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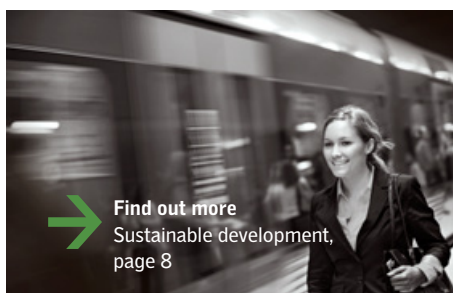
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SL's

vision

Attractive public transport within
a sustainable transport system
contributes towards making
Stockholm Europe's most
attractive metropolitan region.



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About AB Storstockholms Lokaltrafik in brief

SL and the Transport Administration

Storstockholms Lokaltrafik – SL – is the collective name and brand for the procured general public transport on land in Stockholm County.

The Transport Administration of Stockholm County Council has overall responsibility for SL transport services. Through the Transport Administration, Stockholm County Council administers AB Storstockholms Lokaltrafik, which carries out operations in company form.

Business concept

Based on Stockholm County Council's requirements and its stakeholders' expectations, the Transport Administration shall propose and implement regional public transport solutions that make commuting easier and simplify everyday life for the Stockholm region's residents and visitors.

Vision

Attractive and sustainable public transport contributes towards making Stockholm Europe's most attractive metropolitan region.

Development objectives

- Competent strategist
- Competent project implementer
- Businesslike purchaser
- Effective control
- Attractive employer

Areas of responsibility

The Transport Administration manages AB Storstockholms Lokaltrafik's agreements and assets. Transport services, under the SL brand, are operated by companies, following procurement by the Transport Administration, in a free and competitive market. In order to be able to offer the best possible transport services, it is essential that the Transport Administration carries out competent procurement and monitors agreements.

The Transport Administration shall be an expert when it comes to the overall planning, ordering and monitoring of transport services, as well as maintaining and renewing infrastructure. The procured transport contractors are responsible for detailed planning, operating transport services and contact with passengers.

Political control and financing

The Transport Administration is an administrative organisation under the Transport Committee within Stockholm County Council. The County Council Assembly appoints the members of the Transport Committee. The procured public transport is financed primarily via county council tax and revenue from ticket sales.

Sustainability

Sustainability plays a key role in SL's work. In 2013, SL came 22nd out of a total of 228 Swedish companies in Scandinavia's largest sustainability survey, the Sustainable Brand Index, which lists the most sustainable brands each year based on the opinions of 23,000 consumers.



The company's business activities and finances	2013	2012
Number of passengers per day in winter using public transport	786,000	763,000
Satisfied customers using public transport, %	74	73
Number of special transport service journeys and patient transport journeys per day	11,000	10,700
Profit/loss, SEK millions	-21	55
Income for the year, SEK millions	16,325	15,937
Fare revenues, SEK millions	6,448	6,505
Total assets, SEK millions	44,896	41,045
Tax distribution level, %	47.7	45.8
Investment, SEK millions	5,301	4,287

A new look, with a focus on the traveller

On 1 January 2013, Stockholm County Council took over the tasks that had previously been dealt with by the wholly-owned company AB Storstockholms Lokaltrafik, SL. As a result, SL's former employees now have a new employer: the Transport Administration. The main objective and focus of operations – to provide the growing Stockholm region with attractive, sustainable public transport – continues to apply, just as before. SL is, and remains the brand for the procured public transport on land, and AB Storstockholms Lokaltrafik remains as a company for managing agreements and assets.

In terms of transport services, a great deal has happened during the year. We have opened the extension of the Tvärbanan orbital line from Alvik to Solna, begun the extensive modernisation of the Lidingöbanan line and secured bus services for the future through new transport agreements for the city centre and Lidingö.

SL's ticketing system has also undergone major changes. The faithful 40-year-old pre-paid strips have finally been retired with the introduction of the new Reskassan card, onto which funds are loaded. As a result of changing conditions within the telecommunications industry, we have also had to change the method for purchasing sms tickets.

Public transport should be easily accessible. Not only is the ability to buy a ticket quickly and easily important in order to increase travel, it is also necessary in order for transport services to receive the income needed to continue with our essential investments. The Transport Administration and SL have therefore



focused during the year on securing income and creating balanced finances. One important element of this work was the launch of a new type of single ticket, aimed primarily at those who travel less often.

As a significant procurer of goods and services using tax-funded money, SL and the Transport Administration are required to take great social responsibility. Within the framework of the UN initiative for responsible business practices, the Global Compact, SL works actively within the fields of human rights, employment law, the environment and anti-corruption measures. This work is also continuing undiminished within the Transport Administration. So too is the internal work involved in our values, based on cooperation, responsibility, confidence and commitment. Working to ensure that these values permeate our entire operations is important in order to strengthen our professionalism and to

ensure that the passenger always comes first.

Finally, I would like to thank all our passengers, employees and suppliers for their excellent cooperation during the past year, and for helping to contribute through public transport towards making Stockholm Europe's most attractive metropolitan region.

Anders Lindström
MD and Administrative Director

We're extending the Metro!



2013 was a historic year for SL. It involved making significant decisions and much-needed new investments in public transport in Stockholm County. The Stockholm negotiation has been successful, resulting in the biggest expansion of the Metro in 40 years. Combined with the ongoing upgrade of the Red line, this means that the entire Metro system can look forward to far-reaching improvements and increased services. The cooperation between Stockholm County Council, the relevant municipalities and the Government creates brand new conditions for the positive, sustainable development of the entire Stockholm region, which in turn helps to drive the growth of the Nordic region.

Public transport within the county was developed during the past year in a number of areas other than just the Metro. We have opened the extension of the Tvärbanan orbital line to Solna Centrum, and this year the final stretch to Solna station will be opened. The

County Council Assembly has also decided to extend the Tvärbanan orbital line to Kista and Sickla. Upgrades are continuing on the Roslagsbanan light railway and the Lidingöbanan line, and the Saltsjöbanan line will also be improved with newly designed carriages to create more space for passengers. Investments are continuing in new bus terminals to improve the links between bus and rail services, thus creating a more integrated transport network.

This is just a selection of the many public transport development projects. The fact is that we have never had so many projects under way at one time, and the region has never grown as quickly as it is growing right now. The county grows with almost 40,000 people every year, we must keep up this rate of expansion as well as focusing on improving the quality of the existing systems. The ongoing work involved in improving service and disruption information for our passengers and increasing the

punctuality of our transport services are examples of initiatives that are important, and that are clearly appreciated.

The positive trend is continuing. The number of people travelling with SL is increasing faster than the growth in population. Every day, approximately 786,000 travellers now make 2,783,000 journeys using SL transport services. In addition, the Swedish Public Transport Association recently presented its survey showing that the market share for public transport in Stockholm County has increased by 10 per cent since 2010, and that travel with SL is rising at almost twice the rate of the growth in population. According to the Urban Mobility Index, Stockholm is also the world's second best city to move to, and public transport is one of the reasons for this. The Transport Committee's annual report for 2013 shows balanced finances, an increase in the number of satisfied passengers and punctuality that has improved even further, with record levels for some modes of transport.

However, this does not simply happen of its own accord. It is the result of the hard work carried out every day by the Transport Administration and our transport contractors. Without the individual bus or train drivers, no buses or trains can run. Without construction workers, no new terminals will be built, and without our administrators there would be no building plans for new public transport. I would therefore like to say a big thank you to all those who help to develop public transport in Stockholm County on a daily basis. You do a fantastic job!

Christer G Wennerholm
Chairman

An interview with the MD

Here is an interview with Anders Lindström, MD of SL and Administrative Director of the Traffic Administration, on SL's work with sustainable development and the efforts in the scope of the Global Compact in particular.

How well rooted is SL's sustainability work in SL's Board of Directors and the Traffic Committee?

"Our owner, the Stockholm County Council, has a very clear view of how the County Council and its activities should work with sustainability as a strategic issue. This means that this view has been introduced to both SL and Waxholmsbolaget, or from the other side of the coin, the work of the Traffic Administration. Considering that sustainability is a strategic issue – with a cost and a revenue – it is constantly included in our strategic work. In our service report to the Traffic Committee, we must describe our sustainability impact. I then expect them to react if they do not think we have taken adequate action."

You participated in Global Compact's annual meeting Leaders Summit in New York in the autumn. What is the most important thing you took home from the meeting?

"I was convinced that we should continue to participate in the Global Compact and also thereby continue working with the issues. It has a good "output". I also made valuable contacts. I view the Global Compact like this: 1) Sweden is the UN's greatest patron, 2) we believe that the work of the UN is strong and 3) if your organisation participates with its expertise, it contributes something. It is a matter of attitude that we at the Traffic Administration also take our responsi-

bility and a signal to the personnel that we work with these questions. We should think of passenger benefit and sustainable development on both a local and global level."

So SL will continue to participate in and provide its explicit support to the UN Globe Compact?

"Yes."

If an employee wonders why SL works with sustainable development and supports the Global Compact's sustainability principles. What do you say?

"SL takes great responsibility both nationally and locally in terms of sustainability. We also want to spread our knowledge from a global perspective. It is a matter of solidarity. And we can also be inspired in return."

Why should our employees read this report?

"The sustainability issues are difficult, they are a bit diffuse and often politicised. What was good a few years ago, it is not good today. New trends are constantly coming. This report shows where SL's sustainability work is today. I hope it will inspire our employees to get an even better picture of the sustainability and its consequences. During 2014, I will be talking a great deal about a focus on the passenger, and this is largely about sustainability in the public transport we are developing."

How do you ensure that the sustainability issues receive adequate resources in SL?

"The sustainability issues should be established in our way of working. They should be included when we plan, budget, hire and outsource assignments. We have a central organisation for the issues that are emphasized in the operations. We have also prepared a sustainability strategy and the issues are addressed in our decision-making process. Adequate resources for the work exist in the form of staff and allocated budgets."

What do you think of SL's work with sustainable development so far?

"The efforts with our biogas buses and the local cycle of biogas for them are the most distinct. We are almost world leaders on that front. It involves us having introduced the fuel at our transport operators through contracts regulation how they work at the depots and all of the small details on this. I also feel that we are drivers there. Reducing our emissions is our greatest challenge. Another area where we have made considerable progress is accessibility. The County Council is working in coordination with the municipalities to increase accessibility in public transport for a large group of residents."

“We are a service company that wants more people to travel safely, securely, in a clean environment and with clear information.

What results would you like to see from the sustainability work? What are you most proud of? What are you most ashamed of?

“Sustainability should be an important reason for why you choose to take public transport, which I presume the passengers appreciate. I am proud of our employees' strong commitment. However, we can improve traffic planning by, for example, giving buses priority in traffic, electrifying vehicles and creating rational systems for maintenance at depots.”

In concrete terms, how would you like to make all of SL's employees more involved in and committed to the work on sustainable development?

“We are conducting two on-going efforts regarding our corporate culture and our core values, where we have put the passenger in focus. I see this as an endeavour for sustainability in multiple dimensions.”

How involved are you yourself in SL's sustainability work?

“I am most involved in areas that either concern large amounts of money or entail considerable costs for us. This means energy – around depots, cooperation agreements, biogas suppliers and bus standards – and accessibility.

How are you involved in sustainability issues outside of work?

“I am the chairman of my tenant-owner association where we are now working with a large waste project. The older I get, the more involved I've become in sustainability issues like recycling and reuse.”

What is the most important reason why SL carried out a large internal culture effort during the year?

“We got stuck in the processes and forgot about ourselves in connection with the large organisational overhaul in 2011: Where were you as an employee? Where was the pride and identification? What was the main motive? We have identified five areas that are most important to us, our “Big Five”, through group work, participation and consensus.”

During the year, SL also conducted a health project that included a pedometer competition. How well did you do?

“I came in second in the management group with 26,000 steps on average a day. You normally can manage 10,000 steps a day. Those who won walked a full 70,000 steps. By participating, I want to stimulate and support the employees to improve their health.”

The theme for this year's report is the passenger in focus. As the MD and Administrative Director, how do you put the passenger in focus?

“We all have to think based on the passenger's perspective when we prepare decision input, make improvements, develop new systems or make decisions. We are a service company that wants more people to travel safely, securely, in a clean environment and with clear information. To concretise the work, we have established an action plan, appointed a passenger ombudsman and established a resource committee. Now everyone needs to get involved in this work!”

FACTS

Anders Lindström

Title: MD of AB SL and Administrative Director of the Traffic Administration.

Age: turning 59 in 2014.

Background: From corporal to general. Most recently the Chief of Joint Operations with the rank of Lieutenant General in the Swedish Armed Forces. Began as the MD of SL on 1 January 2012.

Family: Married with Katharina. No children together, but three children in their 30s from previous relationships and three grandchildren.

How I get to work: Walk for 60 minutes or take bus 160 from Årsta to then continue by commuter train/Metro to Thorildsplan or Stadshagen.

“SL takes great responsibility both nationally and locally in terms of sustainability.



“This report summarises SL’s sustainability work for 2013. I hope it will inspire our employees to get an even better picture of our sustainability and its consequences. During 2014, I will be talking a great deal about a focus on the passenger, and this is largely about sustainability in the public transport we are developing.”

*Anders Lindström, MD of AB Storstockholms Lokaltrafik and
Administrative Director of the Transport Administration*



Sustainable development



SL aims to contribute towards sustainable social development, and has therefore worked with sustainability for many years within the fields of the environment, accessibility, children, security, safety, employees, procurement and anti-corruption measures. In concrete terms, this has involved SL defining its short-term and long-term sustainability objectives and integrating these issues into its day-to-day operations. SL has been a member of the UN Global Compact initiative since May 2009, and has thereby undertaken to follow its ten principles. Find out more on page 11.

For the fourth year running, SL is reporting on its work with these ten principles in its sustainability report, which follows the Global Compact's guidance on a Communication on Progress in its structure (www.unglobalcompact.org). If you have any questions regarding the report or SL's sustainability work, please e-mail hallbarutveckling@sl.se.

THE GLOBAL COMPACT

SL's route to sustainable development

The politically agreed transport provision programme, with its objectives relating to attractive, accessible and effective travel, sets the framework for the development of public transport within the county. Sustainable development is a clear element of the programme's vision and objectives and hence, also a fundamental feature of the design of SL transport services.

The programme as a basis

SL's operations are ultimately guided by Stockholm County's regional transport provision programme, which was established by the County Council Assembly in September 2012. The programme's vision makes it clear that sustainable development is a fundamental part of this. The programme also includes three overall objectives that run until 2030:

- Attractive travel.
- An accessible, coherent region.
- Effective travel with a low impact on the environment and health.

Four strategies in place...

In order to achieve this vision and the objectives of the transport provision programme, the Transport Administration has drawn up strategies to provide guidance for SL's operations, with a focus on procured public transport. In March 2013, the Transport Committee approved the four strategies – the Traffic Strategy, the Business Strategy, the Infrastructure Strategy and the Sustainable Development Strategy – which are closely linked to each other and should therefore be regarded as a whole. Two more strategies will be drawn up during 2014: a Customer Service Strategy and a Communication Strategy. The focus of the strategies is based on society's resources being used as efficiently as possible. The majority of the field of sustainability is covered by the Sustainable Development Strategy, but in certain cases environmental, noise or accessibility issues have been incorporated into one of the other strategies.

...and guidelines in progress

During autumn 2013, the Transport Administration worked hard to draw up a number of guidelines for each strategy in order to ensure a consistent way of working and good results. Decisions will be made on these guidelines in 2014. Development plans will then be drawn up for these guidelines to establish when various measures will be carried out.

Central sustainability issues

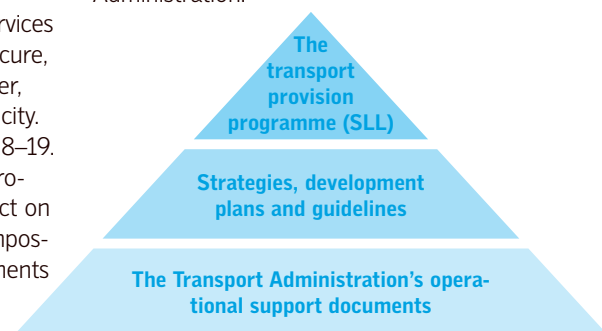
In order for the work involving sustainable development to have the best possible effect, SL is focusing on its most significant issues – from environmental, social and financial perspectives – and areas where SL has the greatest opportunity of having an influence. These issues are encompassed by the four strategies, the guidelines and the forthcoming development plans, and are as follows:

- **Attractive travel.** The more people who use SL transport services instead of driving their own cars, the less local environmental impact, noise and congestion are generated. Find out more on pages 12–15, 18–23.
- **Travel for everyone.** Transport services should be accessible, safe and secure, regardless of a passenger's gender, age, mobility impairment or ethnicity. Find out more on pages 12–15, 18–19.
- **Powerful specifier.** As a major procurer, SL can have a positive effect on its suppliers and contractors by imposing various sustainability requirements and monitoring them. Find out more on pages 11–13, 20, 24.

- **Air emissions.** Some of the buses used for SL transport services still run on fossil fuels, which have an impact on the climate. Find out more on pages 20–23.
- **Noise.** SL's rail and bus services, track maintenance, extension work and depot operations can cause noise in the surrounding area. The traveller's environment – comfort on board and at stations – is also important in terms of noise. Find out more on pages 20–22.
- **Energy-intensive operations.** SL uses large amounts of energy to operate public transport. Find out more on pages 20–23.
- **A major employer.** All employees within SL transport services are important ambassadors for SL, and sustainability should be a feature of all operations and all decisions. Find out more on pages 12, 16–17, 20, 24.

Managing our sustainability work

The Transport Committee decides on objectives and issues of particular importance for SL's sustainability work based on data produced by the Transport Administration.





The Transport Administration's Sustainable Development section – which comes under the Strategic Development department – is responsible for SL's strategic development within the environment and social responsibility. The section also leads the work involving the Global Compact and reports back on progress to the Administrative Director.

The Transport Administration is a purchasing and administrative organisation. SL's impact on its surroundings is therefore mostly indirect. In other words, this depends on how other companies provide their products and services. Hence, SL's sustainability work is mainly put into practice by imposing requirements on suppliers engaged and monitoring compliance with these requirements. In all procurements of SL transport services, the Transport Administration provides information about SL's participation in the Global Compact and the importance of the other party and its sub-contractors acting in accordance with the principles of the Global Compact. During the year, the Transport Administration has focused sharply on improving the monitoring of sustainability requirements imposed in transport agreements through online surveys, monitoring meetings and site audits. The aim is to create continuous dialogue with the transport contractors in order to ensure that these requirements have been understood correctly and to identify any shortcomings. When it comes to monitoring construction contractors in SL's infrastructure projects, project management and control have been improved during the year by drawing up and implementing a programme and project handbook.

Sustainable development for SL

Environmental sustainability

– emissions to air, soil and water, noise, vibrations, renewable fuel, energy, choice of materials, chemicals as well as use of resources/waste, economising on natural resources, communication, requirements in connection with procurement/purchasing, monitoring agreements.

Social sustainability

– accessibility, security, safety, children and young people, working environment, gender equality, social equality, employment law, attractive employer, social involvement, citizen influence, public health, communication, requirements in connection with procurement/purchasing, monitoring agreements.

Economic sustainability

– anti-corruption measures, business ethics, brands, economic efficiency, economising on resources, life cycle costs when purchasing equipment, significant employer, communication, requirements in connection with procurement/purchasing, monitoring agreements.

The ten principles of the Global Compact



Human rights

1. Support and respect the protection of internationally proclaimed human rights within the sphere the company can influence.
2. Make sure that the company is not complicit in human rights abuses.

Employment law

3. Uphold the freedom of association and recognise the right to collective bargaining.
4. Eliminate all forms of forced and compulsory labour.
5. Abolish child labour.
6. Eliminate discrimination in respect of employment and occupation.

The environment

7. Support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development of environmentally friendly technologies.

Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

PRINCIPLES 1–2

Human rights

During the year, SL's extensive work with accessibility has attracted appreciation and attention in the form of two prizes. Security work on public transport has been broadened through new cooperations, investigations and procurements in order to create even better SL transport services for everyone.

Selected policy documents

- Long-term accessibility plan 2011–2021
- Action plan for accessibility 2011–2013
- RiTill – SL's guidelines for the elderly and passengers with disabilities
- More than just thresholds – Stockholm County Council's participation programme for 2011–2015 for people with disabilities
- RiBarn – Guidelines for SL's work according to the UN Convention on the Rights of the Child
- Security policy
- RiJäm – Guidelines for equality in public transport planning
- Procedure for procurement and purchasing

Selected targets and results

- The proportion of buses with low-floor entry shall be 100 per cent in 2013.
Outcome: 99.8 per cent.
- The proportion of buses that kneel at bus stops, i.e. that can be lowered to make it easier to get on the bus, shall be 70 per cent in 2013.
Outcome: 39 per cent. This result is far too low, but has improved somewhat compared with 2012. Continuous driver dialogue and training are needed.

