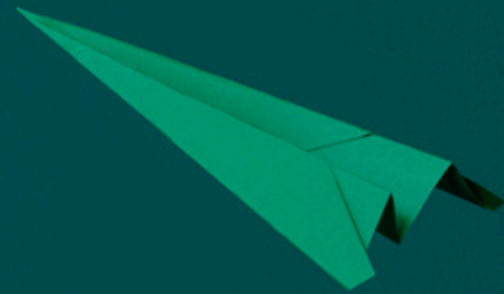


WE SUPPORT



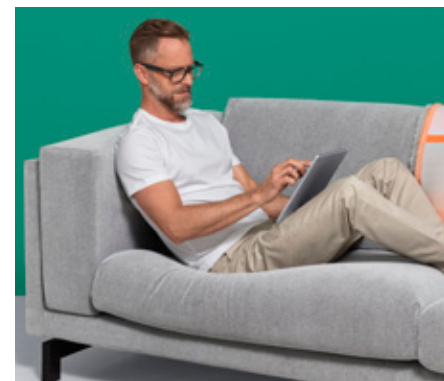
Sustainability Report 2017



skandia:

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This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

COMMUNICATION ON PROGRESS

About Skandia's 2017 Sustainability Report

This sustainability report, which is the Skandia Group's seventh, was prepared to meet the requirements of GRI Standards. In conjunction with the review of Skandia's 2017 Annual Report, the sustainability report has been certified to comply with Chapter 6 paragraph 12 of the Annual Accounts Act.

Skandia Fastigheter, a wholly owned subsidiary, is included in cases where reference is made to the company. All countries with operations during 2017 are included. The amounts in this report are in Swedish crowns (SEK), unless otherwise stated. The previous year's figures are presented in parentheses.

The accounts are prepared and published once a year and are not reviewed by a third party.

Contact

For questions or comments regarding Skandia's sustainability work and sustainability report, please contact us at kundinflytande@skandia.se

The leading pension company, taking responsibility

Skandia is one of Sweden's leading pension companies, and it has provided people with financial security for more than 160 years.

We are well established in the community with long-term commitments to individuals, companies and the public sector. We create business opportunities by meeting many of the challenges that businesses and individuals encounter in society today.

We create opportunities for a long, financially secure life for almost 2 million customers by offering savings with guarantees, unit-linked savings, health and disability insurance, banking and advisory services for almost 2 million customers, of whom 1.2 million are also our owners.

The ultimate task of our approximately 2,400 employees is to maximise value for life insurance customers over the duration of their insurance policies. Commitment to our owners, business and private customers and the responsibility that comes with managing financial assets of more than SEK 650 billion is at the heart of all our operations.

We inspire our customers to long, financially secure lives through our value creation model, our offerings and the standpoints we take.

How Skandia creates sustainable value

Based on social challenges, stakeholder expectation

and its business model, Skandia creates

Social challenges

Increased risk of underfunding after leaving the labour market: Increasing life expectancy and the later entry into the labour market means more and more people have insufficient savings for a long, active life after retirement.

Increasing cost of ill health: Increased illness rates in the working population, and the high costs and long waiting times for medical treatment, healthcare and wellness care lead to a higher demand for these services.

Growing need of investments in society: Insufficient funding to meet growing needs for social services and infrastructure. The welfare system is challenged and the need for long-term saving and powerful financial security solutions increases.

Stakeholder expectations

Customers and owners

Our customers, of whom a majority are also our owners, expect affordable products, good returns, transparency, influence and for Skandia to be a corporate responsibility role model.

Decision-makers and society

Society expects Skandia to show commitment to the community, contribute to research in preventive initiatives for healthcare and security and to be a driving force in collaborations that strengthen financial security in society and contribute to environmentally sustainable solutions.

Employees

Employee expectations of Skandia concern mainly opportunities for development, an inclusive culture which encourages employee involvement and a working environment that promotes good health.

Business partners and suppliers

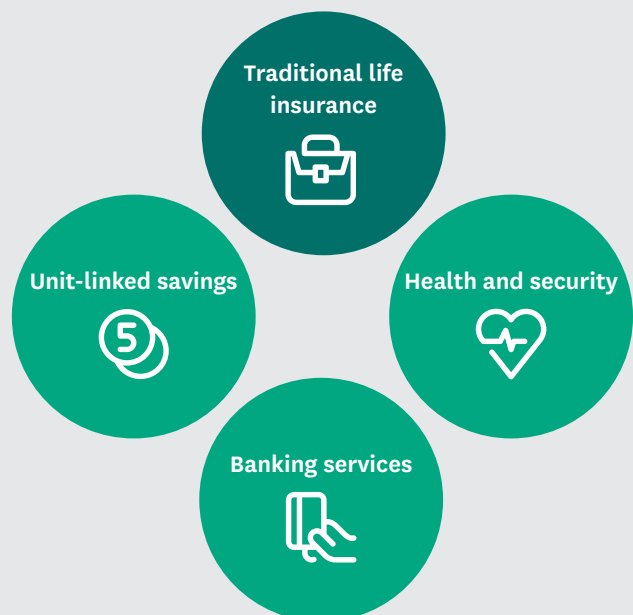
The expectations suppliers, collaborative partners and distributors have of Skandia mainly concern clear contractual and business conditions, good business ethics and relevant demands regarding sustainability.

Skandia's business model

As a mutual insurance company, we're owned by the 1.2 million customers who have a policy under traditional asset management. It's the mainstay in our offer and the predominant savings method among the company's customers. Contact with our customers takes place both through our own employees and collaboration with our distributors.

Skandia has earned the trust of its 2 million customers to manage just over SEK 650 billion of their money. We work to maximise the return on capital, and to give our customers the best advice for a secure, healthy life. Doing so requires a long-term approach not only in our actions, but also in our customers' relationships with us. Skandia offers policies in the form of traditional asset management, unit-linked savings, banking and plans for health and financial security. These offers meet many of the challenges that businesses and individuals face in society today and contribute in various ways to the creation of value for many.

➤ For a description of the companies that make up the Skandia group, see the management report on page 53 of Skandia's annual report.



value for individuals, business and society

Long-term savings

For the individual

Support planning for a financially secure and active life after retirement

For companies

Ensure the right pension plans for employees

For society

Supplements to the state pension system for greater financial security

A stable, safe company

173 % (167%)

Solvency ratio at year-end 2017

High rate of return

8.0 % (8.2%)

Total return for the year expressed as a five-year average

Lifelong health and financial security

For the individual

Provides financial security, health and supports a healthy, active life

For companies

Prevents ill health and provides support for healthy, productive employees

For society

Contributes through innovation and by reducing the costs of healthcare

Dedicated employees

4.2

Overall assessment of Skandia as an employer as per employee survey (benchmark 3.9)

A cost-effective operation

0.41 % (0.43%)

Management expense ratio

0.039 % (0.042%)

Asset management expense percentage

4.9 % (5.9%)

Operating expense percentage

Long-term investments

For the individual

Good returns on pensions and savings

For companies

Investments in infrastructure and property development provide sustainable growth opportunities

For society

Supporting the development of a safer, more sustainable society

Satisfied customers

68.9 (67.0) 69.8 (70.3)

SQI Retail Life insurance

SQI Bank

The value of new business

When Skandia sells insurance, we meet more than just the needs of a single customer, we also create value for existing customers. Existing customers benefit from the new business since more people are able to share mutual costs. The new services, products and offers we develop also benefit all of our customers, both new and existing.

It is important that the terms of the new business be formulated such that they are good for existing customers and new customers alike. Insurance terms, for example, must not be formulated such that existing customers are exposed to major risks.

Continuous monitoring of profitability and risk

Skandia continuously monitors the profitability and risks associated with new business. During the year, new improved profitability monitoring was introduced into the operation. The new method seeks to better illustrate the value of new business for existing customers. In addition, Skandia conducts regular analyses to make sure that signing up new business is a better alternative for Skandia's customers than to close for new business.

