

Sustainability report 2013

Folksam



contents

A Word from the CEO	3
This is Folksam	4
Organisation and Governance	9
Customers	15
Corporate Governance	19
Employees	27
Road Safety Research	32
Environmental Protection	38
Folksam's Research Foundation	43
Prizes and awards	44
Partnership and sponsorship	45
Förenade Liv's social engagement	46
KPA Pension – a leader among ethical investments	47
Our figures and calculation methods	49
GRI Index	54
Audit report	61

A Word from the CEO

Folksam's vision is for people to feel secure in a sustainable world. The company has a long tradition of 'good works' stretching back long before the sustainability report concept was around. This is Folksam's eleventh sustainability report, but my first as Group CEO.

It's important for me that work appeals to both heart and mind. Folksam does both, and that was one of the reasons I accepted the position. Of course, my heart is in sustainability, but for me it's more a matter of the mind. Sustainability is – and needs to be – good business and something which creates long-term value for our owners, our customers. In the same way owners of joint-stock companies receive dividends, our customers share our profits in the form of bonuses.

Many think of the ecology when they hear the word sustainability. The environment is an important issue for many businesses – not least for insurance companies not just because we pay out money for damage resulting from climate change, but also because we are major purchasers of materials when we repair damaged houses and vehicles.

But sustainability is more than this. Almost every other Swedish citizen has a Folksam insurance policy, and a great many Swedish pensions depend on what we do, or do not do. We are talking major sums and major responsibility. And because of this I would like to highlight what sustainability work regarding our customers entails.

Ensuring good governance, good order, clear strategies and operational goals means we are acting sustainably towards our customers. Among other things, it means keeping a good eye on risks and incidents. Incidents and errors are things we must avoid as far as possible, but if they occur it's important that they be reported and remedied. Then we can take measures to reduce the risk of its happening again. Good work with incident reports contributes to better operations and greater customer satisfaction.

Our responsibilities towards our customers also include developing products they want and which help them feel secure; selling products in an ethical manner, maintaining good service levels and delivering what we promised if damage does occur. Our surveys show that our customers are more satisfied than ever. Most satisfied of all are those who have submitted claims. At the same time, we have an accessibility problem; it's difficult for our customers to reach us within a reasonable period of time, and our digital presence is too weak. We are giving full attention to solving these issues.



I am not alone in thinking that the heart and mind are important in the choice of employer. Over and above profitability, commitment to the community and sound values are increasingly important in attracting labour. We also practice what we preach internally, and we will focus on e.g. modernising our IT system, including improved technology for digital conferencing. At the same time we are tightening up our company travel policy with the aim of reducing travel.

Folksam is a well-run company – customer owned, profitable and committed to the community. A company that cares, in other words. Folksam is a great company. We're about to get even better. ●

A stylized, handwritten signature in blue ink, consisting of several loops and a long horizontal stroke.

Jens Henriksson
Stockholm, January 2014

This is Folksam

Folksam was founded in 1908 and is a customer-owned company. This means our customers are also our owners and our surplus goes back to them as policyholders. In commercial terms this means Folksam is a mutual insurance company.

Folksam does business in both liability and life insurance under a number of brands with a focus on the Swedish market. The offer can be divided into pension savings, personal risk, and general insurance.

Folksam insures every other home and every fifth vehicle in Sweden, and takes care of pensions for more than two million people.

All of our SEK 304 billion managed assets are subject to criteria concerning the environment, human rights and anti-corruption.

Our goal

The most satisfied customers in the insurance and savings industry.

Every time we meet a customer, we also meet an owner. Everything we say and everything we do affects how our customers perceive us.

Our vision

People should feel secure in a sustainable world.

This is our vision, and it applies to every brand within Folksam, and as a significant investor, we are able to exert influence to realise it.

Our promise

We are committed to you so that you and your nearest and dearest are secure today and tomorrow.

Our job is to create security for you and everything you care about. When creating our offers, we base them on your needs. ●

Figures

Premium volume in SEK billions	40,4
Total managed assets in SEK billions	304
Market share, property and casualty insurance	15.9%
Market share, life insurance	14.4%
Solvency ratio, Folksam General	149.3%
Solvency, Folksam Life	161%
Average rates of return, Folksam Life, five years	8%

Financial value creation

Folksam creates value for its stakeholders in various ways. By being a profitable company, we can also create value from a societal perspective. The table shows Folksam General and Folksam Life

Financial value generated, SEK million

Revenues*	32,501
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Financial value distributed

Operating expenses**	-12,076
Salaries and remuneration	-2,577
Payments to capital providers	-291
Payments to central government	-493

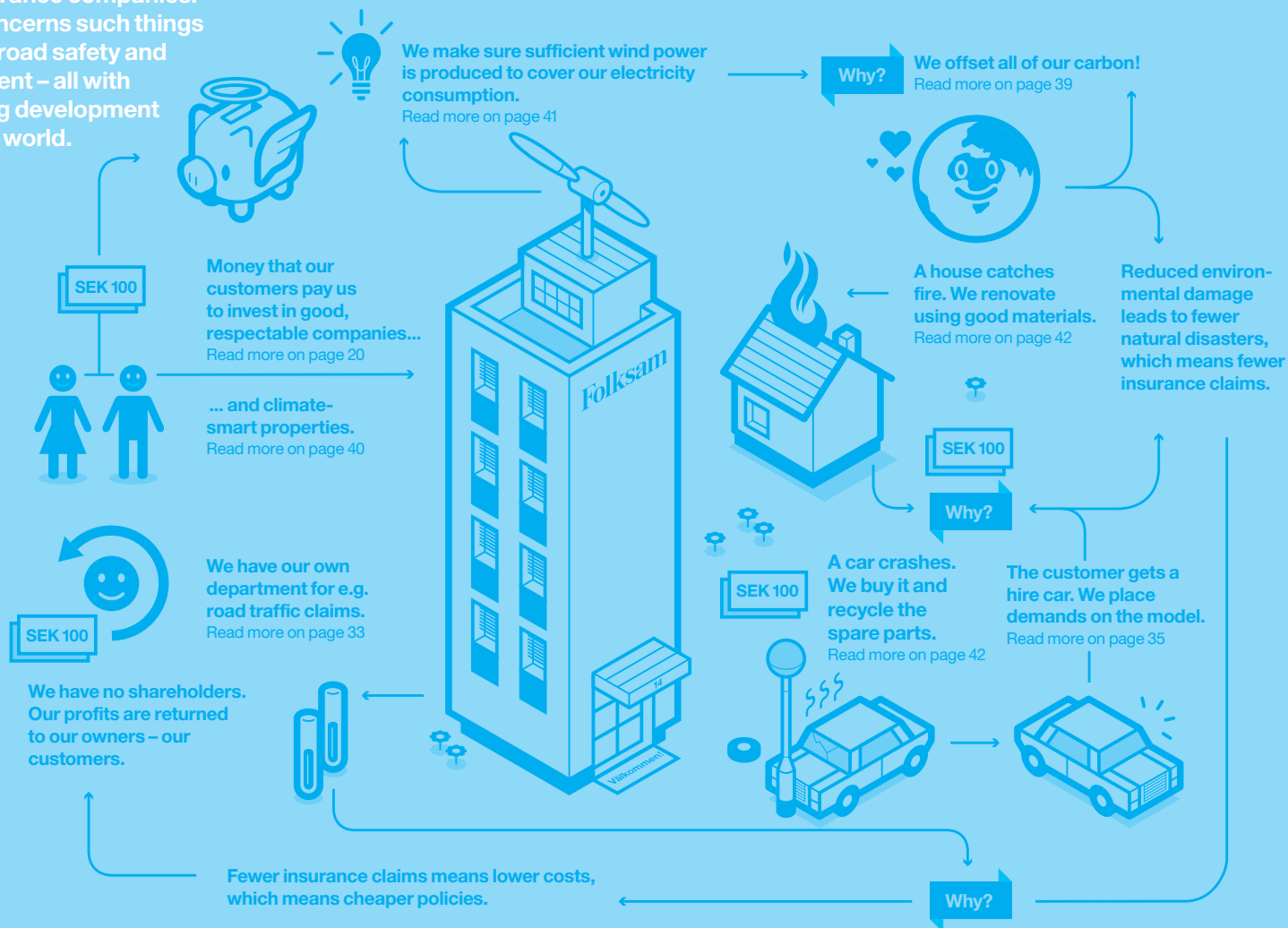
Financial value retained	17,064
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* This item also covers unrealised gains and losses.

** This item also covers changes in the value of investment assets and actuarial provisions.

Sustainability means cheaper insurance

Folksam does things that are not always associated with insurance companies. Our commitment concerns such things as the environment, road safety and responsible investment – all with the aim of influencing development towards sustainable world.



Folksam – a great choice for the environment

In November 2011, Folksam became the first insurance company approved to bear the Good Environmental Choice eco-label – proof that Folksam takes environmental issues seriously and takes responsibility for its own climate impact. The Swedish Society for Nature Conservation awards the Good Environmental Choice; the eco-label covers car, home and holiday home insurance.

To live up to its eco-label

- Folksam helps its contractors and customers choose sustainable materials in construction and vehicle repairs.
 - Folksam manages its insurance capital based on criteria concerning the environment, human rights and anti-corruption. Folksam works pro-actively to persuade the companies it invests in to take responsibility for these issues.
 - Folksam conducts research into safety and better environmental performance for the Swedish vehicle fleet.
 - Folksam uses renewable electricity of specified origin in all of its properties.
 - Folksam plants trees to offset its carbon footprint.
- Folksam sets strict requirements for the purchase of goods and services, such as coffee, electronics, paper, cleaning materials, energy, transport and travel.
 - Folksam is switching to organic produce in its staff restaurant, one of the largest in Sweden. ●



International agreements and frameworks

UN Principles for Responsible Investment (PRI)

UN Global Compact

UN Environment Programme Finance Initiative, UNEP FI

Global Reporting Initiative, GRI, version G3

ISO 260000:2012

Certifications

ISO 14001

Good Environmental Choice



About the 2013 sustainability report

Folksam has published sustainability reports annually since 2002; this is its eleventh report. The report is based on the Global Reporting Initiative (GRI) G3 guidelines for sustainability reporting and is audited externally by the public accounting firm KPMG. Folksam's understanding is that the report meets the B+ GRI application level, and this has also been confirmed by the external auditors.

Folksam's sustainability report describes events during the 2013 financial year and supplements the information in the annual report. It applies to Folksam in its entirety, including subsidiaries but excluding Folksam's operations in Finland – Folksam Skadeförsäkring. It includes significant changes during the reporting period in regard to size, structure or ownership.

The sustainability report is available at folksam.se, kpa.se and forenadeliv.se. In-depth sustainability information and the GRI index for the subsidiary KPA is available at kpa.se. This does not cover the external auditor's review. We welcome comments and questions regarding the report. Please contact Helena Hjelström at helena.hjelstrom@folksam.se or +46 8-772 83 61.

Read more and help us get better on Worldfavor

We invested a great deal in making our sustainability work accessible to all of our stakeholders during the year. We continue to work on being open and transparent in our sustainability efforts through the interactive Worldfavor sustainability platform. There's a profile at worldfavor.com/folksam where we openly discuss how we work in various sustainability areas. This interactive sustainability profile has also been available at folksam.se since 2013. All of our visitors are able to explore the profile to see how we work with various sustainability issues and how we measure our results in figures. What's more, our visitors also have the opportunity to tell us about the areas they feel it's important for us to work on. In this way we gain new insights into what our stakeholders prioritise and the issues that are closest to their hearts. We make use of this when prioritising our areas for development for the years ahead. ●



Ethical rules reflect our responsibility towards our customers

Risk and compliance is responsible for ensuring that Folksam maintain good internal control – i.e. that the company keeps a sharp eye on risks and follows legislation, and internal regulations and good practice.

“Strict requirements apply to the governance and control of licensable operations,” says Ylva Wessén, head of risk and compliance in the Folksam General Group. Naturally, failure to comply would entail the loss of our license, but we are also convinced that keeping everything under strict control leads to a better, more businesslike operation. We insure half of Sweden’s population and manage their pensions. So, do we need oversight? Yes; it’s all about responsibility towards our customers and our employees.

Incidents – a good way to discover risks

In order to monitor shortcomings, all of our employees must report incidents that occur. Examples of incidents are theft, fire, threats, shortcomings, personal injury, near accidents and irregularities. Circumstances where rules and regulations are not complied with are also incidents. An example would be Folksam’s ethical rules, which address how we should be perceived and how we would like to be.

Common sense goes a long way

“We usually follow ethical rules without even thinking – they come naturally in many cases and common sense goes a long way,” says Ylva.

But just because they come naturally doesn’t mean they’re not important. Ylva is careful to point out that our ethical rules are not public-relations material but constitute one of Folksam’s most important sets of rules. We receive around 500 incident reports every year, which is too few according to Ylva. There ought to be more if we look at the number of employees, the number of claims we handle and the type of operation we have.

Rather too much than too little

Are you encouraging employees to report more? Where not looking to create a ‘system of informants’, rather it’s a matter of enjoying an atmosphere in which the company learns not to repeat the same mistakes. Our approach is the more incidents reported, the better – and that everything should be reported so as not to escape attention. It’s not until we’re aware of a risk that we can do anything about it. So yes, in one way I am encouraging that. ●



We insure half of Sweden’s population and manage their pensions. So, do we need oversight?
Yes; it’s all about responsibility towards our customers and our employees.

Ylva Wessén
Head of Risk and Compliance at
Folksam General Group

Folksam's organisation and governance

Folksam is organised into three business areas: Private, Partner and Collectively Agreed Business. In addition, there are subsidiaries and seven central units.

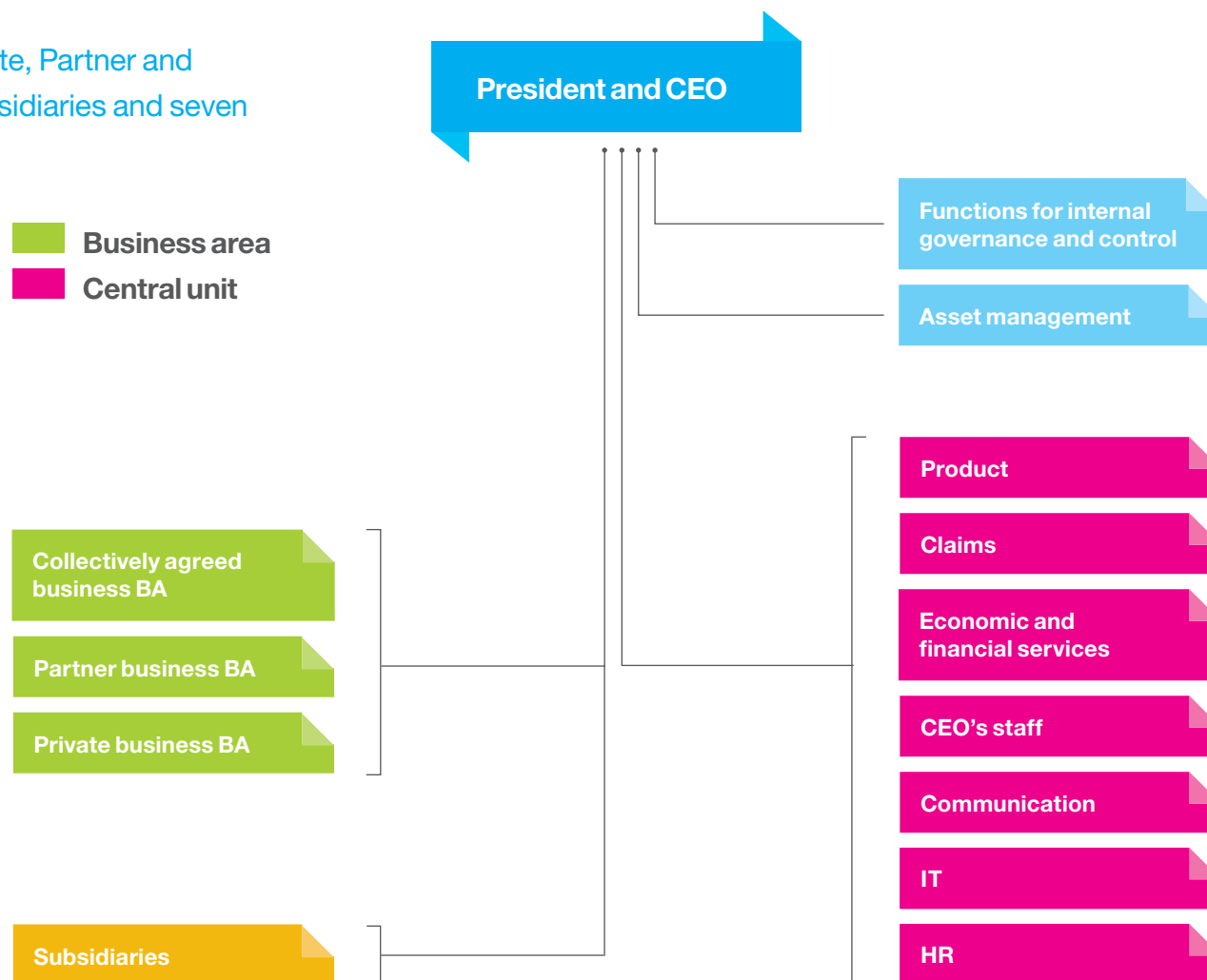
The Private business area is responsible for Folksam's business in the private market for individual insurance and pension savings.

This responsibility relates to both life and non-life insurance under the Folksam brand and all activity related to sales and customer service for private individuals.

The Partner business area is responsible for Folksam's dealings with partner and organisational customers. It includes the group insurance business and commercial insurance. The business comprises non-life insurance, personal insurance and savings.

Collectively Agreed Business is responsible for Folksam's business with the parties to collective bargaining agreements in the Swedish labour market. This includes both insurance and pension savings, such as occupational group life insurance and health insurance, as well as services such as administrative service for employers.

The Group's legal structure is described in the Annual Report.





Corporate governance

Good corporate governance is concerned with ensuring that a company is run as effectively as possible for the owners. An overall objective with Folksam's corporate governance – apart from conforming to the company's vision and ethical principles – is to ensure good returns for its customers. Corporate governance in Folksam is based on legislation, principally the Insurance Business Act and the regulations and general guidelines of the Swedish Folksam applies the Swedish Code of Corporate Governance.

Folksam consists of one corporate group for life insurance and pension savings, and one for non-life insurance and has two mutual parent companies; Folksam ömsesidig livförsäkring (Folksam Life) and Folksam ömsesidig sakförsäkring (Folksam General). Both Folksam Life and Folksam General also operate through subsidiaries. Each of the companies has around 80 internal regulatory codes (such as ethical rules, guidelines for external corporate governance, actuarial guidelines, internal governance and control policy, environmental policy and security policy) that are classified as comprehensive. The rules are examined annually and revised if necessary. They are approved by the AGMs, the boards and the president.

The illustration on the next page shows the structure of the overarching bodies in Folksam. Because Folksam is customer-owned, it has no shareholders. Policyholders exercise their influence via their votes and rights of free speech and petition through specially elected delegates. The delegates are appointed in part by organisations that represent policyholders, and partly through direct elections carried out by specially appointed election organisers.

During 2013, a corporate governance review led to a clearer communication of roles and responsibilities in subsidiary organisations, and clarified which individuals had which roles.

How our boards operate

The boards of the parent companies are made up of customer representatives from the Swedish popular movements (the cooperative movement, the trade union movements, the sports movement and the senior citizens movement). It is the Nomination Committee that proposes to the general meetings who should sit on the boards and strives to ensure that the boards are given an appropriate composition with regard to competence, age and gender. The parent company boards held nine board meetings each during the year. Ahead of each meeting, the boards received a written report from the CEO on major events in Folksam, and also in the industry in general.

The boards followed up the strategic goals in accordance with Folksam's strategic agenda. They also reviewed the subsidiaries' operations, finances, surrounding world analyses and internal audit reports, and approved the 2012 sustainability report. In order to discuss strategic and future issues in greater depth, the boards held a joint two-day seminar during the year. The themes discussed at the seminar were surrounding world analysis, pricing, skills provisioning, challenges and critical activities, reviewing financial targets and a review of the Medium Term Plan. For more detailed information, refer to the corporate governance reports at folksam.se.

