forward	-42,519,424
Of which to the fair-value reserve	-5,085,595

**NOTE 30 EVENTS AFTER THE CLOSING DATE**

No events with any significant impact on operations or the Group have taken place after the closing date.

# Signatures

The Board and the CEO declare that the consolidated financial statements and annual report have been prepared in accordance with international accounting standards as adopted by the European Parliament and Council Regulation (EC) No 1606/2002 of July 19, 2002 in respect of the application of international accounting standards and generally accepted accounting principles in Sweden and provide a fair and accurate overview

of the Group's and the Parent Company's financial positions and results.

The Administration Report provides a fair and accurate overview of the Group's and the Parent Company's operations, position and results, and describes material risks and uncertainties faced by the Parent Company and the companies included in the Group.

Solna, March 29, 2021

**Jan Sundling**

Chairman of the Board

**Henrik Højsgaard**

Board member

**Charlotte Gaarn Hansson**

Board member

**Catarina Fritz**

Board member

**Crister Fritzson**

Board member

**Michael Thorén**

Board member

**Anna Elgh**

Board member

**Jonas Blomqvist**

Employee representative

**Jerker Liljeberg**

Employee representative

**Ted Söderholm**

President and CEO

Our auditors' report was submitted on March 29, 2021

PricewaterhouseCoopers AB

**Linda Corneliussen**

Authorized Public Accountant

Auditor in Charge

**Helena Ehrenborg**

Authorized Public Accountant

# Auditors' Report

To the general meeting of the shareholders of Green Cargo AB,  
corporate identity number 556119-6436

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Green Cargo AB for the year 2020 except for the corporate governance statement on page 48–53 and page 92–93. The annual accounts and consolidated accounts of the company are included on pages 42–87 in this document.

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 parent company and the group 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 matter

The audit of the annual accounts and consolidated accounts for year 2019 was performed by another auditor who submitted an auditor's report dated 24 March 2020, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

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

This document also contains other information than the annual accounts and consolidated accounts and can be found on pages 1–39, 41, 48–53 and 94 to 102. The information in "Green Cargos ersättningsrapport 2020" which is published at the company's web-page at the same time as this report are also other information. The Board of Directors and the Managing Director are responsible for the other information.

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.

**Report on other legal and regulatory requirements****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 Green Cargo AB for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss 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.

*Auditor's report on the Corporate Governance Statement*

It is the board of directors who is responsible for the corporate governance statement on pages 48-53 and 92-93 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially 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 opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, March 29, 2021

PricewaterhouseCoopers AB

**Linda Corneliusson**

Authorized Public Accountant  
Auditor in charge

**Helena Ehrenborg**

Authorized Public Accountant



## Board of Directors



Jan Sundling

**Born:** 1947  
**Chairman since:** 2018  
 Chairman of the Remuneration Committee  
**Previous assignments:** Chairman of SJ; President and CEO of Green Cargo, President of Pan Nordic Logistics AB, ASG Sverige AB, Scanair AB and Olson och Wright AB; Senior Vice President and Head of SAS Sverige.  
**Education:** B.Sc. in Nautical Science, Higher Business Administration programme



Anna Elgh

**Born:** 1963  
**Board member since:** 2017  
 Member of Audit Committee  
**Current assignments:** CEO, Svenska Retursystem  
**Previous assignments:** Business Area Manager, Ambea; Supply Chain Director, Lantmännen; and Supply Chain Director, SAS Component  
**Education:** M.Sc. Mechanical Engineering, KTH; and Executive MBA, Instituto de Empresa



Michael Thorén

**Born:** 1969  
**Board member since:** 2018  
 Member of the Audit and Remuneration Committees  
**Current assignments:** Department Secretary, Ministry of Enterprise and Innovation  
**Board assignments:** Board member of Metria and Lernia  
**Previous assignments:** Analyst at ABN/Amro Bank, Project Manager at Retrieva Kredit  
**Education:** M.Sc. Business and Economics, Karlstad University



Charlotte Gaarn Hansson

**Born:** 1962  
**Board member since:** 2019  
**Current assignments:** Own operations, Scandinavian Insight Consulting  
**Board assignments:** Chairman of Orio and Link Top Holding; and Board member of DistIT, Stena Trade & Industry, Bergman & Beving and Probi  
**Previous assignments:** CEO of MTD Morgontidig Distribution i Sverige and Jetpak Sverige; and senior positions at Danzas ASG Eurocargo  
**Education:** Biochemist, University of Copenhagen; and Market Economist, IHM



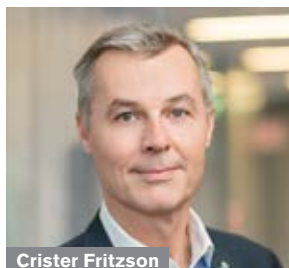
Henrik Højsgaard

**Born:** 1965  
**Board member since:** 2018  
 Member of Remuneration Committee  
**Board assignments:** Board member of Norska Posten and LGT Logistics  
**Previous assignments:** CEO Proffice/Randstad Nordics, President Aleris Sjukvård Sverige, Post-Nord Logistics, CEO Keolis Nordic  
**Education:** Shipbroker



Catarina Fritz

**Born:** 1963  
**Board member since:** 2019  
 Chairman of the Audit Committee  
**Current assignments:** CFO and Vice President, Akademiska Hus AB  
**Previous assignments:** CFO at Keolis Sverige, Frösunda LSS, Addici, Aditro Group and the Stockholm Stock Exchange  
**Education:** MBA



Crister Fritzson

**Born:** 1961  
**Board member since:** 2020  
**Current assignments:** CEO at Net Insight AB  
**Previous assignments:** CEO and President at SJ AB and Teracom, CEO at Boxer  
**Education:** Marketing Diploma and Higher Business Administration programme

### Employee representatives



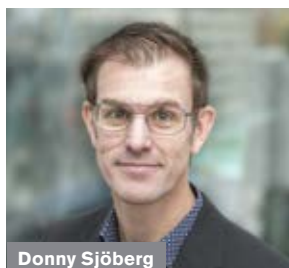
Anders Gustafsson

Born 1961. Deputy Board member since 2004. Resident of Gothenburg. Employee representative appointed by the Union for Service and Communication Employees (SEKO). Joined Green Cargo in 1981.