“Our customers benefit from new business as more are able to share common costs”



The year in brief

Assets under management

SEK
653
billion

Sweden's most satisfied retail customers

in pension and life insurance according to the Swedish Quality Index



Capital bonus to Skandia's owners and customers

SEK
22
billion

SEK
8.9
million
To WWF in 2017 from Skandia Världsnaturfonden

4.22 of 5

– our leadership rating in the 2017 employee survey

2017 Ratings

Approved

Sustainable Pension Company
Sustainable Unit-linked Insurance



Approved

Responsible ownership:
Traditional management
Unit-linked insurance



90%

of existing properties in Skandia's property company have been environmentally audited

50%

Skandia has an even gender distribution among its employees, with 50% women and 50% men



3.007

 suggested improvements
from Skandia's customers

skandia:
Ideas for Life
30 years

On 30 November, Ideas for Life celebrated 30 years with a knowledge and inspiration gala at the Cirkus Theatre



113

The number of projects for children and youth awarded grants by Ideas for Life.



Nordic Swan certified funds

A word from the CEO

Efforts to create sustainable values characterise Skandia's entire operation. During the year, Skandia's work with responsible investments received good reviews and as one of seven companies, Skandia was awarded the world's first Nordic Swan eco-label for funds. Our independent foundation Ideas for Life turned 30 and I was part of the government's delegation on the follow up to the UN climate goal, where I had the opportunity to talk about Skandia's work with sustainable value creation.

Skandia has SEK 650 billion of customers' long-term savings under management. Creating good returns for our customers comes naturally. But equally important, is how these values are created. We must create good returns while also taking environmental, social and economic sustainability into account.

In Skandia's asset management, we work constantly with responsible investments in socially beneficial areas such as renewable energy and the Nordic region's first cancer treatment clinic using proton radiation are important parts of our portfolio. Our sustainable asset management invests according to the UN Principles for Responsible Investment, and we are constantly working to influence companies to take a more sustainable course through active participation in board recruitment processes, at AGMs and in discussions with company managements.

Skandia's fund management company have four specific funds that in particular promote community involvement and environmental stewardship. During the year, three of these funds were awarded

the world's first Nordic Swan eco-label for funds. Three funds are also non-profit and annually channel two per cent of their fund value to organisations such as the Swedish Cancer Society and the WWF (World Wide Fund for Nature) that works with social and environmental impact issues. During the year, our work with responsible investments received good reviews from external assessors, something about which we're proud.

Preventive health work

Our market-leading products in risk and health insurance allows us to offer a unique prehab and rehab model that has helped Skandia reduce the sick rate of its insured company customers by half over the past 10 years. This is something that not only creates value for the individual and the company, but also for society at large.

Skandia also assumes great responsibility when it comes to research and influencing public opinion on health and social security. During the year, Skandia published The Social Cost of Sick Leave, which

describes how society can also save by working more with prevention initiatives. Skandia also actively supports medical research and development that contributes to a healthier society over the long-term.

Ideas for Life turns 30

Our independent foundation Ideas for Life is actively engaged in increasing collaboration in the prevention of ill health and the creation of safer local communities. Ideas for Life supports projects with preventive initiatives for children and young people and collaborates with several universities to develop calculation tools that can estimate the socio-economic impact of prevention efforts. During 2017, the foundation celebrated its 30th anniversary, and during a knowledge and inspiration gala it emphasised the importance of preventive work. We note with pride and pleasure that during its 30 years the foundation has supported over 3,900 projects.

Working for sustainable development

We see our value creation model as a means of promoting the UN's global goals for sustainable development and continuing support for the UN Global Compact and its ten principles of economic, social and environmental sustainability. Our stakeholders expect Skandia to be one of the leading companies in sustainability, and I'm happy to say that we live up to these expectations and will continue working to maintain our position.

In July, I participated in the government delegation following up the UN climate goals in the UN General Assembly. There I had the opportunity to talk about Skandia's operation and how our offers meet many of the challenges that businesses and individuals face today, and how Skandia helps create value for many. It's a task my colleagues and I are looking forward to continuing.

Frans Lindelöw
Group President and CEO Skandia



“In July, I participated in the government delegation following up the UN climate goals in the UN General Assembly.”

A changing environment creates new conditions and opportunities

To achieve maximum value at Skandia, we must make sure we meet the requirements of an ever-changing market where changing customer needs, regulations and price pressure places increased demands on digitisation, sustainable business and an efficient, flexible and active organisation.



Skandia creates value by meeting the challenges its customers and society face.

For Skandia, it is important to constantly monitor and follow the trends that affect our business and our customers. It is about the best way of taking advantage of market changes and investing in the class of assets where it is possible to earn the greatest returns. It is also about making sure we can always provide our customers with advice that is tailored to the changes in the financial market.

Increasing need for pensions, long-term savings and financial security solutions

In a welfare state like Sweden, the state is often considered to be responsible for ensuring certain basic financial security, for example in the form of pensions. Under the current pension system, the individual is expected to assume responsibility for his or her pension by making active choices. We have also seen a shift from defined-benefit to defined-contribution pensions and a state old-age pension to which every year and hour worked contributes. The challenge for the pension system today is a decreasing level of compensation for the individual, mainly within the state old-age pension, and a broad spread of anticipated payouts among pensioners.

The trend is driven by the fact that people are living longer, while labour market entry, especially among academics, takes place ever later in life. The need for occupational pensions and private pension investments is increasing, as is the need for financial advice. Today, there are mainly three critical challenges for Skandia's customers and society in

general resulting from structural imbalances in society.

● Increased risk of underfunding after leaving the labour market

A premium-based pension system with increased individual responsibility combined with an increasing life expectancy will result in an increasing number of Swedes having insufficient savings for a long, active life in retirement.

● The increasing cost of ill health

Increased illness rates among the working population and the high cost of physical and mental healthcare with long waiting times. Add to this a higher demand for housing for the elderly, wellness care and healthcare due to an ageing population.

● Growing needs for investment in the community

Insufficient funding to cover the increasing demand for public services will in turn lead to a greater disparity in society in terms of income, education, employment, housing and health. Similarly, the need for investment in eco-friendly energy solutions, sustainable infrastructure, and climate-friendly technologies will also increase.

The Swedish welfare state is facing challenges and the need for adequate long-term savings and powerful financial security solutions is increasing.

[**▶ Read more about Skandia's social responsibility on page 36.**](#)

Social trends

Among other things, the Swedish welfare system's task is to serve as a social safety net in order to maintain a standard of living in society at a certain level. The challenges faced in accomplishing this today are greater than before. Social exclusion and a tougher social climate are apparent.

A number of trends combine to make a change in life opportunities more difficult for socially excluded individuals. These include the transition towards a knowledge-based society, a growing segregation in housing and the spread of mental ill health. Skandia and its Ideas for Life foundation work constantly to create a socially sustainable Sweden.

➤ *You can read more about Sweden's social challenges and possible solutions in the book [The Road to Social Sustainability](#).*

Requirements for sustainable action

In addition to commitment to the local community, expectations for companies to be active in sustainability issues are on the increase. Since the adoption of the UN global sustainability goals in 2015, customers, politicians, decision-makers and civil society in general demand greater transparency and concrete results. Sustainability is increasingly integrated with the core business and strategies of companies, which affects, among other things, research and development, investments and the customer's digital experience.

Major operators such as Skandia, whose business model complements the public social security system, are expected to assume responsibility beyond their own business affairs. Skandia does this by working proactively with preventive health efforts, by making investments with clear social benefits and through research. This creates financial security for the individual, and also contributes to long-term public benefits.