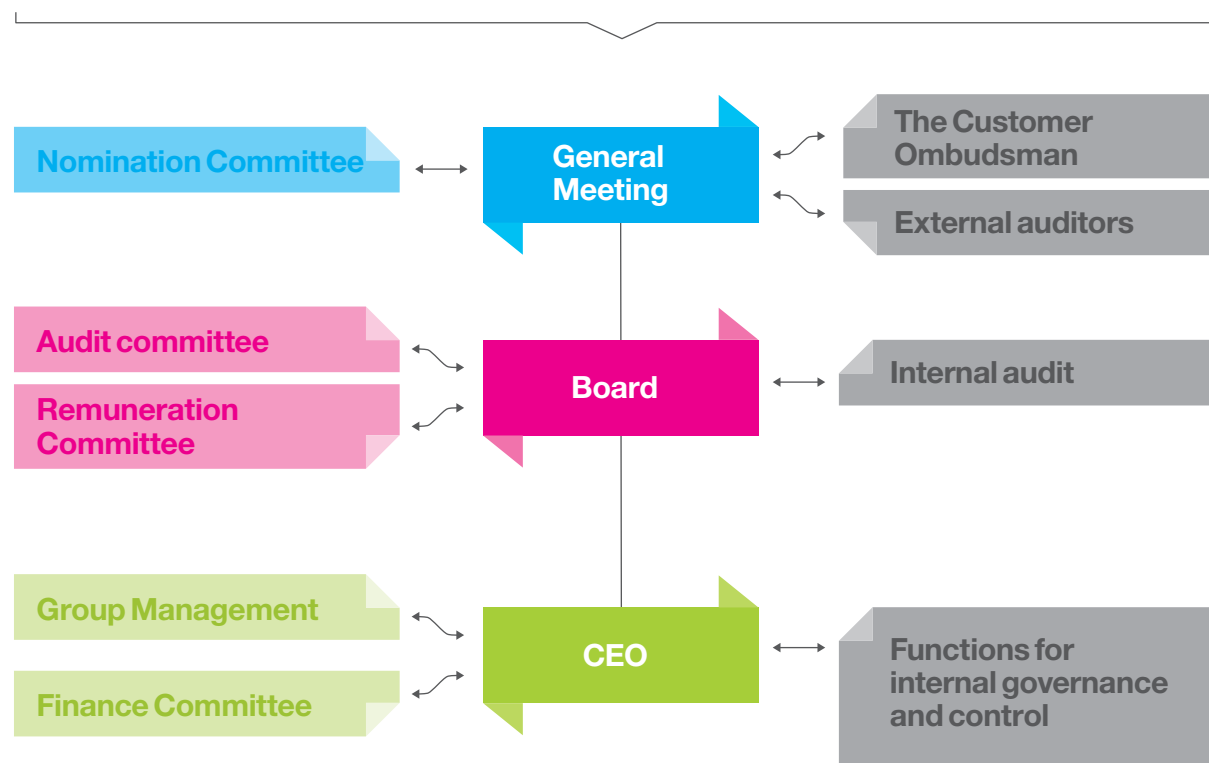
No significant changes have taken place during the year in regard to size, structure or ownership. ●

* Policyholders in Folksam Life and Folksam General are represented at their AGMs by 75 and 80 delegates respectively.



Policyholders

Represented by delegates at the AGM. 80 people in Folksam General and 75 in Folksam Life.*



Our sustainability efforts

All work that takes place at Folksam must be targeted towards the vision that ‘people should feel secure in a sustainable world and the overarching goal of ‘having the most satisfied customers in the insurance and savings industry’. Working for a sustainable world creates security. Sustainability is also important for us with regard to our claims activity and our investments. In addition to human suffering, an insecure, unsustainable world leads to high claims costs and high premiums, which are not compatible with customer benefit. This is extra important to us as a customer-owned company.

Folksam’s responsibility as an insurance company and our sustainability work have long been an integrated part of the business. The boards of Folksam Life and Folksam General each adopt strategic plans that convey the focus and requirements the board concerned has for these companies. The plans cover operations, organisational culture, financial targets, ownership governance of subsidiaries and internal governance and control.

The strategic plan also establishes areas that both boards want Folksam to work towards and focus on: perceived customer benefit, organic growth, better than the competition, attractive employer and responsible influence. “Responsible influence” comprises Folksam’s financial, social and environmental responsibilities and establishes that Folksam must differentiate its operations from that of competitors by taking more active responsibility for the world around us and our future, and by formulating offerings with responsible influence in mind.

The boards adopt targets for all focal areas every year. The goals for responsible influence seek to ensure our customers are aware that Folksam works to conserve the environment and pursues responsible ownership. Although aware-

ness of the work in these issues has grown, there is a way to go to achieve the set goals. However, in the area of road safety research, responsible influence is measured by the proportion of safe, newly insured cars Folksam has – cars that meet the safety requirements in the ‘Green-and-safe discount’. The logic is that if the customers travel more safely, it leads to a reduction in claims and claims costs. Lower claims costs in turn lead to less expensive insurance. Here, measurements show that Folksam has a significantly larger percentage increase compared with the rest of the market (see page 16).

A seminar is held in conjunction with the AGMs for Folksam Life and Folksam General. The topic in 2013 was ‘Folksam – more than insurance and savings’ with the subheadings World-Famous Road Safety Research, Renowned Corporate Governance and Pro-Active Environmental Protection. Folksam’s added value managers focus on forecasting and the main trends prevailing in each field.

Group-wide sustainability committee

At the end of 2013, a group-wide sustainability committee was formed with the objective of:

- adopting common goals and bases for sustainability efforts to achieve our vision;
- consolidating sustainability work links to business operations,
- coordinating each company’s sustainability efforts, and
- strengthening customer choice in connection with sustainability issues.

The sustainability committee is a preparatory body that provides decision support data for the individual company managements and coordinates, streamlines and follows up Folksam’s sustainability efforts based on an overarching policy. The committee is chaired by the Group CEO and



the members are representatives from each company's business and sustainability departments and the public-relations unit.

How do we ensure compliance?

- Laws and regulations; Swedish Financial Supervisory Authority regulations
- Rules and regulations (policy, guidelines, instructions)
- Compliance checks
- Incident management
- Training
- Monitoring future changes e.g. proposed bills
- Reporting

Solvency 2

Solvency II is the umbrella term for the new solvency rules which will apply to at HOK all insurance companies in the EU. Solvency II is a part of a broader effort to create a uniform European financial market with enhanced protection for policyholders and improved competitive strength for European insurance companies. Solvency II strengthens the connection between solvency requirements and risks for insurance companies and entails more stringent requirements for insurance companies to hold capital sufficient to meet their obligations toward policyholders. Through greater risk control, the companies will be governed in a more sound and suitable manner.

Folksam began the adaptation to the Solvency 2 regulations as early as 2009. The work has since mainly focused on coordinating the

adaptation of processes and system support for governance and reporting of the business. Otherwise, efforts have primarily concerned a strengthening of the qualitative characteristics in the companies' organisation and regulations. Solvency II constitutes an important part in the modernisation of Folksam and the rest of the industry, a development that is good for both the customers and Folksam.

According to the new timetable, Solvency II will come into force on January 1, 2016. During the autumn of 2013, EIOPA adopted guidelines for phasing in Solvency II regulations. These guidelines will begin to be applied from January 1, 2014. The Swedish Financial Supervisory Authority has decided that Swedish insurance companies must follow the EIOPA guidelines during the phase-in period. Folksam has therefore sharpened its focus on completing methods and processes for corporate governance and reporting in order to be prepared when Solvency II comes into force.

Bribery and money laundering

All financial companies in the EU are obliged to work against or take steps to prevent money laundering and the financing of terrorism. Folksam follows the sanctions that have been issued against persons suspected of criminal activities and also takes action to prevent bribery and corruption. The work on preventing bribery and corruption is linked to Folksam's work to prevent money laundering, in which we investigate whether our customers are individuals in politically at-risk positions, that is to say persons who hold high political office and who through their positions are at greater risk

of being bribed or becoming involved in corruption. Work will be under way during 2014 on consolidating knowledge about measures to counteract bribery and corruption, and in connection with this a new bribery policy will also be prepared for Folksam.

Supervision of changes affecting us

It is of the utmost importance for Folksam as a customer-owned company to monitor and pursue issues that affect our customers. Folksam's business operations are often affected by changes in legislation, regulations and trends in the world around us. In order to exert an influence on such changes, we involve ourselves in a number of key issues through the Executive Network (ExNet) forum. Folksam puts forward its opinion in each strategic key issue in a specific order. Initially, a judicial analysis of a key issue is carried out and its effect on the legal entities within Folksam is assessed. The effect the key issue will have on the national economy is also analysed, and above all the effect it will have on the customer. The issues vary over time depending on the relevance and intensity of the change process. Some of the key issues taken up by ExNet during 2013 were the Life Insurance Inquiry including the retroactive right of transfer, Solvency II, IFRS 4, insurance standards and consumer protection.

Ethical rules – always a topical issue

Its ethical rules constitute one of Folksam's most important regulatory codes. They address how we should be perceived and how we would like to be – an insurance company that is committed to what its customers care about. We are personal, committed, and responsible. Folksam's values reflect an ethical approach and shall permeate everything we do. Safeguarding human rights and rejecting all forms of discrimination are two examples. They apply to our entire operation and lay down the rights and responsibilities that employees must abide by in different situations. The ethical rules are distributed to all employees and form a regular part of the internal training in regulatory codes that employees receive every year. Employees are encouraged to contact their manager or any of Folksam's lawyers when they feel uncertain. In basic management training, new Folksam managers also receive training in the ethical rules concerning e.g. gifts, conference travel and participation in events. This is important so that they can in turn guide their employees in what is permitted to give or receive, for instance.

Risk management in Folksam

Folksam is exposed to different risks that may affect the company's financial position and its ability to achieve its goals. By taking active, controlled and businesslike decisions about risks, we create the conditions for offering customers insurance and savings solutions that provide them with security. As a support in this work, Folksam as a risk management process that includes identifying, evaluating, managing, monitoring and reporting all substantial risks. To clarify governance and responsibility, operations are divided into three lines of responsibility.

The first line of responsibility is made up of business areas and units, parent companies, subsidiaries and outsourced business. They are responsible for directing operations so that targets established by the respective boards are achieved. They own and manage risks, that is to say, they are responsible for risk management, monitoring and compliance.

The second line of responsibility consists of the risk and compliance departments and the Group's chief actuaries. The risk and compliance departments support and follow up the first line of responsibility on the basis of frameworks for risk management, and is responsible for having an overall picture of the risk situation in the company and report this to the board and the CEO.

The third line of responsibility consists of the internal audit, which reviews and evaluates internal management and controls, including risk management, on behalf of the board.

Incident reporting in Folksam

Folksam has an incident-reporting system in which all employees may report undesirable events. The definition of an incident is an undesired event – that can be intentional or unintentional – that has caused or could have caused Folksam harm.

Number of reported incidents in the last three years

2011	2012	2013
573	503	465

Folksam's approach is that the more incidents are reported, the more things will improve. It may sound strange, but our standpoint is that when incidents are reported, the root causes are also discovered, and this provides an opportunity to take measures to avoid a recurrence. By reporting incidents we demonstrate openness within the operation, and a desire to be a learning organisation. This is why Folksam has such a broad definition of what constitutes an incident, and no monetary limit for what may be reported. Folksam has an annual premium volume of more than SEK 35 billion, but even low-value incidents can be worth finding out about. An employee willing to report an incident should not have to judge whether or not it is sufficiently serious from a financial perspective.

Incident management is taken care of by operations and followed up by the compliance organisation. There are local compliance officers deployed throughout the operation who follow up and ensure incidents are actioned and closed out within the system. The boards then receive reports about incidents through score cards (dashboard), which the Group CEO reports to the board at every board meeting, and also through compliance reports submitted half yearly. The compliance reports provide a brief description of the most serious incidents that occurred during a period.

What distinguishes Folksam's incident reporting system from a whistle-blower system is that in the latter reporting may take place anonymously. Folksam's incident reporting system requires the reporter to reveal his or her identity. However, all employees also able to report incidents directly to Group Security without their immediate superior or the local compliance officer's being made aware of the report. Such incidents might, for example, concern irregularities, and around 25 incidents are reported in this manner every year. When an incident report of this nature is received, an investigation is begun by Group security to decide whether various actions must be taken during the investigation.

The ratio 25 incidents to 500 is considered reasonable and a sign that employees feel comfortable with reporting incidents in this manner, even though reports may not be submitted anonymously. However, the need for a conventional whistle-blower system will be analysed in 2014.

Folksam's existing incident reporting system has certain shortcomings regarding the ability to follow-up incidents and disseminate information to concerned parties. We also feel that the number of incidents per year is too low in respect of the extent of Folksam's operations. The Group CEO has therefore decided that the old system must be replaced with a new one. Evaluations of different systems are in progress and the intention is to have a new system in place during 2014. ●

What do our customers think of us?

No one knows the answer better than Jacqueline Sejersen, head of research at Folksam.

Our customers are for the most part satisfied. “No less than 94 per cent of the customers who were in contact with us say it was easy to reach us, that they enjoyed friendly service, and that they are satisfied.”

What makes them satisfied?

“Customers want to be recognised; we see clearly that those whom we’ve been in contact with are much more satisfied. It doesn’t matter if the contact is about service, sales or a claim that has been made.

Customers with many policies and who’ve been with us a long while without filing claims and who take preventive measures say that they want us to recognise this and show our appreciation for it.”

How have we done that?

“Bundling discounts and bonuses are examples of measures we’ve taken in the last few years. What customers think and the initiatives we take go hand-in-hand, and surveys show that customers have never been more satisfied than they are now.


Insurance policies are often associated with red tape and their being uninteresting products. Jacqueline feels that ‘complex products’ better describes customer perception – the interest is there, but is too difficult to understand. This is

why Folksam is not only making its products simpler and clearer, but also the information about them. You’ve been working with surveys at Folksam for ten years; what were the biggest changes during that period?

“Back then we looked more at what our existing customers thought about the products we had. These days we involve our customers – mostly existing, but also potential customers – right from the beginning when we develop products and offers. For example, our customers took part in the development of how bonuses should be structured. It was important to them that the bonuses were felt to be fair and justified. They even helped make sure our information was easy to understand.

Looking ahead, what do you think will happen in your field?

“We will get a better ‘feel’ for our customers. For example, right now, if customers have several policies with us, they get a document for every policy – it’s a bit like shaking hands with the same person over and again. I also think it will be easier for our customers to migrate between different channels, e.g. surfing our mobile website and receiving personal advice via video chat. ●



“No less than 94 per cent of the customers who were in contact with us say it was easy to reach us, that they enjoyed friendly service, and that they are satisfied.”

Jacqueline Sejersen
Head of Research at Folksam

Every time we meet a customer, we meet an owner

Folksam is a mutual company – this means our customers are also our owners. The fundamental purpose of Folksam being customer-owned is to create long-term profit and provide services that our customers, as owners, are pleased with. Folksam, which insures one out of two homes and one out of two people in Sweden, is also a well-run company. With the surplus Folksam now has, we can distribute a bonus from 2013 onward to Folksam General customers – something they welcome.

What our customers – and others – think about Folksam.

Folksam carries out surveys on an ongoing basis to measure market approval and what customers think about Folksam. Folksam keeps strategic score for the areas 'Better than our Competitors', 'Perceived Customer Benefit' and 'Responsible Influence' which the boards and Group management follow quarterly.

Better than our Competitors

Brand attractiveness is built up by the feeling people have of Folksam and the perception they have of its products. The survey is carried out on customers and non-customers. Folksam is ranked as number two of the most renowned and approved insurance and pension

investments companies, and top when it comes to general insurance. The brand's power of attraction is expressed as a weighted average of those who responded that they accept, prefer, or love Folksam. Given that the market has a total of 100 points to share, Folksam had 19.9 at the beginning of 2013. The goal for 2013 was lower than the outcome in 2012, the reason being that the outcome in the fourth quarter of 2012 was extremely high in relation to the three previous quarters, where the average was 17.7. Many insurance companies have a large proportion of customers who are aware of the company but who could not contemplate choosing it. In the case of Folksam, this proportion has fallen significantly for several years.

Perceived Customer Benefit

The Folksam Customer Index (FCI) is used to measure customer satisfaction. Customer satisfaction trended well and exceeded the goal for 2013. The goal for 2013 was lower than the 2012 outcome because some customer groups had customer satisfaction indices as high as 96 – 100 per cent, and a somewhat more cautious overall goal was selected.

Responsible Influence

Approximately one in eight Swedish citizens and one in four of Folksam's customers are aware that we offer eco-labelled policies.

Folksam has increased the proportion of 'safe cars' in its customer base at a rate of increase that is higher than that of the nation's vehicle fleet. While the goal was exceeded, we have not yet overtaken the market's proportion of safe cars. Safe cars refers to cars that are max seven years old and which meet the safety requirements of the green-and-safe discount. Cars on the list of green and safe cars receive a 10 per cent discount on car insurance. The ambition is to continue these efforts. If customers travel more safely, it should over time lead to a reduction in claims, claims expenses and environmental impact.

Increased market approval	Target 2013	Result 2013	2012	2011	2010
Power of attraction, Folksam	18.0	19.9	19.7	17.1	16.5

Increased customer satisfaction	Target 2013	Result 2013	2012	2011	2010
FCI/Folksam	76	78	77	74	74

Awareness of our responsible influence efforts	Target 2013	Result 2013
Market awareness of Folksam's eco-labelled policies	20%	13%
Folksam's employee awareness about responsible investments	51%	Q1 2014*
KPA Pension customer awareness about ethical investments	50%	44%

* The activities were not completed according to plan because of sickness absence. Follow-up is therefore postponed until March, 2014

Focus areas for satisfied customers

Accessibility

Customer satisfaction was excellent in the run-up to 2014, in fact the highest ever. However, it would have been even better had we had good accessibility. We had a larger portfolio, which means more clients and greater demands on both accessibility and a good customer reception. We recruited 14 new claims adjusters to handle the inflow of customers and improve accessibility. Accessibility is a fundamental satisfaction factor and a condition for providing security, and it will improve during 2014.

PR campaign about bundling discounts

Customers feel they should be rewarded if they place all their insurance policies with us. We need to increase awareness about our discounts – more than one in four customers is unaware that Folksam has bundling discounts.

Bundling offers

Customers expect to be treated like customers whether our approach to them be from Folksam General or Folksam Life. Work will be carried out during 2014 on the creation of an overall offer for both General and Life customers.

Bonuses

Folksam's financial surplus has always been returned to its customers, but for many years the surplus has been in the form of product developments. We have finally achieved such a strong financial position that we are able to pay bonuses in the form of deductions from customer bills, and the first such deduction was made in 2013. Our customers were involved in shaping the bonuses from the very beginning, for example by creating a clear and simple bonus statement. During the spring, Folksam General issued bonus statements to 1.2 million customers. The response was that the statements created a positive impression of 'Folksam as a successful company' and the discount was perceived as 'fair and justified'. During 2014, Folksam Life will also pay out bonuses from the surplus that arises within group life policies.



Customers want to contact us by phone or internet

The response to the question regarding how customers would like to handle insurance business in the future was very clear: They want it to be by phone or online, while a dwindling number of customers wishes to visit our offices. In recent years, Folksam has adapted its organisation to meet customer wishes by investing in telephone services and reducing the number of offices. Customer service handles around three million incoming calls every year.

The pressure on folksam.se is increasing, and in general terms its visitors give it good marks. Folksam's visitors are still a tad more satisfied than the industry in general, but one area crying out for improvement is My Pages. Almost one in three visitors reaches folksam.se via their mobile phones. The demands that new technology and changed customer behaviour place on us will be areas for focus during 2014.

Value-driven claims settlement

Whether the customer is satisfied or not often depends on the expectations he or she has, and such expectations vary depending on the type of claim in question. In the case of a burglary, an empathetic approach is most important, whereas with different minor claims such as the theft of mobile telephones, speed ranks highest. These days Folksam works with value-driven claims settlement in general claims. The method places higher demands on our employees. Rules-driven claims settlement is easier, but also means simple, limited responses. A bias toward value-driven settlements will become increasingly important in the future,

and Folksam is confident that customised claims settlement leads to more satisfied customers and employees alike.

If customers are dissatisfied

Unfortunately, misunderstandings, dissatisfaction or problems are sometimes impossible to avoid. For example, it can happen that customers feel they received too little compensation or that a claim was not handled according to expectations. We describe how to lodge an appeal or who to turn to, to have a claim reconsidered at folksam.se. Good complaints management provides us with the opportunity to spot problems and do something about them

New Swedish Financial Supervisory Authority and EIOPA (the EU equivalent) standards have clarified insurance company requirements for handling customer complaints, and Folksam's management prioritises issues that concern customer complaints. A central complaints group is charged with arranging group-wide coordination of customer complaints. Complaints will be registered with more information than previously and the cause of dissatisfaction will be described more clearly. The intention is to continually follow up issues and to find a structured method of working with complaints and remedying their causes.

Impartial review with the Customer Ombudsman

The principal task of the Customer Ombudsman is to offer those customers who are not satisfied with Folksam's decisions an impartial review of their cases. Ombudsmen have been in Folksam for almost 50 years and have a well-established working method. They are independent from Folksam's company management and answerable only to Folksam's AGMs. Their overarching goal is to help Folksam achieve the most satisfied customers in the insurance and savings industry.

The ability to contact an independent authority, ask questions and reconcile uncertainties is much appreciated by customers. During 2013, around 9,000 customers consulted the ombudsmen, and of these the ombudsmen processed around 1,300 cases, of which 21 per cent led to some form of change to in favour of the customer – a fairly high rate.