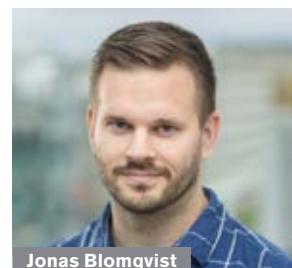
Jerker Liljeberg

Born 1974. Board member since 2013. Resident of Lanna. Employee representative appointed by the Union of Civil Servants (ST). Joined Green Cargo in 2000.



Donny Sjöberg

Born 1973. Deputy Board member since 2017. Resident of Borlänge. Employee representative appointed by the Union of Civil Servants (ST). Joined Green Cargo in 1995.



Jonas Blomqvist

Born 1980. Board member since 2017. Resident of Boden. Employee representative appointed by the Union for Service and Communication Employees (SEKO). Joined Green Cargo in 2008.

# Group Management



**Ted Söderholm**

CEO. Born 1974. Joined company in 2019.

**Other assignments:** Chairman of the sector and employer association Tåg företagen, Board member of Almega and the Confederation of Swedish Enterprise

**Previous assignments:** Managing Director Sweden at DHL Express; Manager at Accenture

**Education:** M.Sc. in Industrial Engineering



**Pär Nordlander**

CFO. Born 1967. Joined company in 2020.

**Previous assignments:** CFO at Semantix and LRF Media; Head Controller at SJ

**Education:** MBA



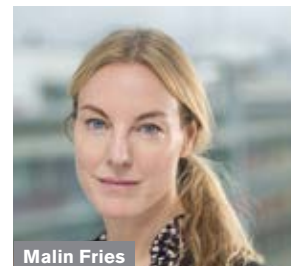
**Markus Gardbring**

COO. Born 1976. Joined company in 2016.

**Other assignments:** Board member of Chalmers Railway Mechanics, KTH Railway Group and Xrail AG

**Previous assignments:** Assets Director at Green Cargo AB, General Manager & President Alo Tennessee Inc., Depot Manager Hagalund at SJ AB, Management Consultant at McKinsey & Co

**Education:** Bachelor of Science, Mechanical Engineering; Master of Science, Business Management



**Malin Fries**

Chief Legal Counsel. Born 1969. Joined company in 2018.

**Previous assignments:** Senior Advisor and corporate lawyer for the Department of State-Owned Enterprises at the Ministry of Finance and the Ministry of Enterprise and Innovation; Gernandt & Danielsson Advokatbyrå KB; Setterwalls Advokatbyrå.

**Education:** Master of Laws (LLM), Diploma in financial analysis



**Richard Kirchner**

SVP of Commercial. Born 1971. Joined company in 2008.

**Previous assignments:** CEO of Stockholms Åkeri AB, Business Unit Manager at Stockholms Åkeri AB, Manager Operations at Svenska Statoil AB

**Education:** M.Sc. in Mechanical Engineering



**Peter Hagert**

HR Director. Born 1960. Joined company in 2019.

**Other assignments:** Part owner in own company (CCC AB), Board member of Mwi Konsult i Stockholm AB

**Previous assignments:** Human Resources Director at Nobina AB, Operations Manager at Nobina Sverige AB, VP Human Resources at Amex Bank of Canada.

**Education:** BA, Stockholm School of Economics



**Shad Hallam**

Head of Network Management. Born 1971. Joined company in 2020.

**Other assignments:** Board member of FlexeGRAPH AB

**Previous assignments:** CEO and Co-founder of FlexeGRAPH; CFO of DHL Express Sverige; Operations Director of DHL Express Sverige; CEO of DHL Express Iceland

**Education:** Bachelor Commerce, Accounting



**Ingo Paas**

CIO. Born 1964. Joined company in 2019.

**Previous assignments:** General Manager eBusiness, CIO Adidas Nordics & Central Europe, Head of Digitalization & Innovation ICA Group, CIO Apotek Hjärtat

**Education:** Civil Engineer, Mechanical Engineering



**Erica Kronhoffer**

Director of Sustainability and Communications. Born 1971. Joined company in 2019.

**Previous assignments:** Director of Sustainability at SJ AB, Directory of Sustainability at PostNord AB, Director Sustainable Affairs at Green Cargo

**Education:** Master of Laws (LLM)

# GRI index

Green Cargo's sustainability report is prepared pursuant to the GRI Standards: Core option. The GRI Index including the management approach for the respective sustainability areas follows.