Better health and greater financial security

Skandia's Ideas for Life foundation also works to create a society with better health and greater financial security. We do this mainly by:

- Supporting local non-profit projects for children and young people.
- Research into calculating and rendering the value of social initiatives visible.
- Development of methods to prevent illness and social exclusion.



Changing regulations

In recent years, a number of new regulations have come into force that affect major parts of Skandia's organisation, operation and products. Incorporating these new regulations seamlessly into Skandia's processes and procedures is thus essential for our maintaining a strong position and competitiveness. In turn, this places great demands on cost effectiveness and flexibility in our operational activities.

Skandia also follows trends regarding new regulations and participates actively through e.g. industry associations and in the general public debate. At the same time, we work constantly to prepare the operation for a future heavier regulatory burden to enable our continued focus on customer benefit and value creation.

Anti-money laundering directive to counter criminal elements

The law concerning money laundering and financing of terrorism means that Skandia, as a financial institution, must have a better knowledge about its customers. The aim is to counter the criminal elements that seek to take advantage of us for unlawful purposes.

By reason of the implementation of the EU's fourth money laundering directive in 2017, Skandia has reinforced

the organisation with additional resources in order to prevent and counter financial crime such as fraud, money laundering and the financing of terrorism.

[!\[\]\(05be7c7a8995decd503647c99211f7c2_img.jpg\) Learn more about how Skandia works to combat money laundering on the Skandia website.](#)

Sustainability reporting

As of financial year 2017, there is a legal requirement for Swedish companies above a certain size to prepare sustainability reports. The law seeks to make information about how companies are working on sustainability issues more transparent and comparable.

Sustainability has been an integral part of Skandia's strategy and operations for many years. We work constantly to develop our processes for sustainability reporting and the initiatives we take in the field of sustainability.

PRIIP regulation for clear and accurate information

The PRIIP regulation entails additional requirements for fact sheets regarding insurance-based investment products, which for Skandia's part means that fact sheets must

be produced for all endowment policies whatever their form of management. The regulation came into force on 31 December 2017.

Future regulations

New regulation for occupational pensions (Swedish implementation of the IORP 2 directive)

Insurance companies that almost exclusively provide occupational pensions are expected to be given the opportunity to convert to occupational pension companies when the IORP 2 directive is incorporated into Swedish law. IORP 2 is a so-called minimum harmonisation directive; each EU country has the ability to add provisions based on its own conditions. IORP2 has a minimum capital requirement level, but because Swedish occupational pension operations are in most cases identical to private pension insurance, Sweden is able to introduce additional risk-based capital requirements with a selected confidence level that is more in line with Solvency 2 regulations. The regulations are currently under preparation by the Swedish Ministry of Finance, and the Swedish Parliament is expected to take a decision on the regulation during the autumn of 2018.

Proposal concerning more efficient transfer rights

In August, the Ministry of Finance put forth a proposal concerning legislative changes that seek to make the repurchase and transfer of life insurance more efficient. The Ministry of Finance's memorandum proposes, among other things, that transfer fees may only be based on a company's direct costs and acquisition costs, and that acquisition costs be assumed paid after 5 years. Under the proposal, the provision on fees related to the remaining acquisition cost would also apply to agreements signed before the provision's entry into force, but after 30 June 2007 and not renewed after its entry into force.

The change in law is proposed to come into force on 1 July 2018. In Skandia's case, pension and endowment insurance policies would be affected by the proposal. If the proposal becomes reality, it will have major consequences for Skandia as capital mobility, both inflows and outflows, can be expected to increase.

IFRS 17 New standard for reporting insurance contracts

IASB has published a new standard, IFRS 17, which addresses the accounting of insurance contracts. It will replace IFRS 4 and will enter into force on 1 January 2021. The standard has not yet been adopted by the EU. The standard involves a comprehensive change in the way insurance contracts are recognised and valued, which means, among other things, a change in the presentation of the income statement and a change in the way actuarial liabilities are valued.

The new accounting rules will place great demands for more detailed information and greater calculation model complexity, which for us may entail major investments including IT systems in order to meet the new requirements. In cooperation with the industry, the FSA is investigating how the adoption of IFRS 17 will take place in Sweden. Skandia is taking an active part in these industry discussions.

➤ *For further information, see note 1, Accounting policies.*

MIFID2 and IDD for increased transparency

MIFID2 and IDD are two European directives to which all companies within the financial services industry in the 28 EU Member States must adapt their operations. The regulations focus on investor protection and market structure and include rules on commissions, transparency and information to customers. The new regulations affect Skandia in several ways. Among other things, they influence how we develop products and follow up distribution, report the costs and fees we charge, and how we handle various forms of reporting.

It is general data protection regulation to strengthen the rights of the individual

In line with increasing digitalisation, there are additional requirements for processing large amounts of data and personal information. The general data protection regulation (GDPR) will come into force in May 2018 with the aim of e.g. strengthening the rights of individuals. The GDPR is a modernisation of the data protection directive adopted in 1995 and incorporated into Swedish law through the personal data act (PuL). It aims to strengthen and create more uniform data protection for persons within the EU.

We analyse the impact of the regulation and make sure that Skandia processes personal data and informs customers according to the provisions of the regulation. Moreover, Skandia safeguards the ability to deliver on the extended rights that customers will have, such as the right to data portability (to transfer personal information to another company) and the right to be removed from registers, and it takes suitable technical and organisational measures to protect personal data. During the year, Skandia has not only worked hard to prepare the organisation for the new data processing methods, but also for regularly monitoring and protecting the operation against cyber threats and fraud.

Dialogue with our stakeholders

The materiality analysis is Skandia's tool for interacting with its stakeholders to identify the areas where Skandia should apply its main focus to create the maximum possible value.



The result of the materiality analysis is the prioritisation of a number of issues that act as a guide for Skandia's strategy efforts.

The materiality analysis seeks to identify the most important issues in our operations. The process is based on business benefit and focuses on our stakeholders' expectations together with trends within industry and society. To understand the expectations it is subject to, Skandia conducts regular stakeholder dialogues.

The dialogues take place at various levels and in various forms suited to the purpose and target group. They can be anything from everyday talks with customers in daily operations to more structured dialogues at the strategic Group level. The materiality analysis results in the prioritisation of a number of issues that act as a guide for Skandia's strategic work. This is ongoing work to provide opportunities for adapting to and adding current issues.

Dialogues with owners and customers

Our customers, the majority of whom are also our owners, make up the stakeholder group with the greatest influence on Skandia's business. Dialogues with this group take place in a number of ways. The owners of Skandia have several ways in which to make their voices heard. There is the opportunity to nominate and elect members as council delegates and participate in the AGM. Some of Skandia's customers and owners also run an independent non-profit association – ProSkandia – aimed at safeguarding the interests of policyholders and the insured.

Owner expectations of Skandia primarily concern good returns, resource efficiency, profitability, transparency, influence and for Skandia to be a sustainability role model.

Naturally, customer dialogues take place as part of day-to-day operations; in consultative meetings, through customer service and digitally on the website and in social media. Skandia also conducts regular customer surveys and has a Have-your-say app where customers can submit suggestions. These are all collected in a suggestion bank, and many of them are implemented. Customer expectations of Skandia mainly concern transparency and openness, long-term returns, opportunities for dialogue, and for ensuring that customer benefits are central to business.

Dialogues with decision-makers and civil society

As a customer-owned company, we have a responsibility to represent savers by holding a dialogue and pursuing issues that deal with insurance, savings, investment, financial security systems, health matters and sustainability.

In addition to stakeholder dialogues, we cover issues that are relevant to the financial services industry and the trends in the political agenda. Skandia does this through dialogues with decision-makers and representatives for civil society. For example, Skandia takes part in Almedalen Week every year, where it arranges seminars and dialogues with important stakeholders.