Small number of disputes

During 2013, Folksam took decisions on around 870,000 claims. Because the company works pro-actively on solving problems at an early stage, relatively few cases led to disputes. During 2013, 115 cases were resolved by the National Board for Consumer Disputes (ARN), and only 3 per cent of these were changed in favour of the customer.

This shows that Folksam maintains high quality in its claims settlements. Of the 118 cases that were resolved in court, Folksam won the majority of the cases or reached an amicable settlement.

Experience leads to improved operations

An example of a common complaint to the Customer Ombudsman concerns a customer's ability to prove that he or she owns the jewellery compensation is sought for. In such cases customers must be able to verify ownership to the company. If the jewellery is expensive and recently purchased, higher standards of proof are generally demanded. In such cases the customer ombudsman makes a general assessment of all the facts. A number of cases of this type have led to our recommending a change to Folksam's decision. They have also led to feedback and constructive proposals to improve Folksam's method of processing similar cases.

An important part of the ombudsman's work is feeding back experiences from its activities to Folksam. During 2013, the ombudsmen took part in Folksam's internal work in different ways e.g. through policy work and participation in internal supplementary training.

	2013	2012	2011	2010
Number of claims	870,000	730,000	710,000	650,000
Number of cases to the Customer Ombudsman	1,300	1,140	1,107	1,117
Percentage of changes in the customer's favour	21	22	20	22
Number of cases to ARN	115	91	94	106
Percentage of changes in the customer's favour	3	4	4	5
Number of cases to court	114	139	152	141

Customer ombudsmen work pro-actively to put the message across to Folksam that terms and conditions must clearly show what the customer is entitled to. It's not enough for the company to apply a generous policy. Terms and conditions have a more restrictive view of what may be compensated. In other words, customers must be able to read what they are entitled to in the terms and conditions. If this is not the case, there is a risk that the customer does not turn to the company with his or her demands for compensation. During 2013, the customer ombudsmen were instrumental in the clarification of a number of conditions to show customers more clearly the compensation they are entitled to in reality.

Diversity – an increasingly important business issue

Folksam continues along the path of multi-lingual customer service and today has customer service in 18 languages. Multilingual customer service receives around 100,000 telephone calls per year and communicates with people from around 100 nations. Around 12 people in Malmö work with multilingual customer service, and there are also people located around the country as backup to the Malmö team. The biggest foreign language is Arabic. Owing to technical difficulties, we have not yet added the 19th language, signing. However, people have been engaged for the assignment.

Folksam Amanah fund approved by the Muslim Council of Sweden

Folksam is busy creating more products to attract Sweden's Muslims. There are an estimated 500,000 Muslims in Sweden today, and there will be around 1 million within 15 years. Folksam's Amanah fund is included among collective agreement occupational pensions, and work is also in progress to have it included as an alternative in the 60+ burial insurance, which consists of group life policies and savings insurance in the Amanah fund. Folksam is alone in this within the industry.

Low pension for Swedes born abroad

The publication 'Warning, Low Pension' serves as continued information in the major effort to inform and educate foreign-born Swedes about pensions and savings opportunities. During the year, Folksam – in collaboration with the Swedish Pension Agency – trained the 20 immigration associations it has cooperation agreements with. The idea is for the immigration associations to turn pass on the importance of planning for one's pension.

Twelve years of responsible corporate governance

She's been called troublesome and grandiose, but she's also won a Super Communicator award. Carina Lundberg Markow, Head of Responsible Ownership, was the person who began the work with ethical investment criteria at Folksam.

“When I came to Folksam in 2001 I looked on road safety researchers as people to emulate. Their tests and reports were a good way of influencing the automotive industry and our customers while also building the brand. My goal was for us to work with Folksam's ethical investment criteria in the same way – with the primary objective of influencing companies.

Today Folksam is among the ten biggest owners on the stock exchange, but back then we ranked perhaps 18 or 19.

Few wanted to listen

“It was difficult to get people in business to listen – not many business executives had even reflected over sustainability issues. They would get angry. The biggest group of supporters were environment and sustainability managers who felt they finally had someone from the outside world to help them spotlight their efforts.

Reaching listed companies via the media

The chief strategy has been to reach out to listed companies via the media, so the business press was our main focus. Carina has been successful with her strategy and is seen frequently in the

media, something which has made her a bit of a household name in Sweden.

Perceived as troublesome

“If we want these issues out in the open someone has to discuss them. But even though that person can very easily get all the attention rather than the organisation, I still feel most people associate me with Folksam. Talking about ethics in business, the environment and equality means I'm regarded as troublesome – an epithet I gladly accept if that's what it takes to get our message across. At the same time, the perception of sustainability issues has become more modern; I'm probably not seen as being quite such a troublemaker as I was a few years ago.

How does your work look today?

“A great deal has happened incredibly quickly. Business executives today have a better understanding of the risks their companies run from a sustainability standpoint. Some have even realised that there's a potential for increasing sales, reducing costs and thus increasing their profits. As for us, we're working strategically to spread Folksam's central message, and this is an excellent opportunity to do just that. ●

” Talking about ethics in business, the environment and equality means I'm regarded as troublesome – an epithet I gladly accept if that's what it takes to get our message across.

Carina Lundberg Markow
Head of Responsible Ownership

Renowned Corporate Governance

Our customers care how listed companies manage sustainability issues. Here at Folksam we are convinced that companies which take responsibility for the environment and human rights are more profitable in the long term. of note Folksam is able to influence the companies it invests in through its criteria regarding the environment, human rights and anti-corruption. However, we've taken a conscious decision not to invest in some companies regardless of how little impact they have on the environment or how good their working environment is, on the grounds of the board's disqualifying criteria.

The disqualifying criteria are tobacco and illegal arms such as cluster weapons, anti-personnel mines and nuclear weapons. These criteria apply to all Folksam companies, with two exceptions – the subsidiary KPA Pension has adopted even tougher criteria and does not invest in the alcohol industry or commercial gambling. And at Folksam General – which is certified by Good Environmental Choice – coal-fired generators, nuclear power and uranium are excluded in addition to tobacco and illegal weapons.

Folksam has around SEK 304 billion of assets under management on behalf of just over four million customers. This gives us the ability to influence and change society in the long term. Folksam's objective of persuading companies to assume their social responsibility is very much for the public good, as we believe knowledge helps bring about positive change. Folksam regularly publishes reports and indices in which we present information on the companies' performance in areas such as the environment, human rights and gender equality.



UN principles guide Folksam

The UN Principles for Responsible Investment (PRI) are a UN initiative launched in 2006 and aimed at introducing sustainability issues into the investment process for institutional investors and pension managers. Folksam was the only Swedish investor to take part in drawing up the guidelines, which apply to the environment, social issues and corporate governance (ESG issues). Folksam was also one of the first investors to endorse the principles. In this year's sustainability report, we have chosen for the fourth consecutive year to report the year's events based on these principles to clarify how Folksam fulfils its commitment as a signatory to PRI.

Principle 1

Folksam will incorporate ESG issues into investment analysis and decision-making processes.

Folksam engages Swedbank Robur as asset manager for large parts of the assets under management and for the ethical screening of all investments. Folksam also engages independent consultancies for various analyst services. This analysis forms the basis for decisions on which companies Folksam invests in and which companies Folksam chooses to conduct a more in-depth dialogue with. Folksam votes both for and against share-related reward schemes. We report when we vote against, otherwise we vote in favour. During the 2013 AGM season, Folksam took part in 43 AGMs and one extraordinary meeting, and was represented at two nomination meetings. In addition, Folksam was involved in a number of dialogues with corporate boards with regard to sustainability work and incentive schemes. In cases where companies have disregarded Folksam's views we chose to vote against the bonus system.

In the run-up to the AGMs we used Facebook to ask what questions our followers wanted us to pose most of all. Questions regarding corruption came top, and this also characterised the questions asked at the AGMs. The

questions posed by Folksam's department for responsible ownership were compiled in a special report. We asked questions of the managing directors of the companies, and we noted their responses as we understood them to mean.

Further information regarding Folksam's presence at the 2013 AGMs is available on the blog 'En katt bland hermelinerna' (A cat among the pigeons; in Swedish) and on Twitter, where the group reports directly from the AGMs under the name @etikkkatten.

Dialogue helps companies to see the business potential in sustainability issues

Folksam's work on influencing companies in sustainability issues is partly aimed at reducing the risks associated with environmental crime, human rights abuse and corruption, and partly to make more people see and utilise the business potential of socially responsible commerce. This is done in part through active corporate governance. In 2013, the activities of 1,847 companies were audited with a focus on corporate performance regarding the environment and human rights. Folksam's 20 largest Swedish holdings were contacted and meetings were held during the year with six of them. In addition to these, 20 Swedish companies were identified as being at greatest risk of involvement in incidents relating to the environment and human rights. Four companies were selected and their risk situations were reviewed in meetings and telephone conferences. The review has resulted in several companies restructuring and improving their environmental activities or the way in which they work on human rights following a dialogue with Folksam. More companies than usual contacted Folksam in 2013 to discuss sustainability issues.

Principle 2

Folksam will be an active owner and incorporate ESG issues into its corporate governance policy and practices.

Folksam's Boards of Directors have set forth a corporate governance policy and ethical investment criteria for the companies' holdings. These activities are followed up by an internal corporate governance committee. The result is reported to the boards.

Folksam in dialogue with listed companies regarding incidents

At Folksam, we try as far as possible to influence the companies we invest in, in e.g. corporate governance or on issues concerning the environment or human rights. Some examples:

Scania

Scania was in the spotlight throughout the year owing to a decision at its 2013 AGM not to appoint a nomination committee. Because of this, there is a risk that conflicts of interest may arise that would disadvantage Scania's other shareholders as there are strong links between the company's board and its principal owner's German truck manufacturing. Folksam voted no to the proposal and has contacted the company on this matter. Scania announced via a press release that its auditors would review the issue and report to the 2014 AGM. Folksam considers it to be important that the board also comments on the decision-making process at Scania regarding issues that concern conflicts of interest and similar circumstances.

Boliden

During the 1980s, the Swedish mining company Boliden had a large amount of environmentally hazardous waste. They took contact with the Chilean company Promel, which informed Boliden they could take care of the waste by processing it in their smelting furnaces and then disposing of it in a responsible manner. At that time, Chile was the world's biggest producer of copper and enjoyed competence fully comparable to that of Sweden regarding waste management. Boliden visited Promel in Chile before the transaction was concluded, and subsequently 20,000 tonnes of waste were shipped to Arica. Unfortunately, Promel went bankrupt before the waste was fully processed. The local authorities then took the decision to build housing on the site, which in turn led to widespread injury because of the environmentally hazardous waste. Today, processing waste in this manner is prohibited.

In 2013, Boliden was sued by a number of the Chilean villagers affected. An application for a summons was submitted to the Swedish courts. Folksam contacted Boliden regarding this matter and the company's management of environmentally hazardous waste. We consider Boliden's hazardous waste management to be satisfactory today and that there is no risk of what happened 30 years ago happening again as far as Boliden is concerned. The entire episode is extremely regrettable and demonstrates the need for clear, internal regulations regarding environmentally hazardous waste, especially in countries where the authorities do not protect citizens from environmental risk, and in some cases even build housing on polluted land. If the court finds Boliden to be at fault, Boliden must naturally abide by that finding. The fact that the issue is still not solved after 30 years is a failure for both the company

and its shareholders, but above all towards the people who have been harmed.

TeliaSonera

As early as 2011, TeliaSonera was linked to questions about human rights violations in connection with regimes that had bought equipment from the Swedish companies having used it for phone-tapping, monitoring and tracking down political dissidents. Folksam therefore prepared a proposal to the 2012 AGM to task the company's board with amending TeliaSonera's then code of ethics to comply with the UN Universal Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises in 2011.

TeliaSonera's took a positive view of Folksam's proposal, and had already decided to amend the company's code of ethics before the AGM. The board also proposed that its aims and direction be clearly defined in the minutes from the AGM.

Folksam has since begun an intensive dialogue with the company. Folksam also met TeliaSonera's principal owner, the Swedish state, to discuss how the company could improve its operations. TeliaSonera then decided to implement an external audit of its sustainability work with particular focus on the freedom of speech and integrity issues. In parallel, internal efforts were begun to develop risk analysis, strengthen reporting, increase transparency and train the employees in human rights.

In the autumn, the media's scrutiny of TeliaSonera's activities in Uzbekistan continued. In a number of media reports, the company was alleged to have used bribes to conduct business in the country. The company has categorically denied all accusations, but at the same time initiated an external review of

their activities. The prosecutor at the national unit against corruption began a pretrial investigation.

None of the reviews and investigations had been concluded by the end of the year, and Folksam will remain in close talks with the company to satisfy itself that the issues stay in focus. Because TeliaSonera has a history of problems linked to corruption, Folksam maintains close contact with the company. Among other things, this involved a thorough study of TeliaSonera's internal training in respect of bribery.

West Sahara

West Sahara has been occupied by Morocco since the 1970s, and large numbers of the West Saharan population live in refugee camps. West Sahara is one of the world's most sparsely populated areas; it has a few hundred thousand inhabitants in largely infertile sand and stony desert areas. Around half of the West Saharan population lives in refugee camps in southern Algeria, and around half lives in occupied West Sahara.

Many companies have operations in West Sahara despite the fact that, according to UN legal expertise, they are in contravention of international agreements on civil and political rights and the International Covenant on Economic, Political and Cultural Rights. During recent years Folksam has reviewed the companies with operations in West Sahara and been in contact with the West Sahara Association, part of the Afrikagrupp and the Olof Palme International Center (OPIC), to gain further information on the subject. The two organisations are in full agreement that the situation for the West Saharan population is extremely problematic and that companies extracting natural resources there contribute without a doubt to the status quo.

As a result of the review, Folksam has decided to divest its holdings in several companies linked to West Sahara as the reported events are in breach of Principles 1 and 2 of the UN Global Compact regarding human rights and the equivalent chapter (IV) in the OECD Guidelines for Multinational Enterprises. The book *Tyst Territorium* (Silent Territory; in Swedish) by Fredrik Laurin and Lars Schmidt was published in the autumn of 2013. The book contains seven journalistic reports from West Sahara. Carina Lundberg Markow, head of Folksam's department for responsible ownership contributed to the book, and in it she explains why Folksam has chosen to sell its holdings in certain companies with links to West Sahara.

Bribery and corruption

Folksam's Boards of Directors have set forth ethical investment criteria for all of Folksam's capital. Thus we do our best to influence the companies we invest in through our criteria for the environment, human rights and anti-corruption. We base our efforts in part on UN Global Compact principles. Principle 10 reads: Businesses should work against corruption in all its forms, including extortion and bribery.

Through its corporate governance work, Folksam works to ensure its companies have clear policies and well-documented work. The law should be seen as the lowest level, but companies that operate within risk zones should have a more restrictive stance, their own internal rules and regular checks to ensure guidelines are followed and that personnel training is centrally led.

Corruption is one of the greatest challenges to the global economy. It's a major obstacle to sustainable development and has a great effect on poor societies, and corrupt behaviour un-

dermines democratic progress. Its effect on the private sector is also substantial – it prevents economic growth and distorts competition. Corruption is extremely costly for individual companies as it adds extra expenditures of 10 per cent or more just to get business done in certain parts of the world.

Corruption in poor societies has a devastating effect by actually undermining the social structure. Economic resources that were intended for local development can, as a result of corruption, end up in foreign bank accounts instead of being used for local procurement and as a stimulus for local economies. Companies have a self-interest in social stability and economic growth in local communities. Money-laundering and illegal international monetary transfers are used as support mechanisms for international terrorism. Global companies must be constantly on the alert to avoid association with these major international challenges.

During the year, Folksam posed questions concerning e.g. companies' efforts to combat bribery.

Internet freedom forms an important part of human rights

Business plays a prominent part in protecting its customers' rights. It can also collaborate with a civil society's organisations to work for political reform in countries with problematic legislation. Many countries around the world censor or try to control information on the internet in a number of ways, while other countries want to see tougher regulation of the web.

Folksam's position is that companies should be able to remain in difficult markets as they have a positive affect on democratic progress. However, the fact remains that

telecommunication companies are ultimately responsible to their owners, the media and civil society in their home countries. Companies in countries with ambiguous legislation and weak supervisory mechanisms should adopt and follow clear processes when dealing with requests from authorities. It's preferable for telecom providers to maintain operational and technical control over their networks instead of providing direct access to the authorities. Companies can take practical measures such as publishing how many requests the authorities and police make regarding the disclosure or blocking of information. Recurrent blocking of websites may be an indication that the authorities are abusing their powers.

During the year Folksam has been in frequent talks with TeliaSonera and several other telecom companies. In recent years, Folksam's department for responsible ownership has worked to increase TeliaSonera's awareness of the impact it has on freedom of speech and integrity, and also to encourage it to shoulder responsibility for the risks its presence in problematic countries entails.

TeliaSonera's new board has focused on solving the problematic issues surround its Eurasian operations. An international law firm was engaged to carry out a thorough review of the past few years' transactions, contracts and partners within the business area. The objective was to provide TeliaSonera's new board with as clear a picture as possible of the Group's transactions and to carry out a risk evaluation of said transactions from a business ethics perspective. The review showed that procedures concerning the execution of certain transactions were not carried out in accordance with good business practice. As a result of this, four senior executives had to leave the company. TeliaSonera has also

invested in personnel training and is currently introducing a whistle-blower system to combat irregularities and corruption.

Folksam in dialogue with foreign companies

If Folksam becomes aware of a holding that violates any of our investment criteria, we initiate a dialogue with the company to bring about a change. Sometimes, our efforts do not succeed and we are forced to divest the holding. This occurred in two instances in 2013, of which Agrium was one.

Agrium imports phosphates from the part of West Sahara occupied by Morocco. The company signed a contract in September, 2011 with the Moroccan state company Office Chérifien des Phosphates (OCP), and the first delivery of phosphates arrived in Canada on October 24, 2013. The exploitation of natural resources from colonised territories was deemed illegal in 2002 by the UN Under Secretary for Legal Affairs. Folksam has previously divested holdings in other companies with similar business transactions in West Sahara.

In 2013, a positive decision was also taken concerning reinvestment in one of the previously excluded foreign companies. This was the Japanese company Bridgestone, whose subsidiary in Liberia had earlier allegedly employed child labour in its rubber plantations. Bridgestone was excluded from Folksam during the spring of 2007. Following several years' continued dialogue, a policy regarding working conditions is now in place and there are independent reports that say child labour has ceased. Folksam therefore took the decision to once again allow investments in the company.

Folksam votes at AGMs abroad

Folksam has also used its influence to vote at AGMs abroad since 2005. This takes place through postal voting. During 2013, Folksam voted in a total of 251 foreign AGMs. Among other things, votes were cast for a proposal for Statoil to stop the extraction of oil from tar sands in Canada, and another on increased representation by women board members at BCE Inc.

During 2013, Folksam also joined Trillium Asset Management, New York State Pension Fund, Boston Trust, and Unitarian Universalists in submitting a proposal to Chevron's AGM concerning a board member with environmental expertise and splitting the CEO and Chairman position. The proposal was followed by a telephone conference with Chevron in which Folksam explained why these issues were important. However, Chevron chose not to take up the proposal at the AGM.

Class actions

In 2008, the Department of Responsible Ownership took over work on Folksam's U.S. class action suits. In 2013, Folksam received a total of nearly SEK 1.2 million. Enron and Shell are examples of companies that have now had to agree to pay their shareholders compensation after having published incorrect and misleading financial information.

Principle 3

Folksam will seek appropriate disclosure on ESG issues by the entities in which it invests.

Corporate Social Responsibility

During 2013, Folksam presented its Corporate Social Responsibility Index for the sixth time. Ericsson the received highest ratings for its work with human rights, and Volvo received the highest ratings for its environmental efforts. Ericsson the received highest aggregate marks for both human rights and the environment. They were closely followed by SKF. The materials industry came top regarding environmental rankings, as did the media industry for human rights. The software industry came last regarding environmental rankings, as did the energy industry for human rights.

It's clear that the more demands increase regarding market capitalisation, spread of ownership and sales, the better companies are at work with human rights and the environment; businesses on the Large Cap enjoy better ratings than those on the Mid and Small Cap.

Folksam's Corporate Social Responsibility Index is the first to map out the publicly reported environmental and human rights work by Swedish publicly listed companies. The objective is to inspire more companies to take greater responsibility and work more actively with the environment and human rights.

The Folksam Corporate Social Responsibility Index, 2013

Number of companies reviewed	250
Average rating, human rights (on a scale of 0.00-7.00)	2.13
Average environmental rating (on a scale of 0.00-7.00)	2.00
Highest rating, human rights	Ericsson
Highest rating, environment	Volvo

Sustainable value creation

Since 2009, Folksam has been one of 13 Swedish investors to take part in the Sustainable Value Creation project, with a view to putting pressure on Swedish listed companies to achieve sustainable development and create long-term value. In 2013, Sustainable Value Creation, together with the OMX Stockholm stock exchange, invited board chairmen, CEOs and other representatives from the 100 largest listed companies, to a seminar on corruption. The seminar was followed by round table discussions in small groups aimed at sharing experiences and learning from each other. For the third year running, a survey was conducted among the 100 companies with the highest market value on the Stockholm stock exchange. The results are expected to be presented in 2014.