## General disclosures:

GRI	Disclosure	Page	Comments
GRI 102: General disclosures 2016			
<b>Organizational profile</b>			
102-1	Name of the organization	page 43	
102-2	Activities, brands, products, and services	pages 16–20	
102-3	Location of headquarters	page 43	
102-4	Location of operations	pages 10–11, 20	
102-5	Ownership and legal form	page 43	
102-6	Markets served	pages 18–20	
102-7	Scale of the organization	page 8	
102-8	Information on employees and other workers	page 8	Figures pertain to the average number of employees over the year calculated as full-time equivalents. Supplementary info. on page 95.
102-9	Supply chain	pages 24–25, 27	
102-10	Significant changes to the organization and its supply chain	pages 9, 38	
102-11	Precautionary principle or approach		The precautionary principle is described in the Swedish Environmental Code and Green Cargo adheres to this legislation in its operations, for example, when purchasing material and chemicals for its maintenance workshops, etc.
102-12	External initiatives		Fossil Free Sweden – <a href="http://www.fossilfrittverige.se">www.fossilfrittverige.se</a> NMC, Nätverket för Hållbart Näringsliv – <a href="http://www.nmc.a.se">www.nmc.a.se</a>
102-13	Membership of associations		RISE Sector and employer association Tågforetagen The Swedish Confederation of Transport Enterprises Confederation of Swedish Enterprise Network for Transport measures International Union of Railways (UIC) Swedish Transport Administration's Railway School TCC – Transport Competence Center The General Contract of Use for Wagons (GCU) Protrain VTI TTI Agreement on freight Train Transfer Inspections Fossil Free Sweden NJS, Forum för Nordiskt Järnvägssamarbete CHARMEC, Chalmers Railway Mechanics Branschprogram Kapacitet i Järnvägstrafiken (KAJT) The Railway Industry Forum (Järnvägsbranschens samverkansforum, JBS)
<b>Strategy</b>			
102-14	Statement from senior decision-maker	pages 4–5	
<b>Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behavior	pages 14–15, 24–25	
<b>Governance</b>			
102-18	Governance structure	pages 48–53	

GRI	Disclosure	Page	Comments
<b>Stakeholder engagement</b>			
102-40	List of stakeholder groups	pages 26–27	
102-41	Collective bargaining agreements		All employees in Sweden are covered by collective-bargaining agreements. In Norway, all production personnel are covered by collective-bargaining agreements.
102-42	Identifying and selecting stakeholders	pages 26–27	
102-43	Approach to stakeholder engagement	pages 26–27	
102-44	Key topics and concerns raised	pages 26–27	
<b>Reporting practice</b>			
102-45	Entities included in the consolidated financial statements	page 43	
102-46	Defining report content and topic Boundaries	page 39	
102-47	List of material topics	page 27	
102-48	Restatements of information		No
102-49	Changes in reporting		No significant changes
102-50	Reporting period	page 39	
102-51	Date of most recent report	page 39	
102-52	Reporting cycle	page 39	
102-53	Contact point for questions regarding the report	page 39	
102-54	Claims of reporting in accordance with the GRI Standards	page 39	
102-55	GRI content index	pages 94–101	
102-56	External assurance	page 40	

## SUPPLEMENTARY INFORMATION

### GRI 102-8 Information on employees and other workers

Dec 31, 2020	Permanent employees	Temporary employees	Total
Men	1,431	250	1,618
Women	350	10	360
<b>Total</b>	<b>1,781</b>	<b>260</b>	<b>2,041</b>

**Comments:** The number of employees reported was correct as of Dec 31, 2020 and pertained to operations in Sweden. We do not report personnel statistics broken down by region. Contracted personnel are not reported in the company's HR system and are not accounted for. The reported figures have been extracted from SAP HR.

## Material topics:

GRI	Disclosure	Page	Comments
<b>SAFETY</b>			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	pages 26–27	See page 97
103-2	The management approach and its components		See page 97
103-3	Evaluation of the management approach	pages 26–27, 29, 30–33	See page 97
GRI 403 Occupational health and safety 2018			
403-1	Occupational health and safety management system	page 32	ISO 45001
403-2	Hazard identification, risk assessment, and incident investigation	pages 24, 30, 32	Safety is our top priority. A strong reporting culture is a fundamental component of a strong safety culture, as is openness and transparency. Our deviation management system, Synergi, offers reporting for unsafe conditions and unsafe behaviors. Reported incidents are managed through root cause analyses and by developing measures to prevent repeat incidents. Green Cargo's whistleblower service allows our employees to anonymously report suspicions of improprieties and serious risks that can harm individuals, our company or the environment. The investigation process is described in Green Cargo's instructions for the whistleblower service: areas of responsibility, filing reports, protection for whistleblowers as well as the individual mentioned in the report and reprisals for misuse.
403-3	Occupational health services		Green Cargo has employed Previa for occupational health services since 2017. The collaboration has worked well and service quality is monitored regularly.
403-4	Worker participation, consultation, and communication on occupational health and safety	pages 30, 32	
403-5	Worker training on occupational health and safety	page 32	
403-6	Promotion of worker health		Green Cargo has a preventive care agreement that includes support for group activities, lectures, massages and preventive health care subsidies.
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	pages 30, 32	Green Cargo actively participates in meetings and works proactively and preventively with infrastructure owners and facility managers to improve and retain a good work environment and safety for everyone where we carry out transportation.
403-8	Workers covered by an occupational health and safety management system	page 32	All employees, including contracted personnel, are covered by the management system. Contracted personnel are managed locally by location and operating area, which means that central operations cannot see how large the share of contracted personnel is.
403-9	Work-related injuries	page 30	Based on reported near-accidents and accidents, we identified that the majority of accidents during the year are related to shunting, meaning it has the most risks in our operations. Slipping, tripping or falling incidents are the most frequent. The total number of reported working hours is included in the Lost Time Incident Frequency calculations. Other supplementary info. see below.
Traffic-safety index			
		pages 25, 26–27	Green Cargo specific areas, measuring method described here: <a href="http://www.greencargo.com/sv/om-oss/resultat--rapporter/">www.greencargo.com/sv/om-oss/resultat--rapporter/</a> (Swedish only)