We also take research initiatives and participate in a number of collaborations in various arrangements. Above all, society expects Skandia to show commitment to the community, contribute to research in preventive initiatives for healthcare and financial security and to be a driving force in collaborations that strengthen security in society and show consideration for the environment.



Dialogues with employees

While Skandia's dialogues with employees take place on an ongoing basis in day-to-day operations, it also has other tools for ensuring that employees can make their comments and suggestions heard. We conduct an employee survey every year. Furthermore, Skandia also holds ongoing dialogues with employees as part of the Performance Management process.

Employees also have the opportunity to express their views in collaboration with union representatives. Employee expectations of Skandia mainly concern a good working environment including culture, development opportunities, transparency and openness.

Dialogues with suppliers and partners

Skandia's dialogue with suppliers and partners, including distributors, take place on an ongoing basis in day-to-day operations and through meetings and communications. We follow up satisfaction among our distributors regularly and measure it by means of a satisfaction index. The expectations suppliers and collaborative partners have of Skandia mainly concern clear contractual and business conditions, good business ethics and relevant sustainability demands.



Our customers, the majority of whom are also our owners, make up the stakeholder group with the greatest influence on Skandia's business.

Skandia creates financial security

As a customer-owned pension company, the purpose of our business is the responsible creation of financial security for our customers. We do this by offering savings with guarantees, unit-linked savings, insurance, health and disability insurance, banking and advisory services. Our business creates value for our shareholders and customers, as well as benefits for business, society and the environment.

Societal challenges and changing conditions in the pensions market demand a clear strategic focus, cost efficiency, profitability and flexibility and operational activities.

Taking advantage of Skandia's strengths

In order to ensure competitiveness, differentiation and customer value in the commercial and consumer markets, Skandia takes full advantage of its comparative strengths. These consist primarily of pension products with traditional asset management, risk and health products and expertise in the area of pensions.

By working for continued integration between savings and health products, we can create maximum customer value.

A clear basis for Skandia's role in society

Skandia's core business is largely an integral part of society's welfare model. Skandia establishes a strong role in society by being a customer-owned company, and by the way we solve our customers' needs for retirement, savings and financial security. We see three critical challenges in society where Skandia, through its activities, can make a difference; increased risk of underfunding after retirement, the increasing cost of ill-health and increasing needs of investment in society.

Sustainability in the business strategy

For Skandia, it's important for sustainability to be an integral part of our business and our products. We believe a structured approach to sustainability to be essential for long-term value creation and thus also for long-term financial returns.

To achieve this, Skandia bases its activities on six sustainability aspects:

- Transparency and long-term customer relationships
- Responsible investments
- Social responsibility
- Long-term employer
- Environmental responsibility
- Business ethics

By meeting identified social challenges and basing work on our business strategy and our customer promise to commercial and private customers, we create value for companies and individuals, and thus ultimately also for society.

Focusing on the company offering and the company's employees

Skandia's commercial offering is at the core of the company's operations which, with the aid of distributors and our own sales staff, have created major business volumes since the 1990s. While the largest part of Skandia's commercial business today is non-collective occupational pensions, it also has the ambition to grow in the collectively bargained segment of the business.

As the majority of private customers also have insurance under traditional management through their employers, Skandia focuses strongly on ensuring sustainable competitiveness in company business, through constant development and modernisation of its products.

Increased individual responsibility for savings and pensions, simplified transfer of insurance capital and digitisation lead to risks as well as opportunities for Skandia. Skandia works to establish long-term customer relationships in order to prolong the duration, i.e. the total time of savings and withdrawals, and to earn the trust to manage the individual customer's capital by building on existing customer relationships from commercial business.

Traditional asset management is the foundation

Insurance with traditional management is the predominant form of saving in both commercial and private business. It delivers significant value for our customers and differentiates Skandia in the marketplace. Skandia will continue base operations on traditional management and safeguard its products over the long term.

Goals

Our task is to maximise value for owners – the parent company's customers – over the life of their insurance policies.

Vision

We create richer lives by encouraging financially secure, healthy lives.



Skandia's strategy on risk

In order to maximise value to customers over the lifetime of their policies while not exposing them to excessive risks, Skandia must manage risk in an appropriate, effective manner. Accordingly, this forms part of Skandia's business model.

Risk management is based on Skandia's risk strategy in which the Board sets the overall framework for our risk-taking. The risk strategy must correspond to Skandia's business strategy and be reviewed when the business strategy is updated. As part of the risk strategy, the Board decides on restrictions that limit how much risk and which risks Skandia may expose policyholders to.

Central restriction

One of the most central restrictions concerns the risk of insolvency, i.e. the risk that we will be unable to fulfil our obligations to policyholders and beneficiaries. Through a decision on a restriction for this risk, the Board sets an overall limit for how much market risk, insurance risk, credit and counterparty risk, and operational risk we may take in our business. The restriction limit Skandia's total risk level in both the short and long terms.

Controlled risk

Within the framework provided by the risk strategy, we must make the

business decisions on a daily basis that will have the most positive affect on policyholder value. In traditional management, we invest in e.g. shares and other assets to generate high returns for our customers, while we also endeavour to control risk.

We do this through supplementing the restrictions associated with the risk strategy with limits such as how much customer money may be placed in different classes of assets and in different markets.

Skandia's operations also give rise to other risks which, under guidance from the risk strategy, it continually seeks to identify, assess, manage and control.

Governance of Skandia's sustainability work

The Council's owner instructions, Skandia's owner policy, ethics policy and sustainability policy constitute the basis for governance in Skandia's sustainability efforts. The Group's overall business strategy, which also includes essential aspects of sustainability, concretises these governance documents and forms the basis for our operational activities.



Bo Källstrand, Council Chairman

Governance of the Skandia Group

Skandia is a customer-owned life insurance company governed ultimately by the AGM, which comprises delegates nominated and elected by the customers. The AGM adopts an owner instruction, which for instance states that Skandia must run the operation with clear ethical values and be a sustainability role model.

Skandia's customer-elected delegates

Every year, seven delegates are elected as members of the council for a three-year period. Re-election is possible after three years. In 2017, the council was at full strength with a total of 21 members. Bo Källstrand is Council Chairman.

The Council has three main tasks:

- Appointing Skandia's Board
- Decisions on the Articles of Association and owner instruction
- Passing resolutions at the AGM

The council is also responsible for the owner dialogue with the Board, where the owner instructions constitute the most important policy document. In it, the council specifies the values that must characterise the operation. The owner instruction makes it clear that Skandia must be run according to such values as sustainable business methods, a long-term approach aimed at maximising value for the owners and ensuring that customer benefit is at the centre, and that the operation is run with healthy openness. Within the council there is a coordinating group known as the presidium. The presidium main-

tains a regular dialogue with Skandia's Group CEO.

➔ [Read the owner instructions at skandia.se.](http://skandia.se)

Sustainability governance at Skandia

Skandia's sustainability governance involves setting strategy, guidelines and overall sustainability objectives throughout the operation. In addition, Skandia regularly monitors compliance with guidelines and objectives.

The ultimate responsibility for the governance of Skandia's sustainability efforts lies with the Board and CEO. In addition, the sustainability manager is responsible for Skandia's sustainability policy. It forms the basis for strategic work and how the Group should integrate sustainability into the operation.

Sustainability forms part of the group-level department for Strategic communication. Skandia's sustainability manager reports to the Strategic Communications director, who in turn is part of the management team and reports directly to the CEO.

The sustainability department is responsible for:

- Running, developing, coordinating and monitoring Skandia's sustainability work. The line organisation is responsible for implementation and execution.
- Running and developing interaction with customers in sustainability-related issues, where the operational responsibility for customer relations lies with the relevant department.

Above all, all parts of the business are responsible for:

- Integrating a sustainability perspective into the business strategy and implementing it operationally.
- Delivering customer value by being attentive to, capturing and taking action on customer feedback and customer expectations for a sustainable business.
- Complying with regulations and minimising risk.