Folksam takes part in the debate

Folksam's department for responsible ownership had an eventful 2013. It was represented at many seminars and panel discussions during the year. Carina Lundberg Markow was keynote speaker when the Nordic embassies in Berlin arranged a seminar on equality in trade and industry. Carina also took part in a meeting on the same topic together with Minister for Gender Equality Maria Arnholm, a panel discussion regarding energy efficient societies arranged by the Royal Swedish Academy of Engineering Sciences, and a panel discussion on integrity and freedom of speech organised by the Global Network Initiative.

Folksam was also active during the so-called political week in Almedalen where Carina took part in a number of panel debates and seminars. Carina came in second when the periodical Resumé listed 150 of Sweden's super communicators.

Negative experiences in 2013

The department for responsible ownership aims to improve awareness among our customers about our work, but despite an increase we have not achieved as great an awareness as we would like. We are also aware that it's not always easy for customers to distinguish between the different investment criteria prevailing within the various Folksam companies, and we should try to communicate this better.

Principle 4

Folksam will promote acceptance and implementation of the Principles for Responsible Investment within the investment industry.

Folksam provides information to external funds

Folksam spreads funds for many different fund management companies. Folksam informs customers about which fund management companies in its offer have adopted the UN Principles for Responsible Investment (PRI). In 2010, Folksam's Group management set forth a policy for externally managed funds. In the case of all funds, the fund management companies engaged by Folksam must be encouraged to adopt the UN Principles for Responsible Investment (PRI). Folksam will inform external companies on an ongoing basis about exclusions made on the grounds of Folksam's ethical investment criteria and ask for information on how the company acts from the standpoint of this information. An additional requirement in the case of ethical funds is that they meet the conditions laid down by the 'EBF' (the Ethical Board for the Marketing of Funds). Ethical funds must have a well-defined selection process and clearly presented ethical criteria. Folksam shows which external fund management companies have signed PRI in its fund brochure and on its website.

Principle 5

Folksam will work together with other investors to promote use of the Principles.

Nordic cooperation for corporate social responsibility

Folksam has collaborated with det Norske Liv, the life insurance company KLP and the Finnish pensions company Ilmarinen, in Nordic Engagement Cooperation (NEC) since 2008. The purpose of NEC is to coordinate corporate governance activities for the environment, human rights and anti-corruption. The focus is on companies where contraventions of international guidelines and conventions have been observed. In 2013, NEC held dialogues with eleven different companies, all based outside the Nordic region.

During the year, great advances were made with two of the companies – Exxon and Toyota – which were thus removed from the dialogue lists.

The Exxon Mobile subsidiary Exxon Neftegas runs the oil and gas project Sakhalin 1 in waters known to be one of the few places where the endangered grey whale periodically lives. Exxon has entered into close dialogue with the International Union for Conservation of Nature regarding continued operations in the area, and improved communications with the Western Gray Whale Inter-agency Work Group, which facilitates relevant measures for the area.

For many years, Toyota Motors' Philippines subsidiary was accused of not allowing its employees to engage in trade union activities, and employees wishing to do so stated that they were harassed or fired. Toyota has now given financial compensation to those fired. International and national Philippine

labour organisation's have also confirmed that Toyota's subsidiary abides by international labour legislation.

Freedom of speech and internet integrity

In 2011, Folksam was accepted as a member of the Global Network Initiative (GNI), an international organisation whose purpose is to work to safeguard human rights in IT and telecommunications. GNI was founded by the IT companies Google, Microsoft and Yahoo after they had been heavily criticised for their operations in China. Folksam's aim in becoming a member of GNI, as an investor in IT and telecom companies, is to be able to draw the attention of these companies to what impact they have on freedom of expression and internet privacy and what responsibility they should take.

In November, Folksam participated in a conference in Brussels organised by GNI and the telecommunications industry. The subject of the conference was freedom of speech and internet integrity issues. Folksam's position is that companies should be able to remain in challenging markets as they have a positive affect on democratic progress. However, the fact remains that telecommunication companies are ultimately responsible to their owners, the media and civil society in their home countries. Companies in countries with ambiguous legislation and weak supervisory mechanisms should adopt and follow clear processes when dealing with requests from authorities. It's preferable for telecom providers to maintain operational and technical control over their networks instead of providing the authorities with direct access.

Principle 6

Folksam will report on its activities and progress towards implementing the Principles for Responsible Investment.

A cat among the pigeons – a blog on corporate governance

Folksam's department for responsible ownership has had a presence on the blog 'A cat among the pigeons' since 2009 (www.agarstyrning.folksamblogg.se). The blog continued during 2013 and was supplemented by a Twitter account – @etikkatten – where topics are updated and published up-to-the-minute.

Sharing information

Both internal and external presentations on how we work on Responsible Ownership were made in 2013. As in previous years, we were also interviewed by students and researchers for academic essays and dissertations.

Swedbank

Folksam owns just over 9 per cent of the shares in Swedbank. Its objective as a shareholder is for Swedbank to be an independent Swedish bank built on the values that have contributed to building the economic values that exist today in Swedbank and Swedish savings banks, namely healthy everyday economics for private individuals and companies, along with local endorsement. Folksam's view is that these values should continue to be reflected in the bank's operations. Eleven savings bank foundations own just over 2 per cent and independent savings banks own around 9 per cent. A joint declaration on ownership issues has been drawn up between these shareholders, which together hold more than 20 per cent of the shares in Swedbank.

Important milestones

2002 Folksam becomes a signatory of the UN Global Compact.

2003 Folksam begins voting at Swedish AGMs.

2004 Folksam includes corruption as an influencing criterion.

2005 Folksam participates in the drafting of the UN initiative, Principles for Responsible Investments.

2006 The Folksam Index of Corporate Social Responsibility is presented for the first time

2007 Folksam co-finances a Scandinavian secretariat for the Carbon Disclosure Project, CDP

2008 Folksam establishes the Nordic Engagement Cooperation, NEC, together with Norwegian KLP and Finnish Ilmarinen

2009 Folksam is one of 15 Swedish investors to take part in the Sustainable Value Creation project, aimed at enjoining Swedish listed companies to adopt sustainable development and long-term value creation.

2010 Folksam decides to divest holdings in companies that produce nuclear weapons


2011 Folksam is accepted as a member of the Global Network Initiative (GNI), an international organisation whose purpose is to work to safeguard human rights in IT and telecommunications

2012 Folksam speaks at Rio +20 about the importance of reporting on sustainability work

2013 Folksam and KPA Pension are the only Swedish companies to make it into the Hall of Fame category when the International Campaign to Abolish Nuclear Weapon (ICAN) draws up a list of bankers and asset managers who do not invest in nuclear weapons.

Folksam's work with Corporate Governance	2013	2012	2011	2010	2009	2008	2007	2006	2005
Number of companies with which Folksam held an active dialogue	31	45	57	77	45	38	41	7	14
Number of Swedish general meetings in which Folksam participated	43	39	42	39	35	28	21	18	15
Nomination committees in which Folksam is a member	2	3	2	3	4	2	1		

Includes one extraordinary shareholders' meeting



So, what does an actuary do, actually?

What kind of backgrounds do people who work at insurance companies have? All sorts, is the answer. Folksam's employees have many different career paths.

Mathematical and analytical

"I have an MSc in engineering from KTH Royal Institute of Technology. In fact I didn't know what an actuary was until I came for an interview at Folksam," says Mårten Marcus.

Actuaries often have degrees in mathematics or mathematical statistics. Mårten works primarily with unit-linked insurance and his assignments include analysing profitability and creating models to describe how operations will develop.

When he'd been awarded his degree, Mårten took a position as an industrial research student in finance, where he came in contact with the world of banking. After two years in research he chose to move on to new challenges and the step from banking to insurance was not a giant one. Mårten posted his CV on folksam.se/jobba.

The appeal of good values

"I knew of Folksam and it had a positive image. I'd been to a seminar on Folksam's work with responsible ownership and I was impressed

— it's great to see companies with good values. I also have a few relatives who worked for Folksam and they gave me the impression that it's a good employer.

His introduction comprised two parts, which Martin describes as micro and macro perspectives. One part was aimed more at what he would work with and was held in-house at Aktuarie Liv. In addition, Mårten took part in the induction programme common to all new employees, where they learn about Folksam as a whole.

Three years have passed; what is your picture of Folksam now?

"I think Folksam is a good employer. There's a great atmosphere where I work, and I feel people listen when we have something to say. In fact, I've recommended Folksam to both my brother and one of my best buddies. However, neither of them have started work here. In contrast to working at the bank, I find it easier to 'justify my employment' since the company is customer owned. ●



I've recommended Folksam to both my brother and one of my best buddies.

Mårten Marcus
Actuary at Folksam

Appropriate skills and sustainable employees

Sustainable employees with appropriate skills are essential for offering insurance and pension investments that create security and appeal to many. Rapid changes in such things as IT development, new legal requirements and changes in the labour market affect both customer expectations and Folksam's ability to meet them. An important focus area when moving from good to better is in the development of employees, managers and the organisation to keep pace with Folksam's customer offer.

Folksam has just over 3600 employees who work in many different places and in several different companies. They work with everything from claims settlement and advice to IT, the law and risk assessments, etc. In this year's employee survey, our overall index¹ reached 76² per cent. This is four percentage points higher than last year and the best overall index measured at Folksam.

Being an attractive employer is one of Folksam's selected focus areas

As Sweden's largest insurance company with many subsidiaries, Folksam is able to offer many interesting career paths within several business operations. Many employees also appreciate working in a company that shoulders responsibility and which has the financial muscle to make a difference. At the same time, insurance policies are infrequent purchases and the industry has long been invisible among educational possibilities compared to banks,

	2013	2012	2011	2010
Overall index employee survey (per cent) ²	76	72	72	72
Have individual performance goals (per cent) ²	92	93	91	-
Feel great commitment to their work (per cent) ²	84	85	82	87
Overall index leadership, immediate superior (per cent) ²	79	76	75	77

¹ Overall index is based on the average value of the employee surveys following 11 areas: dedication, skills enhancement, work environment and health, diversity, citizenship, work organisation, internal relations and deliveries, development and change, customer contact, leadership and Folksam overall.

² Number of employees who responded in agreement with the question or rated it with four or five points on a five-point scale.

Folksam in figures



Number of employees 3,641



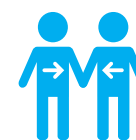
Average age, overall, 44.8 years



Gender distribution, overall
53% women
47% men



Gender distribution in boards, 50% women
50% men



Employee turnover 9.8%



Sickness absence rate 4.2%

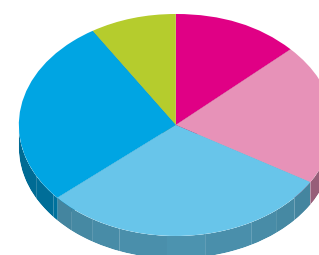


Gender distribution, managers
47% women
53% men



Gender distribution in company management, 45% women, 55% men

Age distribution in 2013 in per cent



-29	13.2
30-39	20.5
40-49	30.0
50-59	27.6
60	8.7

Employees	2013	2012	2011	2010
Number of employees	3641	3497	3400	3637
women (%)	53	52	51	50
men (%)	47	48	49	50
Average age	44.8	45.3	45.2	45.5
Number of managers	380	356	334	360
women (%)	47	47	47	43
men (%)	53	53	53	57
Employee turnover (%)	9.8	12.0	8.0	4.7

for example. To increase knowledge about insurance in society and to safeguard Folksam's future skills supply, the company pursues strategic educational collaborations with universities and vocational training schools. During 2013, 25 students from these courses received internships at Folksam, and 99 students with training linked to Folksam's skills requirement enjoyed extra work through an internal student pool. During the year Folksam also participated in 12 labour market days and to career events. To raise their profiles, career opportunities and roles are presented in a special career section on Folksam's website. The website's career section has around 10,000 visitors per month. Folksam as a workplace has also been accessible on Facebook and LinkedIn since 2013.

Staffing is based on an overall perspective

Every employee appointment is a significant investment – both for Folksam and for the applicant. Managers are therefore trained to look at Folksam's skills supply from a long-term standpoint and always recruit and train employees with the next stage of progress in mind. During 2013, 529 employees were recruited externally. Almost as many changed jobs internally, either through applying for new positions on their own initiative or because of restructuring. With a few exceptions, all vacant positions were advertised internally before being made available externally. For the main part, recruiting was within sales, claims settlement and IT. The recruiting forecast for the years ahead is roughly the same. During 2013, procedures and support within the staffing process were updated, among other reasons to meet future requirements in the EU Solvency II Directive – especially the role fitness assessments for managerial and key persons. The interplay

between the procedures for employing or engaging consultants was also clarified.

All employees get a well-planned introduction

To get everyone off to a good start all new employees are given an introduction. This includes a local introduction, online training and an introductory day at the head office together with other new employees and parts of senior management. During 2013, 394 new employees took part in one of the year's 11 introductory days, and evaluations gave them top marks. The training is obligatory, but there is an overlap between the years that explains the difference in the number of new employees. Employees who were taken on or changed positions in the past year were asked in the employee survey how well their new job met expectations; 72² per cent felt there was a good correlation between the promises and descriptions provided on being taken on/switching jobs and the work they have today, while 15² per cent were negatively surprised and 13² per cent were positively surprised.

Support during organisational changes

Work carried out in recent years on changing the sales and claims organisation continued. The changes were based on customer wishes, market conditions and the need to remain competitive in the future. The change entailed major internal reshuffles for employees in different parts of Sweden, and a cooperation forum worked to find the best possible solutions for the employees affected. Special workshops were arranged for those affected in Stockholm in order to inspire employees on their way to new jobs inside or outside Folksam. Because the Sundsvall office's operations are expanding, an internal career day was held there during the spring. For employees



² Andel medarbetare som har svarat instämmande på frågan eller markerat betyget 4 eller 5 på en femgradig skala.

pondering the next development stage, there is an opportunity for career planning with an external coach. The total number of employees in Folksam increased during the year. The biggest reason was the 130 new employees who took up positions in different parts of the operation during September in connection with the acquisition of the insurance company, SalusAnsvar. The employees received a special introduction day in connection with the transition and career dialogues linked to the receiving operations.

Further developed working methods for performance and development

In order to create conditions that allow employees to perform well and continue to develop in a way that helps Folksam achieve its goals, we make use of a PD (performance and development) process. Folksam's business goals are broken down in the PD process into tangible individual goals for each employee. Long-term employee development is ensured through individual development plans that are followed up regularly. The working method is based on clear responsibility in each position, ongoing training in successful working methods, evaluation and coaching leadership. In the employee survey, 92² per cent of employees stated they had individual goals for their work and 82² per cent say they have regular follow-ups with their manager regarding their goal and development plans. Customer service took this working method one step further in 2013. By means of a special system, support employees have access to their own performance results, direct feedback from customers and clear support in successful ways to act. They have since systematically practised the successful actions and managers practised taking a coaching approach. Those parts of

the operation that have worked according to the concept for more than six months have improved their results despite major changes to the organisation and IT systems.

Skills enhancement programmes and online training mean greater competence

At customer service a new, uniform skills enhancement programme has also been created in insurance and needs-based sales. The programme consists of a mix of online training, self-study, discussion material and instructor-led elements. The goal is for all of Folksam's 300 customer advisers to qualify by the end of 2014. There new skills enhancement concept has also been initiated in the claims operation and will continue development during 2014. In all, 11 new online training courses were created during the year. One online training course aimed at all employees is 'Leva kundägt' (Living Customer Owned) which is intended to provide knowledge of what working in a customer-owned company and living up to Folksam's values – personal, committed and responsible – entails. By year end 2013, 70 per cent of Folksam's employees had attended. 'Leva kundägt'.

Internal management programme focuses on customer benefits and develops communicative managers

Because Folksam needs communicative managers who create customer benefit by providing conditions for learning and proper performance, the company provides its managers with internal leadership programmes at several levels. The programmes combine training in course form with coaching in groups and commercially relevant project work. During 2013, a total of 62 managers qualified

from the programmes Basic Management Development, Middle Management Development, and Senior Management Development. Company Management Development has been initiated as the next step for senior executives. Three management groups have begun this during the year, and the remainder are planned for 2014. The initiative will be monitored in a research project. Leadership is evaluated in the employee survey, which shows that 83² per cent of employees agree with the statement 'On the whole, I have great confidence in my immediate superior's way of leading operations.' A group's and its manager's results in the employee survey are used as support data for development, and in especially challenging situations focused support initiatives are implemented. A good example of communicative leadership would be CEO Jens Henriksson's intranet blogs about his day-to-day work.

Modern premises and initiatives to reduce sickness rates

Folksam seeks a working environment that promotes good health, motivation and productivity. This means a workplace where employees feel secure, are stimulated and where consideration is given to physical and psychosocial needs. A change project that concerns the office workstations is under way. The project is focused on activity-based workplaces and the objective is to obtain a more efficient work organisation, increase learning and to lower premises costs. Folksam also encourages virtual meetings, which have a positive impact on both the environment and our finances.

In 2012 and 2013 the Swedish Work Environment Authority carried out six work environment inspections at Folksam. The results

show that Folksam has well prepared procedures for workplace environment protection, and the Swedish Work Environment Authority only had a few minor remarks, which have now been addressed. Sickness absence in 2013 stood at 4.2 per cent. The increase is visible in both Folksam's and Statistics Sweden's national statistics in general, and this is probably due to several factors. Three strains of influenza were endemic during the spring, while the categories head/neurological, confidential and other also increased during 2013. Stress and strain arising from the increasing rate of change in Folksam and the world at large may have been among many possible factors. In order to buck this trend, analyses and action plans are among the things aimed at groups with the highest sickness rates. Work on promoting success factors for a good working environment, good health and a review of the rehabilitation procedures are planned for 2014. The purchase of new occupational health services is also planned for 2014.

Diversity, gender equality and market pay rates

Because Folksam feels that diversity contributes to customer benefit, improved profitability and a more attractive workplace, focused work is under way to create an inclusive climate of collaboration where employee skills are put to good use and where differences are celebrated. Diversity is supported and discrimination minimised through a clear, skills-based recruiting process. An example of the results of focused diversity efforts is the fact that today Folksam has almost as many women managers as men. In the year's employee survey, 90² per cent of employees agreed with the statement 'It's okay to be different in our work group,' and 99² per cent

² Andel medarbetare som har svarat instämmande på frågan eller markerat betyget 4 eller 5 på en femgradig skala.

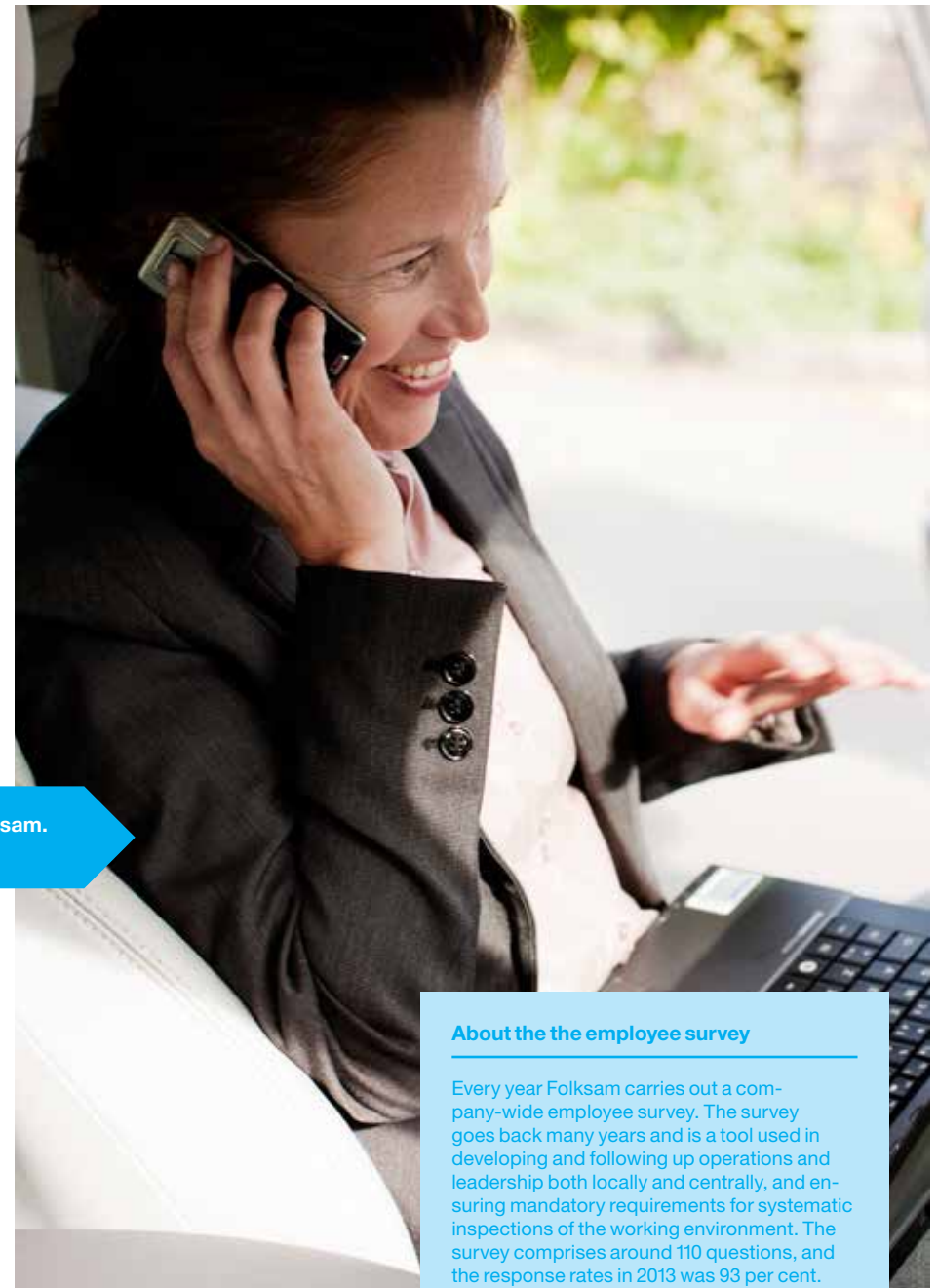
answered No when asked if they had been the victims of abusive discrimination at work during the past year. A revised diversity plan for 2014 – 2016 was prepared during 2013. One of many activities requires all heads of department to have conducted discussions in 2014 regarding diversity and abusive discrimination based on their own results in the employee surveys. A review of the recruiting process from a diversity perspective must also be carried out and documented.