Working methods

Accessibility and children

Issues of accessibility for the elderly and passengers with disabilities and the perspective of children on SL transport services are central. SL is involved in close dialogue, particularly with interest groups for disability issues and pensioner organisations, in the form of both consultation meetings and working parties. In order to maintain a high level of service, SL's customer service employees have undergone special training on accessibility issues. Work on the perspective of children is based on the idea that all decisions affecting children should also be based on what is best for them. This is done through discussions with children, surveys among children and training of staff. In specific projects, SL works with focus groups on issues relating to accessibility and children. The guidelines for accessibility and children are used to impose requirements in procurements and to monitor agreements. Accessibility is monitored through typical journeys and anonymous checks. When it comes to children, monitoring is carried out by checking that transport contractors have carried out the agreed number of school information sessions during the year, for example. However, monitoring work in relation to children needs to be developed in future.

All employees are trained on accessibility and the UN Convention on the Rights of the Child. Examples of questions dealt

with in training on the Convention on the Rights of the Child include: What does the perspective of children involve? How is a child impact analysis carried out? Have eight training sessions on accessibility and four training sessions on the Convention on the Rights of the Child been carried out during the year?

Security

Security on SL transport services is an important area for SL, with the Security Centre forming the hub. Passengers can call the centre if they feel unsafe or want to summon help. From here, SL's procured safety resources – public order officers, safety patrols and hosts from Lugna Gatan, depending on the situation – are also quickly directed to the relevant location. In addition to these resources, SL also has vital and close cooperation with transport operators, the police, municipalities, districts and voluntary organisations. Together with the Security Centre, they form a network for security on SL transport services. On an ordinary weekday there are around 150 safety resources on SL transport services, and around 200 during evenings and at weekends. The Security Centre deals with more than 150 situations during the course of an ordinary 24-hour period, and around 5 000 situations each month.

All safety resources receive special basic training on working with the public, and about legislation, ethics and morals.

“Everyone must feel secure on SL transport services.

JEANETTE HEGEDÜS,
Security Manager at the Transport Administration

Every 15 months, they receive further training on soft values and treatment. SL also places demands on the providers of safety resources to carry out internal training on topical issues. Agreements with safety resources are monitored regularly through anonymous checks.

Equality

SL has also started working with equality in public transport. Not only does this involve public transport itself being equal – where the county's residents should be treated equally regardless of whether they are girls or boys, women or men – it should also contribute towards the overall social objective of equality. For SL, this involves including this perspective at an early stage during the planning and consultation processes, in order to create participation as well as to systematize the work involved. SL therefore now imposes requirements when procuring new infrastructure that they should include a social impact assessment – a report describing how society is affected by SL's plans. For example, a social impact assessment should be carried out before building new tram or Metro lines to evaluate the social effects of alternative routes for different districts and municipalities.

In order to develop norm conscious leadership and employeehip that can then be converted into practical action, Stockholm County Council carries out certified social and gender equality training

for managers and administrators. This training runs for six months, with five active seminar sessions. In 2013, 19 members of the Transport Administration completed this training.

Activities

Nationwide passenger assistant

It should be easy for all passengers – regardless of any disability – to travel via a station or terminal to and from rail transport or buses. SL has therefore long offered escorting, a service for all passengers who need extra help finding their way around SL transport services. During 2013, SL also signed up to Led-sagningsportalen, a national escorting portal. This means that passengers who will be travelling by public transport beyond the area served by SL transport services can request a free escort on public transport for all connections throughout their entire journey in Sweden. This is now possible with just one call to SL customer service. The aim is to get as many people as possible to want to travel independently.

New accessible vehicles in service

At the end of the year, three out of twelve new Tvärbanan carriages (A35) were in service on the stretch between Alvik and Solna Centrum, i.e. the Tvärbanan orbital line's Solna branch line which was opened at the end of October. The vehicle project which began in 2008 has therefore reached its goal. In the project, SL has for the first time worked

99.8%

of SL's buses have low-floor entry. The target for 2013 was 100%.



During the year, SL's extensive accessibility work won two awards. One of these was the St Julian Prize in the accessible information and communication category from the City of Stockholm.

“All citizens have the right to participate in society on equal terms.

DITTE KAHLSTRÖM JANSSON,
Accessibility Specialist at the Transport Administration



SL and Save the Children Sweden have worked together to get the message across that help is available via the Security Centre. (Poster for upper secondary schools from SL and Save the Children Sweden.)

14 000

badges and wristbands featuring SL's safety helpline number:

020-120 25 25

were handed out to young people at Europe's biggest youth festival, We Are Sthlm.



Amir Amirrazi (DHR), Lars-Gunnar Persson (HSO), Anders Lissegårdh (HSO) and Bengt Jansson (HSO) has influenced the design of the new Tvärbanan carriages (A35) which came into service in 2013.

in close cooperation – from inception – with interest groups for disability issues to create as accessible a carriage as possible. All the way from guidelines and enquiry documentation through to the finished product. This vehicle procurement has then laid the foundation for the vehicle requirements specified in RiTill that are used in SL's procurements.

Award-winning accessibility

During the year, SL's extensive accessibility work has won two awards: The Swedish Association of Visually Impaired Youth's Inclusion Prize and the St Julian Prize in the accessible information and communication category from the City of Stockholm. Both these prizes highlight SL's work to make it easier for people with visual impairments to use public transport, for example, with automated information systems using speech and text, electronic signboards, stop and line announcements, spoken real time information at stops and Metro stations, and flexible escorting. One of the reasons for awarding the St Julian Prize was: "SL's work to increase informative and communicative accessibility is a good example for others." Communicative accessibility is all about how available and decipherable information and communication are for people with disabilities.

Save the Children Sweden spreads the safety helpline number

During the year, SL has worked with Save the Children Sweden's three Stockholm districts on safety. Through its Young Voice 2011 survey, Save the Children Sweden has noted that many children and young people feel unsafe when using public transport, and this is also apparent from SL's own surveys. Through its contact network at all the county's primary and secondary schools, Save the Children Sweden has spread information about SL's Security Centre and safety helpline. Find out more at sl.se/trygghet.

Continued preventive work at schools

SL's own school information hosts – around 40 employees from SL's transport operators – have again, in 2013, visited year five in particular at all the county's schools. The aim is to establish early contact with young SL travellers and to carry out preventive work. The information hosts have provided information about SL's safety work and the safety helpline. Other issues discussed with the children have involved how they can travel safely, vandalism and graffiti, and the importance of paying for journeys.

Young people in Tensta interpret safety

In Tensta, the local school children have been involved in the art at the Metro station for many years. The permanent artwork at the station is by artist Helga Henschen. A project was completed in 2013 with Ross Tensta Upper Secondary School. The pupils' task was to take photographs on the theme of what safety on SL transport services means to them. The "Tensta Interprets Safety" photographic exhibition was opened in May 2013, and will now be displayed along both platform walls for a number of years. SL is following the artist's wish that there should be pictures created by children and young people in Tensta at the station. SL's collaborative project with young people in the Tensta area is continuing.

Festival focus on safety

For the eighth year running, SL took part in Europe's biggest youth festival, We Are Sthlm (formerly Ung08). Once again, the theme was safety. At SL's marquee, music and activities were combined with information about the Security Centre and SL's safety helpline, 020-120 25 25. The young people also had the opportunity to meet SL's various safety resources and school information hosts. A total of 14 000 badges and wristbands featuring the safety helpline number were handed out to young



For the eighth year running, SL took part in Europe's biggest youth festival, together with SL's safety resources.

people. Once again this year, SL listened to views from young people about how SL can make transport services even safer. Many of them wanted more adults on transport services, both uniformed workers and "regular" adults. Good ideas from young people that have been implemented since the 2012 festival include:

- The safety helpline number is shown on all public transport information boards.
- More adults are available on transport services.
- Schools have received information via Save the Children Sweden and SL's school information hosts.
- New cooperation with voluntary organisations.

Studying safety more broadly

In November, SL had a study carried out to gain a better understanding of what affects perceived safety on public transport. Having previously focused on young

people and people with disabilities, women and the elderly were now also included. Each focus group consisted of between five and seven participants, who met for two hours. The groups combined passengers with people who avoid using public transport either entirely or to some extent for safety reasons. The study showed that safety means different things to different people, from knowing whether the lift works and whether they will be able to get on board a commuter train, to avoiding rowdy passengers, drunks, disturbances and dark platforms. Areas for improvements that were highlighted in the study will be included in the ongoing safety work, with initiatives targeted towards these groups.

More modern camera system improves safety

During the year, SL's camera system, which controls 4500 cameras at Metro and commuter rail stations, was upgraded with new software. The new software involves a more modern mapping and

positioning system, making it possible for the Security Centre to know where SL's safety resources are at any given time. In this way, the Security Centre can direct these resources more quickly to locations where help is needed. This improves safety for both passengers and staff on SL transport services.

Equality on transport services reviewed

In order to demonstrate the links between public transport and equality in today's society, SL produced a thematic report in 2013 on women and men on public transport. This report highlights aspects relating to equality and the differences between male and female travel patterns. Ultimately, designing the transport system so that it can be used by everyone, regardless of their gender and any disability, means a better system for everyone. This represents a continuation of the inventory work of the current knowledge situation within this area carried out in 2012.

PRINCIPLES 3–6

Employment law

The first year for all SL employees with the Transport Administration as their new employer has come to an end. In order to improve the organisation's chances of achieving set objectives – while also creating participation, motivation and commitment – extensive culture work began in 2013.

Selected policy documents

- Stockholm County Council's staff policy
- Guidelines on working environment
- Guidelines on pay structure
- Cooperation agreements with the unions (including collective, working environment and co-determination agreements)
- Gender equality plan 2012–2014
- Procedure for procurement and purchasing

Working methods

On 1 January 2013, all employees at AB SL changed employer to the Transport Administration within Stockholm County Council. The Transport Administration works in a systematic and preventive manner to ensure safe and secure working conditions for employees. All staff shall of course be treated equally, regardless of union affiliation. Four cooperation meetings are held each year with the three union organisations (Vision, Saco and Seko) with which the Transport Administration has entered into collective agreements. Operations, finances, the working environment and staff issues are discussed at these meetings. Skills form the central issue when it comes to

recruitment – gender, age, sexual orientation, foreign origin and physical disabilities must not be taken into account.

All work relating to staff is based on striving to be an attractive employer. Internally, the gender equality plan and the County Council's public health policy are important tools, and managers receive ongoing training on equal treatment issues. Every year, employees give their views of the business in a survey which is followed up with action plans. In the event of harassment, the employee should turn to his or her manager in the first instance and the HR section in the second instance. In the third instance, confidential discussions with the company healthcare provider will be offered.

Activities

Intensive culture work...

With the reorganisation in 2011 and a new employer in 2013, the last few years have been very much about structural issues for our employees. Softer issues such as culture and values have had to wait. In spring 2013, however, these aspects were highlighted in order to create an effective and healthy organisation. The question that was asked was

this: What culture do we need in order to achieve our objectives? This began with the Transport Administration's management team devising a platform for the work relating to culture. All employees were then closely involved in open dialogue meetings, workshops and working meetings. During an employee day in June, everyone had the opportunity to influence the direction of the work relating to culture by selecting five areas to be prioritised from 20 different proposed areas, in order to achieve the operational objectives: "the Big Five".

Taking these as a starting point, every department, section or group then continued working with these five areas. Since then, the Transport Administration has worked particularly hard with one of the five areas: A focus on the passenger.

... and the new significance of our values

Within the framework of the year's work with values, the organisation's focus on the "SAFE" values – in English, cooperation, responsibility, confidence and commitment – has been updated. In order to create a sense of involvement in the work on the significance of our values, employees have once again been involved in various ways. In October, the management team invited employees to dialogue meetings at which they had the opportunity to discuss the content of the values with management and to write suggestions on a wall. During the management conference in November, this

Gender equality in management	2013	2012	2011	2010
Number on Board + deputy members ¹	3 + 0	3 + 0	3 + 0	13 + 13
– of which women	2 + 0	1 + 0	1 + 0	5 + 6
Number in company management ²	7	10	8	13
– of which women	3	3	3	6
Number of managers ²	44	43	36	77
– of which women	22	22	16	37

¹) Relates to the Board of AB SL.

²) 2013 relates to the entire Transport Administration including AB SL. From 2013 onwards, all employees are employed by the Transport Administration, which also carries out other operations in addition to SL transport services. 2010–2012 relates to AB SL.

work continued by developing proposals – based on suggestions received and materials from earlier – for topical, relevant significance for these values. Finally, employees were asked to take a position on what each value should stand for. At a workshop for the entire business, employees agreed on the significance that should apply and thus provide guidance in future: SAFE 2.0.

Equality training

During the year, all managers within the Transport Administration have received equality training, including both theory and practice, over the course of two days. The aim of this training was to clarify the issues involved, to put these on the agenda and to break old habits and ways of thinking. It also involved understanding the importance of healthy working teams with a good balance, with the ultimate aim of creating more equal travel. This currently involves including various requirements that control equality in guidelines, agreements and procurements. The training is part of the work involved in leadership development.

Focusing on health

During the year, the Transport Administration has carried out a major employee health initiative: Health Track 2013. This consisted of various different activities, including a step competition, encouraging participation in races such as Kungsholmen Runt, and inspirational talks. The step competition, in which several County Council businesses took part, involved many Transport Administra-

tion employees. A total of 37 teams took part, with each participant walking an average of 283 kilometres. The Transport Administration achieved the best results from the entire County Council, and also had the best team. The competition resulted in greater solidarity between employees, and emphasised the importance of regular exercise.

An award-winning attractive employer

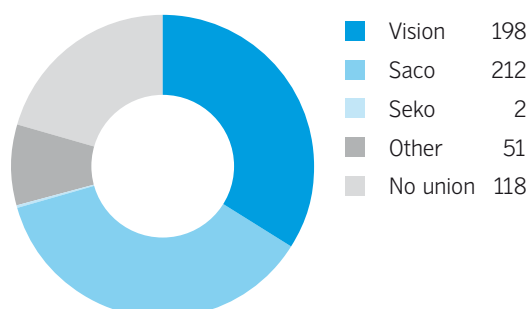
During the spring, the Transport Administration won an award from the Swedish Institute of Human Resource Indicators as the organisation with the greatest improvement in its Attractive Employer Index. The institute's Attractive Employer Index describes working conditions within the organisation from the employee's perspective, based on good working conditions leading to job satisfaction and effectiveness. The year's results are the best so far for the Transport Administration/SL, which first took part in the measurements in 2008 in order to have an external comparison for attractiveness as an employer.

FACTS/Five prioritised culture areas – “the Big Five”:

- We focus on the passenger
- We have common objectives and we know where we are heading
- We work together across all borders
- We have a high ceiling and an open climate
- We have fun together and we enjoy working

Number with trade union affiliation within the Transport Administration 2013

Around 80 per cent of the Transport Administration employees are organised within trade unions.



283 km

per participant – the average for the Transport Administration's team in the step competition included in Health Track 2013, a major employee health initiative.

“Within a strong culture with a clear passenger focus, we work together better towards clear objectives.

JOHAN NORDGREN,
Communication Strategist
at the Transport Administration





CASE STUDY:

Metro to Nacka

SL transport services involve people and are an important part of everyday lives. Being able to travel by public transport is often absolutely essential. When planning to extend the Metro to Nacka – a preliminary study began in 2012 – it was central that the public should have their voice heard at an early stage.

Better decision-making data...

In infrastructure projects, consultation is part of the statutory democratic process. It fulfils an important function. The public and those affected can give their opinions on planned expansions and the project also gets better decision-making data thanks to all the views and ideas.

... requires new forms of meetings

"When, where and how can I share my thoughts about extending the Metro to Nacka? A long day at work, then pick up the little one from daycare, buy groceries, cook dinner, put the kids to bed, do the laundry and tidy up..." To help people juggle their busy everyday lives, the starting points for the project were accessibility and dialogue. It should be easier to get involved and have their say: Using online surveys – as part of an early dialogue – to start by listening to what people think and what they ask about. The surveys were followed up with consultation meetings, in Nacka, Stockholm and Värmdö, with long opening hours and close to SL transport services. Accessibility in several senses of the word. At these consultation meetings, everything that had come up during the

early dialogues was reported on. Feedback is a key part of dialogue.

Further consultation will be held with the public, those affected and organisations as part of the continued planning process for the Metro extension.

How the dialogue/consultation took place:

- December 2012 to January 2013
- Early dialogue in the form of digital accessible survey number 1. A web link and a QR code to the survey were advertised in the national and local press, on the Metro and at sl.se.
 - » The following question was put to the public: Which stretches and station locations do you prefer?
 - » 3500 responses were received. Valuable ideas were included in the continued preliminary study work.
- April 2013
 - » Five consultation meetings were held on different days between 15:00 and 21:00 at Nacka Town Hall (two meetings), Kvarnberg School in Gustavsberg, Fryshuset in Södra

Hammarbyhamnen and Münchenbryggeriet on Södermalm. Information folders about the preliminary study and the consultation were distributed to residents and those affected along the Metro stretches.

- » The meetings were held in the form of open house sessions with an exhibition based on five stations:
 - 1) About the preliminary study,
 - 2) Line routes and station locations,
 - 3) The early dialogue,
 - 4) Environmental issues
 - 5) Depot for Metro trains.
- » Here, visitors met sub-project managers from the Transport Administration's preliminary study and representatives from the City of Stockholm and Nacka and Värmdö municipalities.
- » Alongside the physical meetings, digital survey number 2 was also made available via QR code, web link, sl.se and sl.se.
- » The following questions were put to the public: What do you think about an extension of the Blue Metro line to Nacka? Which stations do you think there should be along the new Metro route?

“The response has been fantastic. We have received almost 5 000 opinions – everything from digital survey responses and e-mails with maps to in-depth investigations. The project team has read everything and responded in the consultation report.

CARINA KLING,
Public Relations Officer at the Transport Administration

Would you use public transport more if the stations you chose were built? Are there locations along any of the proposed stretches where a Metro line would be inappropriate? If so, where?

- » Issues: Which environmental issues should the environmental impact analysis investigate and describe?
- » These questions could also be answered at the consultation meeting using the computers that had been set up at the venues.
- » For those who wanted to share additional opinions, these could be sent by post or e-mail.
- » 1,500 survey responses and opinions were received, mostly from the public, but also from authorities and organisations.

- August 2013

- » The report “Samråd om Tunnelbana till Nacka, april 2013 – inkomna synpunkter och Trafikförvaltningens svar” (“Consultation on the Metro to Nacka, April 2013 – opinions received and the Transport Administration’s responses”) was completed and published at sll.se. This consisted

of a total of 306 pages of text. It is part of the consultation report which will be included in the finished preliminary study.

- Beginning of 2014

- » The Metro to Nacka preliminary study is expected to be complete. Find out more at sll.se/tbananacka.

FACTS/Developing the concept

In connection with the preliminary study on extending the Metro to Nacka, SL reviewed the planning of the consultation meetings to create a more equal dialogue. The format was changed so that consultation now took place in the form of an open house session. This made it easier for parents of small children, for example, to take part as the times were more flexible. Above all else, the open house format meant more opportunities for direct dialogue with representatives from the project. In addition to consultation meetings in the new format, digital surveys were introduced as a tool for early dialogue with the public. This resulted in more responses than is usually the case with consultations. SL will therefore continue to work with this concept.



Which stations do you think there should be along the new Metro route?



The meetings were held in the form of open house sessions with an exhibition based on five stations.



For those who wanted to share additional opinions, these could be sent by post or e-mail.

PRINCIPLES 7–9

The environment

During the year, SL has been involved in two major EU environmental projects: the Quiet Track noise project and the Zeus hybrid charging project. Cooperating with, learning from and being inspired by each other is essential if we are to succeed in meeting the environmental challenges within public transport.

Selected policy documents

- Environmental Challenge 2016, environmental policy programme for Stockholm County Council 2012–2016
- Environmental policy
- Environmental targets and principles
- Environmental handbook – Procedures for environmental control in SL's construction projects
- Policy regarding airborne noise from rail transport
- RiBuller – Guidelines on noise and vibrations
- Procedure for procurement and purchasing

Selected targets and results

- By 2016, travel with SL (general public transport) shall have increased by at least a retained market share compared with 2011.

Outcome: 3.0 per cent increased travel in 2013. SL's most important contribution towards a better environment is that travel by general public transport is increasing. The number of passengers using SL services on a weekday in winter in 2013 was 786,000, compared with 763,000 passengers in 2012.