Coordinating functions

Skandia works with responsible investments in asset management, banking and fund management operations. To make sure the work is carried out efficiently and that sustainability is integrated into operational activities, there is a Skandia forum and committee for issues related to environmental responsibility, social responsibility and corporate governance, known as ESG issues (Environmental, Social and Governance).

The forum includes Skandia's asset management director, operational managers in asset management and the sustainability manager.

The committee is the operative component and prepares materials and decision support data for the forums. It is made up of participants from the sustainability department, Skandia's asset management and Skandia's fund management company.

Governance of financial aspects

The focus of Skandia's financial governance is the business objective of maximising the value for our customers in the life insurance company over time.

Governance of social aspects

Skandia's HR director is responsible for strategic personnel work and all Skandia's leaders have a clear mission to motivate all employees to do their best to create the greatest possible customer benefit. Skandia's culture and values, leadership and ability to recruit and retain talented employees are key success factors in this work. Recruitment takes place under guidelines in which such things as equality and diversity are important parts.

The sustainability manager is in charge of operations in Skandia's Ideas for Life foundation, which aims to assist with

research, method development and support for local non-profit, projects for children and young people. The foundation has a board made up of external, expert members. The chairmanship is held by a member of Skandia's Group management.

The Strategic Communications director is responsible for Skandia's other foundations, and this includes responsibility for administration and compliance.

Governance of environmental aspects

Skandia affects the environment both directly through its business operations e.g. through Skandia Fastigheter, and indirectly through e.g. investments and purchasing goods and services. Skandia's environmental responsibility is defined in the group-wide sustainability policy and the environmental aspects of Skandia's investing activities also described in Skandia's owner policies. Skandia Fastigheter has, in addition to a sustainability policy adapted to suit the company, a separate environmental policy.

➤ *Read more about governance within the Skandia Group in the corporate governance report in Skandia's annual report.*

“Our goal is for Skandia to contribute to environmentally sustainable development and reduce our negative environmental impact”



Skandia's policies

Skandia has a number of policies based upon which business is conducted. Sustainability work is governed by a number of policies that clarify Skandia's ambitions and goals regarding environmental, social and economic sustainability.

Policy	Policy outcomes in 2017
Sustainability policy*	The sustainability policy is updated annually and forms the basis for the general sustainability training that is compulsory for all employees. During the year, responsibility for governance ethics issues was made clearer by measures such as transferring parts involving business ethics from the ethics policy to our sustainability policy. In order to streamline governance, the contents of the sustainability policy have also been synchronised with our policy on employee ethics, anti-bribery and whistle blowing.
Environmental policy	Skandia's group-wide sustainability policy includes our standpoint with regard to environmental stewardship. Skandia Fastigheter has a separate environmental policy adapted to suit the company in addition to a sustainability policy.
Ethics policy	The content of the ethics policy has been transferred to the sustainability policy (business ethics) and the Policy on employee ethics, anti-bribery and whistle blowing respectively.
Policy on corporate governance	Skandia is strengthening its advocacy work and as part of this the policy now includes a clarification about Skandia's periodic reviews of the company's investments.
Policy on employee ethics, anti-bribery and whistle blowing	In order to clarify and simplify governance of ethical issues, the policy has been supplemented with sections on employee ethics from the previous ethics policy.
Policy on measures against money laundering and financing of terrorism	Skandia has strengthened its work on combating money laundering and the financing of terrorism. As part of this work, the policy has been clarified in order to comply with new legislation which came into force on 1 August 2017.
Instruction on purchasing	The instruction makes clear that one objective in Skandia's purchases is to act within the framework of a responsible business. This is complied with in operational activities concerning Skandia's purchasing process.
Equality plan	Our equality and diversity plan expresses the willingness and ambition we display in our work in the field. A pay review carried out in 2017 showed there to be no unjustifiable pay differences. Other tools include the employee survey and participation in the Jämix external study.

*The policy applies to companies within the Skandia Group, which may also have their own sustainability policies adapted to each company's operations and approved by each company board.



Business begins with the needs of customers and society

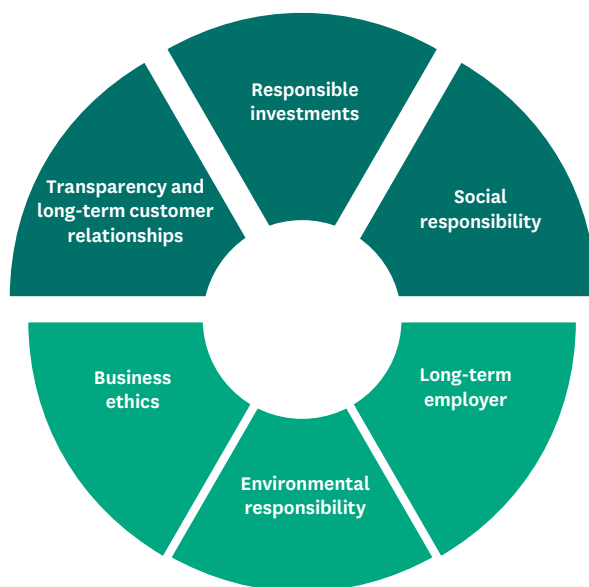
The driving force behind Skandia's sustainability efforts is the creation of a better life for our customers and society, and our goal of becoming Sweden's leading pension company. We enjoy broad support in the community with long-term commitments to individuals, companies and the public sector.

Long-term thinking in everything we do is essential and the characteristic of our core business.

Our customers and our core business are integral parts of society. Skandia believes there to be three critical challenges for our customers owing

to structural imbalances in society. These are an increased risk of underfunding after retirement, the increasing cost of ill health and increasing needs for investments in society. Skandia's role and purpose begins with addressing these challenges and making sure we

meet the basic needs of our customers. Skandia's primary role and purpose is to solve its customers' needs for retirement, long-term savings and financial security solutions.



Corporate responsibility (sustainability) means that Skandia's business operations must be run so as to uphold Skandia's values, show respect for people, society and the environment and to meet and exceed what our stakeholders and society expect of the Group's operations. Skandia's sustainability

work begins with the council's owner instructions. Skandia's business strategy includes being a sustainable company. Skandia has a sustainability strategy that runs until 2018 and which seeks to render the strategy more tangible. The strategy consists of six parts, all of which

are important, but of which three set Skandia apart: *Social responsibility*, *Transparency and long-term customer relations* and *Responsible investments*. These are the issues that our customers and owners believe to be most important and which we strive to integrate into our day-to-day work in various ways.

Skandia's sustainability aspects

Transparency and long-term customer relationships



Long-term customer relationships and transparency toward our customers and shareholders have high priority. This is apparent from the form of our company, where the majority of our customers are also our owners. In our customer-owned company, customer and shareholder interests coincide as they share the goal of creating good, long-term returns.

[Read more on page 24.](#)

Responsible investments



We are convinced that responsible investment is the wise, businesslike way to create value. Creating value while considering society and the environment forms the basis for our investments, and we constantly evaluate our investments based on environmental criteria, human rights, labour conditions and other important sustainability aspects.

[Read more on page 28.](#)

Social responsibility



Skandia plays an important role as a complement to society's public insurance system. We do this by offering services in health and financial security across the generations. We also contribute by investing long-term in research and method development and in local projects that focus on preventing ill health and creating safer local communities.

[Read more on page 36.](#)

Environmental responsibility



We seek to limit our ecological footprint in e.g. asset management, fund management and our real estate company. We place demands on our suppliers and choose to offset the emissions that our own operations give rise to. We also strive to be open and account for our environmental impact e.g. the carbon footprint from our funds.

[Read more on page 48.](#)

Long-term employer



For us at Skandia, it's important that we maintain an inclusive workplace that provides opportunities for individuals to grow and develop. It is thanks to our employees' commitment and energy that we are able to create business value and customer benefit.