While Folksam has come a long way toward equal pay, it still has a little way to go. In a comparison of average pay between women and men with equivalent jobs, the pay difference in 2013 was around 4 per cent. In order to achieve full equality of pay, Folksam surveys and analyses any non-objective pay differences in annual pay reviews instead of surveys only every three years as required by legislation. During parental leave, Folksam provides a supplement so that employees receive 90 per cent of their monthly salary regardless of their income during the first 210 days. Folksam's work with equal pay received good marks during the Equality Ombudsman's review. Pay is set individually, is differentiated and should be based on the level of difficulty and responsibility in the position together with the employee's skills, experience and performance. The person with the highest remuneration has pay that is 11.4 times higher than the average pay at Folksam.

Benefits for good health and security in everyday life

All employees are provided with a wellness allowance to promote good health. Employees enjoy advantageous prices on memberships at a large number of health and fitness centres nationwide. Beginning in the autumn of 2014, good fitness facilities will be available in premises at the head office through a new agreement signed with an external party in 2013. All employees are offered an advantageous personnel insurance package and subsidised lunch at our own personnel canteen or a meal allowance for employees outside the head office. Support, free of charge, is possible for legal, private finance and psychosocial issues. For healthcare such as IVF or eye operations, we offer deductions from gross income and there is the possibility of free eyesight tests and computer monitor spectacles.


Meet some of Folksam's employees at Folksam.se/jobba and follow Folksam on LinkedIn!



About the employee survey

Every year Folksam carries out a company-wide employee survey. The survey goes back many years and is a tool used in developing and following up operations and leadership both locally and centrally, and ensuring mandatory requirements for systematic inspections of the working environment. The survey comprises around 110 questions, and the response rates in 2013 was 93 per cent.

² Number of employees who responded in agreement with the question or rated it with four or five points on a five-point scale.

A portrait of Matteo Rizzi, a man with dark hair and a light beard, wearing a dark suit jacket over a light blue shirt. He is smiling and looking directly at the camera. The background is a bright, out-of-focus indoor setting.

“There’s no better place to do road safety research”

Like the typical Italian he is, Matteo Rizzi began riding a moped at 14 years old, and four years later he bought his first heavy motorbike.

He’s bought four more since, and he’s not happy to sell them. He’s become a collector, and has a great passion for motorbikes. He used to race, but his interest has switched from riding as fast as possible to enjoying rides on gravel roads and taking in the view.

“We have to find other ways of enjoying motorbikes than speed, otherwise things always end the same way.

A will to improve things

Matteo knows what he’s talking about. He’s had buddies who died on the roads in their younger years when speed was all that mattered. He says it’s a determination to make things better that brought him to research. Matteo is a trained mechanical engineer and his interest in anything and everything on wheels led him to the field of traffic. He’s worked two years at Folksam as a road safety researcher.

Motorbikes are the greatest challenge

There’s no better place to do road safety research in Sweden,” says Matteo, who declares that while this may sound like a cliché, it is nevertheless true. Our greatest impact is within car and bike

accidents – most injuries occur here and it’s the type of injury we deal with most. Motorbikes are an interesting area in that they present the absolute greatest challenge when it comes to road safety.

Safety gear for cyclists – more than just helmets

According to Matteo, one of the most interesting issues ahead is safe cycling. It’s more than keeping cycle tracks in tip-top shape, it’s about the type of protection we should use when we cycle; a helmet is just not enough. But despite the intention to make things safer for all road users, the findings are not always well received. Is it true you get quite a lot of bellyaching from both cyclists and bikers?

“If you’re passionate about something you naturally have strong opinions. We have to show cyclists and bikers a great deal of respect and listen carefully to what they say. It’s all about their everyday world, and if they’re not on our side we’ll never achieve any results, no matter how much research we do. And they often have very good points to make. I’m not afraid of criticism – I think it’s great when we get a reaction. We learn a lot that way. ●



We have to find more ways of enjoying motorbikes than just speed.

Matteo Rizzi
Road safety researcher at Folksam

Road safety leads the way

Growing urbanisation, high population growth and a switch from cars to bicycles. These are changes Folksam's road safety researchers believe will happen and which, in combination with a rise in injuries to unprotected road users, have resulted in a change of direction in research to encompass bicycle helmets and injuries to a greater degree.

Folksam insures one car in five and every year deals with more than 50,000 road traffic claims. The information Folksam's road safety research provides is used to save lives in traffic. Fewer traffic injuries also means lower injury costs and thus lower third-party vehicle insurance premiums, something which benefits Folksam's customers. Folksam's road safety research costs approximately SEK 7-8 per vehicle insurance policy and year.

Compared to its competitors, Folksam performs unique work in injury prevention seen

from national and international standpoints, especially in the field of road safety. The long traditions of our own road safety research department with five employees, of whom four have doctorates in medicinal science and one is a doctoral candidate, draw on information and experiences from the all of the accidents Folksam's customers fall victim to. Staff at Folksam's research department have links with Chalmers University of Technology, Umeå University or Karolinska University Hospital.

Networks and groups Folksam's road safety researchers participate in

AEB Group (Autonomous Emergency Braking Group)	International group for developing tests standards for autonomous braking systems
Cycle strategy group	Led by the Swedish Transport Administration
ETSC (European Transport Safety Council)	European lobby group whose purpose is to influence European road traffic legislation
GNS (Group for National Collaboration)	Forum for the exchange of knowledge and the coordination of operations within the field of road safety with the purpose of realising the Zero vision.
ISO/TC 22/SC 12/WG 7 Road vehicles	International standardisation group within road safety analysis in which Folksam (AK) is chairman.
ISO/TC 22/SC 12/WG 1 Road vehicles	Child restraint systems – International standardisation group within the child safety field
RCAR (Research Council for Automobile Repairs)	Collaborative international insurance industry group that focuses on road safety and repair methods.
SAFER	Collaborative Swedish group within the road safety field located at Chalmers University in Gothenburg.
SIS/TK 237 Collision tests	Road traffic injury analyses and EEVC coordination; Swedish coordination group for standardisations within the specified field
SIS/TK 242 Child safety in cars	Swedish coordination group for standardisations within the specified field

Folksam works to realize the Zero Vision

According to government bill 2008/09:93, the number of traffic fatalities should be halved between 2008 and 2020. This is equivalent to a maximum 220 fatalities in 2020, and the number of seriously injured in road traffic must be reduced by a quarter. Reaching the goals the analysis points to will require efficient performance management and new information, especially concerning the work on increasing safety for unprotected road users.

Ten indicators identified nationally* as important focus areas for achieving goals

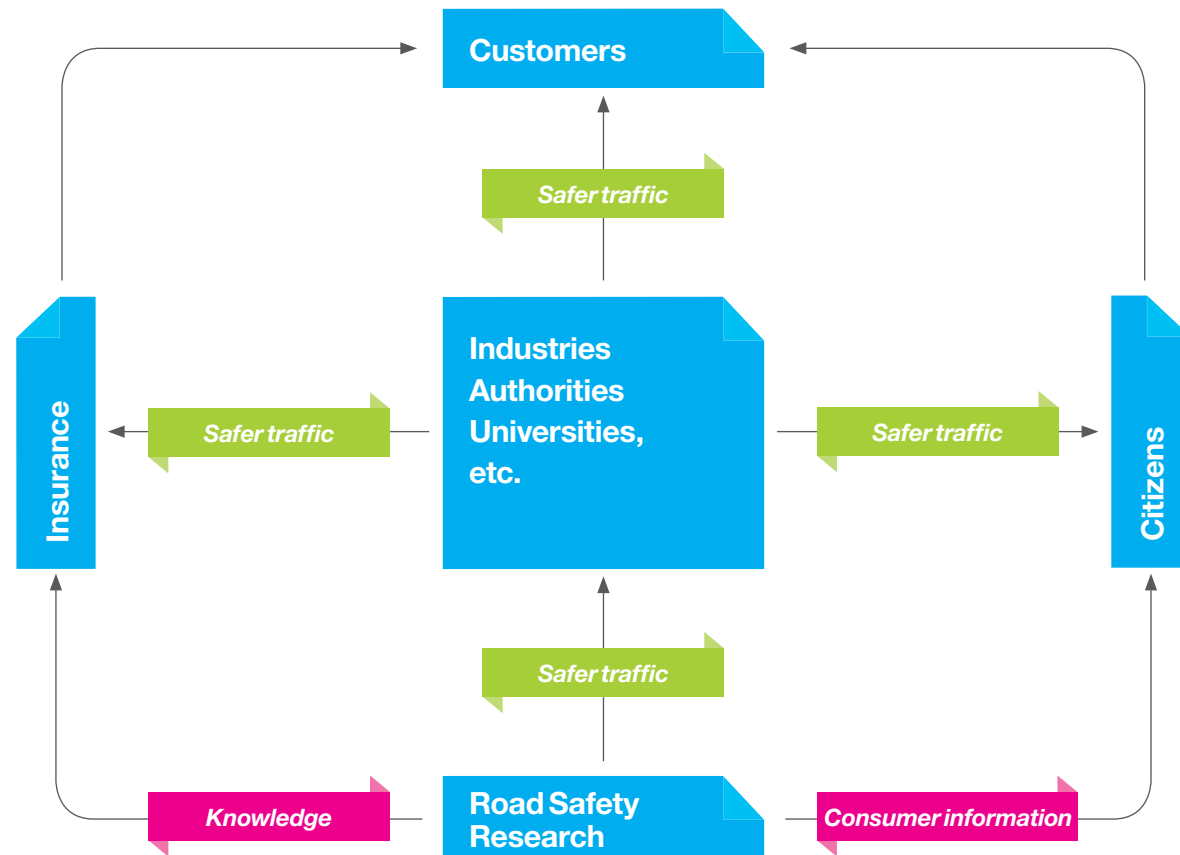
1. Speed limit compliance, state road network
2. Speed limit compliance, municipal road networks
3. Sobriety in traffic
4. Seat belt use
5. Helmet use
6. Safer automobiles in traffic
7. Safe motorbikes in traffic (ABS)
8. Safer state roads
9. Safer pedestrian, cycle, moped paths in built up areas
10. Operation and maintenance of pedestrian, cycle, moped paths

Ongoing supervision of national indicators is performed by GNS Väg. GNS Väg is national collaboration group and a forum for the exchange of knowledge and the coordination between different parties with the purpose of realising the Zero vision. GNS includes representatives from the (Swedish) Transport Administration, Transport Agency, Work Environment Authority, Folksam, NTF, Ministry of Enterprise, Energy and Communications, the National Police Board, the Association of Local Authorities and Regions and Toyota Sweden AB.

Folksam's road safety research concentrates primarily on indicators that concern cycling, motorbikes, speed limit compliance and safer cars.

Folksam's influence in the community and in creating customer benefit

Based on research such as real accidents and cars equipped with Folksam's collision event data recorders (black boxes), work is proceeding at several levels to improve road safety. Our links to the universities are an important means by which to participate in, and influence, national and international networks. Consumer tests and information are also important tools as safety is a sales argument – i.e. there is a demand for knowledge from independent parties about e.g. safer cars, child car seats and helmets in connection with purchases. Our own insurance solutions constitute another tool by integrating significant research results that affect claims outcomes. For example, the safest cars have lower premiums. ●



Road safety activities, 2013

Volvo the easy winner in Folksam’s safe car rankings

‘How safe is your car?’ is Folksam’s ranking of car crash safety based on the outcome of real accidents. The highest marks in this year’s report go to Volvo models V70, XC70, S80, S60 and V60 from 2007 onwards. Their safety level is almost 60 per cent higher than the average car and 12 percentage points better than number two on the list, the Honda CRV 98–06.

Folksam handles more than 50,000 road traffic claims a year. This work provides access to a major fund of knowledge about how damage and injuries arise, and how they can be avoided and limited. The car you travel in a determining factor in the outcome of an accident.

Top of the list	Percentage above average
Volvo V70/S80/S60/V60 07-	59
Honda CRV 98-06	47
Volvo V70/S80/S60 00-06	46
BMW 5 Series 04-09	44
Audi A4 01-07	43
Mitsubishi Galant 97-03	42
VW Passat/CC 08-	42
Volvo XC90 02-	42

Folksam ranked 238 models of car in this year’s report.

New contract with OKQ8 and Hertz

Folksam customers seldom buy brand new cars, but hire car companies do so often – they usually replace the cars in their fleets after 9 to 10 months. The insurance industry is a major customer in the hire car market; in the event of accidents, its customers get a hire car while their own car is in the repair shop. By placing demands on the new car market, Folksam influences the second-hand market and thus the cars that will be on our roads for many years to come. Folksam ensures customers get sustainable cars by placing demands on the safety and environmental standards hire cars must have. This has a great impact on safety and the environment for a long time ahead. Safety and environmental criteria are based on Folksam’s annual list of safe, sustainable cars.

Whiplash protection in cars better for men than women

Folksam has carried out a study that shows how effective whiplash protection in cars is for women and men respectively. The results showed great differences in protective efficacy between the sexes. Whiplash protection has low or no protective effect at all for women in one in five cars, while the same protection works well for men. One reason for the difference is that auto manufacturers have for many years based the development of whiplash protection on male physiology.



Autonomous braking a difficult choice for car buyers

Autonomous emergency braking is one of the car's most important protective systems. But despite the system's being at least as efficient as traction control and air bags, very few car manufacturers offer it as standard equipment. Furthermore, there are several different types of autonomous braking and it's difficult for the consumer to find out how the different systems work.

A new study from Folksam shows that autonomous braking which deploys during a collision from behind, has great significance for car safety in city environments. Personal injuries in cars hit from behind fall by no less than 64 per cent on roads with speed limits up to 50 kph/h. Collisions still occurred in about 40 per cent of cases, but without causing any injuries. Furthermore, around 25 per cent of accidents are estimated to have been avoided entirely.

Earlier studies showed primarily the accident avoidance effect of autonomous braking. We now know that the injury-reducing effect is even higher due to the lower forces in the collisions that still do take place. Cars fitted with autonomous braking as standard have lower premiums.

Studs, or no studs? Choosing the right winter tyres

Studs, or no studs? We hear different opinions about what is best – studded, or unstudded tyres – at the start of every winter season. Therefore in 2013, Folksam reviewed the test data for 44 studded, 31 Nordic unstudded and 11 central European winter tyres to discover what type performs best during the winter in different parts of Sweden. The review was based on the relationship that exists between braking distance and accident risk.

Folksam's review shows that Nordic unstudded winter tyres are best suited for the winter climate in southern and central Sweden. Despite braking distances' being somewhat shorter with brand-new studded tyres, the frequent lack of snow in those parts of Sweden causes the studs to wear down and resemble unstudded tyres in little more than a year.

Cycle helmets prevent 60 per cent of all serious head injuries

A new study from Folksam shows that cycle helmets prevent 60 per cent of all a cycling-related head injuries leading to chronic problems. In addition, they prevent almost four out of ten serious face injuries.

The study is based on just over 55,000 injuries reported by accident and emergency hospitals in Sweden between 2003 and 2012. The results were presented at the International Research Council on Biomechanics of Injury (IRCOBI) conference in Gothenburg.

12 of 13 approved cycle helmets for children inadequate – offer no protection against the most usual head injuries

Folksam presented a cycle helmet test for children's helmets just before summer. Impacts in which the head is subjected to rotation is the most common form of force in bicycle accidents and can result in brain injuries. Despite this, the Swedish Consumer Agency's certification tests do not include helmet impacts with rotation. Folksam's more stringent tests of the most common cycle helmets for children and youths show that only one out of 13 CE approved helmets protect against injuries resulting from impacts with rotation.

ABS brakes for motorcycles crucial for rider safety – much more effective than previously known

A new study from Folksam shows that motorbike riders who use ABS brakes run a risk of suffering injuries leading to medical disability that is no less than 65 per cent lower than for riders who do not use ABS.

Of the approximately 300,000 motorbikes on Sweden's roads, only 55,000 – i.e. just over 18 per cent – are fitted with ABS brakes. But the trend is positive. Between 2008 and 2012 sales of new motorbikes with ABS rose from 15 per cent to 70 per cent.

Antilock brakes will be obligatory from 2016 on all new motorcycles above 125 cc. If all motorbikes were fitted with ABS, 13 fatalities and 160 serious injuries could be avoided every year. Motorbikes fitted with ABS enjoy a 15 per cent premium reduction at Folksam.

Predicting road safety, 2020

In the run-up to the annual road safety convention in Tylösand, the Swedish Transport Administration's Road Safety Director Claes Tingvall and Folksam's Road Safety researcher Maria Krafft were tasked with forecasting road safety in 2020. The forecast was also presented at Folksam's AGMs by Anders Kullgren and Maria Krafft.

Forecasting involves a mixture of one's own references and the facts the recipient is able to assimilate. Some 'facts' have their origin in existing solutions, while others seem to be pure fantasy – but they are not, according to the presenters.

The benevolent city

In 2020 most Swedes live in the city; it's where the jobs are and where progress happens. Because urbanisation, rising accommodation prices and the lifestyles of the young quickly change how we regard the quality of life, road traffic does not occupy the space it previously enjoyed. Having a car in the city is actually a bother, and things will get worse.

Cycling, walking and public transit will form the backbone of personal transportation, and the rest of the transport system is adapted accordingly.

Children should be able to go to school on their own, noise must be reduced and through traffic will be on foot or by bike. Ingrained routines will be stood on their head when yielding to cyclists and pedestrians becomes obligatory, i.e. drivers will have to give right of way to cyclists and pedestrians on every city street.

Traffic lights have disappeared in many places, and space for cyclists has increased. Making the traffic environment safe is a major challenge. 'Cycle speed' is the benchmark for how fast you may drive your car in the city in 2020.

When bicycles, and their electric variants, are the norm, road safety work will also focus on them. Protecting cyclists from one-bike accidents will be what counts. Cycle helmets are invisible and inflate like air bags if you fall off. Several other parts of the body

are protected in the same way. Cycle tracks and footpaths will be given impact-absorbing surfaces and will also be protected from the elements as vegetation will grow to form a roof above cyclists and pedestrians.

Everything is connected

In just a few years, internet connections have gone from 5 billion to 50 billion in 2020. All vehicles are connected to the net, and a car is like an Ipad on wheels. Car insurance is linked to a driver's behaviour behind the wheel, and driving smoothly and safely pays. Communications inside the car are via speech and audio, not via displays and texting, which are too risky. Wearing a headset when you drive is just as natural as it is for airplane pilots. On motorways we connect to a service that makes driving more or less automatic

where the driver acts as supervisor by monitoring a display in the windscreen. It sounds great, but you must be prepared to take control when the display tells you to. Sleeping is out, but watching a movie is okay.

The car

Cars have progressed faster than ever before. Not only can they be driven semi-automatically because the roads have been fitted with small magnets in the centre of the carriage-way to help the car stay on course, but the car also intervenes when a driver in an emergency situation does not act appropriately or even react at all. Invisible alcohol interlocks are standard equipment. The car can also super-brake. This means the car is better able to utilise the second before a possible collision and act; in 2013 cars can brake and reduce speed by 35 kph within one second (which will probably be halved by 2020).

Why should an insurance company worry about the climate?

No-one will have the money for insurance in the future if we don't take responsibility for the climate issue – insurance companies will not have the money to run their businesses and individuals will not have the money to take out policies.