- By 2016, the proportion of renewable fuel for transport in County Council-financed operations shall be at least 75 per cent.

Outcome: The proportion of renewable fuel for bus services was 75 per cent, and the proportion for rail services was 100 per cent in 2013.

- By 2016, the proportion of renewable energy for heating, cooling and electricity for premises where County Council-financed operations are carried out shall be at least 95 per cent.

Outcome: 97 per cent. The proportion of heating for SL's premises coming from renewable sources rose by 1.7 per cent in 2013 compared with 2012.

- County Council-financed operations shall impose relevant and measurable environmental requirements in all procurements of goods and services, in both central and local procurements. The requirements in the environmentally most prioritised procurements shall be monitored and checked over the course of the agreement.

Outcome: SL has a procurement procedure which states that environmental requirements shall always be imposed in a procurement. The environmental aspects are identified during the stage before the procurement, where templates for acquisition and implementation decisions should be used. These templates contain six environmental aspects, and if any of these are identified then relevant requirements are imposed for the specific procurement. Find out more about monitoring on page 22.

- By 2016, emissions of particulates and other air pollutants to the environment from Stockholm's public transport shall have reduced by 10 per cent compared with 2011.

Outcome: In relation to passenger kilometres, emissions of particulates have fallen by 21 per cent and emissions of nitric oxides have fallen by 22 per cent compared with 2011. The reason for this reduction is that a large proportion of the old diesel buses have been replaced with new buses.

Working methods

SL works according to an ISO 14001 certified environmental management system, ensuring preventive, effective and systematic efforts to reduce environmental impact. Based on Stockholm County Council's environmental policy programme – Environmental Challenge 2016 – relevant requirements are imposed in procurements in order to steer towards target fulfilment. In order to ensure that the objectives included in the programme are achieved, it is extremely important that the environmental requirements are monitored and that there is a dialogue with suppliers. This work has been developed during the year, through extensive mapping of how the transport contractors comply with the environmental requirements in the agreements. SL shall report annually to the County Council on how this work is proceeding. During 2013, SL's own environmental work has been audited by third parties on two occasions: The County Council auditors have reviewed steering towards the objectives in Environmental Challenge 2016, and an external auditor has reviewed how

“SL works proactively with transport and vehicle procurement to create a good environment for travellers and residents.

MARTIN ALMGREN,
Noise Specialist at the Transport Administration

the environmental management system complies with the requirements of ISO 14001.

In order to ensure that all employees understand SL's positive and negative environmental impact and find out how the business works with environmental issues, compulsory environmental training is carried out. This training is updated regularly based on the applicable environmental targets. SL actively shares its experience, particularly when it comes to renewable fuels, and cooperates with others to develop and disseminate more environmentally sound technology within this field.

Activities

Applied for voluntary permit assessment

In December 2013, SL submitted an application to the County Administrative Board for voluntary permit assessment for rail transport on the Roslagsbanan light railway – an important milestone in a process that began in 2012. This means that an overall assessment will be carried out of the Roslagsbanan light railway's environmental effects, both

positive and negative, and that SL can then set conditions which govern operations based on the Swedish Environmental Code. The need to apply voluntarily for operational permits has arisen as individual municipal environmental boards have recently advised SL to take action at a number of properties along the Roslagsbanan light railway in Danderyd and Täby municipalities. Through permit applications, strict and clear environmental requirements are placed on operations, while at the same time rail transport on the Roslagsbanan light railway can be operated in a manner that benefits travellers, local residents and neighbouring businesses.

Pioneering guideline for noise

During the year, SL has worked hard to draw up a firm guideline for noise and vibrations in order to quality assure operations. This is thought to be the only work of its kind to be carried out in Sweden. An external reference group, including participants from the Swedish Transport Administration, has also been linked to the internal group drawing up the guideline. SL has complex noise

patterns, as much of public transport is operated in town centres with large volumes of people and traffic, and where shopping centres are often integrated with public transport stations.

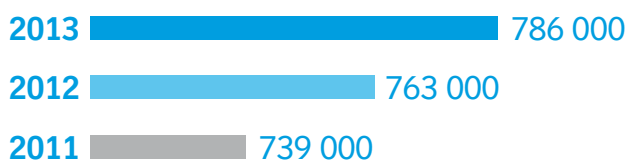
Trackside barriers for quieter traffic

Trackside noise-reduction barriers are being used increasingly often alongside SL's light rail tracks. The advantages of these barriers are that they are effective in reducing noise, have a lower cost than conventional barriers and do not disrupt the landscape. On a short section of the Saltsjöbanan line between Saltsjö-Järla station and Storängen station, SL has trialled barriers and carried out noise measurements during the year. The results are expected in early 2014. Regardless of the results, the barriers will remain in place. If the results of the trial are positive, these barriers will also be used on other stretches along the Saltsjöbanan line when improvements are made to the entire line. A decision has been made to apply trackside barrier technology on the Roslagsbanan light railway, and planning permission was granted for this in 2013.

Proportion of renewable energy for SL activities¹⁾



Number of passengers on a weekday in winter



¹⁾ Updated information compared with the 2012 accounts. Information covers SL's core operations: bus and rail services, and properties.



The best noise reduction measure is a quiet vehicle.



The EU project Baltic Biogas finished in 2013. In connection with the completion of the project children in Estonia got to draw the future environmental friendly buses.

EU project for quiet tracks

The Quiet Track EU project on track noise began in June 2013. SL is taking part in this project together with other Metro players, such as Strukton, MTR Stockholm and Tyréns. The project will run until 2016. Through its involvement, SL hopes to gain knowledge and experience on permit-based maintenance, which in the long term could lead to improved maintenance with lower sound levels and reduced maintenance costs.

Pilot study on energy efficiency

Previous years' energy studies showed significant opportunities for SL to save on energy. During 2013, SL has continued to work on testing concrete measures. For example, a pilot study has been started at Kallhäll bus depot. There, a timed energy supply system has been installed on bus ramps, providing buses with electricity and heat when they are not in operation. Instead of having electricity permanently connected to the bus ramps as would usually be the case, it has only been connected for a few hours before buses go into service so that they are warmed up when the driver and passengers board the bus. The report from this study, which was financed with energy efficiency support from the Swedish Energy Agency, is expected to be ready in the first quarter of 2014.

Better monitoring of environmental requirements

During 2013, SL has developed and improved the monitoring of environmental requirements – and certain accessibility requirements – in its transport agreements. This approach involves an annual cycle that begins with an online survey that is followed up at meetings with the transport operator in ques-

tion. In this way, 22 out of 23 different transport areas (transport agreements), excluding replacement transport, have been monitored during the year. This monitoring shows that many transport operators have voluntarily taken on the challenge of monitoring stricter chemical requirements than agreed. At the same time, there are also many areas where improvements are needed. During the year, inspections and audits of transport operators have become more systematic. Audits are now based on a method that takes safety, the environment, the working environment and quality into account. All planned audits (13) for 2013 were carried out. In addition to the survey and audits, SL also monitors the requirements in agreements in a number of other ways, such as through monthly business meetings or vehicle checks.

Hybrid buses in the city centre

During the year, SL has procured bus services in Stockholm city centre and on Lidingö. One new feature of this procurement is that, in addition to ordinary requirements for renewable fuel, SL also requires the bus fleet to be made more energy efficient, in this procurement by five per cent up until 2017. Keolis, which won the procurement, has therefore ordered around 200 new buses, including hybrid buses, which will be operated from the launch of the service in August 2014. At low speeds, these hybrid buses run on recycled energy from their brakes. This means less fuel consumption, reduced emissions and lower noise levels.

Safer biogas deliveries

SL has negotiated new agreements with Fordonsgas Stockholm AB and Stockholms Gas during the year to secure deliveries of biogas to around 280 gas

“We can improve our environmental performance through dialogue and collaboration with our transport contractors.”

HELEN MAALINN,
Environmental Management Strategist at the Transport Administration

buses used for SL transport services up until 2015. The agreement with Stockholms Gas also means that, from 2013 and for the next ten years, the biogas will be delivered using gas pipelines to SL's biogas depots instead of on lorry platforms. The new pipeline distribution means a safe and secure supply, while also avoiding heavy lorry transportation through Stockholm. SL will carry out further biogas procurements to secure a long-term supply from 2015 onwards.

Striving to achieve a toxin-free environment

Chemicals are becoming an increasingly important issue for SL in our efforts to achieve a toxin-free environment. This is particularly relevant in connection with SL carrying out many large construction projects. Here, strict chemical requirements are imposed in procurements to avoid the use of hazardous chemicals. The tools used by SL when assessing construction materials are the Byggvaru-bedömningen database and Stockholm

County Council's list of chemicals to be phased out that are hazardous to the environment and health. During 2013, SL started a project to improve the monitoring of requirements imposed by devising a monitoring system. This will facilitate the work involved, which is becoming ever more important as many new building contractor agreements have arisen and there is therefore more to be monitored. In its guidelines for the environment and energy, which are currently being drawn up, SL will also select a number of product groups on which to focus in the future when phasing out products.

Chemical requirements for vehicle procurement

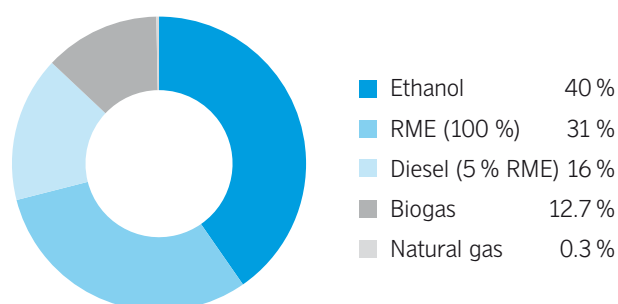
Naturally, SL imposes strict chemical requirements on parties such as vehicle manufacturers. One example of this is the procurement carried out by SL during the year for new Metro carriages from vehicle manufacturer Bombardier. Here, requirements were imposed on the

circuit boards in carriages being completely free from the heavy metal lead, which is not normally the case. In practical terms, this means that lead in the solder for the 90 carriages ordered will gradually be phased out, corresponding to a total of 26 kg of lead.

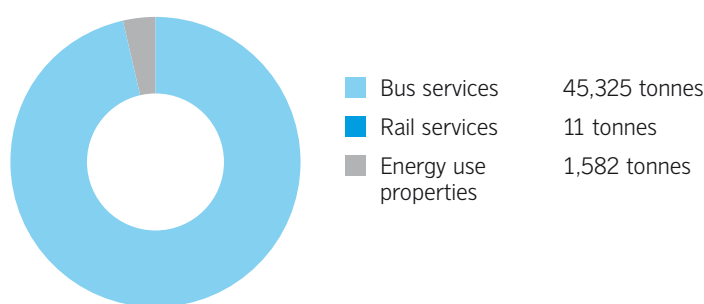
Environmental coordinator network

In order to create a contact network and a discussion forum for environmental coordinators in SL's large infrastructure projects, SL took the initiative in 2013 to create an environmental network that holds four meetings each year. These meetings are based on open questions from participants. The aim of the environmental coordinator network is to contribute towards a common way of working, through exchanging experiences and ideas, in order to reduce the environmental impact of major infrastructure projects. The network has proved popular, and has attracted around 20 people to each meeting.

Bus fuel consumption volume (litres/Nm³), per cent 2013



CO₂ emissions from SL's operations, 2013



QUIET-TRACK



PRINCIPLE 10

Anti-corruption measures

Not only does the Transport Administration want to prevent corruption from arising in a narrow sense, it also wants to run operations that are entirely free from all types of corruption and behaviour that could harm public confidence in SL transport services.

Selected policy documents

- Guidelines to prevent bribery and other corruption, which were replaced during the year by the guidance issued by the Swedish Association of Local Authorities and Regions on bribery and conflicts of interest
- The project handbook (including how consultants work in projects)
- Procedure for procurement and purchasing

Working methods

The Transport Administration works in a preventive and systematic manner to prevent all forms of corruption linked to SL's operations. A zero tolerance approach is taken. Key tools in this work include internal guidelines within the area, education and information to employees, a centralised procurement function, ongoing advice from the Transport Administration's lawyers and internal auditors, and a reporting function for any breaches. During 2013, a couple of tip-offs about breaches were made to the reporting function. These have all been investigated, but did not result in any reports being made to the police. Employment law, criminal and financial sanctions can be imposed on employees who breach applicable rules and/or

guidelines. SL also informs suppliers about its guidelines. In connection with procurements, it is also possible to:

1. Exclude suppliers if representatives have committed certain crimes.
2. Impose requirements on the supplier to have a policy or similar to prevent corruption.
3. Agree on the option of rescission/termination on the grounds of corruption.

Activities

Audited by the County Council auditors

During the spring, the SL Board and the Transport Committee received the County Council auditors' report on risks of irregularities within public transport, with a focus on investment and maintenance activities. In this report, the auditors note that the internal control of SL's operations needs to be strengthened in order to meet the requirements for sufficient and effective internal control regarding irregularities. During the year, SL has worked to improve this work in various ways. For example, a project handbook has been produced, a risk manager has been employed, and the structure of the intranet has been reviewed.

New guiding principle – SKL's guidance

In December, the Transport Administration decided to replace the current guidelines for preventing bribes and other forms of corruption with new guidelines that introduce the guidance issued by the Swedish Association of Local Authorities and Regions (SKL) on bribery and conflicts of interest into the organisation. This does not involve any major differences in essence, but the language of the new guidelines is more easily comprehensible. SL also intends to use the online training currently being developed by SKL as a way of following up on this guidance. The intention is that all employees should carry out online training. Training within this area for new employees remains to be carried out.

Suppliers receive Christmas letters

Before Christmas 2013, the majority of SL suppliers received a letter once again. This letter reminded MDs of the guidelines to prevent bribery and other forms of corruption, and declined extravagant gifts and invitations for the Transport Administration's employees.

Examples of important stakeholders and activities

Customers/passengers

Customer surveys at sl.se and sll.se, Facebook and Twitter, SL customer service, safety helpline with 020 number, accessibility number, advertising campaigns, events, consultation when extending public transport (find out more on pages 18–19), regular consultation meetings with interest groups for disability issues and pensioner organisations (find out more on page 12).
Example from 2013: Forty-five cooperation meetings (approximately 200 hours) were held during 2013 with working parties from the above interest groups.

Employees

Employee meetings with the MD and Administrative Director, culture work (find out more on pages 16–17), departmental and section meetings, development appraisals, internal training and information on the intranet.
Example from 2013: A total of 92 per cent of employees responded to the Motivated Employee Index employee survey.

Stockholm County Council

Networks within the County Council for areas such as regional planning, brands, equality, chemicals, energy, noise, etc., the Transport Committee, themed audits carried out by the County Council auditors.

Transport contractors and suppliers

Regular meetings with transport operators, supplier days, dialogue in connection with monitoring requirements imposed in procurements, audits (find out more on page 22), environmental network for environmental coordinators in infrastructure projects (find out more on page 23), cooperation on development projects within areas such as new technology and the environment.
Example from 2013: Twenty-three supplier surveys were sent out during the year to monitor environmental and

accessibility work within SL's various transport areas, and 13 supplier audits were carried out.

The mass media

Interviews and news features in the press, on the radio and TV, and online, cooperation with the Metro newspaper.
Example from 2013: Every Monday and Friday, SL publishes an article for passengers and other stakeholders in the Metro newspaper.

Municipalities

Much of the work involved in SL's operations takes place within a municipality, and so discussions and collaborations, are carried out in connection with social planning, accessibility, noise, etc. Examples of specific collaborations include the We Are Sthlm youth festival (find out more on pages 14–15) and the Accessibility in Stockholm exhibition. Examples of ongoing contact forums include the one or two planning meetings and monitoring meetings held with each municipality every year. One or two sector meetings for municipalities within a sector (north-east, central, north-west, south and east) are also held each year. In addition, a number of project-specific consultations take place with the municipalities.

Organisations

The county's pensioner organisations and interest groups for disability issues, cooperation with Lugna Gatan, Stockholm City Mission and Save the Children Sweden (find out more on page 14) and other voluntary networks, reference group meetings with the Equality Ombudsman, etc.

Schools and universities

Cooperation with KTH Royal Institute of Technology and Chalmers University of Technology on research and development within various areas, such as track noise, SL's school information hosts

meet children at primary schools (find out more on page 14).

Example from 2013: During the year, school information hosts spent 1,535 hours providing information at schools.

Industry

Dialogue with relevant businesses on social planning, giving talks at seminars and conferences on SL's sustainability work, e.g. on biogas, cooperation with Jernhusen and Samtrafiken on accessibility and escorting (find out more on page 13).

Politicians and authorities

The Transport Committee, visits by foreign delegations in connection with e.g. biogas and security work, visits by the Riksdag's Standing Committee on Transport and Communications to find out about accessibility work, cooperation in connection with safety with the Stockholm County Police Authority, external reference groups with e.g. Region Västra Götaland to draw up SL's noise guidelines, a talk in South Africa about local transport and at a regional environmental day about noise and particulates.

Partnerships and networks

Participating in the Quiet Track EU project (find out more on page 21), partner in X2 AB (the "doubling company"), member of the K2 National Knowledge Centre for Public Transport, Best (a Nordic collaboration on public transport), the Network for Transport and the Environment, the Swedish Association of Environmental Managers, Biogas East, the Swedish Public Transport Association, Building Material Assessment, Trafik i Mälardalen, the Swedish Advertising Ombudsman and the UN Global Compact.

Example from 2013: During the year, a new three-year EU project for quiet tracks was started.





Annual Report →

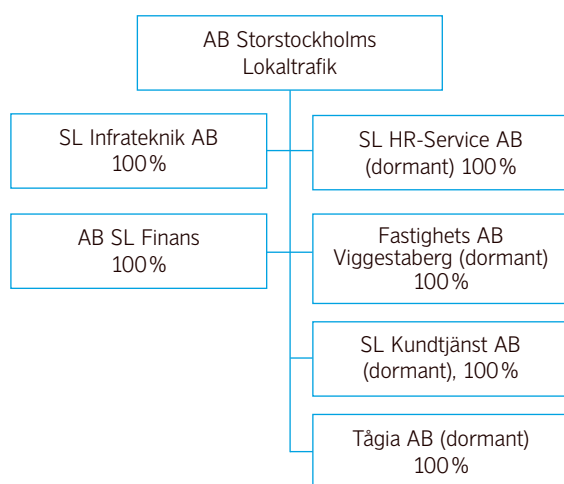
Administration Report

AB Storstockholms Lokaltrafik, company registration number 556013-0683

The Board of Directors and the Managing Director of AB Storstockholms Lokaltrafik hereby present the annual report of the Parent Company and the SL Group for the financial year 1 January 2013–31 December 2013.

1. Ownership Structure

The Parent Company of the SL Group, AB Storstockholms Lokaltrafik (SL), is wholly owned by Stockholm County Council (SLL). At year-end 2013, the Group consisted of the Parent Company, two operating subsidiaries and four dormant subsidiaries.



At SL Infrateknik AB, there are vehicles owned by the SL Group. AB SL Finans is responsible for financing public transport vehicles.

Dormant companies: Tågja AB, SL HR-Service AB, Fastighets AB Viggstaberget and SL Kundtjänst AB. Tågja AB's transfer of the school activities conducted within the Industrial Technology High School was completed in February 2013 in conjunction with the Schools Inspectorate's approval of the buyer as the new principal. The company currently conducts no active operations.

SL Lidingö Trafik AB was liquidated in 2013.

SL is also a part-owner of AB Transitio (5.0 per cent), which works with the acquisition and financing of vehicles on behalf of the part-owners, and in Samtrafiken i Sverige AB (2.12 per cent), which works with collaboration to make improvements for public transport passengers and to support more public transport in Sweden. In addition, SL is a participant in the Nordic Travel Card partnership, Resekortet i Sverige AB (13.33 per cent). In 2013, SL acquired an ownership share of X2 Kollektivtrafik AB (2.0 per cent), which works for the development of public transport.

2. Governance

Stockholm County Council owns AB Storstockholms Lokaltrafik, and it is the County Council Assembly that appoints the members of SL's Board of Directors and the members of the Traffic Committee, a political body. The employee representatives withdrew from the Board of Directors in connection with the Annual General Meeting in May 2013.

The Traffic Committee is responsible for public transport on land, at sea and for the disabled as well as for the County Council's transport service planning and for preparing proposals on transport provisioning programmes.

The Traffic Committee also has overall responsibility for planning and procuring transport services and monitoring operations.

SL is responsible for owning and managing assets and agreements regarding public transport on land. SL has entrusted the Traffic Committee to, on SL's behalf, provide such management.

3. Business operations

SL manages the local and regional public transport on land for which the County Council is responsible. This task includes taking over those agreements and property that the Transport Committee has assigned to the company, to administer facilities, vehicles and other property procured by the company or by the County Council for public transport together with agreements on general transport services procured and/or signed by the company or by the County Council and assigned to the company for administration.