[Read more on page 54.](#)

Business ethics



Good business ethics is about having good judgement in relationships and work to prevent risks. For Skandia, this means acting responsibly and with integrity to protect assets, our reputation and ensure long-term customer benefit. We must take responsibility in every part of our operation and we demand the same of our suppliers and business partners.

[Read more on page 60.](#)



Customer insight and influence is central to business

Transparency and long-term customer relationships enjoy high priority in our business. Because we are customer owned, the interests of our customers and owners coincide. We note that our customers prioritise honest dialogue and transparency ever higher, and they are things we constantly seek to get better at.

Skandia is owned by the 1.2 million customers of Skandia's life insurance company. Our overriding mission is to maximise value for customers. This includes safeguarding and managing capital such that we always meet our commitments. Paying attention to customer comments and requests helps us constantly improve our products and maintain long-term customer relationships. It's important for us that our customers always have access to clear information about how our products and fees are linked to customer benefit to enable them to make informed decisions about their finances.

Digital transfer improves transparency

To make it easier for customers to manage their financial affairs themselves, find clear information and enjoy support, Skandia continues to digitalize its processes. During 2017, we introduced

a digital service for processing claims. The service was demanded by customers and will help provide greater transparency and efficiency in our insurance products. Skandia has also developed additional digital services for occupational pension policyholders.

The changes carried out during 2017 cover everything from simple adjustments to make our services more accessible for our customers such as converting our forms to digital flows, to major initiatives such as the introduction of digital financial advice for occupational pensions. The digital advice means that employees in companies with new occupational pension solutions with Skandia gain access to simple digital advice in connection with their individual choices.

Changes to our mortgage model mean enhanced customisation

Skandia's transparency on mortgage discounts means that customers can

see the exact interest conditions and the available options to make the interest rate even more beneficial to the customer. This is a popular concept that has attracted many mortgage customers to Skandia since the model was introduced in 2014. During 2017, we developed the model further in order to meet demands from certain customer groups for the possibility of increased discounts, and the maximum number of discount points in the model was increased from -0.65 per cent to -0.85 per cent.

The removal of structured products focuses the core business

In 2017, Skandia decided to discontinue offering structured products. Skandia saw a decline in demand for these products and their problematic incentive structure. Their removal enables us to focus more intensely on our core business.

Transparency and long-term customer relationships

Overall goals

Providing the industry's most up-to-date, transparent customer influence channels to create a growing base of loyal, committed customers. Building on offerings based on customer needs and which show that we are on the customer's side.

Initiatives and performance 2017

- Very high customer satisfaction, both in telephone consultations and face-to-face meetings with customers.
- Very high customer satisfaction regarding Customer service.
- According to SQI, very high customer satisfaction among Private, Commercial and Bank customers.
- Excellent ratings in external sustainability audits.
- New ability for the customer to rate financial advice meetings with Skandia

Skandia's banking services

Skandia's bank is only aimed at the retail market and offers its customers services that not only make everyday life easier, but also major transactions like mortgages. The watchwords for Skandia's banking services are transparency and customer benefit.



▶ Read more about our banking products in Skandia's annual report.



Highest ranking for customer satisfaction in private pension investments

According to surveys conducted by the Swedish Quality Index (SQI) in 2017, Skandia has a high ranking for customer satisfaction. SQI is based on a weighted average of multiple factors such as image and expectations, product and service. The outcome is shown in an index between 0 and 100.

Skandia participated in four studies in 2017:

- Pension Investments, Retail (1st place)
- Occupational Pensions, Companies (3rd place)
- Bank and retail customers (3rd place)
- Mortgages (3rd place)

According to SQI, Skandia's social commitment and reliability contributed strongly to customer satisfaction in private pension investments. These driving forces are growing stronger in many industries. When it comes to pension investments by commercial customers, Skandia increased its customer satisfaction substantially and went from a shared sixth place in the index to third. By put-

ting the customer's needs and wishes at the centre, we hope to further boost customer satisfaction moving forward.

Customer satisfaction in respect of customer service trended positively during the year. On a 5-point scale, the outcome was 4.5, thereby exceeding the target of 4.3.

Customer suggestions lead to change

We value our customers' opinions and we are convinced that they help us to improve our offer. Suggestions from customers are gathered from channels such as Customer Service, social media, financial advisers, complaints processing, the suggestions database and customer surveys.

In the case of customer suggestions submitted to the bank, we have registered 26 suggestions for improvements during the year, of which we have actioned 22. The measures mainly concerned:

- Clarifying information on coming payments

- Providing better information about how account numbers must be written when making transfers to another bank
- Clarifying information about fees to make clear what fees refer to
- Clearer error messages to make it easier for the customer to make corrections as necessary
- Improved written information so that customers do not have the need to contact customer service for clarification
- Improved telephone voice prompts to route customers to the right department faster

Suggestions bank

Incoming customer requests via various channels are collected in the suggestions bank, a system for noting feedback in our customer units in Linköping, Gothenburg and Sundsvall. During the year, we received a total of 3007 posts in the suggestions bank and the Have-your-say app from our customers.

Our procedures for handling complaints and suggestions

The customer contacts Skandia

The customer contacts Skandia with a proposal or a request for processing a complaint.

Skandia registers and processes the customer's proposal and/or complaint

If the customer is not satisfied with a decision or a service, he or she turns first to the person or office that handled the case and made the decision. The person the customer contacts registers the case in our suggestions and complaints system. In certain cases, the case is handled by a Skandia complaint specialist.

The customer can appeal Skandia's decision and contact the Customer Ombudsman

If the customer is not satisfied with Skandia's decision, he or she is able to turn to Skandia's Customer Ombudsman (CO) for an impartial re-examination of the case free of charge.

Greater transparency concerning our funds

Almost 8 out of 10 savers are interested in placing part of their savings in sustainable funds, according to a survey conducted on behalf of Ecolabelling Sweden in 2017. Skandia has also noted an increasing interest in sustainable savings. To make it as easy as possible to compare funds from a sustainability perspective, we provide Swesif's sustainability profile and Morningstar's sustainability rating on our fund portal.

Since 2017, Skandia has reported at fund company level according to guidelines from the Swedish Investment Fund Association.

As of 1 January 2018, sustainability information about each fund also became a legal requirement. Skandia participates in industry partnerships in order to contribute to a uniform format for the information, to make it easier for customers and enhance fund transparency.

Fund sustainability ratings

Skandia provides the independent analysis company Morningstar's fund rating comparisons. Sustainability Rating™. Morningstar's rating is based on qualitative sustainability analyses at company level. The ratings are then aggregated from individual shareholdings to an overall rating between 1 and 5 for each fund. Fund ratings are shown on Morningstar's and Skandia's websites.

Fund sustainability profiles

Sustainability profiles show how funds relate to international standards, the exclusion of industries and products, and how fund managers go about influencing and tracking companies regarding their work with environmental, social aspects and business ethics. Sustainability profiles should be seen as a complement to fund fact sheets.

Carbon footprint

Skandia regularly measures the carbon footprints of funds to show their climate impact. All measurements are published on Skandia's website.

[Read more on page 49.](#)

Sustainable funds

During 2017, the funds Skandia Sverige Hållbar, Skandia Cancerfonden and Skandia Världsnaturfonden received Nordic Swan eco-certification. The Nordic Swan eco-labelling of funds is intended to provide additional guidance to investors seeking investments with specific sustainability criteria. The label shows that the funds' work with sustainable investments is certified by an independent party.