The words are Karin Stenmar's, Environment and Climate Manager at Folksam, when asked why the environment is important for an insurance company.

Our assignment as an insurance company is not just to spread risks between groups and individuals, but also over time. Individual events do not relate directly to higher premiums. On the other hand, climate change will have an impact on our planet over time. More storms, rising sea levels and more precipitation resulting in increasing claims are just some of the many challenges society faces.

There have been many storms in recent years; does this show up in your claims disbursements?

“Storm damage per se has not hit us too hard as our customers do not have much forest insured. On the other hand we are predominant on the home insurance market where we note an increase in water damage as a result of a damper climate and an increase in floods. Coastal living

will be much more exposed in the future; it is said that sea levels will rise by one meter within 80 years,” says Karin.

Our work is based on overall responsibility. We use our knowledge and muscle to push through change. We place high environmental demands on ourselves and the companies we collaborate with or invest our customers' money in. And we were the first insurance company in Sweden to receive Good Environmental Choice certification.

Sustainability is financial prudence

“Sustainability is about the long-term. Whether we manage pension savings, invest in the property market, repair damage to a house or have a say in the cars that will be on our roads tomorrow, what we do must last for years,” says Karin. That's the macro-perspective, but we also need to see the issue from a micro-perspective – it's in day-to-day life where we all can do our bit. The environment and climate issues inform everything we do at Folksam. ●



We see an increase in water damage as a result of a damper climate and an increase in floods.

Karin Stenmar
Environment and
Climate Manager at Folksam

Active green initiatives

Folksam seeks to be at the leading edge in environmental and climate protection and has worked with sustainability issues since the 1960s. Environmental and climate issues are of central importance for Folksam – no-one will have the money for insurance in the future unless we all help to slow up climate change. A large company has major opportunities to exert an influence and Folksam's high environmental requirements have contributed to a higher environmental standard at several large subcontractors.

During 2013...

... and 2014, Folksam will train almost 2,000 suppliers nationwide in environmental impact.

... Folksam began working according to the substitution principle¹ for its purchasing organisation, which meant that all new procurements were geared toward more eco-friendly alternatives

... Folksam created a digital platform for stakeholder companies. Maintaining dialogues with our stakeholders is important for ensuring constant improvement.

In 2011 Folksam became the first insurance company to receive the Swedish Society for Nature Conservation's Good Environmental Choice stringent eco-label. Our automotive and building claims operations both have ISO 14001 environmental management certification. During 2013, Folksam worked with ISO

26000 in order to pursue active dialogues with our stakeholders.

Folksam offsets its carbon footprint

Folksam's carbon footprint from its own operations amounted to 2,792 tonnes CO₂e in 2013. The main emissions sources were air travel, car journeys and heating, which together amount to 94 per cent of total emissions. These are the areas Folksam is focusing on to reduce its climate impact. The carbon footprint also includes energy consumption in the properties Folksam invests in – which means our carbon footprint covers more than Folksam's actual operation.

Folksam has accounted and offset the carbon footprint from its own operations for many years, and its property holding is offset through the Vi-Agro Forestry Programme. The Vi Agro Forestry Programme plants on average five trees for every tonne of carbon

dioxide released. The total climate impact Folksam offsets amounts to 6,751 tonnes of carbon dioxide, which means around 34,000 trees will be planted to offset Folksam's carbon footprint.

Emissions per activity in tonnes CO₂e, direct impact

	2013	2012	2011
Road travel	765	873	800
Air travel	1,092	1092	940
Rail travel	2	2	0.003
Heating	765	348*	371*
Electrical system	6	7	7
Printed matter	57	74	64
Paper	82	78	65
Coffee	21**	13	14
Water***	2	2	Not included
Total, tonnes CO ₂ e	2,792	2,489	2,261

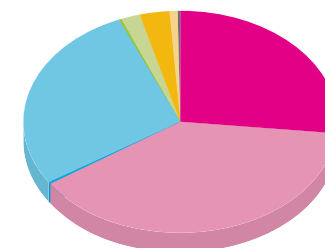
* Only head office heating was included in the 2012 and 2011 figures

** In 2013 all coffee purchased for Folksam operations was reported

***Only water consumption for the head office in Skanstull is included. Folksam's other offices and Förenade Liv's office are not included in the report.

By making conservative calculations and high estimates in instances where data is scarce – such as information on emissions from employee vehicles used on business – we ensure that Folksam offsets its carbon footprint in full. CO₂e, carbon dioxide equivalents, means that all six greenhouse gases, and not just carbon dioxide, are included in the emissions.

Emissions by activity in per cent



● Road travel	27
● Air travel	39
● Rail travel	0
● Heating	28
● Electricity	0
● Printed matter	2
● Paper	3
● Coffee	1
● Water***	0

¹ Substitutionsprincipen innebär att alla som bedriver en verksamhet ska undvika att använda kemiska produkter som kan befaras medföra risker för människors hälsa eller miljön, om de kan ersättas med sådana produkter som kan antas vara mindre farliga

From paper to digital

Folksam has a clear ambition to reduce the amount of printed matter by switching successfully from paper to digital publications. This means that customers will have the opportunity to receive insurance conditions and invoices digitally. During 2013, 4 million fewer insurance terms for general and group insurance policies were printed, and the climate impact from printed matter fell by 17 tonnes CO₂e. This reduction is also a result of Folksam's preparing more detailed data during the year, which made it possible to determine the total weight and thus make more precise calculations.

Work is in progress in Folksam's purchasing department on placing demands on suppliers to ensure eco-labelled office products are purchased. The goal is for all office materials to be replaced according to the substitution principle. During 2013, Folksam purchased 17 tonnes more copier paper and envelopes than in 2012, thus climate impact from paper increased by 4 tonnes CO₂e.

All coffee purchased for Folksam's head office is organic and Fairtrade labelled, which means it has a lower climate impact than traditional coffee, that no biocides were used in its cultivation, and that the farmers who cultivated the coffee received a fair price for their harvest. The climate impact from coffee rose from 13 tonnes CO₂e to 21. This is because starting from 2013, Folksam reports all coffee purchased within the company as compared to 2012, when only head office coffee purchases were shown.

Clear guidelines for business travel

Folksam's travel policy provides the employees with clear guidelines for business travel. It states that every journey should be well-planned and justified and that rail travel should be used for trips up to 500 kilometres, e.g. the route Stockholm-Gothenburg.

During 2013, Folksam staff travelled 516,276 fewer kilometres than during 2012, equivalent to a climate impact reduction of 108 tonnes CO₂e. The reduction is due to fewer journeys by car. Emissions from air travel were at the same level as the previous year, and amounted to 1,092 tonnes CO₂e. Rail travel increased by 109,937 kilometres, equivalent to 115 return trips between Stockholm and Gothenburg. This is good news – the climate impact from rail travel is marginal in comparison to air and accounted for only 2 tonnes CO₂e of our total carbon footprint. Emissions from rail travel remained the same as the previous year's.

Folksam will introduce further measures to reduce air travel. The policy for travel and meetings will be made clearer and during 2014, Folksam will focus more on video conferencing.

Kilometres travelled	2013	2012	2011
Rail travel	2,008,178	1,898,241	1,653,665
Road travel	4,584,670	5,238,550	4,876,800
Air travel	4,366,086	4,338,419	3,901,738
Total kilometres travelled	10,958,934	11,475,210	10,432,203

Fewer offices means lower electricity consumption

All electricity purchased to Folksam's and KPA Pension's head offices, offices around Sweden together with the Folksam subsidiary Förenade Liv's office premises, enjoys Good Environmental Choice classification. Electricity consumption from offices during 2013, and thus climate impact, was reduced by around 11 per cent compared to 2012. The reason for the reduction is that Folksam, during 2013, continued its restructuring to streamline operations at offices nationwide.

Climate impact from heating increased by 417 tonnes CO₂e compared to the previous year. This is because heating in Folksam's offices around Sweden and Förenade Liv's office premises have been included in heating figures for the year.

At 2 tonnes CO₂e, the climate impact of water for Folksam's and KPA Pension's head offices remains at the same level as the previous year. Water consumption fell somewhat, but this only has a marginal effect on climate impact, which is reported in whole numbers of tonnes

Larger property portfolio resulted in higher energy consumption

In recent years Folksam has increased its ownership of investment properties, which explains the increase in climate impact from heating, electricity and water from one year to the next. Electricity and heating for the year fell while climate impact rose, following Folksam's adjustment of emissions factors for heating and electricity. Energy and water consumption derive from a large number of properties owned by Folksam, mainly offices and residential properties in Stockholm but also in other parts of Sweden.

The consumption figures include

- Folksam Life/Life (wholly owned properties)
- Folksam Life2 (formerly Gyllenforsen, of which Folksam owns 71%).
- Folksam General (wholly owned properties)
- KPA Pension (of which Folksam owns 60%)

Emissions by activity, indirect impact	2013	2012	2011
Heating	3,729	3,839	3,278
Electrical system	188	11	10
Water	42	39	Not included
Total, tonnes CO₂e	3,959	3,889	3,288

Heating represents the greatest climate impact from Folksam's operations, totalling 2,422 tonnes of CO₂e. This is a reduction of 110 tonnes CO₂e compared with 2012.

During 2013 Folksam purchased offsets heating from Fortum. The purchase of offsets for heating is equivalent to 1,786 tonnes CO₂e for Folksam's property holding and 311 tonnes CO₂e for KPA Pension's property holding.

The climate footprint from Folksam's property holding amounted to 188 tonnes of CO₂e, which is an increase of 177 tonnes compared to 2012. The increase is due to Folksam's adjustment of the emissions factors used to calculate climate impact from wind power electricity. However, electricity consumption fell by around 200 MWh. All electricity purchased by Folksam is certified as generated 100 per cent by wind power.

The climate impact from water consumption amounted to 42 tonnes CO₂e in 2013. This is an increase of 3 tonnes CO₂e. The reason for the increase is that water consumption for the acquisitions that took place in 2012 was not reported in its entirety, i.e. for the whole year, until 2013.

Green rental agreements for reduce energy consumption

Just over one year has passed since Folksam signed its first Green Rental Agreement. The agreement concerned White Arkitekter AB's head office with around 3,600 sq m of floor space in the Katsan 1 block, neighbour to Folksam's head office. It was pleasing to note that the energy survey showed lower energy consumption than the original projected values for the property. It's worth mentioning that other tenants have chosen to follow White's example, even though it took a while for all concerned to understand the division into all the fractions. Other tenants in the property have been informed about the significance of green rental agreements, and discussions are in progress with several tenants concerning green agreements. During the year green rental agreements were also signed with Friskis & Sveltis, who opened a new fitness facility in Folksam's premises at Skanstull in September, 2014.

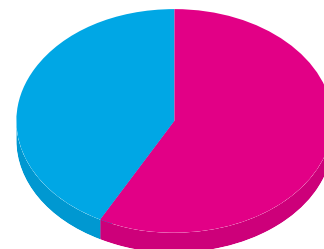
Green rental agreements require e.g:

- an energy survey
- tenants to be informed annually of their electricity, water and heating consumption
- the landlord to purchase renewable or carbon neutral energy for heating
- the landlord and tenant to purchase renewable electricity from specified generation sources
- carbon dioxide emissions to be calculated annually
- waste to be sorted at source so that all fractions currently possible can be recycled

Folksam's climate responsibility extends beyond its own operations

Folksam is one of few operators in the insurance industry that accounts for, and offsets, the climate impact from its property holding. The division between Folksam's carbon footprint from its operations and that of its property holding is shown in the chart below. It shows that the majority of Folksam's climate impact – almost 60 per cent – derives from Folksam's property holding.

The total climate impact from Folksam's operations and its property holding in 2013 amounted to 6,751 tonnes CO₂e.



- Folksam's property holding 59%
- Folksam's operations 41%

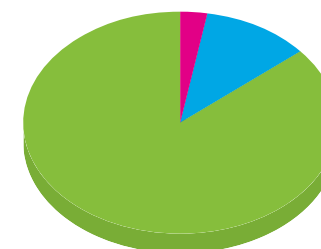
Folksam's direct and indirect climate impact

Folksam's climate footprint is broken down into three scopes in accordance with the Greenhouse Gas Protocol international accounting standard.

Scope 1 represents direct emissions from own operations where Folksam's leased cars are included.

Scope 2 constitutes indirect emissions from electricity and heating purchased for Folksam's offices.

Scope 3 covers indirect emissions from travel by road, air and rail and paper, printed matter, coffee and water. Folksam's property holding, which is an insurance premium investment, is also included here.



- Scope 1 2%
- Scope 2 12%
- Scope 3 86%

Environmentally friendly car repairs

To reduce the environmental burden from car repairs, the workshops Folksam engages make extensive use of refurbished spare parts instead of routinely choosing new parts. In addition, plastic parts and glass windows are repaired instead of always using new spare parts. Re-using and repairing instead of buying new does not just represent a gain for the environment but is also a good deal for Folksam and Folksam's customers. In 2013, this approach contributed to the avoidance of a 1,441-tonne mountain of waste and savings of just over SEK 147 million in the repair of damaged cars.

Suppliers trained in Good Environmental Choice

During 2013, the purchasing organisation carried out digital environmental training courses with all of Folksam's claims adjustment suppliers in the building sector, and also began similar training with suppliers in the automotive sector. In all, the training courses were sent to all 261 suppliers within the building sector, and all employees with customer contact or who carry out claims adjustment were urged to participate. During 2013, distribution of the course was also begun to Folksam's 1,575 suppliers within the automotive sector. The completed training resulted in the to all participants' receiving the information necessary to create a fundamental understanding of the criteria that Good Environmental Choice demands of Folksam as an insurance company, and from claims adjustment suppliers. The objective was to disseminate foundational information to the participants on how the environment is affected by the day-to-day working methods in their respective industries, and how operations can work to reduce its negative environmental impact.

Collecting proposals for greener working methods

During the year we also collected proposals for good working methods that can reduce environmental impact at our claims adjusters within the building and automotive sectors. Collection took place in connection with the Good Environmental Choice digital training course, and was aimed at all employees with customer contact or who adjust claims through one of our suppliers. In the process all employees were asked to submit their own individual proposals on how to make their operations greener and have less negative environmental impact. In all, we received 1,223 proposals during 2013, and the level of commitment was great among our employees.

Folksam's Research Foundation

The purpose of the foundation is to promote prevention of accidents and disease, rehabilitation and health-promoting scientific research through its own activity or through financial grants. It is primarily intended to provide research grants in the areas of road safety, health and the environment.

In 2013, 53 applications for research grants were received. Seven grants were approved, among them an application from Karolinska University Hospital where sports-related injuries from a physiological and psychological perspective with a focus on prevalence, predictors, risk

factors, personality and a return to sport are the subjects of five separate studies.

Another approved research project went to Chalmers University of Technology which will analyse a common whiplash protection. The protection is highly effective for men but not for women, and the study will seek to discover why the whiplash protection does not work for women to any great extent. This is an important piece of the puzzle for designing better car seats for the future. A list of all approved grants is set out below. •

Title	Applicant
The prevention of mental ill health among children through our parental support programme: evaluation of implementation strategies and effects on parenthood and children's mental health.	Umeå University
Cortisol - a mechanical link between stress and the risk of diabetes and obesity	Södertälje Hospital
Stress resilience and recurrent stroke in middle age	Örebro University Hospital
Behavioural therapy combined with interventions focused on changes in the cerebral cortex and patients with complex regional pain syndrome (CRPS)	Uppsala University Hospital
Sports-related injuries from a physiological and psychological perspective with a focus on prevalence, predictors, risk factors, personality and a return to sport.	Karolinska University Hospital
A study of the SAHR whiplash system (Saab Active Head Restraint); why is it not effective on women?	Chalmers University of Technology
The Folksam prize in epidemiological research	Awarded to Olof Nyrén, Karolinska University Hospital

Prizes and awards

Folksam Life's best life company

Folksam was declared best life insurance company of the year for the second year running at Insurance Awards in April 2013. Earlier in the year Söderberg and Partners also declared Folksam best life company of the year in its annual traffic light report.

Home insurance Stor gets highest marks

Folksam's Stor home insurance received the highest marks in December from Konsumenternas Försäkringsbyrå (Consumers' Insurance Bureau). The bureau's objective is to provide customers with impartial information and guidance, free of charge.

KPA Pension and Folksam commended by Sustainable Brands

KPA Pension and Folksam held on to their excellent rankings in the Sustainable Brand Index survey, which selects Sweden's most sustainable brands. KPA Pension was declared the most sustainable finance industry company in 2013 while Folksam finished in third place on the same list.



Folksam commended for its report on responsible investment

Folksam was picked out for its especially praiseworthy initiatives as an investor in the Large Pension Fund category when the RI Reporting Award was presented for the best report concerning responsible investments. The news service Responsible Investor, which specialises in reporting on responsible investments and sustainability in the finance industry for institutional investors worldwide, is behind the RI Reporting Awards. The winner in the category was the Dutch pension fund Pensioensfonds Zorg en Welzijn.

Folksam – A Swedish Career Company in 2013

Every year the business periodicals di.se (Today's Industry) and Din karriär (Your Career) pick out the 100 most exciting companies in which to make a career in Sweden. Folksam is one of these companies. The justification from DI reads: 'Having nominated and reviewed 300 companies, we are proud to present Folksam, which thanks to its interest in its employer brand, genuine commitment to its employees and exciting career opportunities, is one of the country's hundred best employers for Young Professionals'.

Du är en vinnare igen!



Årets livbolag 2011 och 2012

Du som sparar hos oss kan känna dig som en vinnare. För andra året i rad har vi blivit utsedda till Årets livbolag av Söderberg & Partners.

Varför? Jo, vi har återigen visat att vi kan leverera en trygg produkt med bra avkastning. Ett tydligt bevis på att vi är ett riktigt bra företag att pensionsspara i.

Folksam
För allt du bryr dig om

Partnership and sponsorship

Pay donations to We Effect

Folksam has been working together with the Swedish Cooperative Centre for many years. Staff have the option of donating part of their pay to the organisation through deductions from salary. The level of commitment is great. Employees donated SEK 675,877 during 2013, and Folksam doubled that amount. In addition to this, Folksam made a Christmas gift of SEK 100,000 and held a Christmas Fairtrade goods sale for the benefit of We Effect that gave SEK 5,355. Folksam's total collection to Swedish Cooperative Centre activities amounted to SEK 1,457,109 in 2013.

The Folksam Prize in Epidemiological Research

The prize is awarded to internationally prominent researchers who conduct scientific activities where epidemiological material is used for prevention in the public health field. Olof Nyrén, Professor of Clinical Epidemiology at the Department of Medical Epidemiology and Biostatistics at Karolinska University Hospital, was awarded the prize, among other things, for his research using large scale epidemiological methods for studying causes, progress and prognoses for a wide variety of

medical conditions in the upper gastrointestinal tract. The amount awarded is SEK 100,000.

In connection with Tore Andersson's retirement as Folksam's previous CEO, a decision was made to donate funds to Karolinska University Hospital over a four-year period (2005-2008) for the award of a prize for epidemiological research in Tore Andersson's name. Following an extension, the name of the donation was changed to the Folksam Prize for Epidemiological Research. The prize was awarded for the last time in 2013.

The SalusAnsvar Award to pain researchers

With a prize sum of SEK 1 million, the SalusAnsvar Award is one of the Nordic region's biggest medical prizes and rewards research focused on 'medical problems that have a direct effect on the everyday lives of patients and which entail long-term impairment of the ability to work. The 2013 recipients are Professor Eija Kalso, University of Helsinki and Associate Professor Eva Kosek, Karolinska University Hospital, Stockholm. The two received the prize for research that has increased the understanding of how pain can progress

from being a warning signal to a chronic condition in many people.

In conjunction with Folksam's acquisition of SalusAnsvar, the award will change its name to the 'Nordic medicine prize in cooperation with Folksam'

Swedish Association of Health Professionals' prize in cooperation with Folksam

The Association of Health Professionals' prize was established by the association together with SalusAnsvar. The prize was first awarded in 2009 and up until now the amount was SEK 250,000, but this was doubled in 2013 to SEK 500,000. In connection with Folksam's acquisition of SalusAnsvar, the prize will henceforth be awarded by Folksam. The purpose of the prize is to aid the Association of Health Professionals' endeavours to achieve its vision. The prize is awarded to one or more members of the Association of Health Professionals who contribute in a significant way to their profession and thus improve Swedish healthcare.

The winner in 2013 was Britt-Marie Banck, a self-care dialysis nurse at the Ryhov County Hospital, Jönköping. Britt-Marie received an award of SEK 250,000 for her work on patient-centred care in dialysis. Other winners were Lars-Erik Olsson, Clinical Lecturer, Department of Orthopaedics, Sahlgrenska University Hospital, Mölndal. Annika Park, Area Manager, Blomstervägens Dementia Centre, Gislaved. Lena Renman, District Nurse, Tegs Healthcare Centre, Umeå. Each receives a sum of SEK 83,500.