SL is responsible for operations and maintenance, investments, and the development and marketing of general public transport by rail and road. The special public transport related to special transport service journeys and patient transport journeys has been transferred to the Traffic Administration.

SL's organisation

The company's personnel transferred to the Traffic Administration as of 2013. The Traffic Administration staffs SL's organisation.

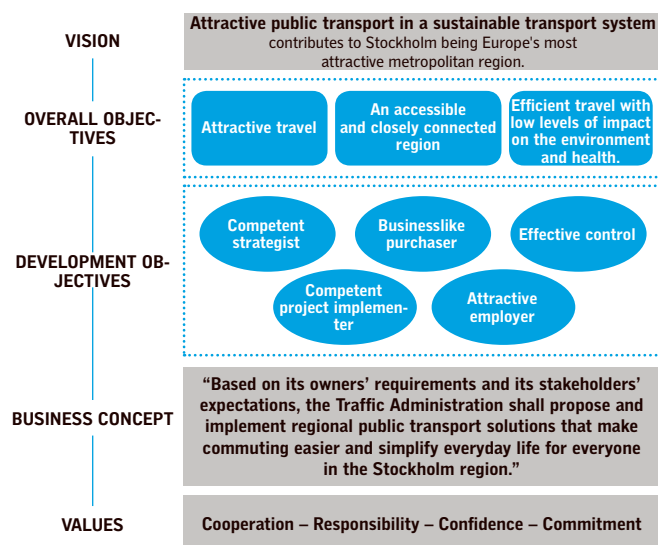
Operational planning and management by objectives

In September 2012, the County Council Assembly decided on a new Regional transport provisioning programme for Stockholm County. It includes an overall description of the need for regional public transport, a general description of standards for transport services, an overall description of regions, routes and core transport services, as well as measures for attractiveness, the environment and accessibility.

The County Council's objectives and the overriding objectives and the vision for public transport that are established in the Traffic provisioning programme will constitute the vision and overriding objectives in the Traffic Administration's strategic map. The Administration Director specifies and decides, in the scope of the Assembly's and the Traffic Committee's decision, the emphasis of operations through development targets, the business concept and values for the Traffic Administration in the strategic chart.

The objectives contained in the strategic chart reflect:

- demands on *external effectiveness* – overall objectives for the total attraction, value creation and effectiveness of the transport services
- demands on *internal effectiveness* – development objectives that point out the prioritised areas within which the Traffic Administration shall reinforce its ability to deliver attractive public transport



The strategic chart is decided on by the Traffic Committee. Target figures for the overriding objectives and the development objectives are established and decided on in the scope of the drafting of the operational plan and budget, which is done every year.

Travel within the county

Stockholm County has the highest market share of public transportation in Sweden.

On a regular winter weekday in 2013, more than 780,000 people travelled with SL, an increase over the 750,000 from the year before. Divided by mode of transport, the Metro has the largest number of boardings with 43 (43) per cent, unchanged from the previous year. Buses have 40 per cent, a decrease of 1 percentage point, commuter trains 11 per cent, an increase of 1 percentage point and light rail unchanged at 6 per cent.

Travel, measured as the number of boardings on a regular winter weekday, increased in 2013 by 2.9 per cent. The preceding year the increase was 3.3 per cent. The number of boarding travellers in 2013 was 2,783,000 compared with 2,703,000 the year before. The number of travellers winter weekdays in 2013 was 786,000 compared with 763,000 the year before.

The number of passenger kilometres increased in 2013 and amounted to 5,464 million kilometres compared with 5,241 the year before. This corresponds to an increase of 4.3 per cent in 2013 and 3.3 per cent in 2012. The increase applies to all types of transport.

Total transport capacity measured in available seat kilometres rose by 9.4 (3.6) per cent to 18,276 (16,699) million kilometres. The service offering was increased for bus service in Norrort, but mainly for commuter rail service to Uppsala.

A focus on the customer

SL measures perceived quality on a monthly basis on board a selection of vehicles in SL transport services, and the average proportion of satisfied passengers increased from 73 per cent in 2012 to 74 per cent in 2013.

The travel guarantee is an important service if disruptions arise in SL transport services. The guarantee applies to all SL transport services in Stockholm County, and to commuter rail services across county borders to Bålsta and Gnesta. Compensation can be obtained for taxi journeys or journeys by car. The number of paid claims in 2013 was 34,924 (33,663). Compensation paid out amounted to SEK 12.2 (9.8) million.

In 2013, the travel account completely replaced the previous pre-paid ticket strip. Unused pre-paid ticket strips could be redeemed until 31 December 2013. A test with an account reader for the Reskassan travel account in a barrier environment began during the year to evaluate if it makes it easier for the passengers. Communication to passengers and staff in the transport services was developed and intensified during the year. In September 2013, the one-time card was introduced as a simple alternative to the occasional passenger.

During the year, the proportion of fault management cases and customer remarks has decreased steadily.

4. The environment

SL is certified in accordance with ISO 14001:2004, and has subscribed to the Global Compact since 2009.

The Global Compact is a UN initiative for companies wanting to take responsibility for long-term sustainable development based on ten principles relating to human rights, employment law, the environment and anti-corruption measures.

SL carries out activities subject to reporting requirements under the Swedish Environmental Code in connection with the transit storage of hazardous waste at Slakthuset Rail Depot. The report has been issued. Furthermore, a report is issued to the County Administrative Board on SL's own transportation of smaller quantities of hazardous waste.

Other activities requiring permits and subject to reporting requirements are carried out by SL's transport contractors, and they have an obligation to hold permits or issue reports.

In 2013, SL continued the environmental objective work decided on by the County Council Assembly. The work goes under the name Environment Challenge 2016 and applies to the years 2012–2016. The Environment Challenge comprises 16 sub-targets in the areas of climate efficiency, resource efficiency and health-promoting environmental work. To make it clear what tasks remain for the Traffic Administration, needs analyses have been worked out in the areas of the environment and energy. These needs analyses constitute a basis for corresponding development plans.

The number of buses run on renewable fuels in SL transport services is increasing. At year-end, 731 (650) ethanol buses, 280 (267) biogas buses and 749 (408) buses with pure rapeseed methyl ester (RME) were in operation. The proportion of buses run on renewable fuels amounted to just over 80 (63) per cent.

5. Safety, security, accessibility and information

Safety and security

The company works systematically and long term to increase safety and security for passengers, transport service operators and others who come into contact with SL transport services. The company cooperates continuously with municipalities, the police, rescue services and volunteer organisations.

Travelling with SL transport services should be seen as safe and secure, both for passengers and those who work in the services. SL cooperates with trained public order officers, known as safety patrols, divided up between the different modes of transport. The "safety resources" are there to improve safety and to help passengers and staff. Special security rooms are now available at 27 Metro stations and seven commuter rail stations. The room is used by SL transport service public order officers to be able to take people aside that will be taken into custody by police while waiting for the police to arrive. Fifteen of the rooms have received "security cameras" to increase the security of both those being taken into custody and the personnel of the security company. Applications for permits for camera surveillance are currently being processed by the county administrative board for the rest of the rooms.

Security cameras with recording functions are at all Metro stations, at 39 commuter rail stations, in all buses and in the new Metro, commuter train and light rail carriages. The transport operators have the responsibility for the equipment on board the vehicles and SL takes care of the security cameras at the stations through maintenance contractors.

The introduction of alcohol safety interlock devices in the SL buses was fully implemented in October 2012. All rail vehicles that are newly acquired are also equipped with the interlock devices.

In 2012, SL signed an agreement with the Swedish Heart-Lung Foundation on heart starters for the public. In 2013, these were placed out at 22 large Metro and commuter rail stations.

In 2012, in cooperation with the Metro operator MTR, SL established a national professional association to reduce the number of suicides in society and for the support of families struck by suicide. The collaboration has led to there now being special check lists and procedures for the staff that works at the Metro barriers, at the traffic control centres and in SL transport service's Security Centre, so that all key people know how to act and cooperate if one fears somebody is planning to commit suicide. The assessment is that a number of suicides have been able to be prevented in the Metro and commuter rail service in 2013 thanks to the new procedures and the actions of the personnel.

During the year, a pilot project was conducted on the installation of track infringement alarms at the Medborgarplatsen Metro station, which alerts traffic control if anyone should enter the track area. The pilot is under evaluation. As a part of the modernisation and automation of the Red line, pilots are also being planned with "platform doors" in 2014.

Due to the serious accident on the Saltsjöbanan light rail in January 2013 when a train collided with a residential building, the Traffic Administration commissioned an expert investigation to review the security procedures in the administration. A number of improvement proposals were presented, of which some were already implemented in 2013 and others will be implemented in the next few years.

Authority permits and supervision

As of 1 January 2013, the Traffic Administration renewed all permits from the Swedish Transport Agency regarding the rail service by light rail, Metro and railways on behalf of SL. In November, the Swedish Transport Agency also conducted a "permit review" for the Traffic Administration.

Accessibility and traffic information

In November 2010, SL's Board adopted a long-term accessibility plan (2011–2021) for greater accessibility for passengers with disabilities. The long-term objective for the accessibility work is that "SL's general public transport shall be perceived as the most attractive transport alternative for passengers with disabilities".

Over the years, SL has made major efforts to improve accessibility in public transport, primarily with regard to buses, commuter rail service and the Metro. The accessibility work takes place on various levels: improvement of information and communication, training and further development of the physical environment.

The proportion of low-floor buses increased from 95 per cent to just over 99 per cent in 2013.

Track adjustments to minimise vertical and horizontal distances have been carried out at a total of 97 out of 100 Metro stations. All Metro stations are equipped with lifts.

Investments in accessibility modifications continued during 2013. These mostly involved modifications to stations in relation to platform heights, lifts, escalators and tactile warning surfaces and easily addressed obstacles at commuter rail stations using armrests, contrast markings, lighting, guide rails, etc. Priority seating in commuter trains and in the renovated carriages of the Roslagsbanan suburban railway have been given clear yellow marking on the back of the seats.

In October 2013, the new light rail carriages were brought into operation on the route Alvik–Solna C. The carriages were designed in cooperation with associations for the disabled.

At bus stops, digital signs were set up in 2013, which will lead to more reliable public transport information.

6. Staff

Most of the employees transferred to the Traffic Administration as of 1 January 2013. When the school operations in Tågå AB were sold, it also entailed a staff transition.

7. Risks and risk management

Risk assessment

There has been a major initiative to take an inventory of and prioritise significant risks in relation to SL's ability to achieve established goals for the operations. The risks are related to eight defined risk areas, including environmental risks, operational risks and risks regarding financial reporting.

Risk management of the prioritised risks is integrated into strategic and operational management of the operations as a natural step in daily planning, monitoring and control.

Risks and approved measures to address them are presented in an internal control plan. The control plan is monitored and reviewed each year, in accordance with the Stockholm County Council's directive.

Insurable risks

SL has standard insurance cover for Group property and liability risks.

Financial risks

The overriding objective of the financial activities is that SL shall, within the scope set forth by the Stockholm County Council finance policy, strive to obtain a good return from the asset management and incur as low costs as possible for borrowing and debt management at the same time that the financial risks are managed in accordance with the County Council finance policy.

Through its role as coordinator of financial activities within the SLL Group, AB SLL Internfinans has primary responsibility for managing financial risks arising within the SLL Group. The remaining risks for SL are mainly interest rate risks in the form of market rate fluctuations and administrative risks.

SL manages the interest rate risks and administrative risks that arise within financial activities by applying an active approach, effective skills provision and documented procedures and processes.

Developments within the financial market have created a need for ongoing active management in consultation with SLL to monitor and ensure that the conditions of current financial agreements are met.

See also Notes 11 and 23.

Crisis management

A crisis management organisation with a designated crisis management team exists within SL to ensure that the company is well prepared for disasters and crises.

There is also a Duty Officer function within the Traffic Administration to ensure the handling of a serious disruption or crisis. Duty Officers are available around the clock and have a far-reaching mandate to deal with events arising when ordinary managers are not available. If a serious situation turns into a crisis situation, the special crisis management organisation is set into motion and is led by the Duty Officer until ordinary crisis management is in place.

The objective of the crisis management in SL and its subordinate operations is to reduce the impact of a serious disruption and crisis, and reduce the risks that such an event occurs. This requires both a functioning crisis organisation and the capacity to learn from incidents that have occurred.

With the aim of developing crisis management, a review and update of the entire crisis preparedness plan were done in 2013. SL's crisis management conducted two exercises during the year. Annual exercises are also included as a part of the continuous crisis management planning.

Regional collaboration in daily activities and crises for the best of the county's residents

Together with a large number of regional players, SL participates in and operates the development programme "Programme for collaboration – Stockholm Region" with the objective of developing the collaborative processes in the region both in daily activities and crises.

During the year, the results of this work included a joint collaboration model that forms the basis of how the region's players collaborate before, during and after serious disruptions and crises in a quality-assured manner. The model also includes participation in standing collaboration forums, including weekly reconciliation meetings led by the Stockholm County Administrative Board, where the regional authorities various Duty Officer functions, including police, rescue services, healthcare services, SL, the Swedish Transport Administration and the City of Stockholm participate.

If a serious event occurs or there is a threat that one may occur, affected Duty Officers can share information via SOS Alarm in a short amount of time and collaborate through phone conferences and also be convened as necessary. This is with the aim of jointly obtaining a collective view of the event, analysing the total needs and thereby minimising the consequences of the event through coordinated action and information efforts.

8. Financial results

Business development

(MSEK)	2013	2012	2011	2010	2009
Fare revenues	6,448	6,505	5,870	5,370	5,217
Operating Subsidies from SLL	6,795	6,402	6,296	6,099	5,945
Work performed by the company for its own use and capitalised	0	93	94	119	89
Other Operating Income	3,082	2,937	2,689	2,536	2,597
Total	16,325	15,937	14,949	14,124	13,848
Purchased Services	-10,949	-10,518	-10,092	-9,637	-8,561
Other Costs	-4,750	-4,633	-4,421	-4,496	-4,525
Net financial items	-647	-731	-592	-411	-348
Profit/loss for the year	-21	55	-156	-420	414
Total Assets	44,896	41,045	39,093	35,782	32,769
Tax funding level	47.7 %	45.8 %	49.1 %	51.2 %	48.6 %

The tax funding level shows the proportion of the costs of SL's operations covered by subsidies from SLL.

Based on SLL's total tax income, this means that, of every taxable SEK 100, SEK 1.43 (1.41) goes to SL. Since the early 1990s, this level has fallen from around 70 per cent to current levels due to higher revenues.

Group profit

The SL Group's income amounted to SEK 16,325 (15,937) million, an increase of 2.4 (6.6) per cent. Fare revenues accounted for SEK 6,448 (6,505) million, a decrease of SEK 57 million (increase: 635) corresponding to -0.9 (10.8) per cent. The decrease of fare revenues is mainly due to a changed accounting policy when the pre-paid ticket strip was replaced by the travel account. Revenues from the travel account are booked only when journeys are made, compared with the earlier process of when the pre-paid ticket strip was purchased. Ticket sales have increased, however, but refills of the travel account have been recognised on the balance sheet. Changed habits among passengers, including as a result of the introduction of a new system for text-message tickets and the introduction of the travel account, have also entailed an switch to tickets with a lower price, which entails a loss of income.

Operating subsidies from SLL amounted to SEK 6,795 (6,402) million, an increase of SEK 393 million compared with 2012, corresponding to 6.1 (1.7) per cent.

Other operating income, such as income from commercial advertising, rent, etc., amounted to a total of SEK 3,082 (2,937) million.

Total operating income for the Parent Company stood at SEK 15,156 (14,593) million.

Consolidated operating expenses amounted to SEK 15,699 (15,151) million.

Costs for purchased transport services totalled SEK 10,949 (10,518) million, an increase of 4.1 (4.2) per cent. This cost increase is mainly attributable to new agreements, transport changes and price development. Examples of cost increases in 2013 include the full-year operation of the Uppsala commuter trains that began in December 2012, the new Solna branch of the Light Rail and new lines and line routes in bus service. Examples of reduced costs include effects from new transport service agreements with new contract structures and unforeseen start-up problems that resulted in penalties paid. Of the total operating expenses, purchased transport services account for approximately 70 per cent. This level remains largely unchanged from year to year.

In total, staff expenses for the year amounted to SEK 13 (452) million. The majority of the staff transferred from AB SL to the Traffic Administration on 1 January 2013.

Amortisation/depreciation and write-downs are recognised in Group operating expenses at SEK 1,972 (1,890) million. The increase is because the Group partially capitalised a number of large investments, including X60 carriages, Swedish Transport Administration measures, train radio projects, replacement of lighting in tunnels and the Täby washing facility.

The operating profit was SEK 626 (786) million.

The Group's net financial loss was SEK 647 (731) million. The decrease is attributed to lower market interest rates, which positively impact the interest expenses for both leasing expenses and loans raised with variable interest. However, the lower level of interest rates negatively impacts interest income on bank balances and swap costs. Premature discontinuation of leasing arrangements negatively impacted net financial items when SL Finans concluded the leasing arrangement involving 111 Metro cars of the C20 type and 22 light rail carriages of the A32 type in December 2013.

There was a loss for the year of SEK 21 (profit: 55) million.

Operational production costs per mode of transport

(MSEK)	2013	2012
Metro	-3,443	-3,400
Commuter rail	-2,126	-1,864
Light rail	-878	-899
Bus	-5,704	-5,675
Joint Mode Costs	-989	-859
Production Costs	-13,140	-12,697

This compilation refers to the Parent Company AB SL. Production cost refers to the cost types Purchased transport services, Operation and maintenance, and Other expenses.

Total transport production costs increased during 2013 by SEK 443 million, or 3.5 per cent. Of this total, 26 (27) per cent was for the Metro, 16 (15) per cent for commuter rail, 7 (7) for light rail, 43 (44) per cent for buses and 8 (7) per cent for joint transport modes.

Investments

Investments totalled SEK 5,301 million, an increase of SEK 1,014 million compared with the previous year. These investments relate to new investments, investments as a result of decisions by authorities and rebuilding existing fixed assets, as well as investments in vehicles and technical systems.

Investments in SL services are reported as follows:

(MSEK)	2013	2012	2011	2010	2009
Metro	1,835	1,035	1,455	790	890
Commuter rail	1,032	1,221	172	671	492
Light rail	1,666	1,407	1,307	1,900	1,101
Bus	581	428	1,251	886	521
Joint/other	187	196	254	415	858
Total Investments	5,301	4,287	4,439	4,662	3,862
Change	23.7%	-3.4%	-4.8%	20.7%	9.3%

Major investment projects in 2013

Red line capacity improvement programme

This programme comprises the purchase and deployment of a new signalling system for the Red line, new C30 Metro vehicles and the construction of a new depot in Norsborg. It also includes the conversion of the depots in Hammarby and Nyboda for the introduction of the new Metro vehicles and technical improvement

of the Hallunda and Norsborg stations and introduction of fully automated operation. The objective of the programme is in line with the Traffic Plan 2020 to enable a capacity increase on the Red line from today's 24 departures per hour in both directions to 30 departures, which means an increase of 25 per cent in rush hour traffic. All projects included in the programme are expected to be brought into operation when the final vehicles are delivered in 2021.

Light Rail North Solna branch programme

This programme comprises a new double track from Alvik to Solna Station, a new depot in Ulvsunda, adjustment of the existing Tvärbanan to the expanded service, a new preparation hall for new vehicles in the Bromma depot and 15 new rail vehicles. Implementation is under way and estimated completion is August 2014 with the beginning of service to Solna Centrum in stages from October 2013. The first vehicle was delivered at the beginning of May 2013.

Commuter Train programme

This programme comprises projects in the area for transport service development. SL has a number of on-going vehicle deliveries, planned new purchases and on-going depot projects. In total, the programme comprises the new purchase of 129 vehicles of which 83 have been delivered and are in service. The remaining 46 vehicles to be delivered will traffic the Citybanan commuter rail and replace the old X10 vehicles that currently traffic the commuter rail network. The first vehicle will be delivered in January 2016 and all vehicles are expected to be delivered in 2017 to meet the expanded service when Citybanan commuter rail is brought into operation.

The programme also includes the procurement of transport services to Uppsala via Arlanda, renovation of the bridge depot and implementation of procurements of leases for Depot North. In addition, the programme also comprises projects conducted by the Swedish Transport Administration and where SL is the co-financier and specifies requirements. These projects are the northern exit to Solna Station towards Friends Arena, a new station in Vega and improvements to the stations along the Mälarbanan line to correspond to the expansion to quadruple tracks. The programme aims to coordinate the projects at the same time that SL sets clear requirements and provides clear contact interfaces.