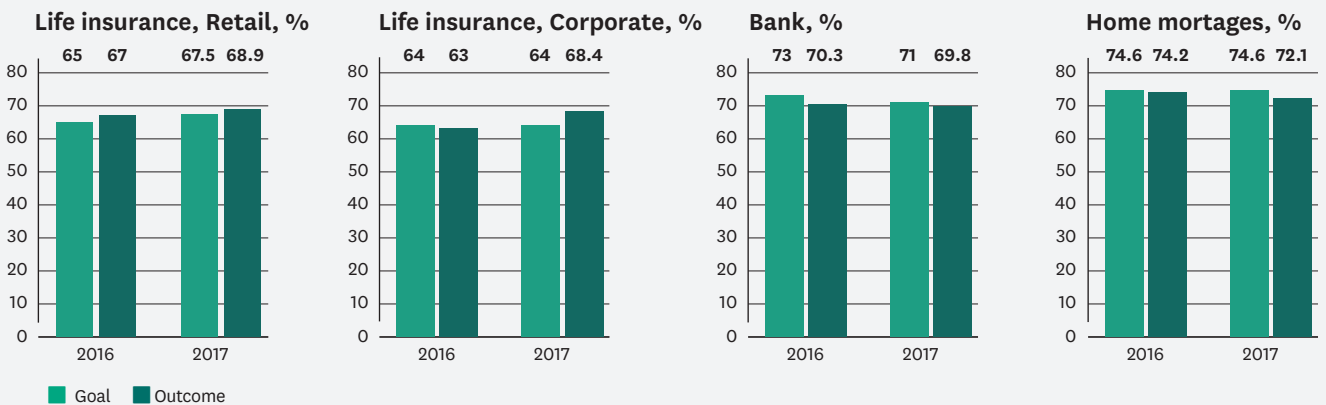


Outcome, 2017

Customer satisfaction 2017

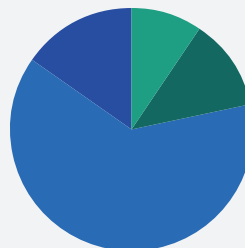
Overall customer satisfaction increased during 2017 compared with 2016. Customer satisfaction in respect of life insurance increased in relation to Skandia's goal but fell for banking and mortgages even though it was well above the industry average.

Skandia measures customer satisfaction with the aid of the Swedish Quality Index (SQI).



Skandia's financial contribution to partners in 2017

The reported amounts derive from Skandia, Skandia's foundations and non-profit funds (where investors have actively chosen for a part of their capital to be reinvested in community improvement measures for children and youths, environmental work and influence, as well as cancer research).



- Sport 10% (SEK 5,500 thousand)
- Children & young people 8% (4,775 thousand)
- Research and method development 66% (37,984 thousand)
- Environment 16% (9,101 thousand)

Identified GRI aspects:

Labelling of products and services, marketing communications, customer privacy, complaint mechanism for matters relating to working conditions and human rights, active ownership

GRI indicators:

102-43, 102-44, 103-2, 417-3, FS2, FS5, FS11, FS15



Responsible investments for long-term returns

Skandia has about SEK 650 billion under management, which means we have one of Sweden's biggest asset management assignments. This means a great ability to influence, and thus entails great responsibility. Our customer satisfaction surveys show us that savers value Skandia's social commitment and sustainability work especially highly.

Major assets entail great responsibility

Assets under management consist mainly of Skandia's traditional management but also includes management of parts of Skandia's mutual fund offering.

This collective savings form gives Skandia financial strength; we can place more money at higher risk and thus create the possibility of higher returns without risking the guaranteed amount. We can also invest in alternative asset classes that are often difficult and more costly for an individual investor to have access to, such as unlisted companies and infrastructure. These require an investment long-term perspective, and has generated good returns both during earlier financial crisis and in today's low-interest environment.

In addition to Skandia's traditional management, there is an opportunity to save in mutual funds, shares and other securities through mutual funds and deposit insurance, directly and funds with Skandia's fund management company and through savings in the bank. We also have alternative investment funds aimed at institutional investors.

Sustainability central to each investment

The process of incorporating environmental and social responsibility is integrated into all of our investments. We have signed the UN Principles for Responsible Investment (PRI) and we review the companies we are considering investing in from a sustainability perspective. We also make sure that in our capacity as owners we have the ability to influence the companies in which we have an ownership interest on our own initiative or in collaboration with others. We endeavour to use our voice to promote important and relevant sustainability issues.

Conventions and non-binding codes

Skandia's policy on corporate governance forms the basis for our actions as owners. Skandia wants the companies it invests in to comply with established international conventions. In cases where companies deviate from the guidelines of our own ownership policy, Skandia's basic position is primarily to urge change and development through proactive ownership in the form of direct dialogue with the companies. Owner governance policies for Skandia's life insurance company and fund management company with

detailed information about our guiding conventions are available at skandia.se.

Skandia wants the companies it invests in to comply with the principles of the following codes:

- The UN Global Compact
- OECD's guidelines for multinational companies
- The UN's guiding principles for companies and human rights

These codes are based inter alia on the following conventions:

- United Nations Universal Declaration of Human Rights
- The UN's Convention on the Rights of the Child
- Conventions against bribery and corruption
- ILO core conventions
- International environmental conventions

We also expect the companies we invest in to report their sustainability efforts according to a standard such as the Global Reporting Initiative (GRI).

[▶ Read about conventions and non-binding codes at \[skandia.se\]\(http://skandia.se\)](#)

Responsible investments

Overall goals

Work for sustainable value creation in all of our investments and promote good returns to our customers.

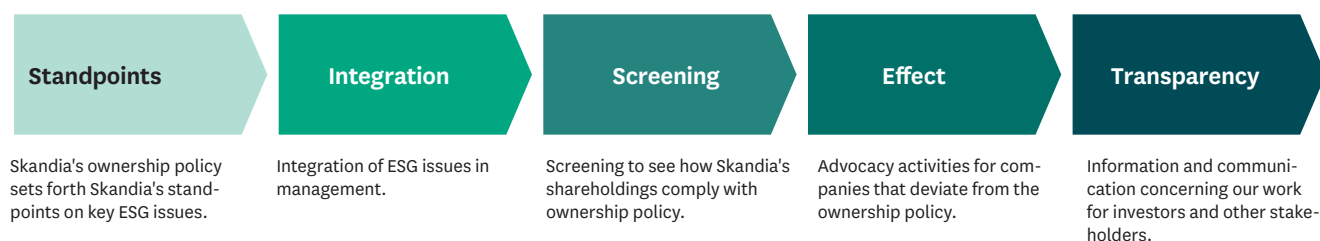
Initiatives and performance 2017

- More company advocacy dialogues.
- More and improved standpoints.
- Certified sustainability funds and new, in-house sustainability fund.
- Increased ESG integration into own management.

Our process for integrating sustainability into asset management

We're constantly developing methods to integrate sustainability into asset management and mutual fund operations through a process designed to promote sustainable value creation throughout the chain. Our work is adapted to suit the conditions of every class of asset. We have also created an organisation for sustainability in mutual fund and asset management work where managers are involved to make sure that ESG issues are captured in their relevant contexts.

Process for responsible investment



● Standpoints

Skandia's policy on corporate governance forms the basis for our actions as owners. We endeavour to ensure that the companies in which Skandia has ownership interests manage risks and makes best use of corporate responsibility to generate good returns. During 2017, Skandia updated a number of standpoints and publish a new description of its standpoints with regard to government bonds. The new standpoints concerned Skandia's views on the purchase of bonds issued by states that do not adhere to basic democratic principles, systematically and seriously violate human rights or where corruption is rife at the central level. The process of complying with our standpoint is based on our own country analysis, which in turn rests on a number of respected, public sources.

➔ [Read more about our standpoints at skandia.se](http://skandia.se)

● Integration

The integration of ESG factors means that we consider risks and opportunities in a systematic process. Moreover, Skandia evaluates external asset managers every year regarding their ability to consider the sustainability aspects of management. This applies both to external asset managers for Skandia's own funds and traditional asset management (equities, credit and unlisted holdings) and the external funds of our unit-linked platform.