**SUPPLEMENTARY INFORMATION**

**GRI 403-9 Hazard identification, risk assessment and incident investigation**

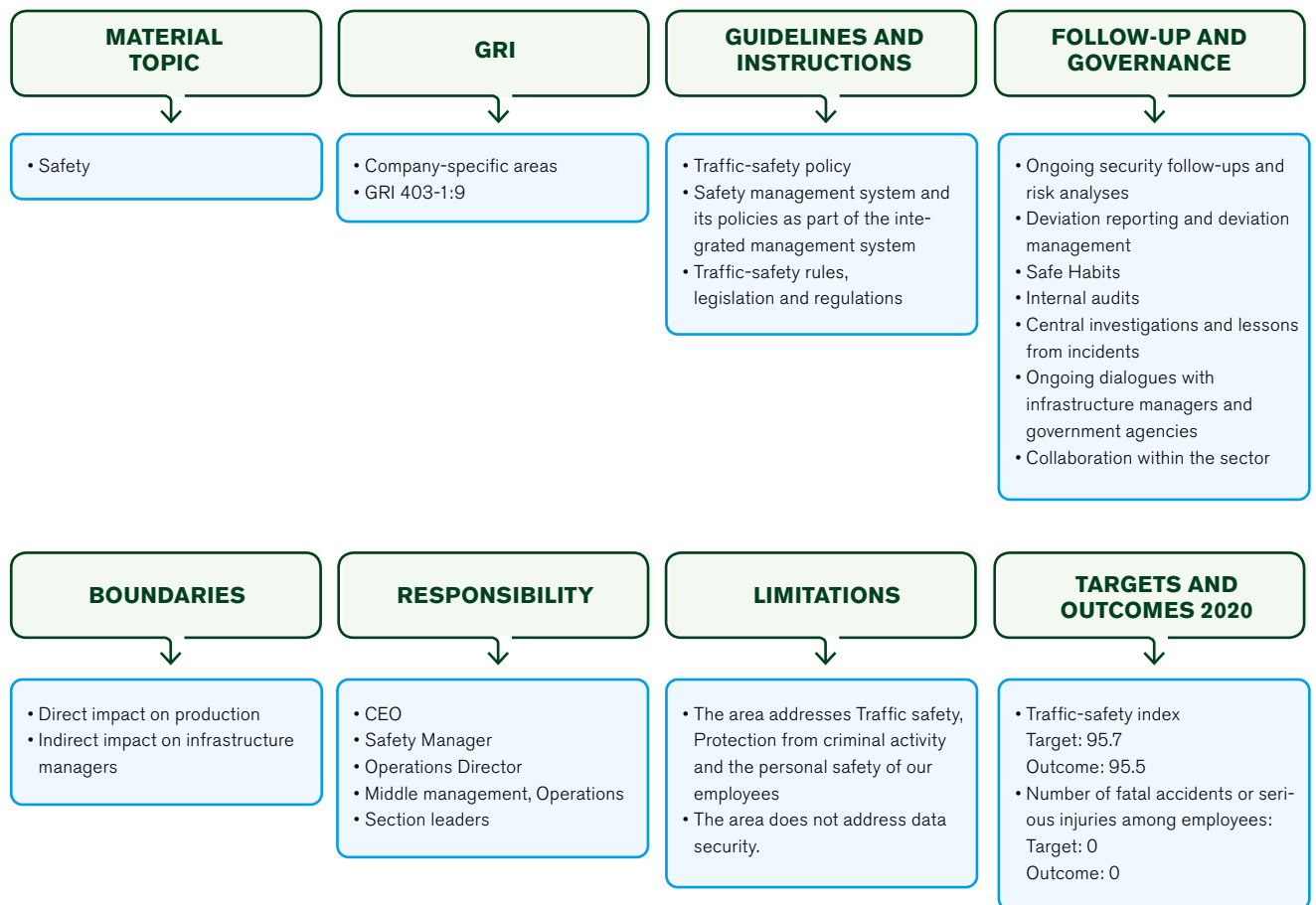
Work-related accidents, near accidents and injuries	2020	2019	2018	2017
Total number of accidents reported <sup>1</sup>	99	54	23	23
Number of accidents per million hours worked	36.5	20	8.4	(8.0) <sup>3</sup>
Total number of near accidents reported <sup>2</sup>	691	657	584	351
Number of fatal accidents or serious injuries among employees	0	1	2	0

**Comments:** Occupational injuries and near-accidents pertain to all employees working on behalf of Green Cargo to occurrences in the specified year (i.e. not necessarily reported in the year in which they occurred). The company's case management system is used for reporting, but we do not report accident statistics or incidents broken down by gender or region. We comply with Swedish legislation when recording and reporting accident statistics.

<sup>1</sup> Undesired work-related sudden event, or consequence of events leading to personal injury.

<sup>2</sup> Undesired work-related event that, in different circumstances, could have resulted in an accident.

<sup>3</sup> 2018 was the first year in which figures were reported



Green Cargo's governance of the focus and material topic Safety is reported above. The state's ownership policy and our management system provide overall governance and are therefore not specified in the table.