Gothenburg Prize for Sustainable Development

Folksam is one of the sponsors of the Gothenburg Award for Sustainable Development. The topic in 2013 was 'Nature's services and ingenious solutions'. The winners were Janine Benyus and Pavan Sukhdev. The prize seeks to demonstrate what is necessary and possible in the struggle for a more sustainable future. The year's prizewinners showed examples of this and teach us to understand, value and be inspired by nature.

Förenade Liv's social engagement

Förenade Liv continued to make active efforts to reduce violence in society. Violence leads to personal suffering, problems for society and increased costs for insurance policyholders. The aim of this initiative is to raise awareness, reduce risks and create security for customers in the society we live in.

As information and awareness about Förenade Liv's emergency insurance increases, demand for counselling has also risen. Grief counselling has risen most in recent years. One theory may be that while grief was previously managed within the family, our lifestyles have become so individualistic today we are no longer as close to one another.

Women make use of the insurance to a greater extent than men, which may be because to a degree women seek help more readily, but it is also because Förenade Liv has more women policyholders. An emergency may embrace several people linked

to the same policy, for example when everyone in a family has suffered threats or family members all need support in the event of a death. Age distribution among those who received support shows 27 per cent were born in the 80s or later and, at 25 per cent, the age group that sought support most was born in the 60s.

According to the insurance conditions, compensation will be paid for therapy on 10 occasions, but in exceptional cases more are required. In such an eventuality the crisis and trauma centre makes contact with Förenade Liv for approval. Crisis and trauma centre statistics show the distribution for some associations and the total.

Contract	Total number people	Women/men	Type of crisis			
			Grief	Threats/Violence	Illness	Other
Swedish Police Union	28	19/9	21	1	3	3
Vision	51	42/9	24	8	14	5
Swedish White-Collar Workers' Union	52	30/22	23	12	10	7
Läraryrsförsäkringar	7	6/1	6		1	
Others	43	29/14	15	3	6	19
Total	181	126/55	89	24	34	34

Counselling – an valued service

During 2013, counselling as a preventive service made a positive impact. Behind this is the fact that most of us at one time or another need professional help due to private or work-related problems. At work it might be a matter of stress, burnout, bullying or problems cooperating, while in private life it could concern relationships, divorce, disputes, death, financial problems, legal difficulties, substance abuse or problems with one's children. Falck Healthcare is the provider, and has experienced psychologists and therapists. A great deal of interest has been shown in the service, not least by the trades unions. Vision, ST, Läraryrsförsäkringar and SULF have all signed agreements regarding counselling for their members. From the beginning of 2013, Förenade Liv, by means of its surplus, has been able to offer all of its commercial customers counselling services.

Rehabilitation for a sustainable return to work

In collaboration with Svenska Re, Förenade Liv offers everyone who has suffered an illness and who has critical illness insurance, a week's convalescence on Gran Canaria instead of/ together with insurance compensation. Commercial customers are offered the possibility of convalescence following long sickness absence as part of the insurance bonus.

Cooperation with the Safer Sweden Foundation

For the fifth consecutive year, Förenade Liv worked together with the Safer Sweden Foundation - an organisation that seeks to improve the circumstances for those affected by crime. The aim is to reduce crime and violence and improve security in Sweden by ensuring the victims of crime receive relevant help, support and protection. Förenade Liv is one of around ten collaborative partners.

The Safer Sweden Foundation organised a National Victims of Crime week in February, 2013 that included a number of seminars and workshops. Förenade Liv participated together with the other collaborative partners. In all, the seminars were visited by 500 people and drew the attention of newspapers, radio and TV.

Lectures, seminars and publications

Förenade Liv holds seminars and lectures on anti-violence on an ongoing basis. During 2012 the reportage book 'Ta din unge och spring' (Grab your kid and run) was published in collaboration with Safer Sweden. The book takes up the situation of children who are the victims of violence in school – the aim is to help create safer schools. A seminar was held at Almedalen as a continuation on the subject. The theme was 'School – a threat to student health' Co-arrangers were the Swedish Teachers' Union, the Union for Professionals and the Swedish Association of Health Professionals.

On St. Valentine's Day, customers were invited by Claud Marcus, paediatrician specialising in obesity; Anders Milton, previously a government expert on mental health, and Charlie Söderberg, known for the TV series Tonårsbossen and Lyxfällan. The topic was Children's Health. In addition, Förenade Liv carried out a number of customer meetings during the autumn with Charlie Söderberg on the topic 'Children's Health from the viewpoint of the family budget' ●

KPA Pension

– a leader among ethical investments

Since 1998, KPA Pension has been working for a sustainable future by taking active responsibility for people and the environment. Above all, social responsibility is about managing assets according to our ethical investment criteria, but it also places demands on us as a company – KPA Pension must naturally set a good example and practice what it preaches. We make conscious efforts to minimise our own environmental impact, create a good working environment for all employees and support various forms of social and environmental initiatives in the community.

KPA Pension's sustainability strategy

- KPA Pension seeks to be the leading pension company in secure pensions and ethical investments.
- The strategic focus of KPA Pension is to fulfil the wishes of its owners, social partners and customers regarding secure, sustainable pensions.
- Sustainable development must not only inform all of KPA Pension's internal work, but also the products and services it offers. This is to generate business benefit and customer benefit, as well as a sustainable future for people and the environment, because:
 - Our view is that ethical investments bring a more stable and better return as well-managed companies are more secure and, in the long term, more profitable.
 - KPA Pension's ethical position strengthens the brand and attracts more customers in our target group, which results in increased profitability and competitiveness.
- Because we must practice what we preach, everyone in KPA Pension should continuously be offered inspiration, support and training in sustainable development. We must work to reduce the environmental burden of our own operations.
- KPA Pension must be the leader in the municipal occupational pensions market with regard to ethical investments.
- KPA Pension's sustainability efforts must be transparent and measurable.

Asset investments

The world's collective pension assets have the power to influence progress. It is therefore important how the pension funds are invested. KPA Pension has chosen to manage its assets according to clearly defined ethical investment criteria – persuasive and disqualifying.

Rules that influence behaviour

KPA Pension seeks to persuade companies to take responsibility for people and the environment in the areas described below:

Human rights

Customers' funds are invested in companies in which human rights are respected. By conducting a dialogue with the companies, we influence them to take greater responsibility for issues that affect human rights.

Environment

KPA Pension invests its customers' pension funds in companies that make active efforts to reduce their negative impact on the environment. We take an active role in developing greener energy by only investing in selected energy companies that work on the development of sustainable energy.

Corruption

KPA Pension will influence the companies we invest in by preventing corruption in its business relations. Corruption is a great problem in many countries, as competition is eliminated, growth is inhibited and social development is curbed.

Rules on exclusion

In these areas, KPA Pension does not invest at all in:

Weapons

KPA Pension does not invest in activities that harm people and the environment. One such area is weapons. We have defined weapons as products with the purpose of killing, maiming or destroying that are sold to military users.

Tobacco

KPA Pension does not invest in companies that produce tobacco products. By tobacco protection, we also refer to the ownership of tobacco plantations.

Alcohol

KPA Pension does not invest in companies that produce alcoholic beverages, i.e. beverages with an alcohol content of more than 2.25 per cent by volume.

Gambling

KPA Pension does not invest in companies involved in commercial gambling. We understand commercial gambling to mean casinos and gambling clubs.

Dialogue as a way of exerting influence

One of the most important aspects of KPA Pension's work is its active influence on the companies in which it invests. We hold dialogues with companies so they continuously improve their work and become better at taking responsibility, in particular for human rights, the environment and counteracting corruption. The work, which is reported on pages 19-20, is conducted in collaboration with the department for responsible ownership at Folksam.

Sustainability issues continue to be important for customers and employees

Surveys carried out during the year indicate that 89 per cent of KPA Pension's employees think it is extremely important to work for an employer who takes sustainability issues into consideration. All employees undergo training in sustainability through full day, in-house training sessions and also from guest lecturers. Customers also continued to consider sustainability issues to be important – among municipal and county employees, 8 out of 10 say it is important that pensions and investments are ethical, and equally as many say they feel that employers should purchase ethical pensions services.

During the year Swedish media drew attention to the risks with oil companies. KPA Pension continues to invest in sound energy companies that invest in renewable energy. However, in order to remain transparent and to develop measurability in how we influence the companies we invest in, we need more information. We have therefore initiated a project – Fossil Free Future – whose long-term aim is to continue investing in secure, ethical energy companies. We believe the entire industry faces a challenge in this regard, and we believe strongly that it is better to remain with sound energy companies and continue to influence them from inside rather than divest.

Collaboration with the Swedish Society for Nature Conservation and the Swedish UN Association

During the year, KPA Pension consolidated its collaboration with the Swedish Society for Nature Conservation and the Swedish UN Association. In collaboration with the Swedish Society for Nature Conservation, KPA Pension participated in various exhibitions and wrote an opinion piece to further influence society. KPA Pension works in collaboration with the Swedish UN Association to strengthen the individual's rights in society something which KPA Pension customers feel strongly about – and supports its school meals campaigns, mainly in Ethiopia. Eva Axelsson, Sustainability Manager at KPA Pension, was elected to the Swedish UN Association's fund collection committee.

Read more in KPA Pension's own sustainability report

During the year, KPA Pension launched a fully digital sustainability report on its website. This enables a more continual reporting and follow-up of various initiatives. ●



Our figures and calculation methods

Employees

Employees, Folksam Total

Employees	2013	2012	2011	2010
Number of employees	3641	3497	3400	3637
– of whom women (per cent)	53	52	51	50
– of whom men (per cent)	47	48	49	50
Average age	44.8	45.3	45.2	45.5
Number of managers	381	356	334	360
– of whom women (per cent)	47	47	47	43
– of whom men (per cent)	53	53	53	57
Employee turnover (%)	9.8	12.0	8.0	4.7

Age distribution (%)	2013	2012	2011	2010
-29 years	13.2	11.1	9.7	8.5
30-39	20.5	20.7	20.8	21.9
40-49	30.0	31.3	31.4	30.4
50-59	27.6	27.5	28.3	28.0
over 60	8.7	9.4	9.9	11.2

Form of employment (%)	2013	2012	2011	2010
Employees on permanent contracts	97	98	97	97
Employees on fixed-term contracts	3	2	3	3
Full-time employees	92	92	91	91
Part-time employees	8	8	9	9

Women - Gender distribution boards and management (per cent)	2013	2012	2011	2010
Board of Folksam Life	50	50	50	50
Board of Folksam General	50	58	58	58
Group management	45	45	45	33

Men - Gender distribution boards and management (per cent)	2013	2012	2011	2010
Board of Folksam Life	50	50	50	50
Board of Folksam General	50	42	42	42
Group management	55	55	55	67

Overall index, employee survey (per cent)*	76	72	72	72
Have individual performance goals (per cent)*	92	93	91	-
Feel great commitment to their work (per cent)*	84	85	82	87
Overall index leadership, immediate superior (per cent)*	79	76	75	77
Totalindex ledarskap, närmaste chef (procent)*	79	76	75	77

Percentage who changed positions in the past 12 months	2013	2012	2011	2010
On own initiative via advertised position (per cent)	8	-	-	-
In connection with restructuring (per cent)	8	-	-	-

* Percentage who responded 4-5 on a 5-point scale in the employee survey, 2013

Total sickness absence, 2013 (2012) in per cent

Age	Men	Women	Total
- 29	3.6 (4.6)	6.9 (6.0)	5.2 (5.4)
30-49	2.3 (2.2)	5.2 (4.3)	3.9 (3.3)
over 50	3.1 (2.2)	5.6 (4.7)	4.4 (3.4)
Total	2.8 (2.4)	5.5 (4.6)	4.2 (3.5)

Of which long-term sickness absence, 2013 (2012) in per cent

Age	Men	Women	Total
- 29	2.4 (3.7)	15.1 (20.0)	10.5 (13.3)
30-49	12.3 (29.1)	33.8 (29.4)	28.1 (29.3)
over 50	33.9 (32.0)	32.2 (31.3)	32.8 (31.9)
Total	20.4 (26.4)	30.9 (29.3)	27.6 (28.3)

Calculation methods, employees

All data is gathered from Folksam's salary system HRM.

Subsidiaries

The tables showing personnel key indicators include all subsidiaries except Folksam skadeförsäkring in Finland. Limitations: Staff paid by the hour and on the basis of fees are not included in the tables of key staff indicators.

Number of staff

Includes all staff on permanent contracts and in their probationary period, as well as staff on fixed-term contracts. Excludes staff paid by the hour and on the basis of fees.

Average age

Same as number of staff (see above).

Number of managers

Same as number of staff (see above).

Employee turnover

Same as number of staff (see above). Calculated as the lower of the number of new external employees or employees who have left during the year as a percentage of the number of employees in December.

Age distribution

Same as number of staff (see above).

Form of employment, employees

Same as number of staff (see above).

Sickness absence

Reported sickness absence in relation to scheduled hours. Proportion calculated on same population as number of staff (see above). Calculated over full calendar year.



Environmental data

Kilometres travelled	2013	2012	2011
Rail travel	2,008,178	1,898,241	1,653,665
Road travel	4,584,670	5,238,550	4,876,800
Air travel	4,366,086	4,338,419	3,901,738
Total kilometres travelled	10,958,934	11,475,210	10,432,203

Road travel

Car journeys in Folksam	2013	2012	2011	2010	2009
Distance in km (x 10) driven on official business	458,467	523,855	487,680	518,744	574,697
Of which driven with cars meeting Folksam's environmental and safety requirements on purchase	123,989	145,500	158,940	184,179	185,355
Total carbon dioxide emissions from car travel in tonnes	765	873	800	843	944
Increase/decrease in carbon dioxide emissions due to more/fewer km driven, in tonnes	-108	+73	-43	-101	+28

Paper and printed matter

	Quantity, kg	kg CO2/ tonne paper	Tonne CO2
Paper	431,156	189	82
Printed matter	279,158	204	57

Coffee

	2013	2012	2011
Total quantity	14,156 ¹	9,712	8,742

Energy and water

Energy use	2013			Total 2013
	Folksam (Skanstull, field and sales offices plus Förenade Liv)	Folksam's property holding (General, Life1, Life2)	KPA Pension (60%)	
Heat consumption (MWh)	9,076 ²	32,019	8,016	49,111
Electricity consumption (MWh)	8,999	11,729	2,788	23,516
Total energy consumption (MWh)	18,075	43,748	10,804	72,627

Energy use	2012			Total 2012
	Folksam (Skanstull, field and sales offices plus Förenade Liv)	Folksam's property holding (General, Life1, Life2)	KPA Pension (60%)	
Heat consumption (MWh)	4,612 ³	35,768	5,446	45,826
Electricity consumption (MWh)	10,114	12,727	2,003	24,844
Total energy consumption (MWh)	14,726	48,495	7,449	70,670

Energy use	2011			Total 2011
	Folksam (Skanstull, field and sales offices plus Förenade Liv)	Folksam's property holding (General, Life1, Life2)	KPA Pension (60%)	
Heat consumption (MWh)	4,687 ⁴	32,948	2,602	40,237
Electricity consumption (MWh)	10,204	12,506	698 ⁵	23,408
Total energy consumption (MWh)	14,891	45,454	3,300	63,645

Water consumption	2013	Total 2013			Total 2012	Total 2011
	Folksam (Skanstull)	Folksam's property holding (General, Life1, Life2)	KPA Pension (60%)			
Water consumption, m ³	22,980 ⁶	312,461	101,825	437,266	410,585	365,414

¹ 2013 included all coffee purchased to the Folksam operation

² Heating for field offices and sales offices estimated

³ Included only Skanstull's heating

⁴ Included only Skanstull's heating

⁵ Electricity in MWh reported incorrectly in the 2011 sustainability report; has been adjusted

⁶ Includes only Skanstull's water consumption

Subcontractors

Vehicle workshops

	2013	2012	2011
Number of partners	895	864	1,284
Number of partners totally fulfilling requirements	598	542	687
Proportion of partners totally fulfilling requirements	67 %	63 %	54 %

Vehicle disassembly plants

	2013	2012	2011
Number of partners	8	8	11
Number of partners totally fulfilling requirements	8	8	9
Proportion of partners totally fulfilling requirements	100 %	100 %	82 %

Building contractors

	2013	2012	2011
Number of partners	201	204	186
Number of partners totally fulfilling requirements	118	137	124
Proportion of partners totally fulfilling requirements	59 %	67 %	67 %

Washing and clean-up companies

	2013	2012	2011
Number of partners	71	69	59
Number of partners totally fulfilling requirements	59	59	49
Proportion of partners totally fulfilling requirements	83 %	86 %	83 %

Calculation methods, environment

Folksam's total carbon dioxide emissions for carbon offsets in 2013

Folksam sustainability report shows water, electricity and heat consumption from its own operations and its property holding. The report also presents emissions from company travel by air, rail and road using Folksam's and its subsidiaries' leased cars and employee cars. The climate footprint also contains emissions from paper, printed matter and coffee. In addition, the report shows how many of Folksam's partners, with regard to vehicle workshops, vehicle disassembly plants, building contractors and washing and clean-up companies, fulfil Folksam's environmental requirements.

Where possible, emissions have been calculated in CO₂e, carbon dioxide equivalents. Carbon dioxide equivalents mean that all six greenhouse gases and not just carbon dioxide are included in the emissions calculations. This ensures that Folksam carbon-offsets the whole of its climate impact and not just carbon dioxide emissions. For the same reason, the principle is to calculate conservatively and make high estimates in instances where data is scarce, for example for the calculation of the climate impact of other vehicles and printed matter. New items in the 2013 sustainability report concern an extension of the accounting of coffee, and the inclusion of heating from Folksam's offices around Sweden.

Electricity, heating and water consumption

Energy consumption derives from properties that Folksam either owns and in which it conducts operations, properties it only owns, or premises it rents for its operations. The form of ownership and whether operations are undertaken in the premises or not affect what is included in Folksam's total energy and water consumption. Folksam consists of the following four legal entities, which are included in the consumption figures.

- Folksam Life1 (wholly owned properties)
 - Folksam Life2 (formerly Gyllenforsen, of which Folksam owns 71%).
 - Folksam General (wholly owned properties)
 - KPA Pension (60% owned by Folksam)
- There is also the Folksam subsidiary Förenade Liv, which rents two office premises.

Consumption figures for and electricity, water and heating are based on meter readings in Folksam's property system as of January 31 every year. Adjustments to e.g. emissions factorials and make the errors take place continually, which explains any deviations from previous years' accounts in the sustainability report. Folksam's climate offset for 2012 emissions is based on the carbon footprint reported in the 2012 sustainability report.

Heating of premises

The information on carbon dioxide emissions from properties in 2013 is based on heating consumption statistics in MWh and CO₂ from our property manager. Heating for field offices and sales offices is estimated

Life2 is 71 per cent owned by Folksam. The carbon dioxide emissions in the 2013 sustainability report are equivalent to Folksam's share,

that is to say 71 per cent of the total carbon dioxide emissions for Life2.

KPA Pension is 60 per cent owned by Folksam. Reported carbon dioxide emissions are equivalent to Folksam's share, that is to say 60 per cent of the carbon dioxide emissions from heating of KPA Pension's properties.

Electricity consumption in properties

Carbon dioxide emissions from electricity use in Folksam's properties in 2013 is relatively low as Folksam uses electricity certified as generated by wind power and Good Environmental Choice labelled. Consumption in 2013 is based on actual consumption figures. Folksam owns a 71 per cent interest in Gyllenforsen. Carbon dioxide emissions are equivalent to Folksam's share, that is to say 71 per cent of the total carbon dioxide emissions of Life2's electricity consumption. KPA Pension is 60 per cent owned by Folksam. Reported carbon dioxide emissions are equivalent to Folksam's share, that is to say 60 per cent of the total emissions from electricity consumption of KPA Pension's properties.

Water consumption in properties

Carbon dioxide emissions from water in Folksam's offices and properties are based on actual consumption figures. Water consumption for the sales and field offices is not included in the reported water consumption. The emissions have been calculated with the calculation tool Our Impacts. The carbon dioxide emissions are equivalent to Folksam's share, that is to say 71 per cent of the total carbon dioxide emissions from water consumption of Gyllenforsen. KPA Pension is 60 per cent owned by Folksam. Reported carbon

dioxide emissions are equivalent to Folksam's share, that is to say 60 per cent of the total emissions from water consumption of KPA Pension's properties.

Air travel

Folksam's business travel and that of its subsidiaries is included in the 2013 sustainability report. Carbon dioxide emissions from air travel in 2013 are based on statistics from our travel agency, Ticket. The emissions figure from the travel agency has been multiplied by a factor of two. The reason being that the climate impact of air travel is higher than overland transportation. This is due in part to water vapour and nitrogen oxides being released at high altitude and forming contrails and ozone that has a warming effect. Using a multiplier is in line with practice by several actors that do climate calculations.

Rail travel

Folksam and its subsidiaries' climate footprint from rail travel is based on statistics on the number of passenger kilometres from SJ and the emissions were calculated in the tool Our Impacts.