Spårväg City programme

The aim of this programme is to enable service between Gåshaga Brygga and Sergels Torg via the planned Norra Djurgårdsstaden city district and to adapt existing light rail lines for accessibility. The programme comprises new track from Djurgårdsbron to Ropsten, technical improvement and partial double-track expansion of the Lidingöbanan suburban railway, a new depot for light rail in Lidingö, the purchase of 24 new vehicles and procurement of new transport services on finished and operational subsections. The programme also comprises improvements to the existing Spårväg City, which entail the preparation of system documents for a new joint platform that both light rail and buses can use under applicable accessibility norms. In parallel, consultations with the City of Stockholm are continuing with regard to the extension of the route to the west.

The programme began construction in 2013 and services are scheduled to commence for all of Spårväg City in 2018. The first seven vehicles will be delivered in 2014 and meet Lidingöbanan's operational beginning at year-end 2014.

Roslagsbanan Expansion programme

This programme comprises the double-track expansion of the Roslagsbanan suburban railway, including safety measures, new depots and 22 new vehicles with the aim of offering the possibilities of smooth 10-minute service. In addition to this, the programme also covers technical improvement of existing vehicles, accessibility adaptation of stations, renovations and plumbing upgrade of the RB 30 property as well as noise protection measures on the sections not expanded to double tracks. The facilities will be gradually brought into operation up to 2018, with the beginning of smooth 15-minute service by the middle of 2015. The first vehicles will be delivered in 2016.

10002 Programme Bus Depots

This programme comprises new investments in Charlottendal, Ekerö and Gubbängen. The programme also includes a new depot in Fredriksdal and a planned depot in Tomtebodan as a replacement for the depot in Hornsberg. These depots are being built as a replacement of existing inner-city depots, which will be developed into offices and housing as a part of the mediation agreement with the City of Stockholm. The objective of the programme is to create new modern bus depots that provide additional depot capacity for buses and thereby enable the expansion of the capacity for bus service.

Financing of SL's investments

(MSEK)	2013	2012	2011	2010	2009
Government Grants	280	389	305	259	140
Financial Leasing	3	–	576	230	210
SLL Loans	4,500	2,000	3,500	3,500	2,000
Own Funds	518	1,898	58	673	1,512
Total Financing	5 301	4 287	4,439	4,662	3,862

SL received SEK 280 (389) million in Government funding in 2013. Funding has been paid out by the Swedish Transport Administration in relation to the technical improvement of the Lidingöbanan suburban railway, the extension of the Light Rail northwards towards Solna and a branch line etc. between the Södertälje depot and the Port of Södertälje, investment in an arrival hall in Täby C, investments in commuter parking, and investments in the Roslagsbanan suburban railway.

The proportion of buses financed by SL through financial leasing decreased somewhat during the year. At the end of the year, 736 (788) buses out of a total of 2,211 (2,114) buses in operation were financed via SL. This corresponds to approximately 33 (37) per cent of SL's bus fleet. The buses are leased out to transport contractors in line with current market conditions.

SL's rail vehicles are financed primarily through financial leasing.

The total number of rail vehicles on SL services is 819 (841), with Metro carriages accounting for 62 (61) per cent or 505 (513) carriages.

Cash and interest-bearing liabilities

The Group's liquid assets amounted to SEK 546 (544) million at the end of the year. Of these liquid assets, SEK 484 (417) million is held in the Group account. Disposable cash including unused bank overdraft facilities amounted to SEK 1,546 (1,544) million.

Interest-bearing liabilities as at 31 December 2013 totalled SEK 18,042 (13,636) million, an increase of 32 (16) per cent.

Lease financing of vehicles amounted to SEK 10,783 (11,554) million at 31 December 2013.

9. Other events

Staff transfer

On 1 January 2013, SL's staff and administrative assets linked with the staff were transferred to the Traffic Administration. The Traffic Administration in turn lets out the staff to SL to manage the transport operations.

The travel account has replaced the pre-paid ticket strip

In autumn 2013, the Reskassan (travel account), which was introduced in 2012, entirely replaced the pre-paid ticket strip. The travel account is refilled with money that is withdrawn from the card every time a journey is made. The revenues for the travel account are recognised in connection with the journey being made compared to the pre-paid ticket strip which was recognised at the time of sale. In 2013, this led to decreased revenues in an amount of SEK 180 million, which has been recognised on the balance sheet.

A decrease in fare revenues also occurred as a result of a switch of passengers buying text-message tickets to other less expensive alternatives.

Change of transport operators

At the beginning of the financial year, the Norrort traffic area switched transport operator for bus service. The new transport operator is Arriva, which also took over the Roslagsbanan suburban railway. Compensation to the transport operator is based on the number of passengers boarding (verified paying boardings).

Change of maintenance operator

In January 2013, maintenance agreements for fixed infrastructure entered into effect, which mean that the contractor has a turnkey responsibility for safety and operational reliability as well as preservation of the facility, meaning tracks, electricity and signalling systems in AB SL's infrastructure.

Change of ticket control contractor

ISS Facility is responsible for ticket control beginning in 2013.

New transport service agreement

In 2013, a procurement was conducted concerning bus service in Stockholm inner city and Lidingö (E22). This bus service will begin in 2014 and be operated by Keolis.

Advance discontinuation of leasing arrangements

SL Finans concluded the leasing arrangements involving 111 Metro cars of the C20 type and 22 light rail carriages of the A32 type in

December 2013. The leasing arrangements were in the form of lease/lease-back agreements with US lessors that included options to be concluded in 2028 and 2029 at set redemption values.

Upon the discontinuation of the affected US components of the respective leasing arrangements, an amount was paid as compensation (termination fee). The collective cost for the premature discontinuation of the leasing arrangements amounted to approximately SEK 78 million with consideration of currency hedges, which had an earnings effect in 2013. However, on the long term, the premature discontinuation entails a gain in the form of lower average financial expenses of approximately SEK 18 million annually in the next 15 years and reduced costs as a result of bank guarantees and other security solutions no longer being needed. The County Council Assembly has decided that the cost for the discontinuation shall be covered with a subsidy from the Stockholm County Council. This subsidy has been recognised in an amount of SEK 86 million.

Disputes

Arriva's assumption of bus service in the Norrort area was filled with disruptions. Negotiations on penalties after the disruptions are under way and are in the final phase. Both customer satisfaction and punctuality were affected in the service transfer.

According to decisions in arbitration, a lump sum has been paid to MTR for auxiliary power and heating for the period until April 2012.

The company has appealed the Swedish Tax Agency order for tax surcharges regarding how shareholder contributions have been reported in the tax return.

10. Future development

Stockholm County currently has a population increase of approximately 35,000–40,000 residents per year. The burden on roads and railways is already high. In order for the proportion of public transport to be able to increase on the long term, public transport must be able to develop at least at the same pace as the population trend and the entire transport system must be planned for the proportion of public transport to be able to increase on the long term.

Public transport is facing substantial investments in railways, vehicles, safety creation measures, environmental and accessibility adaptations. In 2014, work will begin on a new transport provisioning programme with the aim of also meeting the long-term development needs in the county.

Travel will also increase on the short term. Daily operations must thereby also continue to be developed towards efficiency and customer benefit. The work on passenger focus shall continue. In dialogue with the transport operators, the work on securing revenue is continuing. At the summer, a new agreement period will begin in Stockholm inner city, which on the long term is expected to lead to changes in the service offering, based on the passengers' identified needs.

11. The work of the Board

In 2013, the Board of Directors of AB Storstockholms Lokaltrafik consisted of three directors and two employee representatives until 21 May 2013. The County Council Assembly appoints a Chairman of the Board, a First Vice Chairman and a Second Vice Chairman.

The Board of Directors held 10 board meetings during the year.

Its work conforms to the rules of procedure established by the Board of Directors, and those rules also govern the obligations of the Board of Directors and the Managing Director, and the distribution of work among them.

12. Profit allocation

According to the prepared balance sheet, non-restricted equity in the Parent Company totalled SEK 2,020,280,756. No transfer to restricted reserves is required.

The following profit is at the disposal of the Annual General Meeting:

Retained Profit	SEK 2,660,746,686
Profit/loss for the year	SEK -640,465,930
	SEK 2,020,280,756

The Board and the Managing Director propose that this profit be allocated so that SEK 2,020,280,756 is carried forward.

For more detailed information on the profit/loss and financial position of the Group and the Parent Company, please refer to the following income statements, balance sheets, cash flow statements and additional information.

13. Significant events after the end of the financial year

The commuter rail depot in Älvsjö was acquired by Jernhusen via a limited company in January 2014. The acquisition price was SEK 494 million and the date of access was 23 January 2014.

If the County Council Assembly so decides in February, a new administration in the Stockholm County Council will be established on 1 March 2014, the Metro Expansion Administration. The assignment is to conduct the expansion of the Metro in accordance with the Stockholm negotiations of 2013. The expansion pertains to the construction of Metro lines to Nacka and Gullmarsplan/Söderort as well as Arenastaden and Järfälla/Barkarby. SL will cooperate with the new administration.

Stockholm 18 February 2014

Erika Ullberg

Christer G Wennerholm
Chairman of the Board

Stella Fare

Anders Lindström
Managing Director

Our audit report concerning this annual report and consolidated accounts was submitted on 20 March 2013

Ernst & Young AB
Magnus Fredmer
Authorised Public Accountant

The lay auditors' review report concerning the audit for 2013 was submitted on 20 March 2014

Income Statement

		THE GROUP		THE PARENT COMPANY	
(MSEK)	Note	2013	2012	2013	2012
Operating Income					
Net Turnover	1	13,243	12,907	13,243	12,907
Work performed by the company for its own use and capitalised		0	93	0	93
Other Operating Income	2	3,082	2,937	1,913	1,593
Total Operating Income	3	16 325	15 937	15,156	14,593
Operating Expenses					
Contractor Costs, Transport Services		-10,949	-10,518	-10,969	-10,544
Staff Expenses	4	-13	-452	-12	-446
Depreciation/Amortisation of Tangible and Intangible Assets	5, 9, 10, 11	-1,972	-1,890	-1,234	-1,192
Share in Profit of Related Companies	12	-	-9	-	-
Other Operating Expenses	8	-2,765	-2,282	-2,963	-2,433
Total Operating Expenses	3	-15,699	-15,151	-15,178	-14,615
OPERATING PROFIT/LOSS		626	786	-22	-22
Profit/Loss from Financial Items					
Profit/loss from participations in Group companies	12	-	-	-175	-
Interest Income and Similar Income	6	660	24	27	26
Interest Expenses and Similar Expenses	7, 11	-1,307	-755	-470	-479
Total Profit/Loss from Financial Items		-647	-731	-618	-453
PROFIT/LOSS AFTER FINANCIAL ITEMS		-21	55	-640	-475
Tax on the Profit/Loss for the Year		0	0	0	0
PROFIT/LOSS FOR THE YEAR		-21	55	-640	-475

Balance Sheet

		THE GROUP		THE PARENT COMPANY	
(MSEK)	Note	31/12/2013	31/12/2012	31/12/2013	31/12/2012
ASSETS					
Fixed Assets					
Intangible Fixed Assets	9				
Usufruct and Leasehold Rights		14	17	14	17
Fixed Assets in Construction		10	5	10	5
		24	22	24	22
Tangible fixed assets	10, 11				
Buildings and Land		7,984	8,059	7,984	8,059
Track infrastructure		10,449	8,075	10,449	8,075
Rolling Stock		12,029	11,494	388	369
Plant and Equipment		1,992	1,926	1,992	1,926
Fixed Assets in Construction and Advance Payments		9,496	9,124	8,215	7,624
		41,950	38,678	29,028	26,053
Financial Assets	12				
Shares and Participations in Group Companies		–	–	1	175
Other Long-Term Securities		711	239	251	239
Other Long-Term Receivables		169	58	133	19
		880	297	385	433
Total Fixed Assets		42,854	38,997	29,437	26,508
Current Assets					
Inventory	13	126	412	228	424
Current Receivables					
Accounts Receivable	23	413	600	394	591
Receivables from SLL		87	87	87	87
Receivables from Group Companies	3	–	–	2,598	1,107
Other Receivables		466	259	432	252
Prepaid Expenses and Accrued Income	21	404	146	392	141
		1,370	1,092	3,903	2,178
Cash and Bank	14, 23	546	544	521	474
Total Current Assets		2,042	2,048	4,652	3,076
TOTAL ASSETS		44 896	41 045	34,089	29,584

(MSEK)	Note	THE GROUP		THE PARENT COMPANY	
		31/12/2013	31/12/2012	31/12/2013	31/12/2012
EQUITY AND LIABILITIES	15				
Equity					
Share Capital		4,000	4,000	4,000	4,000
Restricted/Statutory Reserves		1,973	1,982	14	14
		5,973	5,982	4,014	4,014
Profit/loss Brought Forward		975	911	2,660	2,708
Profit/loss for the year		-21	55	-640	-475
		954	966	2,020	2,233
Total Equity		6,927	6,948	6,034	6,247
Minority Interest		-	5	-	-
Untaxed Reserves	16	-	-	1,923	1,923
Provisions	17, 18	862	984	861	984
Other Long-Term Liabilities					
Long-Term Loans from SLL	19, 23	17,949	13,042	17,949	13,042
Long-Term Accrued Expenses and Deferred Income	19, 20	5,651	5,541	4,723	4,433
Other Long-Term Liabilities	11, 19	10,083	10,795	1	2
Total Long-Term Liabilities		33,683	29,378	22,673	17,477
Current Liabilities					
Liabilities to SLL	23	138	594	138	594
Advanced Payments from Customers		199	15	199	15
Accounts Payable	23	1,151	1,249	1,077	1,130
Liabilities to Group Companies	3	-	-	87	192
Income Tax Liability		-	22	-	22
Other Current Liabilities		763	809	1	27
Accrued Expenses and Deferred Income	22	1,173	1,041	1,096	973
Total Current Liabilities		3,424	3,730	2,598	2,953
TOTAL EQUITY AND LIABILITIES		44 896	41 045	34,089	29,584
Pledged Assets				None	None
Contingent Liabilities	24	None	None	None	None

Cash flow statement

		THE GROUP		THE PARENT COMPANY	
(MSEK)	Note	2013	2012	2013	2012
Operating Activities					
Operating Income		626	786	-22	-22
Adjustments to Items Not Included in the Cash Flow					
Amortisation/Depreciation/Write-Down of Tangible and Intangible Assets	5	1,972	1,890	1,234	1,192
Provisions		-94	-155	-94	-108
Capital Gains after Sales/Disposals		111	-109	137	-112
Recognised Government Grants		-207	-210	-177	-180
Miscellaneous		-114	69	-81	50
		2,294	2,271	997	820
Interest Received		9	21	13	12
Interest Paid		-568	-631	-475	-407
Cash Flow from Operating Activities Before Changes in Working Capital					
		1,735	1,661	535	425
Cash from Adjustments in Working Capital					
Increase (-)/Decrease (+) in Inventories/Supplies		286	-213	196	-225
Increase (-)/Decrease (+) in Receivables		-348	23	-1,664	-272
Increase (+)/Decrease (-) in Current Liabilities		195	-27	202	-330
Cash from Operating Activities		1,868	1,444	-731	-402
Investment Activities					
Acquisition of Intangible and Tangible Fixed Assets	25	-5,413	-4,287	-4,524	-3,259
Sale of Subsidiaries and Related Companies		-	6	-	6
Sale of Tangible Fixed Assets		7	235	86	235
Advances Received Related to Properties		222	300	222	300
Cash from Investment Activities		-5,184	-3,746	-4,216	-2,718
Financing Activities					
Capital Loan from SLL		5,000	2,000	5,000	2,000
Amortisation of Leasing Liabilities		-774	-610	-	-
Amortisation of Loans and Other Liabilities		-594	-94	-594	-94
Government Grants Received		280	389	280	389
Group Contributions Received		-	-	234	333
Shareholder Contributions Received		74	156	74	156
Termination of US Leases		-687	-	-	-
Change in Other Long-Term Receivables		-	3	-	-
Cash from Financing Activities		3,299	1,844	4,994	2,784
Annual Cash Flow		-17	-458	47	-336
Liquid Assets at Start of Year	14, 25	544	1,032	474	810
Exchange Rate Differences in Liquid Assets		19	-30	-	-
Liquid Assets at Year-End	14, 25	546	544	521	474

Additional information

Accounting principles

The accounting policies that have been applied in the preparation of this Annual Report for the SL Group and its Parent Company, AB Storstockholms Lokaltrafik, comply with the guidelines of the Swedish Annual Accounts Act and the general advice and recommendations of the Swedish Accounting Standards Board for major companies. Regarding pension liabilities and pension expenditure, recommendations from FAR (the professional institute for authorised public accountants and auditors in Sweden) have been applied (FAR 4). However, the recommendations of the Swedish Financial Accounting Standards Council have been applied in the following cases: RR 1:00 Consolidated Financial Statements, RR 2:02 Inventories, RR 4 Extraordinary Revenues/Expenses and Comparative Disclosures, RR 5 Amended Accounting Principles, RR 6:99 Leasing, RR 7 Cash Flow Statements, RR 8 Effects of Foreign Exchange Rate Adjustments, RR 11 Revenues, RR 12 Tangible Fixed Assets, RR 13 Related Companies, RR 15 Intangible Fixed Assets, RR 16 Provisions, Contingent Liabilities and Contingent Assets, RR 21 Borrowing Costs – with the following two exceptions, RR 23 Related Party Transactions, and RR 27 Financial Instruments: Disclosures and Classification. URA 1 Real zero coupon bonds has been applied when reporting zero coupon bonds.

All figures are stated in SEK millions (MSEK) unless otherwise specified.

Consolidated financial statements

Consolidated financial statements include AB Storstockholms Lokaltrafik (the Parent Company) and all companies in which the Parent Company had a direct or indirect controlling influence at the year-end. The consolidated accounts were prepared using the acquisition method. This means that Group equity comprises equity in the Parent Company and the portion of equity in subsidiaries that results from the acquisition or establishment of subsidiaries. Since Group companies will not have to pay income tax in the foreseeable future, untaxed reserves in individual Group companies are reported in full in Group restricted reserves (see Taxation).

Intra-Group sales, transactions and profits are eliminated on consolidation.

Minority interest

Minority interest is the portion of a subsidiary's net income and assets that is not directly or indirectly owned by the Parent Company.

Related companies

Associated companies are companies in which the Group's share of votes is between 20% and 50% or in which the Group has a significant influence. Holdings in related companies are reported using the equity method. If the Group's share of a related company's losses is equal to or greater than the holding, the holding is reported as zero. Subsequent profits are not reported until unreported losses have been covered.

Taxation

SL recognises current and deferred taxation to the extent that this exists. No taxation is currently reported in the Parent Company or its wholly owned subsidiaries. The Parent Company has accumulated loss carry forwards that can be used in accordance with the applicable tax distribution system. Group contributions are used to equalise taxable profits within the Group.

Operating income

Income is reported at the actual value of the amount that has been, or will be, received.

Revenues from ticket sales in the form of period tickets are reported on a straight-line basis for the period of the ticket. Sold but unused tickets are reported as deferred income in the balance sheet. Revenues from coupon tickets are booked on the sale date. The travel account is an "electronic wallet" launched in 2012. Revenues from the travel account are recognised in pace with trips made. The liability to the passenger is classified as Advance payments from customers.

Operating subsidies from SLL represent performance compensation calculated according to a budget approved by SLL. The size of the subsidy may be made due to operational changes or the cost of such changes.

Work Performed by the Company for its Own Use and Capitalised

Costs for the work performed by the company for its own use during the financial year are reported in the item Work Performed by the Company for its Own Use and Capitalised, and have been capitalised as fixed assets. The price per hour is based on direct and indirect costs for manufacturing assets. Because the staff in SL was transferred to SLL in 2013, work performed by the company for its own use and capitalised is not recognised from 2013.

Government grants

Government grants are reported as income in the same period as the cost that they are earmarked to subsidise. If the purpose of a grant is to cover costs over a period of several years, it is allocated over the appropriate period. When the purpose of a grant is to cover previously incurred losses, it is reported in full.

Government grants that are earmarked for a fixed asset are reported as long-term or short-term deferred income in the balance sheet, and as income in the income statement, accrued in a systematic and reasonable manner over the lifetime of the asset.

Provisions

Provisions are made for liabilities in which the due dates or amounts are uncertain. Provisions are reported in the balance sheet if the Group has an existing liability that results from a previous event, if it is likely that a payment will be required to settle the liability and if the amount can be estimated accurately.

Intangible Fixed Assets

Intangible fixed assets are reported in the balance sheet if it is likely that the potential financial benefits associated with the asset will flow to the company and if the value of the asset can be measured accurately. Intangible fixed assets are recognised at acquisition value less accumulated depreciation and write-downs. The assets are subject to depreciation on a straight-line basis over their useful lifespan. Depreciation for the period is reported as an expense.