GRI	Disclosure	Page	Comments
-----	------------	------	----------

**WORK ENVIRONMENT**

GRI 103: Management approach 2016

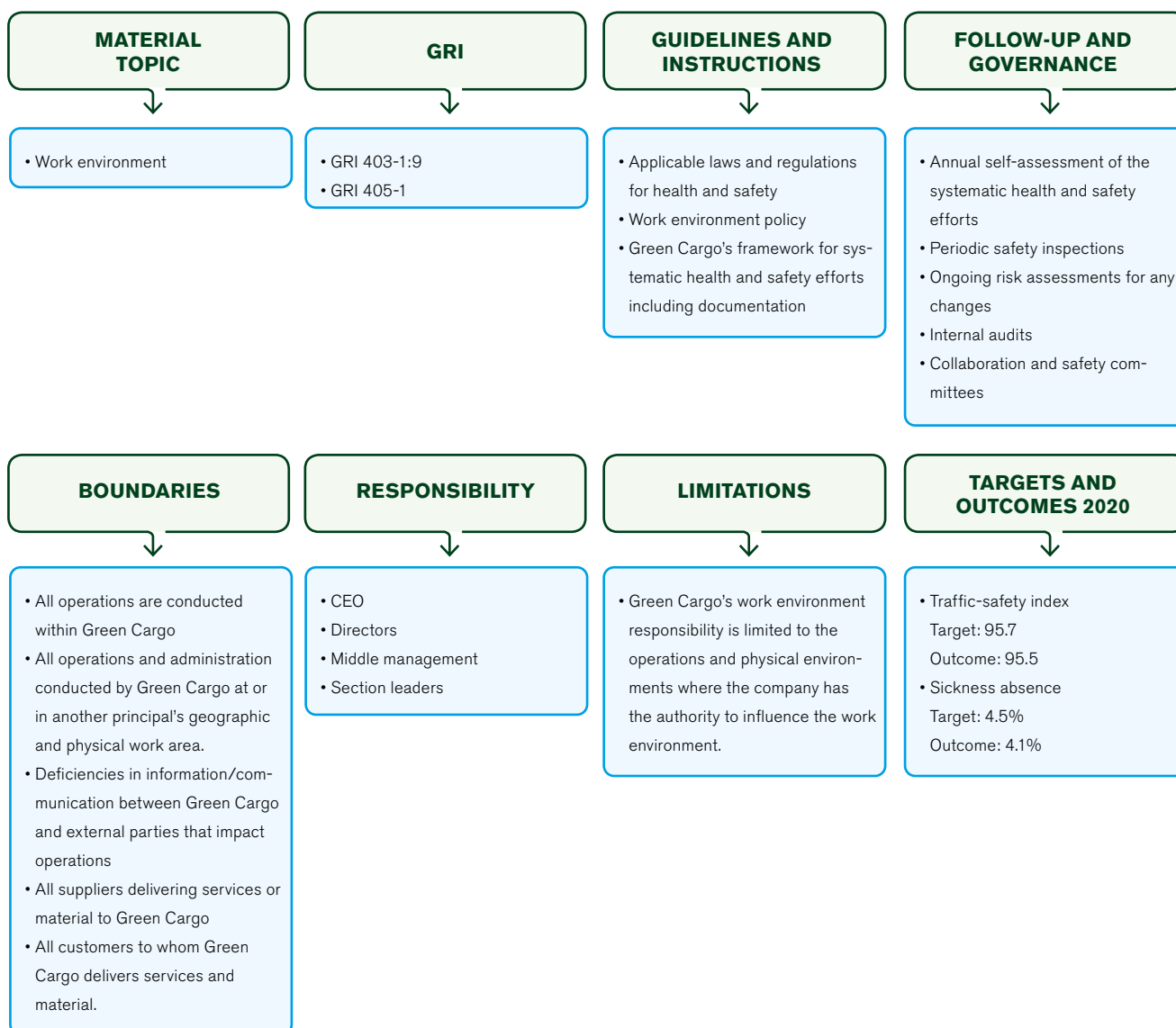
103-1	Explanation of the material topic and its Boundary	pages 26–27	See below
103-2	The management approach and its components		See below
103-3	Evaluation of the management approach	pages 26–27, 29, 30–31, 32–33	See below

GRI 403 Occupational health and safety 2018

		pages 29, 30–31, 96–97	
--	--	------------------------	--

GRI 405-1 Diversity of governance bodies and employees 2016

		pages 8, 29, 32–33, 50	
--	--	------------------------	--



Green Cargo's governance of the focus and material topic Work environment is reported above. The state's ownership policy and our management system provide overall governance and are therefore not specified in the table.

GRI	Disclosure	Page	Comments
-----	------------	------	----------

**ENVIRONMENTAL PERFORMANCE**

GRI 103: Management approach 2016

103-1	Explanation of the material topic and its Boundary	pages 26–27	See below
103-2	The management approach and its components		See below
103-3	Evaluation of the management approach	pages 26–27, 29, 34–35	See below

GRI 302-3 Energy intensity 2016

		pages 29, 34–35	Green Cargo is encompassed by the Act on energy audits of large companies (2014:266) and reported this to the Swedish Energy Agency in 2018. The survey showed that 99% of the company's energy consumption was attributable to the company's freight operations. Property heating and electricity were therefore not included in the figures reported. Energy consumption from electric trains give us an important competitive edge over our competitors. Green Cargo reports energy consumption for transportation using electricity in relation to the ton kilometrage carried out.
--	--	-----------------	---