Road travel

The figures for Folksam and its subsidiaries' road vehicle emissions are based on mileage allowance statistics. Car journeys included these cars and employees own cars used for business. The cars are divided into two categories: Car A) number of kilometres driven with cars that, on purchase, met Folksam's requirements on safety and the environment (i.e. fuel-efficient petrol and diesel cars, ethanol cars, natural gas cars and hybrids) and Car B) number of kilometres driven by other cars.

- We assume that Folksam-approved vehicles (Vehicle A) emit 129 grams/km*. This is an estimate of the average emissions of this group of vehicles; see more about the vehicle group above.
- We assume that (Car B) emits 181 grams/km** (according to the figures from the Swedish Environmental Protection Agency).

Calculation of emissions from vehicles:

(Car A) km x 129 gram = (CO₂ Car A)

(Car B) km x 181 gram = (CO₂ Car B)

Total: CO₂ Car A + CO₂ Car B = Total CO₂ Car

* Based on average carbon dioxide emissions from Folksam-approved vehicles.

** Based on average carbon dioxide emissions from new cars in Sweden 2006-2008, Swedish Environmental Protection Agency Report 5946.

Paper, printed matter and coffee

Statistics for paper, printed matter and copy come from Folksam's purchasing department and from the communications department. Statistics about purchased copier paper, envelopes, output data production, printed matter and coffee have been reported by weight for conversion to CO₂ equivalents.

Folksam's head office is located in Stockholm.

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GRI Index

Folksam Sustainability Report, 2013

Folksam reports its sustainability work in an annual sustainability report. In addition to this there are annual reports for the different companies (AR-GENERAL, AR-LIFE, AR-KPA) and Corporate Governance Reports (SR-GENERAL, SR-LIFE) in which some of the information is available. Some of the material attributable to Folksam's work on sustainability is also available on the internet at www.folksam.se and/or www.kpa.se. All of the reports are available for download at www.folksam.se.

GRI G3 Cross-reference list

Strategy and profile				
1. Strategy and Analysis				
G3 disclosures	Description	Page reference	Scope (fully, partially or not reported)	Comments
1.1	Statement from the most senior decision-maker of the organisation (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy.	A Word from the CEO, page 3	Fully	
1.2	Description of key impacts, risks, and opportunities. The reporting organisation must include two brief paragraphs describing material effects, risks and opportunities.	Folksam's organisation and governance, pages 13-14, Corporate Governance, pages 21-25,, Environment, pages 39-42	Fully	
2. Organisational profile				
G3 disclosures	Description	Page reference	Scope (fully, partially or not reported)	Comments
2.1	Name of the organisation	About the 2013 sustainability report, page 7	Fully	
2.2	Key brands, products and/or services	This is Folksam, page 4; AR pages 22-23	Fully	Read more about the individual companies at folksam.se , kpa.se and forenadeliv.se
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures	Folksam's organisation and governance, page 9; AR page 23	Fully	
2.4	Location of organisation's headquarters	page 53	Fully	
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	About the 2013 sustainability report, page 7	Fully	
2.6	Nature of ownership and legal form	This is Folksam, page 4; Folksam's organisation and governance, page 11; Environment, page 23	Fully	

2.7	Markets served	This is Folksam, page 4; About the 2013 sustainability report, page 7; AR, pages 52-53	Fully	
2.8	Scale of the reporting organisation	This is Folksam, page 4; Employees, page 28	Fully	Further information is available in Folksam's Annual Report 2013 at folksam.se and in the individual company annual reports (Folksam General and Folksam Life at folksam.se; KPA Pension's annual report can be found at kpa.se, Contact Förenade Liv for its annual report on: Tel +46 8-700 42 00).
2.9	Significant changes during the reporting period in regard to size, structure or ownership.	Organisation and Governance, page 11.	Fully	
2.10	Awards received in the reporting period "	Prizes and awards, page 44	Fully	
3. Report parameters				
G3 disclosures	Description	Page reference	Scope (fully, partially or not reported)	Comments
3.1	Reporting period for information provided (e.g. fiscal/calendar year) for the information reported.	About the 2013 sustainability report, page 7	Fully	
3.2	Date of most recent previous report (if any)	About the 2013 sustainability report, page 7	Fully	
3.3	Reporting cycle (annual, biennial, etc.)	About the 2013 sustainability report, page 7	Fully	
3.4	Contact point for questions regarding the report or its contents.	About the 2013 sustainability report, page 7	Fully	
3.5	Process for defining report content.	About the 2013 sustainability report, page 7	Fully	Folksam uses GRI's reporting principles in support of decisions about which areas and indicators will be reported.
3.6	Boundary of the report	About the 2013 sustainability report, page 7	Fully	
3.7	State any specific limitations on the scope or boundary of the report	About the 2013 sustainability report, page 7	Fully	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	Our figures and calculation methods, pages 49-53	Fully	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Our figures and calculation methods, pages 49-53	Fully	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Our figures and calculation methods, pages 49-53	Fully	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Our figures and calculation methods, pages 49-53	Fully	
3.12	Table identifying the location of the Standard Disclosures in the report.	This document, pages 54-60	Fully	

3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider(s).	Independent assurance report, page 61.	Fully	
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4. Governance, commitments, and engagement

G3 disclosures	Description	Page	Scope (fully, partially or not reported)	Comments
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Folksam's organisation and governance, pages 9-12, SR General, pages 3-8, and SR Life, pages 3-8	Fully	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement).	Folksam's organisation and governance, page 9; SR General and SR Life, pages 11-13	Fully	
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. State how the organisation defines 'independent' and 'non-executive'. This element applies only for organisations that have unitary board structures. See the glossary for a definition of 'independent'.	SR General and SR Life, pages 6, 9-10	Fully	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	See Comments	Fully	Information is available at folksam.se . Delegates who wish to have business taken up at Folksam's AGMs may submit proposals in this regard. Delegates represent owners/customers at AGMs.
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	AR-LIFE: Note 48, pages 99-101, AR General: Notes 50, pages 101-103	Fully	Links to social and environmental results may occur in compensation related to individual goals.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Folksam's organisation and governance, page 11; SR General pages 4-8, SR Life pages 4-8	Fully	Folksam complies with the Swedish Corporate Governance code when reporting defined-benefits commitments. The annual reports are available for download at folksam.se .
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	Folksam's organisation and governance, page 11	Fully	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Folksam's organisation and governance, page 10	Fully	
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. Include frequency with which the highest governance body assesses sustainability performance.	International agreements and frameworks, page 6; Folksam's organisation and governance, pages 11-12, Renowned Corporate Governance, pages 21-26, Pro-Active Environmental Protection, pages 39-42.	Fully	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	SR-General and SR Life, pages 14-17	Fully	

4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation. Article 15 of the Rio Principles introduced the precautionary approach.	Not Folksam material.	Fully	The criterion is not reported as it is not relevant to Folksam's operation.
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	International agreements and frameworks, page 6	Fully	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations.	International agreements and frameworks, page 6; Renowned Corporate Governance, page 26, Leading edge road safety research, page 33.	Fully	
4.14	List of stakeholder groups engaged by the organisation.	Customers, page 6; Renowned Corporate Governance, page 21, Employees, page 27, Pro-Active Environmental Protection, page 39, Leading edge road safety research, page 33.	Partially	
4.15	Basis for identification and selection of stakeholders with whom to engage. This includes the organisation's process for defining its stakeholder groups, and for determining the groups with which to engage and not to engage.	Customers, page 6; Renowned Corporate Governance, page 21, Employees, page 27, Pro-Active Environmental Protection, page 39, Leading edge road safety research, page 33.	Fully	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	About the 2013 sustainability report, page 7; Customers, page 6; Renowned Corporate Governance, page 21, Employees, page 28, Pro-Active Environmental Protection, page 39, Leading edge road safety research, page 33.	Fully	Folksam posts blogs about responsible ownership, road safety and savings. Folksam also communicates via a Twitter flow.
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	About the 2013 sustainability report, page 7; Customers, page 6; Renowned Corporate Governance, page 21, Employees, page 28.	Fully	

Economic effects

Performance indicators	Description	Page reference	Scope (fully, partially or not reported)	Comments
	Disclosures on sustainability governance	About the 2013 sustainability report, page 7; Folksam's organisation and governance, pages 10-14, Renowned Corporate Governance, pages 21-26, SR General pages 1-15, SR Life pages 1-13	Fully	Catrina Ingelstam is Finance Director and a member of Group management in charge of Financial Procedures and Purchasing.
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	About the 2013 sustainability report, page 4	Fully	
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	A Word from the CEO, page 3; Renowned Corporate Governance, page 21, Karin Stenmar, page 38, Pro-Active Environmental Protection, page 39.	Fully	
EC3	Coverage of the organisation's defined benefit plan obligations.	AR-LIFE: Note 43, AR General Note 45	Fully	Folksam complies with Swedish accounting legislation when reporting defined-benefits commitments. The annual reports are available for download at folksam.se/about us/ annual reports
EC4	Significant financial assistance received from government.	See Comments	Fully	Folksam receives no state assistance.

Environmental impact				
Performance indicators	Description	Page reference	Scope (fully, partially or not reported)	Comments
	Disclosures on sustainability governance	About the 2013 sustainability report, page 7; Organisation and governance, page 12, Pro-Active Environmental Protection, page 39, Our figures and calculation methods, page 49	Fully	Karin Stenmar is Folksam's Environmental Director.
EN4	Indirect energy consumption by primary source.	Pro-Active Environmental Protection, pages 40-41, Our figures and calculation methods, page 51	Fully	
EN5	Energy saved due to conservation and efficiency improvements.	Pro-Active Environmental Protection, pages 39-42, Our figures and calculation methods, page 49-53	Partially	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Good Environmental Choice, page 6; Pro-Active Environmental Protection, pages 39-42, Our figures and calculation methods, page 49-53	Fully	Not possible to quantify the reductions.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Pro-Active Environmental Protection, pages 39-42, Our figures and calculation methods, page 49-53	Fully	Not possible to quantify the reductions.
EN8	Total water withdrawal by source.	Our figures and calculation methods, page 51	Fully	
EN16	Total direct and indirect greenhouse gas emissions by weight.	Pro-Active Environmental Protection, pages 39-41	Fully	
EN17	Other relevant indirect greenhouse gas emissions by weight.	Pro-Active Environmental Protection, pages 39-40	Fully	The information reported refers to carbon dioxide emissions from Folksam's business travel, printed materials and the consumption of coffee and paper.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Pro-Active Environmental Protection, page 41, Our figures and calculation methods, page 51	Fully	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Pro-Active Environmental Protection, page 42, Our figures and calculation methods, page 51	Fully	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	Pro-Active Environmental Protection, page 40, Our figures and calculation methods, page 51	Fully	
Social impact: Terms and conditions of employment				
Performance indicators	Description	Page reference	Scope (fully, partially or not reported)	Comments
	Disclosures on sustainability governance	About the 2013 sustainability report, page 7; Organisation and governance, page 12, Employees, page 39	Fully	Harriet Pontán is HR director and the Group management member in charge of issues that concern terms and conditions of employment.
LA1	Total workforce by employment type, employment contract, and region.	Employees, page 28, Our figures and calculation methods, page 49	Fully	The majority of Folksam's employees work in Sweden. Folksam also has an operation in Finland – Folksam Ska-deförsäkring – which employs around 180 people However, information concerning personnel does not cover this component.

LA2	Total number and rate of employee turnover by age group, gender and region.	Employees, page 28, Our figures and calculation methods, page 49	Fully	Folksam has not included employee turnover by age or gender as this is not relevant to the operation.
LA4	Percentage of employees covered by collective bargaining agreements.	See Comments	Fully	All Folksam employees are covered by collective bargaining agreements in accordance with Folksam's employment contract, with the exception of the CEO and Group management members.
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	See Comments	Fully	According to the collective bargaining agreement the minimum period of notice when Folksam announces redundancies due to lack of work is 12 months.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Employees, page 28, Our figures and calculation methods, page 49	Fully	Folksam reports sickness absence according to Swedish accounting legislation. In principle, personal injury and absence due to injury does not occur in Folksam's operations.
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	Employees, page 28, Our figures and calculation methods, page 49	Partially	
LA10	Average hours of training per year per employee by employee category.	Employees, page 30, Our figures and calculation methods, page 49	Partially	At present, Folksam lacks reliable information on the number of educational and training hours per employee.
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Employees, page 28, Our figures and calculation methods, page 49	Fully	Folksam reports this indicator by gender and age group. Also refer to the Corporate Governance Report for Folksam General and Folksam Life, which are available for download at folksam.se .

Social impact: Human rights

Performance indicators	Description	Page reference	Scope (fully, partially or not reported)	Comments
	Disclosures on sustainability governance	About the 2013 sustainability report, page 7; Organisation and governance, pages 10-12, Renowned Corporate Governance, page 21.	Fully	Folksam's work with human rights is concerns primarily the work pursued by proactive corporate governance. In 2010, Folksam began reviewing with building materials suppliers had operations in low-wage countries.
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Renowned Corporate Governance, pages 21-26	Fully	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Renowned Corporate Governance, pages 21-26	Fully	Folksam applies proactive corporate governance to encourage companies to assume their social responsibility. In 2013, the activities of 1,847 companies were audited with a focus on corporate performance regarding the environment and human rights. It is not possible to provide information on percentages.
HR4	Total number of incidents of discrimination and actions taken.	See Comments	Partially	Folksam works pro actively against discrimination within the company in compliance with the provisions of applicable laws and regulations.

Social impact: Social issues

Performance indicators	Description	Page reference	Scope (fully, partially or not reported)	Comments
	Disclosures on sustainability governance	About the 2013 sustainability report, page 7; Organisation and governance, pages 10-12.	Fully	

SO2	Percentage and total number of business units analysed for risks related to corruption.	See Comments	Partially	Folksam pursues insurance operations and compensates expenses for many different types of claims. Because of the extent of the operation we run, there is always a risk of corruption. In order to exercise sufficient control and to combat this type of crime in both practical and preventive terms, we employ building auditors and claims auditors who work to insure that corruption does not occur in connection with insurance matters. They carry out various types of checks in our systems. They check the accuracy of our physical claims documents and also carry out follow-up inspections in our customers' locations. Standards are higher when settling major claims, and settlement and payout is performed on commission. There are also attestation regulations to be complied with.
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	See Comments	Partially	Employees receive ongoing training in the gifts and benefits they may receive in regard to bribery, corruption and taxation perspectives. An ethical rules booklet is provided to all employees and is also available for download on the intranet. All managers are encouraged to discuss these issues with their employees on an ongoing basis. At present, Folksam lacks reliable information on the number of employees thus trained.
SO4	Actions taken in response to incidents of corruption.	See Comments	Fully	No incidents of corruption were reported during 2013.
SO5	Public policy positions and participation in public policy development and lobbying.	Renowned Corporate Governance, pages 21-26	Fully	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	See Comments	Fully	No breaches of legislation or regulations took place during the year.

Social impact: Product responsibility

Performance indicators	Description	Page reference	Scope (fully, partially or not reported)	Comments
	Disclosures on sustainability governance	About the 2013 sustainability report, page 7; Organisation and governance, pages 10-12, Customers, page 12, Renowned Corporate Governance, page 21, Pro-Active Environmental Protection, page 39.	Fully	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Customers, page 16	Fully	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	See Comments	Fully	No breaches of legislation or regulations took place during the year.

Auditor's report on the review of the Folksam Sustainability Report 2013

To the readers of the Folksam Sustainability Report

Introduction

We have been engaged by the Boards of Directors and Executive Management of Folksam ömsesidig livförsäkring and Folksam ömsesidig sakförsäkring (Folksam) to conduct a review of the contents of the Folksam Sustainability Report 2013. The company has defined the scope of its sustainability report on pages 7, and 54-60.

the Boards of Directors and Executive Management's responsibility for the sustainability report.

It is the Board of Directors and the Executive Management that bear the responsibility for day-to-day work regarding the environment, working environment, quality, social responsibility and sustainable development, and for preparing and presenting the sustainability report in compliance with applicable criteria as described on page 7 of the sustainability report, and comprising those parts of the Sustainability Reporting Guidelines G3 (published by The Global Reporting Initiative (GRI)) applicable to said report, and the company's own reporting and calculation principles.

Auditor's Responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on our review.

We have conducted our review in accordance with RevR 6 Assurance of Sustainability Reports, issued by FAR. A review consists in making enquiries, primarily among persons responsible for preparing the sustainability report, and in performing analytical and other review procedures. The review is substantially less in scope and has another direction compared to an audit conducted according to IAASB standards on auditing, quality control and good accounting practice otherwise has. The procedures performed consequently do not enable us to obtain an assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The criteria on which our review is based consist of applicable parts of the Sustainability Reporting Guidelines, G3, issued by the Global Reporting Initiative (GRI), and the accounting and calculation principles developed for the purpose and disclosed by the company. These are described on pages 7, 50 and 52-53. We consider these criteria suitable for the preparations of the Sustainability Report.

We regard the evidence we have obtained during our ordered are sufficient and appropriate in order to provide grounds for the opinion we provide below.

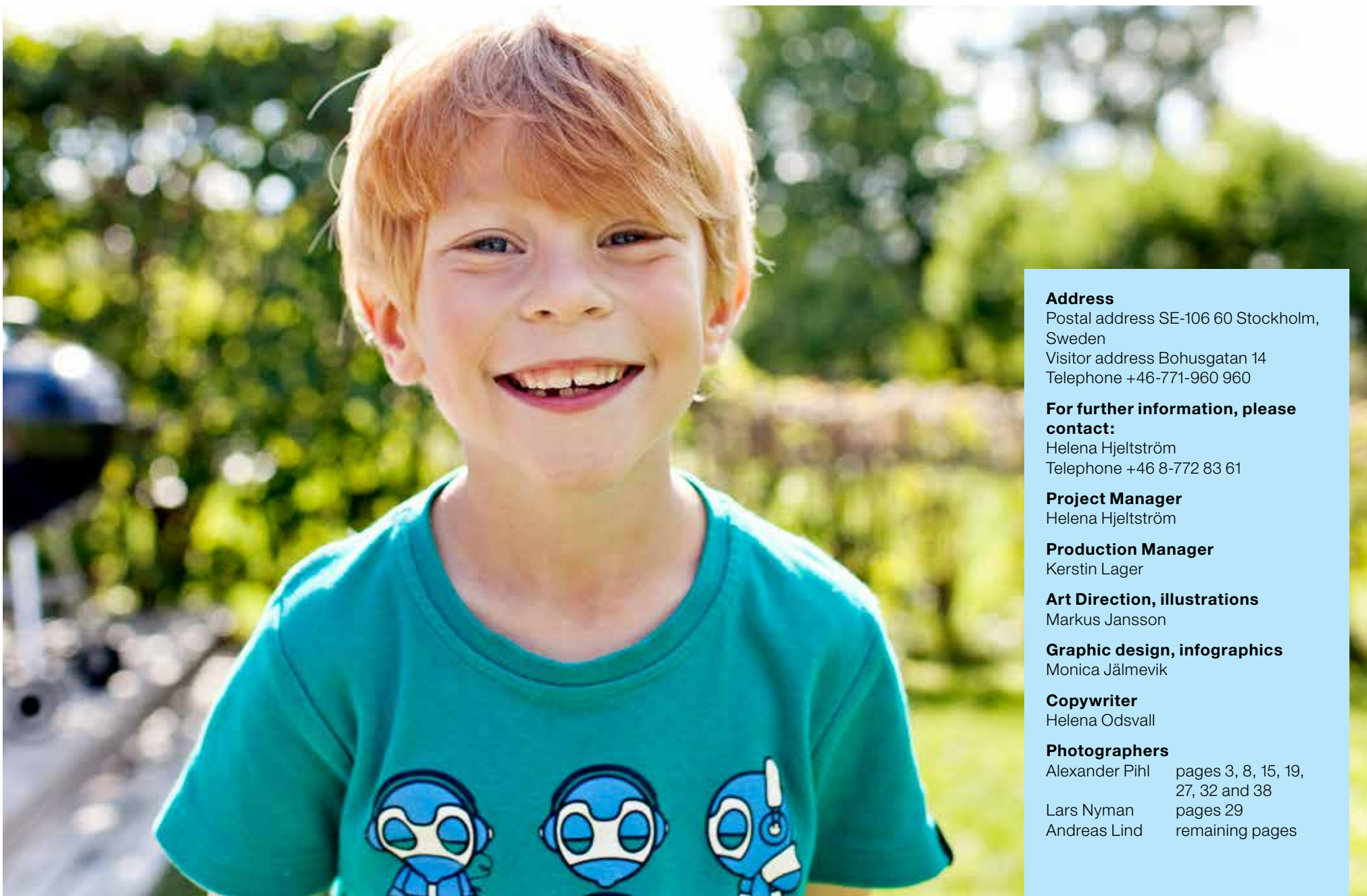
Opinion

Based on our review procedures, nothing has come to our attention that causes us to believe that the Sustainability Report has not, in all material respects, have been prepared in accordance with the above stated criteria.

Stockholm, March 14, 2014
KPMG AB

Anders Bäckström
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Folksam