Depreciation is based on the estimated period of use of the asset as follows:

Usufruct rights	5 years
Leasehold rights	50 years

Tangible Fixed Assets

Tangible fixed assets are recognised at their acquisition cost at the time of acquisition. After the time of acquisition, tangible fixed assets are reported at their acquisition cost less accumulated depreciation and write-downs. Depreciation is calculated on a straight-line basis and accrued over the useful lifetime of the asset in a way that reflects its use. Depreciation for the period is reported as an expense.

Depreciation is based on the estimated period of use of the asset as follows:

Buildings, land improvements and improvements to others' property	17–50 years
Track infrastructure	20–50 years
Rolling stock:	
Cars	5 years
Buses	12 years
Railway vehicles	30 years
Equipment	3–17 years

Inventory

The item Inventory includes inventories and work in progress on behalf of another party.

Inventory is reported at acquisition value or net realisable value, whichever is lower, and calculated using the average method. When determining the acquisition value, the average acquisition method is applied. Allowances for obsolescence are made on a case-by-case basis.

Work in progress on behalf of another party includes assignments on current account for which payment is cost based as agreed in the contract. Assignment costs comprise costs that are directly related to the specific assignment.

Foreign currency assets and liabilities

Foreign currency transactions are initially recognised at the applicable exchange rate on the day of transaction. Cash assets and liabilities that are expressed in foreign currencies are adjusted and reported in the balance sheet at the applicable rate on the balance

sheet date. Since the exchange rate on the day of transaction or applied in previous financial reporting normally differs from the exchange rate on the balance sheet date, this requires a foreign exchange adjustment, which is reported in the income statement. Exchange rate differences on receivables are reported under Interest Income and Similar Income, while exchange rate differences on liabilities are reported under Interest Expenses and Similar Expenses.

Non-monetary assets and liabilities in foreign currencies

Non-monetary assets and liabilities expressed in foreign currencies are reported at the rate on the date of acquisition. Current changes in value are valued at the average rate for the period. Translation differences for non-monetary financial assets and liabilities are reported when a profit or loss is realised.

Borrowing costs

SL's borrowing costs are interest expenses for loans for investments in fixed assets. SL's borrowing costs also include the interest component in financial leases.

SL's borrowing costs are reported for the period in which they occur, with the exception of the X60 commuter train, for which interest is included in the acquisition value.

Leasing

The Group

SL as lessee

Financial leasing agreements for which the majority of risks and rewards incident to ownership are transferred to the lessee are reported as assets in the consolidated balance sheet from the date of agreement. At the start of the leasing term, the asset is reported either at fair value or at the current value of the minimum leasing fees, whichever is lower. Liability for future leasing fees is divided between financial expenses (interest) and reduction of financial liability (amortisation) and allocated so as to produce a constant periodic rate of interest on the remaining balance of the liability. Financial expenses are charged to profit.

The depreciable amount for a leased asset is allocated over each reporting period during the estimated useful lifetime of the asset in line with the same principles for other assets of the same type.

Leasing agreements for which the lessor retains all the substantial risks and benefits of ownership of the asset are classified as operating leasing agreements. For operating leasing agreements, leasing fees are reported as expenses in the income statement and allocated on a straight-line basis over the duration of the leasing term.

SL as lessor

Assets held under operating leasing agreements are reported in the balance sheet within their respective asset classes. Leasing income is periodised and reported on a straight-line basis over the duration of the leasing term, while leasing expenses, including depreciation, are reported in the income statement when they are

incurred. Depreciation is calculated in line with the principles for the respective asset classes.

The initial direct and incremental costs incurred when entering into an operating leasing agreement are included in the cost of the leased asset and reported over the duration of the leasing term.

The Parent Company

Within the Parent Company, financial leasing agreements are reported in line with the rules that apply for operating leasing agreements.

Cash flow statements

Cash flow statements report historical transactions in cash and cash equivalents for the period relating to the current operating, investment or financing activity. Cash flow statements are presented using the indirect method, whereby cash from operating activities is calculated by adjusting net cash for:

- items in the income statement that do not include cash transactions,
- changes in operating assets and operating liabilities for the period, and
- items included in the cash flow for investment or financing activities.

Financial instruments

Valuations

Financial instruments that are reported in the balance sheet include cash and cash equivalents, accounts receivable, bonds, accounts payable and derivatives such as options, futures and interest rate swaps. A financial asset or liability is recognised in the balance sheet on the date of transaction, in other words the date on which SL takes control of the contractual provisions of the instrument, and is initially reported at fair value. Subsequent valuations are calculated either at fair value or from the amortised historical cost as described below.

A financial asset is no longer recognised when contractual rights are fulfilled or expire, or if SL relinquishes control of the asset. A financial liability is no longer recognised when the contractual obligation is fulfilled or otherwise terminated.

Equity payment undertaking agreements (EPUA)

The aim of the indirect holdings of bonds, EPUAs (Equity Payment Undertaking Agreements), is that the holding should be held permanently within the business. The difference between the acquisition value and the redemption value is periodised as interest over the term of the commitment. The allocation is carried out so that the interest amount as a percentage of the book value of the commitment remains constant over time.

Accounts receivable and loans

Accounts receivable and loans are recognised at the expected receipt amount after deduction of doubtful debts assessed on a case-by-case basis. Impairment losses on debts are reported in operating expenses.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and the balance in the SLL Group account. Cash and cash equivalents are reported at face value.

Derivative instruments

Derivative instruments comprise futures, options and interest rate swaps, which are used to reduce the impact of foreign exchange rate and interest rate fluctuations. Derivative instruments are calculated at historical cost.

Liabilities

All liabilities are recognised at a nominal amount of the outstanding payment commitment. Long-term liabilities have an expected maturity of longer than 12 months, whilst current liabilities have a maturity shorter than 12 months.

Contingent Liabilities

Contingent liabilities are reported when:

- a) there is a potential liability resulting from a future event whose occurrence can only be confirmed by the occurrence or non-occurrence of one or more other uncertain future events that do not entirely lie within the company's control
- b) a liability occurs as a result of occurred events, but is not reported as a liability or provision because the likelihood of settlement is remote or the amount of the liability cannot be measured accurately.

Pledged assets

Pledged assets are securities pledged for the company's own liabilities or obligations, and which correspond to a liability or provision item in the balance sheet.

Group information

AB Storstockholms Lokaltrafik (SL), company registration number 556013-0683, is owned by Stockholm County Council (SLL), company registration number 232100-0016.

Notes and comments

NOTE 1 Net turnover

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
Fare revenues	6,448	6,505	6,448	6,505
Operating Subsidies from SLL	6,795	6,402	6,795	6,402
Total	13,243	12,907	13,243	12,907

NOTE 2 Other operating income

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
Compensation on Scheduled Service	169	39	169	39
Vehicle Rental	1,365	1,344	37	21
Rent Revenues	597	692	601	701
Government grants, etc.	312	241	282	211
Advertising Revenues	233	249	233	249
Realisation results from sale of fixed assets	–	125	–	125
Miscellaneous	406	247	591	247
Total	3,082	2,937	1,913	1,593

NOTE 3 Transactions with related Group companies

The full-costing method is applied for purchases and sales of products and services between Group companies. The Parent Company invoices subsidiaries for administrative costs.

AB SL Finans conducts leasing and rental operations with vehicles for rail and road traffic in SL's operating sector.

SL Infrateknik AB primarily reports externally financed vehicles.

Tågä AB operated an independent upper-secondary school within a specially structured industrial programme with a focus on service and maintenance until February 2013 when the school operations were sold to an external buyer. No operations have been conducted in the company since.

SL HR-Service AB, SL Lidingö Trafik AB, Fastighets AB Viggstaberget and SL Kundtjänst did not conduct any business during the year. SL Lidingö Trafik AB was liquidated in 2013. Also refer to the Administration Report and Note 12.

Transactions between the Parent Company and subsidiaries in 2012

Subsidiary	Sales to	Purchases from	Receivables from	Liabilities to
AB SL Finans	16	26	–	178
SL Kundtjänst AB	–	–	–	8
SL Infrateknik AB	1	–	1,107	–
SL Lidingö Trafik AB	–	–	–	1
Tågä AB	1	–	–	5
Total	18	26	1,107	192

Transactions between the Parent Company and subsidiaries in 2013

Subsidiary	Sales to	Purchases from	Receivables from	Liabilities to
AB SL Finans	18	20	399	23
SL Kundtjänst AB	–	–	–	6
SL Infrateknik AB	186	2	2,146	2
SL HR-Service AB	–	–	1	–
Tågä AB	0	–	52	56
Total	204	22	2,598	87

Sales by the Parent Company to other Group companies comprised 1.2 (0.1) per cent of operating income. Equivalent purchases from other Group companies comprised 0.1 (0.2) per cent of the Parent Company's operating expenses.

SLL

AB Storstockholms Lokaltrafik is a wholly owned subsidiary of Stockholm County Council. Of the SL Group's total purchases and sales, 4.1 (0.2) per cent of purchases and 0.0 (0.3) per cent of sales relate to other companies and units within SLL. As of 1 January 2013, when the staff in AB Storstockholms Lokaltrafik transferred to SLL (Traffic Administration), the SL Group purchases consulting services from SLL.

Miscellaneous

For information on payments and benefits to senior executives, see the presentation of the SL Board and management and Note 4.

NOTE 4 Staff

Most of the employees transferred to the Traffic Administration (SLL) as of 1 January 2013. Also refer to the Administration Report and Note 18.

Staff Expenses

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
Board and MD	–	–2	–	–2
Others	–4	–261	–3	–257
	–4	–263	–3	–259
Social Security Expenses	–5	–166	–5	–164
Other Staff Expenses	–4	–23	–4	–23
	–9	–189	–9	–187
Total	–13	–452	–12	–446

SEK –(0.5) million of social security expenses comprise pension costs for the MD and the Vice MD of the Parent Company.

SEK –(0.5) million of the Group's social security expenses comprise pension costs for the MD, the Vice MD and the MDs of subsidiaries.

Number of Employees, Salaries and Other Remuneration

Average number of employees (full-time annual equivalents)	Number of Employees		Women	
	2013	2012	2013	2012
The Parent Company	4	548	0	242
Subsidiaries	1	8	0	2
Group Total	5	556	0	244

Number of employees at 31 December

	2013	2012	2013	2012
The Parent Company	2	569	0	271
Subsidiaries	0	8	0	2
Group Total	2	577	0	273

The two employees in the Parent Company on 31 December 2013 concluded their employment in the company that day.

Salaries and other remuneration plus social security expenses

	Salaries and Other payments total		Social Security Expenses	
	2013	2012	2013	2012
The Parent Company (pension costs)	-3	-260	-5 (-4)	-164 (-49)
Subsidiaries (pension costs)	-1	-3	0 (0)	-2 (0)
Group Total (pension costs)	-4	-263	-5 (-4)	-166 (-49)

Salaries and Other Remuneration

	Board and MD		Other Employees	
	2013	2012	2013	2012
The Parent Company	-	-2.4	-3	-257
Subsidiaries	-	-	-1	-4
Group Total	-	-2.4	-4	-261

Gender Distribution

	2013		2012	
	Number	Women	Number	Women
The Board	3	2	3	1
Company Management	1	0	10	3
Senior Executives in Subsidiaries, MD	1	0	2	1

Benefits for Senior Executives:

In 2013, no salary, remuneration or pension was paid to the Board, MD or Vice MD in AB SL. The year before, salaries and other remuneration amounted to SEK 2,388,000, of which SEK 2,360,000 went to the MD and Vice MD. Of AB SL's 2012 pension costs, SEK 519 000 relates to the MD and the Vice MD.

The MD's pension solution to year-end 2012 complies with the rules according to SLL's management pension. Managers covered by SLL's management pension can relinquish the KAP-KL pension benefits and instead choose to invest their entire pension premium themselves. In principle, the size of the premium corresponds to the county council's cost for KAP-KL pension benefits.

In conjunction with the staff of SL transferring to SLL on 1 January 2013, the MD's salary as well as that of other employees transferred to SLL are paid by the new employer SLL.

NOTE 5 Depreciation/amortisation of intangible and tangible fixed assets

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
<i>Depreciation/Amortisation</i>				
Intangible Assets	-6	-7	-6	-7
Buildings and Land	-442	-444	-442	-444
Track infrastructure	-464	-453	-464	-453
Rolling Stock	-782	-739	-44	-41
Plant and Equipment	-278	-247	-278	-247
Total depreciation/amortisation	-1,972	-1,890	-1,234	-1,192

NOTE 6 Interest income and similar income

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
Interest Income from SLL	7	9	7	9
Other Interest Income	2	13	5	3
Exchange Loss on Current Receivables, Net	19	-31	1	-
Other Financial Income	632	33	14	14
Total	660	24	27	26

Consolidated other financial income 2013 includes revenue of SEK 599 million and the item currency effect 2013 includes SEK 18 million, related to the termination of the US leasing transactions.

NOTE 7 Interest expenses and similar expenses

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
Interest on Loans from SLL	-512	-451	-463	-400
Interest on Financial Leasing	-100	-231	-	-
Other Interest Charges	0	-73	-7	-79
Other Financial Expenses	-695	-	-	-
Total	-1,307	-755	-470	-479

Consolidated other financial expenses 2013 includes costs of SEK 695 million, related to the termination of US leasing transactions.

NOTE 8 Fees and other payments to auditors

The Parent Company's fees and payments to auditors also cover the subsidiaries.

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
Audit Engagement	982	1,688	982	1,688
Auditing activities in addition to the audit engagement	22	463	22	463
Tax Consultancy	7	117	7	117
Other Services	288	1,923	288	1,923
Total Ernst & Young	1,299	4,191	1,299	4,191
Auditing assignments in addition to the audit engagement	561	600	561	600
Total County Council Auditors	561	600	561	600
Total	1,860	4,791	1,860	4,791

Compensation for audit assignments includes compensation for the statutory audit. Auditing activities in addition to the audit engagement refers to compensation for quality assurance services such as audit of the Articles of Association, by-laws, etc. It may also comprise compensation for audit activities that lead to a report or other document intended for parties other than the client. Compensation for tax advice pertains to advice in income tax and value added tax, among other areas. Compensation for other services comprises compensation for advice that is not attributable to any of the services listed above.

The county council auditors responsibility, on assignment of the lay auditors, is to audit operations and internal control, and examine if operations have been conducted in accordance with the Assembly's assignment.

NOTE 9 Intangible fixed assets**Usufruct rights, renting rights and software**

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
Opening Acquisition Value, 1 Jan	26	23	26	23
Transfers from Fixed Assets in Construction	3	17	3	17
Sales/Disposals	-1	-14	-1	-14
Reclassifications	-	-	-	-
Closing Acquisition Value, 31 Dec	28	26	28	26
Opening Amortisation, 1 Jan	-9	-9	-9	-9
Depreciation/amortisation for the year	-6	-7	-6	-7
Sales/Disposals	1	7	1	7
Reclassifications	-	-	-	-
Closing Accumulated Depreciation/Amortisation, 31 Dec	-14	-9	-14	-9
Opening Write-Downs, 1 Jan	-	-7	-	-7
Sales/Disposals	-	7	-	7
Closing Accumulated Write-Downs, 31 Dec	-	-	-	-
Closing Book Value, 31 Dec	14	17	14	17

Goodwill

Group goodwill linked to the acquisition of shares in Tågia AB.

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
Opening Acquisition Value, 1 Jan	4	4	-	-
Closing Acquisition Value, 31 Dec	4	4	-	-
Opening Write-Downs, 1 Jan	-4	-4	-	-
Closing Accumulated Write-Downs, 31 Dec	-4	-4	-	-
Closing Book Value, 31 Dec	-	-	-	-

Intangible Fixed Assets in Construction

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
Opening Acquisition Value, 1 Jan	5	-	5	-
Investments	8	5	8	5
Transfer to Other Intangible Fixed Assets	-3	-	-3	-
Sales/Disposals	-	-	-	-
Reclassifications	-	-	-	-
Closing Acquisition Value, 31 Dec	10	5	10	5
Closing Book Value, 31 Dec	10	5	10	5

NOTE 10 Tangible Fixed Assets

Transfers from fixed assets in construction to other types of assets within tangible fixed assets are reported as transfers from fixed assets in construction.

Reclassifications in the Group SEK 63 (–96) million and in the Parent Company SEK 63 (84) million have been charged to profit.

Buildings and Land

The asset class Buildings and Land comprises buildings, building accessories, land, land facilities and fees for improvements to others' property.

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
Opening Acquisition Value, 1 Jan	12,625	11,379	12,625	11,380
Investments	4	71	4	71
Transfers from Fixed Assets in Construction	482	1,363	482	1,363
Sales/Disposals	–147	–247	–147	–247
Reclassifications	–73	59	–73	58
Closing Acquisition Value, 31 Dec	12,891	12,625	12,891	12,625
Opening Accumulated Depreciation/Amortisation, 1 Jan	–4566	–4,221	–4,566	–4,222
Depreciation/amortisation for the year	–442	–444	–442	–444
Sales/Disposals	77	157	77	157
Reclassifications	24	–58	24	–57
Closing Accumulated Depreciation/Amortisation, 31 Dec	–4,907	–4,566	–4,907	–4,566
Opening Accumulated Write-Downs, 1 Jan	–	–11	–	–11
Sales/Disposals	–	11	–	11
Closing Accumulated Write-Downs, 31 Dec	–	–	–	–
Closing Book Value, 31 Dec	7,984	8,059	7,984	8,059

Track infrastructure

Track Infrastructure comprises track superstructures, substructures plus electrical and signalling systems.

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
Opening Acquisition Value, 1 Jan	11,768	10,558	11,768	10,558
Investments	–	–	–	–
Transfers from Fixed Assets in Construction	2,849	1,233	2,849	1,233
Sales/Disposals	–16	–57	–16	–57
Reclassifications	15	34	15	34
Closing Acquisition Value, 31 Dec	14,616	11,768	14,616	11,768
Opening Accumulated Depreciation/Amortisation, 1 Jan	–3,693	–3,255	–3,693	–3,255
Depreciation/amortisation for the year	–464	–453	–464	–453
Sales/Disposals	6	49	6	49
Reclassifications	–16	–34	–16	–34
Closing Accumulated Depreciation/Amortisation, 31 Dec	–4,167	–3,693	–4,167	–3,693
Closing Book Value, 31 Dec	10,449	8,075	10,449	8,075

Rolling Stock

Rail vehicles and buses are included in the Rolling Stock asset class.

Vehicles in the possession of the SL Group through financial leasing are also included. Information about leased rolling stock can be found in Note 11.

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
Opening Acquisition Value, 1 Jan	18,028	17,890	576	557
Investments	1,037	3	–	–
Transfers from Fixed Assets in Construction	299	210	159	22
Sales/Disposals	–222	–75	–121	–3
Reclassifications	–2	–	–2	–
Closing Acquisition Value, 31 Dec	19,140	18,028	612	576
Opening Accumulated Depreciation/Amortisation, 1 Jan	–6,534	–5,867	–207	–169
Depreciation/amortisation for the year	–782	–739	–44	–41
Sales/Disposals	204	72	26	3
Reclassifications	1	–	1	–
Closing Accumulated Depreciation/Amortisation, 31 Dec	–7,111	–6,534	–224	–207
Opening Write-Downs, 1 Jan	–	–	–	–
Reclassifications	–	–	–	–
Closing Accumulated Write-Downs, 31 Dec	–	–	–	–
Closing Book Value, 31 Dec	12,029	11,494	388	369

Plant and Equipment

The asset class Plant and Equipment is defined as inventory, tools, IT assets, computers and works of art.

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
Opening Acquisition Value, 1 Jan	3,174	2,888	3,174	2,888
Investments	1	3	1	3
Transfers from Fixed Assets				
in Construction	243	480	243	480
Sales/Disposals	-40	-202	-40	-202
Reclassifications	147	5	147	5
Closing Acquisition Value, 31 Dec	3,525	3,174	3,252	3,174
Opening Accumulated Depreciation/ Amortisation, 1 Jan	-1,248	-1,161	-1,248	-1,161
Depreciation/amortisation for the year	-278	-247	-278	-247
Sales/Disposals	20	166	20	166
Reclassifications	-27	-6	-27	-6
Closing Accumulated Depreciation/ Amortisation, 31 Dec	-1,533	-1,248	-1,533	-1,248
Closing Book Value, 31 Dec	1,992	1,926	1,992	1,926

Fixed Assets in Construction and Advance Payments

The Fixed Assets in Construction asset class comprises vehicles not yet in service and current investments in SL transport infrastructure that have not yet been completed. Examples of infrastructure include expansion and replacement investments in stations, tracks, vehicle depots, bus terminals and park-and-ride facilities, as well as investments in the extension of the Tvärbanan Norr line towards Solna and the conversion of the Roslagsbanan light railway to double track.