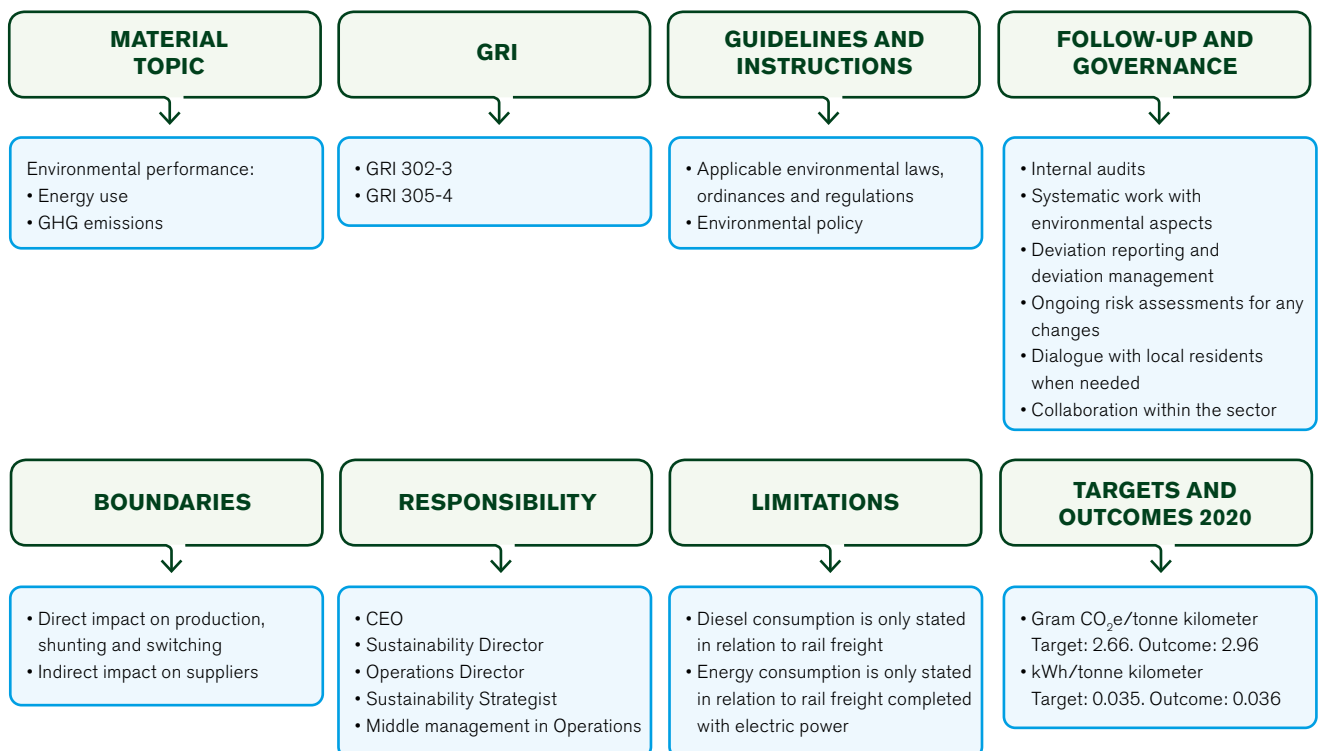
GRI 305-4 GHG emissions intensity 2016

		pages 29, 34–35	Supplementary info. see below. The minimal greenhouse gas emissions (CO2) from electric trains give us an important competitive edge over our competitors. Green Cargo uses large quantities of electricity, but electricity usage only constitutes a small proportion of the company's carbon dioxide equivalent emissions. Most of the CO2 emissions by Green Cargo's operations are due to our shipments drawn by diesel locomotives. Green Cargo does not climate compensate for climate-impacting emissions and is not affected by any GHG-related (Greenhouse Gas Protocol) legislation. The calculations include GHG emissions from operating trains with diesel (Scope 1) and electricity (Scope 2) as well as for outsourced road freight (Scope 3).
--	--	-----------------	---

**SUPPLEMENTARY INFORMATION**

**GRI 305-4 GHG emissions intensity**

CO2, transportation	2020	2019	2018	2017
Total tonnes CO <sub>2</sub>	31,291	32,643	33,261	32,445



Green Cargo's governance of the focus and material topic Environmental performance is reported above. The state's ownership policy and our management system provide overall governance and are therefore not specified in the tables.

GRI	Disclosure	Page	Comments
-----	------------	------	----------

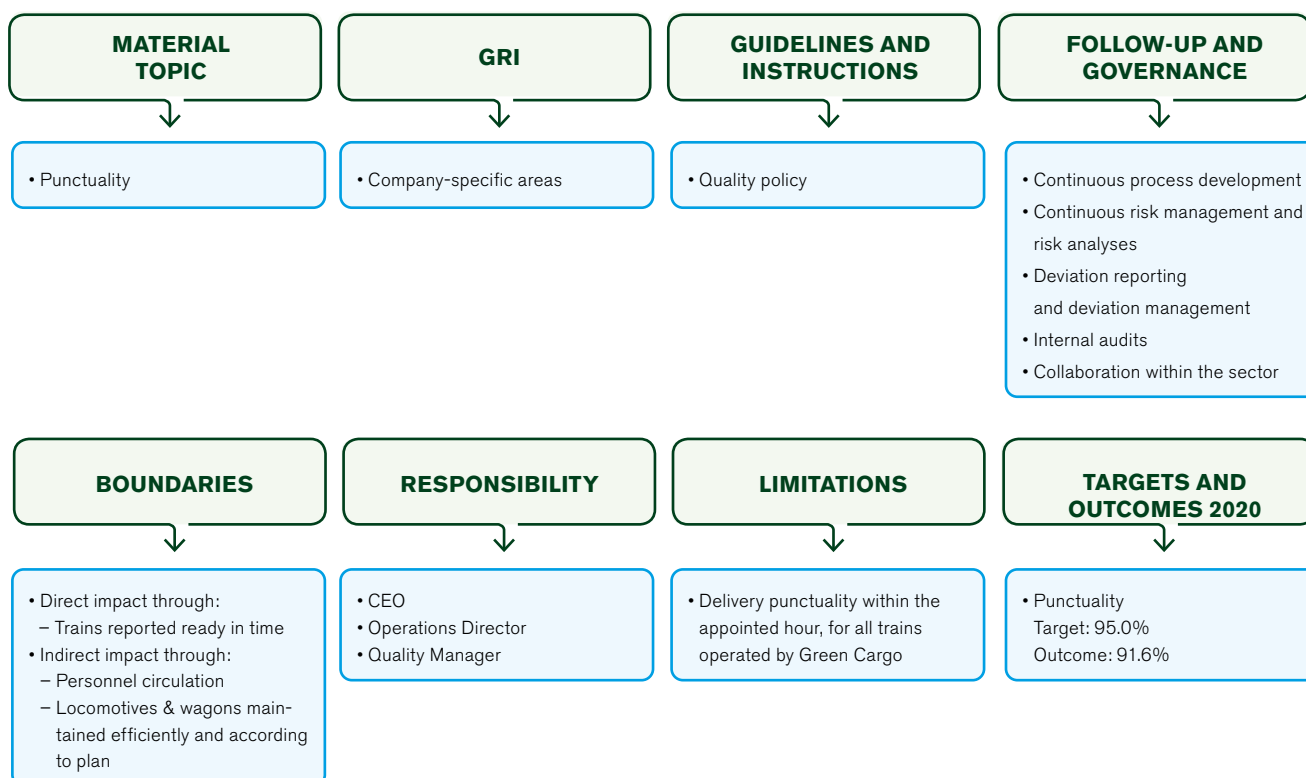
**PUNCTUALITY**

GRI 103: Management approach 2016

103-1	Explanation of the material topic and its Boundary	pages 26–27	See below
103-2	The management approach and its components		See below
103-3	Evaluation of the management approach	pages 26–27, 29, 36–37	See below

Punctuality

		pages 29, 36–37	Green Cargo specific areas, measuring method described here: <a href="http://www.greencargo.com/sv/om-oss/resultat--rapporter/">www.greencargo.com/sv/om-oss/resultat--rapporter/</a> (Swedish only)
--	--	-----------------	--



Green Cargo's governance of the focus and material topic Punctuality is reported above. The state's ownership policy and our management system provide overall governance and are therefore not specified in the tables.

GRI	Disclosure	Page	Comments
-----	------------	------	----------

**ECONOMIC PERFORMANCE**

GRI 103: Management approach 2016

103-1	Explanation of the material topic and its Boundary	pages 26–27	See below
103-2	The management approach and its components		See below
103-3	Evaluation of the management approach	pages 29, 38	See below

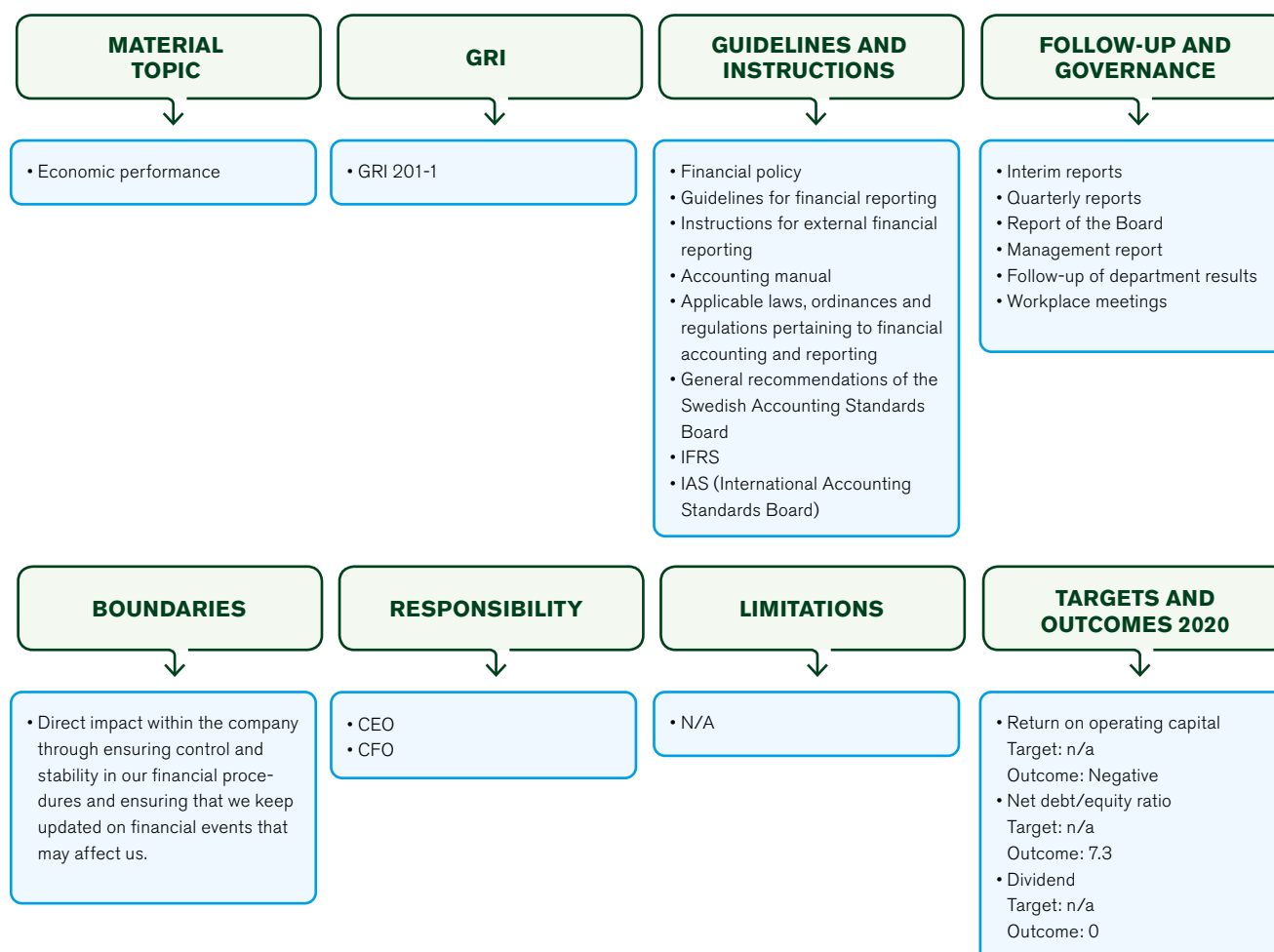
GRI 201-1 Direct economic value generated and distributed

201-1			Supplementary info. see below.
-------	--	--	--------------------------------

**SUPPLEMENTARY INFORMATION****201-1 Direct economic value generated and distributed 2016**

(SEK million)