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
Opening Acquisition Value, 1 Jan	9,124	8,318	7,624	7,830
Investments	4,251	4,205	4,393	3,181
Transfers to Other Fixed Asset				
Classes	-3,873	-3,303	-3,733	-3,115
Sales/Disposals	-	-	-63	-188
Reclassifications	-6	-96	-6	-84
Closing Acquisition Value, 31 Dec	9,496	9,124	8,215	7,624
Closing Book Value, 31 Dec	9,496	9,124	8,215	7,624

Investments for the year included advances of SEK 1,356 (80) million in the Group and SEK 613 (80) million in the Parent Company. During the year, advances of SEK 83 (18) million in the Group and SEK 60 (18) million in the Parent Company have been settled. Sales/disposals pertain to transfers to subsidiaries, where the total profit effect for the Parent Company is zero. Reclassifications relate to reprocessing, which has been re-evaluated and booked against profit and loss.

NOTE 11 Leasing agreements

Swedish leasing agreements

Financial leasing agreements in which SL is lessee

In addition to its own facilities, the SL Group has had a number of fixed assets at its disposal during the year through financial leasing (rail vehicles and buses). The book value of these leased assets on the balance sheet date totalled:

	Rolling Stock	
	31/12/2013	31/12/2012
Acquisition Value	15,442	15,741
Less Accumulated Amortisation	-5,542	-5,097
Book Value of Financial Leased Assets	9,900	10,644
Annual Amortisation and Write-Downs total	625	635

Liabilities for leasing totalled SEK 10,783 (11,554) million. Of this, SEK 10,077 (10,794) million has been reported under long-term liabilities and the coming year's amortisation and redemption of SEK 706 (760) million as a current liability. This is recognised in the Group balance sheet. In the Group income statement, the cost of vehicle leasing is reported as an interest expense of SEK 100 (231) million, corresponding to the interest component of the leasing fees, and as depreciation of SEK 625 (635) million.

The SL Group's financial leasing agreements bear variable interest. The SL companies that have signed these agreements are the Parent Company AB SL and the subsidiary AB SL Finans.

Future payment obligations for existing leasing agreements have been allocated as follows, calculated at an interest rate of 1.4 per cent for 2014, 1.8 per cent for 2015 and 2.1 per cent for 2016 onwards.

The following figures refer to obligations for train carriages and buses:

THE GROUP	Minimum Leasing Fees	
	incl. Redemption	Current Value
2014	792	776
2015–2018	6,269	5,846
2019 onwards	4,086	3,449

Operating leasing agreements in which SL is lessee

From 2013, the SL Group does not have any operating leases where Group companies are lessees.

Financial leasing agreements in which SL is lessor

At present, the SL Group does not have any financial leasing agreements in which Group companies are the lessor.

Operating leasing agreements in which SL is lessor

The following figures refer to rolling stock.

Acquisition Value 31/12/2013	19,138
Depreciation/amortisation for the year	-781
Accumulated Amortisation 31/12/2013	-7,109

Operating leasing agreements bear fixed interest, with the exception of leasing agreements for buses, which bear variable interest.

The maturity structure for future minimum leasing fees received by the Group from non-cancellable operating leasing agreements is broken down as follows. Specified payments refer to buses, Metro carriages, commuter trains and light rail. Leasing income for buses is calculated with an interest rate of 1.4 per cent for 2014, 1.8 per cent for 2015 and 2.1 per cent for 2016 onwards.

THE GROUP	Minimum Leasing Fees
2014	1,334
2015–2018	5,526
2019 onwards	569

US-based leasing agreements

In 2001 and 2003, SL and SL Finans carried out leasing transactions for rail vehicles with US-based banks as investors. Under the terms of these transactions, SL is liable to pay leasing fees for the duration of the agreements. A portion of the required funds was deposited as collateral in a bank with an AA credit rating, and the remainder was invested in securities with a rating of AA-AAA.

The received advance payments and paid deposits have been reported net in the balance sheet. The agreements were drawn up and examined by legal experts in Sweden and the USA, and are consistent with customary practice for transactions of this type. SL would be exposed to a credit risk if the collateral should deteriorate. SL then has the option of transferring it to another bank with a higher rating, or depositing additional collateral.

In recent years, turbulence in the financial markets has led to the additional collateral being pledged in the form of bank guarantees totalling USD 55 million to ensure the fulfilment of the conditions of current leasing agreements. Agreements on credit commitment have been signed to guarantee that further additional collateral can be provided if required.

The financial commitments of SL and SL Finans under both Swedish and US-based leasing agreements are guaranteed by SLL. If SLL's credit rating (currently AA+ with Standard & Poor's) should deteriorate below a specific agreed level, SL will underwrite the guarantee, primarily for the US-based leasing agreements, with a bank guarantee or similar.

SL is of the opinion that there is a minimal likelihood of a US-based leasing agreement guaranteed by SLL having to be terminated early due to a failure to comply with the terms of the agreement, which is why no commitments have been included under contingent liabilities.

NOTE 12 Financial Assets

Shares and participations in Group Companies

Group company	Company reg. no.	Domicile	Holding	Holding ¹⁾	Equity	Profit/Loss for the Year	THE PARENT COMPANY Book value	
							31/12/2013	31/12/2012
AB SL Finans	556402-7166	Stockholm	1,000	100.0%	0.1	299.3	0.1	0.1
SL HR-Service AB ²⁾	556402-7190	Stockholm	1,000	100.0%	0.1	0.9	0.1	0.1
SL Kundtjänst AB ²⁾	556401-0022	Stockholm	1,000	100.0%	7.2	2.3	0.1	0.1
SL Infrateknik AB	556402-4684	Stockholm	1,000	100.0%	1.3	123.2	0.1	174.9
SL Lidingö Trafik AB ³⁾	556011-3267	Stockholm	–	–	–	–	–	–
Tågja AB ²⁾	556591-7233	Stockholm	3,000	100.0%	3.7	1.8	–	–
Fastighets AB Viggstaber ²⁾	556094-4158	Stockholm	1,000	100.0%	0.1	–	0.1	0.1
Total shares and participations in Group Companies							0.5	175.3

Share of profit/loss and equity in related companies

	THE GROUP	
	2013	2012 ⁵⁾
Profit/loss from participations in related companies	–	–9
Total Profit/loss from participations in associated companies	–	–

Share of profit/loss and equity in related companies is partly based on preliminary figures.

¹⁾ Holding = voting share

²⁾ Dormant company

³⁾ Owned by SL Infrateknik AB at 96.74 per cent until 9 December 2013 when the company was liquidated.

⁴⁾ Shares and participations in SL Infrateknik AB were written down in 2013 in an amount of SEK 174.8 million.

⁵⁾ As of the 2012 annual accounts, Transitio is reported among other companies as it is no longer an associated company. The results shares are an effect of the 2012 sale of shares in Transitio.

Other Long-Term Securities*Shares and Participations in Other Companies*

Group company	Company reg. no.	Domicile	Holding	Holding ¹⁾	THE GROUP Book value		THE PARENT COMPANY Book value	
					31/12/2013	31/12/2012	31/12/2013	31/12/2012
AB Transitio ⁵⁾	556033-1984	Stockholm	10,000	5.00%	1	3	1	3
Samtrafiken i Sverige AB	556467-7598	Stockholm	30	2.12%	0	0	0	0
Resekortet i Sverige AB	556691-8222	Stockholm	6,662	13.33%	0	0	0	0
X2 Kollektivtrafik AB	556871-5428	Stockholm	1,000	2.00%	0	–	0	–
Total shares and participations in Other Companies					1	3	1	3

Other Securities

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
Indirect holdings of EPUA ⁶⁾	710	236	250	236
Total	710	236	250	236
Total Long-Term Securities	711	239	251	239

⁶⁾ EPUA, Equity Payment Undertaking Agreements, refer to contractual payment commitments, which were originally collateral in US leasing arrangements. Since the US leasing arrangements have been concluded, the payment commitments instead apply to the benefit of SL/SL Finans and are in turn indirectly secured with various forms of securities and guarantees.

Of SEK 710 million in 2013, SEK 461 million pertain to commitments related to the US lease termination in 2013.

Other Long-Term Receivables

The cash balance in the SL Group account at SLL has been reported as cash and bank. This balance is a current receivable from SLL within the framework of the Group accounting system. Liquid assets have been distributed as follows:

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
Property Receivables ⁷⁾	134	19	133	19
Other Receivables	35	39	–	–
Total	169	58	133	19

⁷⁾ Receivables in an amount of SEK 115 million linked to future property transactions have been reclassified from fixed asset in construction.

NOTE 13 Inventory

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
Materials in Stock	19	114	112	114
Finished Stock	93	186	93	184
Work in Progress on Behalf of Other Parties	14	112	23	126
Total	126	412	228	424

The finished stock comprises buses that have been freed from leases where the intent is to sell them on in 2014. Work in progress on behalf of other parties relates mainly to generated expenses for the Citybanan project. Invoices are issued on a monthly basis.

NOTE 14 Cash and Bank

The cash balance in the SL Group account at SLL has been reported as cash and bank. This balance is a current receivable from SLL within the framework of the Group accounting system. Liquid assets have been distributed as follows:

	THE GROUP		THE PARENT COMPANY	
	2013	2012	2013	2012
Balance of Group account	484	417	484	417
Balance in other accounts	62	127	37	57
Total	546	544	521	474

NOTE 15 Equity**THE GROUP**

	Share Capital	Restricted Reserves	Profit/loss Brought Forward	Profit/loss for the Year	Total Equity
Opening Equity 01/01/2012	4,000	1,983	840	-156	6,667
Shareholder Contributions Received	-	-	230	-	230
Change in Ownership of Associated Companies	-	-1	-3	-	-4
Allocation of Profit by Order of the AGM	-	-	-156	156	-
Profit/Loss for the Year	-	-	-	55	55
Equity 31/12/2012	4,000	1,982	911	55	6,948
Transfer between Restricted and Statutory Reserves	-	-9	9	-	-
Allocation of Profit by Order of the AGM	-	-	55	-55	-
Profit/Loss for the Year	-	-	-	-21	-21
Equity 31/12/2013	4,000	1,973	975	-21	6,927

THE PARENT COMPANY

	Restricted equity		Non-restricted equity		Total Equity
	Share Capital	Restricted Reserves	Profit/loss Brought Forward	Profit/loss for the Year	Total Equity
Equity 01/01/2012	4,000	14	2,615	-571	6,058
Shareholder Contributions Received	-	-	230	-	230
Allocation of Profit by Order of the AGM	-	-	-571	571	-
Paid/Received Group Contributions	-	-	434	-	434
Profit/Loss for the Year	-	-	-	-475	-475
Equity 31/12/2012	4,000	14	2,708	-475	6,247
Allocation of Profit by Order of the AGM	-	-	-475	475	-
Paid/Received Group Contributions	-	-	427	-	427
Profit/loss for the year	-	-	-	-640	-640
Equity 31/12/2013	4,000	14	2,660	-640	6,034

Share capital in AB Storstockholms Lokaltrafik:

Number of class A shares: 315,000 with a quota value of SEK 50 per share.

Number of class B shares: 79 685 000 with a quota value of SEK 50 per share.

In previous years, the company has received conditional shareholder contributions of SEK 37,840 million from SLL.

NOTE 16 Untaxed Reserves

	THE PARENT COMPANY	
	31/12/2013	31/12/2012
Accumulated Excess Depreciation/ Amortisation	1,923	1,923
Total	1,923	1,923

NOTE 17 Provisions

THE GROUP

	31/12/2011	Requisitioned during the year	Reversal/ Discounted amount ¹⁾	Annual provision	31/12/2012
Pension Provision (Note 18)	380	-24	101	17	474
Estimated Maintenance Costs	525	-66	-27	26	458
Restructuring Reserve	65	-14	-50	-	1
Reserve for Facilities	12	-12	-	-	-
Reserve for Environmental Risks	35	-	-	-	35
Miscellaneous	50	-	-36	2	16
Total	1,067	-116	-12	45	984

	31/12/2012	Requisitioned during the year	Reversal/ Discounted amount ¹⁾	Annual provision	31/12/2013
Pension Provision (Note 18)	474	-24	-5	3	448
Estimated Maintenance Costs	458	-	-99	-	359
Restructuring Reserve	1	-1	0	-	-
Termination of US Leases	-	-	-	1	1
Reserve for Environmental Risks	35	-	-	-	35
Future obligation, right of use	16	-	-	3	19
Total	984	-25	-104	7	862

THE PARENT COMPANY

	31/12/2011	Requisitioned during the year	Reversal/ Discounted amount ¹⁾	Annual provision	31/12/2012
Pension Provision (Note 18)	380	-24	101	17	474
Estimated Maintenance Costs	525	-66	-27	26	458
Restructuring Reserve	65	-14	-50	-	1
Reserve for Environmental Risks	35	-	-	-	35
Miscellaneous	15	-	-1	2	16
Total	1,020	-104	23	45	984

	31/12/2012	Requisitioned during the year	Reversal/ Discounted amount ¹⁾	Annual provision	31/12/2013
Pension Provision (Note 18)	474	-24	-5	3	448
Estimated Maintenance Costs	458	-	-99	-	359
Restructuring Reserve	1	-1	-	-	-
Reserve for Environmental Risks	35	-	-	-	35
Future obligation, right of use	16	-	-	3	19
Total	984	-25	-104	7	861

¹⁾ Allocated to pensions, column Reversal unutilised amount includes change due to upwards adjusted interest, changed discount interest rate and base amount upwards adjustment SEK -4 (98) million and other SEK -1 (3) million.

- Estimated maintenance costs pertain to Metro carriages, and in 2012 also commuter train carriages. The necessary provision has been calculated based on the useful lifespan of the vehicles, 30 years. The maintenance reserve is based on a detailed maintenance plan for each vehicle type. SL has undertakings for certain specific Metro carriages linked to US leases. It is assessed that the commuter train carriages do not have a corresponding dependence on future commitments and as per generally accepted accounting practices are reversed under 2013 prior year's provision.
- The restructuring reserve refers primarily to commitments to contractors or their owners. Commitments have been finally settled in 2013.
- The provision for environmental risks relates to soil contamination.
- Future commitments regarding right of use are linked to property transactions that have not been settled in 2013.

NOTE 18 Pension provision

Pension commitments that were reprocessed from 1992 onwards are reported from 2011 by SL as a pension liability for the Parent Company.

	31/12/2013	31/12/2012
AB SL	448	474
Total	448	474

The SL Group's commitment to occupational pensions for former employees is provided for through the centrally agreed collective agreement KAP-KL. The pension liability accumulated in SL until 31 December 2012 was not moved to the Traffic Administration in connection with the staff transfer. More information on staff changes can be read in Note 4 and the Administration Report.

Under the terms of KAP-KL, the defined contribution component is calculated as a specific percentage of the total salary base. The portion of the salary above 7.5 income base amounts is included in the defined benefit retirement pension and reported against the pension provision. For the staff that did not leave AB SL on 1 January 2013, a defined-premium retirement pension has been vested during the year, which is not included in the provision, but recognised as a current liability.

Interest is set annually by the Swedish Financial Supervisory Authority (FI), and applies for the following year. The discount rate set by FI for 2013 is 2.2 % for nominal commitments and 0.4 % for indexed commitments. SLL has centrally decided that the pension calculation for 2013 shall be calculated at the 2014 interest rate. For 2014, FI has set the corresponding interest rates at 2.6 % and 0.5 % respectively.

Costs for pension commitments for the period prior to 1992 are reported by and charged to SLL.

NOTE 19 Maturity of long-term liabilities

THE GROUP			
31/12/2012	1–5 years	After 5 years	Total
Long-Term Loans from SLL	2,375	10,667	13,042
Accrued Expenses and Deferred Income	2,222	3,319	5,541
Other Long-Term Liabilities	4,768	6,027	10,795
Total	9,365	20,013	29,378

THE GROUP			
31/12/2013	1–5 years	After 5 years	Total
Long-Term Loans from SLL	4,875	13,074	17,949
Accrued Expenses and Deferred Income	2,390	3,261	5,651
Other Long-Term Liabilities	6,031	4,052	10,083
Total	13,296	20,387	33,683

THE PARENT COMPANY			
31/12/2012	1–5 years	After 5 years	Total
Long-Term Loans from SLL	2,375	10,668	13,042
Accrued Expenses and Deferred Income	2,011	2,422	4,433
Other Long-Term Liabilities	2	–	2
Total	4,388	13,089	17,477

THE PARENT COMPANY			
31/12/2013	1–5 years	After 5 years	Total
Long-Term Loans from SLL	4,875	13,074	17,949
Accrued Expenses and Deferred Income	2,210	2,513	4,723
Other Long-Term Liabilities	1	–	1
Total	7,086	15,587	22,673

Also see Note 20.

NOTE 20 Long-term accrued expenses and deferred income

	THE GROUP		THE PARENT COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Government Grants under the County Plan, Dennis Agreement, etc.	3,125	3,004	3,125	3,004
The Swedish National Road Administration's Future Plan	670	700	–	–
Government Grant to offset additional costs of the congestion charge trial scheme	157	194	157	194
Financing Grants	259	409	–	–
Deferred Income on Properties	1,440	1,234	1,441	1,235
Total	5,651	5,541	4,723	4,433

Government grants relating to the County Plan and the Dennis Agreement, etc. comprise grants for investments in fixed assets. Of the Government grant to offset additional costs arising from the congestion charge trial scheme, SEK 72 (90) million relates to investments in fixed assets.

The current portion has been reported in Note 22.

NOTE 21 Prepaid expenses and accrued income

	THE GROUP		THE PARENT COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Prepaid Rental Costs	3	14	3	14
Prepaid Contractor Costs, Transport Services	17	11	17	11
Accrued Contract Income	309	66	309	66
Accrued Fare Revenues	7	31	7	31
Miscellaneous	68	24	56	19
Total	404	146	392	141

NOTE 22 Accrued expenses and deferred income

	THE GROUP		THE PARENT COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Accrued Contractor Costs, Transport Services	382	216	382	216
Accrued Interest Expenses	27	49	0	3
Prepaid Tickets and Travelcards	327	328	327	328
Current Portion of Long-Term Accrued Expenses and Deferred Income	241	234	194	224
Social Security, Pension and Salary Expenses	0	21	0	21
Miscellaneous	196	193	193	181
Total	1,173	1,041	1,096	973

NOTE 23 Financial instruments

In its operations, the Group is exposed to various types of financial risks. It is the responsibility of SL to identify financial risks and manage them in consultation with AB SLL Internfinans. All companies and administrative bodies that are wholly owned subsidiaries of Stockholm County Council (SLL) are required to comply with its policies where applicable. The purpose of the financial policy is to provide comprehensive rules and regulations for financial activities.

The overriding objective of the financial activities is that SL shall, within the scope set forth by the Stockholm County Council finance policy, strive to obtain a good return from the asset management and incur as low costs as possible for borrowing and debt management at the same time that the financial risks are managed in accordance with the County Council finance policy. The SL Group engages in derivative transactions, primarily currency futures and interest rate swaps, with the aim of managing the currency and interest rate risks that result from the Group's operations and financing activities. All trading in financial instruments is undertaken for hedging purposes only.

SLL is the counterparty to all transactions that reduce currency and interest rate risks. As at the year-end, 31/12/2013, interest rate swaps totalling SEK 1,300 (2,100) million had been entered into. The market value at 31/12/2013 was SEK -83.9 million (-193.5).

The fair value of these swaps agreements is thus lower than their book value. However, SL intends to retain them until they mature. Their market value will vary over the duration of the agreements, but with no impact on profit. When the swaps mature, their market value will be zero.

Gains and losses on currency futures and currency options are reported when they are realised. Amounts payable or receivable that result from interest rate swaps are reported on an ongoing basis as interest expenses or interest income.

Transactions in financial instruments can result in a risk exposure to one or more

of the financial risks described below, or transfer such risk to another party. The financial risks that impact on SL are currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk.

Currency risk

Entering into an agreement relating to foreign currency can lead to a currency risk exposure. In accordance with SL's guidelines and SLL's financial policy, currency risk exposure should be avoided wherever possible. Financing and investments may be carried out in foreign currencies, but all currency risk exposure arising within the next twelve months and where the agreement relates to more than SEK 5 million must be protected. The form and degree of currency hedging must be agreed with AB SLL Internfinans before foreign currency contracts are entered into.

Interest rate risk

Interest rate risk occurs when the value of a financial instrument varies due to fluctuations in interest rates. SL leasing agreements bear variable interest, which provides attractive financing potential but also involves a risk of increasing interest expense in the event of rising interest rates. In order to offset this, SL has entered into interest rate swaps with AB SLL Internfinans totalling SEK 1,300 (2,100) million.