		2020	2019	2018	Comments
<b>Economic value generated</b>					
Sales	Customers	4,130	4,277	4,314	
Financial income	Financiers	2	1	1	
Share in associated companies	Customers	0	0	3	
<b>Economic value distributed</b>					
Operating costs	Suppliers	-2,592	-2,578	-2,831	
Salaries and benefits to employees	Employees	-968	-926	-926	Excluding social security contributions and pensions
Payments to financiers	Financiers	-34	-19	-45	
Payments to the public sector (taxes)	Society	-400	-386	-390	Social security contributions and pensions
Unrealized changes in value		138	369	126	



Green Cargo's governance of the focus and material topic Economic performance is reported above. The state's ownership policy and our manage-

# Glossary

## OPERATIONAL DEFINITIONS<sup>1</sup>

**Track fees** Track fees or infrastructure fees are those fees paid by train operators to the Swedish Transport Administration for the traffic operated.

**Gross tonne kilometer** The load weight plus the weight of the wagon and locomotive multiplied by the actual transportation distance.

**ERTMS** The European Rail Traffic Management System is a shared signal and safety system that has started to be implemented across the EU area. The implementation is being driven forward by the EU and the fundamental idea behind ERTMS is to facilitate cross-border rail traffic in Europe. However, Green Cargo has already solved this through an operational partnership with DB Cargo and investments in locomotives with a dual power system and equipment that is compatible with the signal systems in Sweden, Denmark, Norway and Germany. Traditionally, the signal system has been considered part of the infrastructure and Green Cargo has criticized the fact that the introduction of ERTMS has subjected train operators to substantial investment costs.

**Sustainable Development** The Brundtland Commission (World Commission on Environment and Development) coined the sustainable development concept, defining it as "development which meets the needs of current generations without compromising the ability of future generations to meet their own needs." Sustainable development is often defined as business activities that are economically, socially and environmentally sustainable.

**Intermodal freight** Shipments that utilize load carriers, which allow the use of several transportation alternatives, for example road and rail.

**Logistics** Strategic management of purchasing, transport and storage of materials, articles and finished goods, and of associated information flows.

**Separate load carriers** Containers that are lifted and moved between various transportation alternatives such as trucks, trains and ships. Examples of load carriers include swap bodies and containers.

**Environmental performance** Measurable environmental impact from operations.

**Net tonne kilometer** Load weight multiplied by billed transport distance. In the Environment section, this measure refers to actual distance hauled and not the distance billed.

**Shunting** Rearranging wagons in a train, or alternatively arranging wagons in order.

**Traffic-safety service** Means performing tasks subject to requirements pursuant to the Swedish Transport Agency's regulations on the training of personnel with work duties of significance for traffic safety.

**Near accident** An event that, in different circumstances, could have resulted in an accident.

## FINANCIAL DEFINITIONS

The company presents certain alternative performance measures (APMs) in the annual report that are not defined according to IFRS. The company is of the opinion that these APMs provide valuable complementary information to owners and the company's management, since they enable evaluation and benchmarking of the company's performance. These APMs should not be viewed as replacements for metrics defined under IFRS. Unless stated otherwise, the following metrics are not defined in accordance with IFRS.

**Return on equity** Profit/loss for the year divided by average equity.

**Return on operating capital** Earnings for the year divided by the average operating capital.

**Gross investments** The value of investments made.

**Items affecting comparability** Profit/loss items that materially affect earnings, and if not showcased impair understanding the company's underlying operational development.

**Average number of full-time equivalents (FTEs)** Average number of employees over the year calculated as full-time equivalents.

**Net investments** The value of investments made less sold assets including reversed depreciation for sold assets.

**Net debt** Interest-bearing liabilities less interest-bearing assets.

**Net debt/equity ratio** Interest-bearing liabilities less interest-bearing assets divided by equity including non-controlling interests.

**Operating capital** Interest-bearing liabilities less cash and current and non-current investments plus equity.

**Interest-bearing liabilities** Liabilities encumbered with costs for interest (lease liabilities, borrowings, derivative instruments and pension provisions).

**Interest-bearing assets** Assets for which returns solely depend on currency, tenor and credit risk (cash and cash equivalents, and financial investments)

**Fixed-income derivatives** Interest-rate instruments, such as, interest-rate swaps where a fixed-interest is paid and a floating interest received for the purpose of hedging debt agreements with floating interest against higher market interest rates.

**Operating margin** Operating profit/loss divided by total operating income. Definition in accordance with IFRS.

**Equity/assets ratio** Equity including non-controlling interests divided by total assets at the end of the period.

**Capital employed** Equity including non-controlling interests plus interest-bearing liabilities.

<sup>1</sup> These KPIs are operational and do not constitute APMs in accordance with the guidelines of the European Securities and Markets Authority (ESMA).

Thank you for your interest in Green Cargo's Annual Report.  
For more information please see: [www.greencargo.com](http://www.greencargo.com)  
If you have any questions, please contact: [info@greencargo.com](mailto:info@greencargo.com).

Text: Green Cargo. Production: Green Cargo and Sjö&Berg. Print: Elanders. Photographers: Anna Norbäck, Magnus Gyllström, Linda Tinglöf, Johan Roswall, Victor Sumegi, Aram Wennström, Ricki Edin, Ulf Wedell, Pär-Johan Wedell, Peter Lydén, Kasper Dudzik and Apelöga. Illustrations: Art-O-Matic.





**green  
cargo**

**Postal address:**

Green Cargo AB  
Box 39  
SE-171 11 Solna, Sweden

**Office address:**

Svetsarvägen 10  
SE-171 41 Solna, Sweden

Switchboard: +46 (0) 10 455 40 00

[info@greencargo.com](mailto:info@greencargo.com)

[www.greencargo.com](http://www.greencargo.com)