At the balance sheet date, 31/12/2013, the average fixed interest period was 2.5 (2.4) years, which is within the boundaries of SL's guidelines and SLL's financial policy.

Credit risk

Credit risk is the risk that one party in a financial transaction will be unable to meet its obligations, thereby causing the other party to incur a loss. In the case of advance payments, the risk is that a supplier will become insolvent before delivery has been completed.

SL avoids advance payments wherever possible. If an advance payment is made, the supplier must first provide a bank guarantee. About half of SL's net turnover consists of SLL subsidies and half is generated by ticket revenues, primarily through ticket agents and resellers. Such sales carry a credit risk exposure that is limited due to the diversified customer base and the option to exclude an agent quickly in the event of misuse.

Liquidity risk

Liquidity risk is the risk that a company will have difficulty obtaining the money required to meet commitments related to financial instruments. SLL acts by agreement as guarantor for all SL's financial commitments throughout the financial year. The risk of a liquidity shortage is therefore minimal.

Cash flow risk

Cash flow risk is countered by means of an agreement between SLL and SL, in which SLL guarantees all current and future loss coverage for SL and its subsidiaries. Investment expenses are financed through loans from AB SLL Internfinans, through leasing in consultation with AB SLL Internfinans and via Government grants.

NOTE 24 Contingent liabilities

SLL is responsible for reporting on and providing surety for the SL Group's pension commitments for the period up to and including 31 December 1991. New commitments that occur on or after 1 January 1992 are reported by SL. See Note 18. SLL also guarantees these.

NOTE 25 Cash flow statement

Acquisition of intangible and tangible fixed assets

	THE GROUP		THE PARENT COMPANY	
Acquisition of fixed assets	2013	2012	2013	2012
Investments/Acquisitions as per Notes 9–10	5 301	4 287	4,409	3,259
Non-Cash Items:				
Property transaction	115	–	115	–
Reported Financial Leasing	–3	–	–	–
Total Cash Flow from Investments	5,413	4 287	4,524	3,259

Group cash flow has been affected by extraordinary items.

Audit Report

To the Annual General Meeting of AB Storstockholms Lokaltrafik,
Corp. Reg. No. 556013-0683

Report on the annual accounts and the consolidated accounts

We have conducted an audit of the annual accounts and the consolidated accounts of AB Storstockholms Lokaltrafik for 2013. The company's annual accounts and the consolidated accounts are included in the printed version of this document on pages 27–54.

The responsibility of the Board of Directors and the Managing Director for the annual accounts and the consolidated accounts

It is the Board and the Managing Director who are responsible for preparing annual accounts and consolidated accounts that present an accurate picture in accordance with the Swedish Annual Accounts Act, and for the internal control that the Board and the Managing Director deem to be necessary in order to prepare annual accounts and consolidated accounts that are free of material misstatement, whether due to impropriety or error.

The auditor's responsibility

Our responsibility is to express an opinion on the annual accounts and the consolidated accounts on the basis of our audit. We have carried out our audit in accordance with the International Standards on Auditing and generally accepted accounting practice in Sweden. These standards require us to follow professional ethical requirements, and to plan and carry out our audit in order to obtain a reasonable degree of certainty that the annual accounts and the consolidated accounts are free of material misstatement.

An audit involves taking various measures in order to obtain audit evidence of the amounts and disclosures in the annual accounts and the consolidated accounts. The auditor chooses which procedures should be carried out, including by assessing the risks of material misstatement in the annual accounts and consolidated accounts, whether due to impropriety or error. In carrying out this risk assessment, the auditor takes into account those elements of internal control that are relevant to the way in which the company prepares the annual accounts and the consolidated accounts, to present an accurate picture in order to formulate review procedures that are appropriate with regard to the circumstances, but not in order to give an opinion on the effectiveness of the company's internal control. A review also includes an evaluation of the appropriateness of the accounting principles that have been used and of the reasonableness of the Board's and the Managing Director's estimates in the accounting, as well as an evaluation of the overall presentation of the annual accounts and the consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

Opinion

In our opinion, the annual accounts and the consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and present an accurate picture in all significant respects of the financial position of the Parent Company and the Group as at 31 December 2013, and of their financial results and cash flow for the year in accordance with the Swedish Annual Accounts Act. The statutory administration report is consistent with other parts of the annual accounts and the consolidated accounts.

We therefore recommend to the annual meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted.

Report on other requirements in accordance with legislation and other statutes

In addition to our audit of the annual accounts and the consolidated accounts, we have also reviewed the proposed appropriation of the company's profit or loss and the Board's and the Managing Director's administration of AB Storstockholms Lokaltrafik for 2013.

The responsibility of the Board and the Managing Director

It is the Board that is responsible for the proposal for disposing of the company's profit or loss, and it is the Board and the Managing Director who are responsible for administration in accordance with the Swedish Companies Act.

The auditor's responsibility

Our responsibility is to express an opinion, with a reasonable degree of certainty, on the proposed disposal of the company's profit or loss, and on the company's administration on the basis of this audit. We have conducted our audit in accordance with generally accepted accounting standards in Sweden.

To form a basis for our opinion regarding the Board's proposal for disposing of the company's profit or loss, we have reviewed whether the proposal is in accordance with the Swedish Companies Act.

As a basis for our opinion concerning discharge from liability, we have – in addition to our review of the annual accounts and the consolidated accounts – reviewed the significant decisions, actions taken and circumstances within the company in order to determine whether any Board member or the Managing Director has a liability towards the company. We also examined whether any Board member or the Managing Director has otherwise acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

Opinion

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

Stockholm, 20 March 2014
Ernst & Young AB

Magnus Fredmer
Authorised Public Accountant

Review Report

Review Report for AB Storstockholms Lokaltrafik for 2013

We lay auditors appointed by the Assembly have reviewed AB Storstockholms Lokaltrafik's operations in 2013.

The Board of Directors and MD are responsible for the operations being conducted in accordance with the current Articles of Association, owner directives and decisions, as well as the regulations that apply to the operations. They are also responsible for there being adequate internal control and for ensuring that reporting back to the Assembly takes place. The responsibility of the lay auditors is to review operations and internal control and determine if operations were conducted according to the Assembly's assignment and objectives as well as the regulations that apply to the operations.

The review has been carried out in accordance with the Swedish Companies Act, the Local Government Act, generally accepted auditing standards in municipal operations and the county council's auditing regulations, and based on the AGM's established owner directive. The review has been conducted with the emphasis and scope required to provide reasonable grounds for our assessment and review and has yielded the results presented in the 2013 Annual Report for the Traffic Committee, including AB Storstockholms Lokaltrafik. We attach a presentation of the results of the review.¹⁾

As in the previous year, we confirm that the Traffic Committee and AB Storstockholms Lokaltrafik (SL), since the reorganisation in January 2012, largely have the same assignment and that the Committee's and the Board's responsibilities cannot largely be distinguished. Our assessment of SL therefore largely coincides with the assessment we, as elected representative auditors, submit in the audit report for the Traffic Committee.

We assess altogether that the company's operations have been fully managed in a suitable and, from a financial perspective, satisfactory manner. In addition, we assess in consultations with the authorized public accountant, the company's internal governance and control to not yet be entirely adequate.

Stockholm, 20/03/2014

Gunilla Jerlinger	Berit Assarsson	
Karin Brodin	Gunilla Hansson	Anders Ödmark

¹⁾ 2013 Annual Report for the Traffic Committee including AB Storstockholms Lokaltrafik (SL) is available at www.sll.se/rev.

Board and auditors

Annual General Meeting

SL's most recent AGM was held on 21 May 2013, during which the income statement and the balance sheet for the 2013 financial year were adopted. The AGM also granted the Board of Directors and the Managing Director discharge from liability for their management during 2013. Extraordinary General Meetings were also held on 23 April 2013 to register the County Council Assembly's election of Board members and lay auditors, and on 23 September 2013 to ratify the new owner directive and the new Articles of Association.

Articles of Association

According to the Articles of Association, the purpose of the company's operations is to organise the local and regional public transport by land for which Stockholm County Council is responsible. This task includes taking over those agreements and property that the Transport Committee within Stockholm County Council has assigned to the company, to administer facilities, vehicles and other property procured by the company or by Stockholm County Council for public transport together with agreements on general transport services procured and/or signed by the company or by Stockholm County Council and assigned to the company for administration, and otherwise to take the action required in order to fulfil the task.

The Articles of Association state that the company shall carry out its operations while observing the municipal principle of equality and in financial respects in accordance with the following:

- Operations relating to the management of real and movable estate shall be carried out on a businesslike basis.
- Other operations shall be carried out applying the municipal cost price principle.

Board of Directors

The Stockholm County Council Assembly appoints board members for AB SL. During 2013, the Board of Directors of AB SL consisted of three directors and, up until the 2013 AGM, two employee representatives. The MD, the Chief of Staff and the Board Secretary participate in all

Board meetings. Sara Catoni served as Board Secretary during the year. The Board held ten meetings during 2013. The Board of Directors and the Managing Director lead and develop operations within the company in accordance with the distribution of responsibilities established by the County Council and in accordance with the Swedish Companies Act and other applicable legislation and ordinances, the Articles of Association, the owner directive, other resolutions passed by the AGM, tasks assigned by the County Council Assembly, policies – particularly the ownership policy – decided on by the owner, decisions made by the Transport Committee and the rules of procedure for the Board of Directors, all based on the best interests of the company and passengers.

The main duties of the Board of Directors include monitoring the interests of the company, which includes the management of assets, ensuring that commitments on taking over agreements and agreement management in accordance with the company's Articles of Association are carried out, and ensuring that the cooperation agreement with Stockholm County Council's Transport Committee is fulfilled.

Chairman

The County Council Assembly appoints the Chairman of the Board and the Vice Chairmen. Since 1 January 2007, the Chairman of the Board has been the County Commissioner for Public Transport, Christer G Wennerholm (M). Lennart Rohdin (FP) was First Vice Chairman from 2007 until 18 February 2013, and Stella Fare (FP) was appointed by the County Council Assembly as the new First Vice Chairman on 19 February 2013. This appointment was registered by the general meeting in April. Erika Ullberg (S) is Second Vice Chairman.

Managing Director

The Managing Director leads operations within the constraints established by the Board of Directors. The MD draws up decision-making data ahead of the Board meetings, submits reports and presents justified proposals for resolution. The MD also leads the work of the company and makes decisions in consultation with other officials.

Executive Management Team

The Managing Director of AB SL leads SL's Executive Management Team. In addition to the MD, the Executive Management Team also consists of those individuals appointed by the MD. This is a consultation body for the Managing Director and has no autonomous decision-making authority. The Executive Management Team meets as determined by the Managing Director.

Financial reporting and internal control

The Board of Directors is responsible for ensuring that the company's organisation is such that its financial situation can be adequately verified and that financial reports are compiled in accordance with the law, existing accounting standards and other appropriate requirements. The Managing Director shall also ensure that financial accounting in the Group's companies is carried out in accordance with the law and that the management of assets is conducted in a satisfactory manner.

Auditors

The company's Authorised Public Accountant shall audit the financial accounts and the administration of the Board and the Managing Director in accordance with accepted accounting practice. The Authorised Public Accountant is elected by the AGM. Lay auditors shall audit the company's activities and ensure that they are managed in an appropriate and financially satisfactory manner, and that the company's internal control is adequate. The audit shall be carried out in accordance with accepted practice for lay auditors. Lay auditors are appointed by the Stockholm County Council Assembly and are announced at the AGM.

The Board, auditors and the MD

AB Storstockholms Lokaltrafik 2013

Chairman

Christer G Wennerholm (M)

First Vice Chairman

Lennart Rohdin (FP) until 18/02/2013

First Vice Chairman

Stella Fare (FP) from 19/02/2013

Second Vice Chairman

Erika Ullberg (S)

Employee representatives

Arne Grundberg, Vision until 21/05/2013

Martin Lindahl, Saco until 21/05/2013

Lay auditors 2011–2014

Gunilla Jerlinger (S), Chairman

Berit Assarsson (M), Vice Chairman

Karin Brodin (M)

Gunilla Hansson (C)

Amir Sajadi (MP) until 06/02/2013

Anders Ödmark (MP) from 07/02/2013

Ernst & Young AB

Auditor in charge

Magnus Fredmer (Authorised Public Accountant)

Managing Director

Anders Lindström

Operating figures

Total inhabitants in Stockholm County (thousands)

	2013	2012	2011	2010	2009
Population	2,163	2,127	2,088	2,050	2,017

Total private cars in Stockholm County (thousands)

	2013	2012	2011	2010	2009
Private cars	841	829	818	800	793

Number of boardings on a typical day in winter (thousands)

Mode of transport	2013	2012	2011	2010	2009
Metro	1,203	1,165	1,133	1,137	1,123
Commuter rail	299	281	269	258	252
Light rail	156	148	146	136	126
Bus	1,125	1,110	1,068	1,025	997
Total	2,783	2,704	2,616	2,556	2,498

Boardings per year (millions)

Mode of transport	2013	2012	2011	2010	2009
Metro	328	322 ¹⁾	309	310	307
Commuter rail	82	76	73	70	69
Light rail	47	45	45	38	34
Bus	300	298	291	284	277
Total	757	741 ¹⁾	718	702	687

Full journeys per year (millions)

	2013	2012	2011	2010	2009
Total	470	460	446	436	427

Passenger kilometres per year (millions)

Mode of transport	2013	2012	2011	2010	2009
Metro	1,841	1,796	1,725	1,731	1,715
Commuter rail	1,488	1,337	1,279	1,226	1,218
Light rail	293	278	277	252	226
Bus	1,842	1,830	1,792	1,757	1,713
Total	5,464	5,241	5,073	4,966	4,872

Seat kilometres per year (millions)

Mode of transport	2013	2012 ²⁾	2011	2010	2009
Metro	4,317	4,317	4,181	4,131	4,475
Commuter rail	6,430	5,220	5,087	5,010	4,867
Light rail	1,182	1,126	1,110	1,082	944
Bus	6,340	6,035	5,736	5,569	5,849
Total	18,269	16,699	16,115	15,792	16,135

¹⁾ Corrected figure compared with 2012 Annual Report.

²⁾ The result for 2012 has been recalculated due to a calculation error. In 2012, 16 239 million km was reported. This was incorrect, as a calculation algorithm did not include the future production for 2012.

Proportion of public transport travel (%)

Entrance point	2013	2012	2011	2010	2009
City entrance point average, 06:00–21:00	70	70	69	67	66
City entrance point average, peak periods	82	80	81	80	79

Number of tickets sold (thousands)

	2013	2012	2011	2010	2009
30-day tickets	5,157	4,801	4,549	4,379	4,010
90-day tickets	178	198	253	53	–
Season tickets	65	70	88	187	183
Annual tickets	37	32	29	18	15
Pre-paid strips, number of coupons	22,128	134,256	133,816	129,105	136,927
Number of coupons (through Reskassan card)	96,408	5,536	–	–	–
Cash tickets and pre-paid tickets	2,695	6,905	7,001	7,894	10,154
Zone tickets (text message, SL Access, vending machines)	8,404	12,584	12,734	10,724	8,764

Number of vehicles in SL transport services

	2013	2012	2011	2010	2009
Metro carriages, older	234	242	242	242	242
New Metro carriages C20	271	271	271	271	271
Commuter rail carriages, older	51	51	51	136	144
New commuter rail carriages X60	83	83	71	71	71
Light rail carriages	180	194	194	194	184
Buses	2,211	2,114	2,158	2,050	2,016
Total	3,030	2,955	2,987	2,964	2,928

Number of passengers per day in winter (thousands)

	2013	2012	2011	2010	2009
Total	786	763	739	722	705

Reliability (% departures on time)

	2013	2012	2011	2010	2009
Metro	95.2	95.2	94.3	93.5	94.8
Green line	95.5	94.7	93.1	91.8	92.6
Red line	93.7	94.8	94.4	94.0	95.3
Blue line	97.6	97.8	97.4	96.9	98.0
Commuter rail	91.7	91.0	88.9	84.8	90.4
The Roslagsbanan light railway	92.0	93.4	94.7	90.6	95.4
The Lidingöbanan line	95.4	92.8	92.6	94.3	95.2
The Tvärbanan orbital line	95.9	95.5	94.9	95.9	96.5
The Nockebybanan line	98.7	99.4	99.4	99.0	98.3
The Saltsjöbanan line	92.3	95.9	94.6	82.9	91.7
Spårväg City	98.5	98.4	98.2	96.9	–
Bus services	89.5	88.6	88.5	88.0	91.1

Cancelled departures (% of schedule)

	2013	2012	2011	2010	2009
Metro	1.9	2.4	2.2	2.5	0.7
Green line	2.3	2.1	3.0	2.7	0.6
Red line	2.1	2.4	2.4	3.2	0.9
Blue line	0.8	2.8	1.1	1.4	0.6
Commuter rail	1.5	1.5	1.4	3.4	1.5
The Roslagsbanan light railway	1.5	0.8	0.5	1.2	0.4
The Lidingöbanan line	0.2	0.7	1.2	0.8	0.6
The Tvärbanan orbital line	0.7	0.8	1.2	1.0	0.9
The Nockebybanan line	0.3	0.3	0.2	0.2	1.1
The Saltsjöbanan line	3.0	0.4	0.7	1.1	0.5
Spårväg City	1.2	1.4	0.9	2.1	–
Bus services	0.6	0.3	0.6	0.4	0.3

Metro service disruptions (more than 10 minutes)

	2013	2012	2011	2010	2009
Metro	174	167	140	176	244
Green line	81	72	53	74	85
Red line	61	72	61	70	112
Blue line	32	23	26	32	47

Proportion of satisfied customers and county residents (%)

	2013	2012	2011	2010	2009
Proportion of satisfied customers (SL)	74	73	73	74	76
Proportion of dissatisfied customers (SL)	10	10	11	10	9
Proportion of satisfied customers (Swedish Public Transport Association)	58	60	59	64	68
Proportion of dissatisfied customers (Swedish Public Transport Association)	8	9	8	5	4
Proportion of satisfied county residents (Swedish Public Transport Association)	54	57	53	60	66
Proportion of dissatisfied county residents (Swedish Public Transport Association)	11	11	11	9	7

Finance and investments

Fare revenues, net turnover and operating subsidies at current prices (SEK millions)

	2013	2012	2011	2010	2009
Fare revenues	6,448	6,505	5,870	5,370	5,217
Net turnover*	13,244	12,907	12,166	11,469	11,162
Operating subsidies, SLL	6,796	6,402	6,296	6,099	5,945

* Net turnover = fare revenues + operating subsidies SLL

Fare revenues, net turnover and operating subsidies at 2013 prices (SEK millions)

	2013	2012	2011	2010	2009
Fare revenues	6,448	6,505	5,920	5,576	5,480
Net turnover*	13,244	12,901	12,269	11,908	11,724
Operating subsidies, SLL	6,796	6,399	6,349	6,333	6,244

* Net turnover = fare revenues + operating subsidies SLL

Fare revenues, net turnover and operating subsidies per full journey at current prices (SEK)

	2013	2012	2011	2010	2009
Fare revenues per full journey	13.72	14.14	13.16	12.32	12.22
Net turnover* per full journey	28.18	28.06	27.28	26.31	26.14
Operating subsidies, SLL per full journey	14.46	13.92	14.12	13.99	13.92

* Net turnover = fare revenues + operating subsidies SLL

Fare revenues, net turnover and operating subsidies per full journey at 2013 prices (SEK)

	2013	2012	2011	2010	2009
Fare revenues per full journey	13.72	14.14	13.27	12.79	12.84
Net turnover* per full journey	28.18	28.05	27.51	27.32	27.46
Operating subsidies, SLL per full journey	14.46	13.91	14.24	14.53	14.62

* Net turnover = fare revenues + operating subsidies SLL

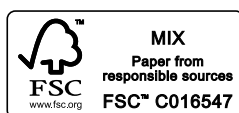
	2013	2012	2011	2010	2009
Operating subsidies per taxable SEK	1.43	1.41	1.46	1.46	1.46
Tax funding level (%)	47.7	45.8	49.1	51.2	48.6
Gross investments	5,301	4,287	4,439	4,662	3,862

Fare revenues per ticket type at current prices (SEK millions)

	2013	2012	2011	2010	2009
Period tickets	4,779	4,546	4,089	3,758	3,565
Pre-paid and discount coupons	1,262	1,423	1,278	1,192	1,261
Zone tickets and coupons	333	502	459	394	374
Other tickets	73	34	44	26	17

Price of 30-day card including VAT (SEK)

	2013	2012	2011	2010	2009
Current prices	790	790	790	690	690
Adjusted to 2013 level	790	790	797	714	723



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