● Screening and analysis

By analysing the sustainability efforts of the holdings, we examine whether companies' long-term financial interests are in line with resource efficiency, proactive health management and responsible leadership. In addition to ongoing investment analysis, Skandia allows two contractual parties to vet all holdings in listed shares and bonds (excluding government bonds). The quarterly vetting relates to the violation of international norms and conventions, controversial

weapons, tobacco and since 2017, also government bonds issued by non-democratic states.

● Influence and exclusion

If we identify weaknesses in a company's sustainability efforts, or if a company does not comply with international norms and conventions in line with Skandia's sustainability policy, we initiate advocacy activities. Advocacy dialogues are conducted either by Skandia or by one of our analytics providers. Advocacy can also take place together with other owners and asset managers under e.g. PRI. Efforts are adapted to suit the size of our ownership, how serious the incidents are and how we assess our ability to exert an influence.

Advocacy dialogues are a long-term process, and if activities do not lead to an acceptable solution, the holding is sold. Most companies are open to dialogue with investors, but it may take some time before tangible changes occur. Skandia also participates in the nomination committees in Swedish



►► companies and votes at AGMs on issues addressed at these meetings. Skandia will add resources in 2018, among other things to strengthen advocacy work through e.g. company dialogues and participation in AGMs.

► At *skandia.se*, we report which companies we had contact with during the year on corporate governance issues or matters arising from the companies' sustainability work.

● **Transparency**

We strive to provide customers with clear sustainability information about our investments to enable them to make informed choices. For customers interested in knowing how funds take sustainability issues into account in management, we provide Swesif's sustainability profiles and Morningstar's sustainability ratings. In accordance with our commitment, we report annually to PRI to contribute to transparency in the industry.

Skandia's traditional management and mutual fund

Traditional management is Skandia's core business. This means Skandia invests money on behalf of the customer and guarantees a future payout, which provides customers with the opportunity for good returns at low cost without having to spend their own time actively investing their money. As asset managers, Skandia has a well-thought-out strategy for keeping its promise to savers, and environmental and social considerations are also natural parts of this strategy.

Skandia's fund savings products include investments in mutual funds, shares and other securities through deposit insurance, bank savings and Skandia's fund management company. What sets Skandia's fund offering apart is quality assurance of its entire range of funds range by our experienced analysts.



► Read more about our offerings within traditional asset management and mutual funds in Skandia's annual report

Exclusion of companies

Skandia has chosen not to invest in companies that deviate from international norms, are involved in controversial weapons or produce tobacco. Furthermore, our funds refrain from investing in companies of whose sales 30 per cent or more derive from the extraction of coal for energy. A list of the companies excluded from Skandia's fund management company can be found at *skandia.se*.

Why no investments in tobacco?

Our decision to exclude companies that produce tobacco or tobacco-related products is based on findings from research on the health risks associated with tobacco smoking. On the basis of our insurance background, we also see the health risks tobacco consumption entails for the individual. Skandia supports research into the prevention of illness and has a partnership with the Swedish Cancer Society, to contribute among other things to reducing tobacco-related mortality.

Why no investments in coal?

The combustion of fossil fuels contributes to climate change and coal is the fossil fuel that emits the most carbon dioxide per unit of energy. Consideration for the environment is important for Skandia, and it characterises our whole operation. Investments in companies with a turnover of 30 per cent or more from the extraction of coal for energy are therefore not compatible with our standpoint.

Skandia's 2017 advocacy initiatives

Together with our analytics providers, Skandia was in contact with around 250 companies in 2017 on matters concerning their sustainability work. Advocacy work can either be reactive, i.e. after an incident has occurred, proactive for preventive purposes or thematic when a specific theme, such as palm oil production, is addressed at the same time with multiple companies.

Recurring issues in our work during 2017 included the environment, human rights and safety in commodity companies; climate-related issues and sustainable forest management. Among the companies we were in contact with were Royal Dutch Shell, Glencore, Repsol, Enbridge, Stora Enso and SCA. We also worked with other investors, particularly in the context of PRI, in thematic projects on the extraction of oil in the Arctic, human rights in extractive industries and the reporting of climate-related information.

Climate advocacy

Because climate issues are an important area for Skandia, we have a range of proactive advocacy projects under way related to climate, such as:

- Skandia has begun advocacy work concerning 16 power generation companies to make sure their climate strategies are in line with the 2-degree goal, and the transition towards a society adapted to climate change.
- Skandia plays an active part in PRI's advocacy project, which seeks to increase reporting and transparency concerning their climate impact. In all, just over 120 companies were addressed. The project has been under way for two years and will be completed shortly.
- Skandia has applied to participate in a global collaborative project linked to climate (Climate Action 100+) that seeks to reduce emissions and increase transparency in companies with the highest emissions. The project was launched in December 2017 and has attracted great interest.
- Together with other asset owners and asset managers, Skandia participates in a collaboration that addresses companies with mineral extraction licenses in the Arctic. The purpose is to get companies to be more transparent about their licenses and refrain from extraction in ice-covered areas. ▶▶

250 companies

During the year, Skandia was in contact with around 250 companies concerning their sustainability efforts.

ESG

ESG stands for Environment, Social and Governance.

The structure of ESG work

Effective governance provides good conditions for structured processes and informed decisions. The structure of ESG work seeks to render decision-making more effective and increase the productivity in operational work throughout the group in respect of responsible investments.

ESG-forum
Consultation

The forum bears the strategic responsibility for work with responsible investments. It includes senior executives from the sustainability department, Skandia's asset management and its fund management company.

ESG committee
Preparation

The ESG Committee is responsible for operational work and preparing information and decision support data for the ESG forum.

The ESG team & asset managers

- It works with:
- Company specific analyses, advocacy
 - Results from screening
 - Business intelligence
 - Input from stakeholders

▶▶ • Skandia held dialogues with several Swedish forestry companies on the importance of sustainable forest management, which takes into account forest flora and fauna, water quality, recreational value and our cultural heritage, and which is able to handle the challenges of climate change. Properly managed, forests can act as an effective carbon sink to the benefit of biodiversity while also providing renewable primary forest products. Overall, Swedish forestry companies are considered to have a credible sustainability approach.

• We also participate in several climate-related advocacy dialogues in collaboration with GES and ISS Ethix; for example, we address around 10 companies that are considered to oppose regulations and activities to mitigate climate change.

Advocacy projects in health

Health and safety is another priority area in Skandia's advocacy work. We participate with other investors in advocacy projects through GES, which seeks to improve working conditions and reduce child labour in the cocoa sector.

Within the framework of the project, one of Skandia's ESG analysts earlier visited several of the companies and trade associations in the Ivory Coast to gain a better picture of the situation. The dialogue with the companies and trade associations continued during 2017. We note positive trends in the matter and the companies are working proactively to get to grips with the problems. All the same, major challenges remain, not least with regard to living wages.

“Skandia participates in several climate-related advocacy dialogues”



Skandia funds with specific sustainability criteria

Skandia has four of its own funds that promote community involvement and environmental stewardship in different ways. Three of these are non-profit funds that annually channel two per cent of their fund value to organisations that work with social and environmental advocacy. Three of them also have specific sustainability guidelines – the Skandia Cancerfonden Skandia Världsnaturfonden fund and Skandia Sverige Hållbar – and bear the Nordic Swan eco-label. The funds are managed by Skandia and comply with the sustainability criteria set out in the fund management company's ownership policy.

● Skandia Sverige Hållbar

Skandia Sverige Hållbar is an equity fund with a sustainability focus and which invests mainly in companies that work for the environment and society in both the short and long terms. It rejects

companies that violate international norms, extract fossil fuels or uranium, produce tobacco, weapons, genetically modified crops or generate power from fossil fuels or uranium. Furthermore, the fund exercises great caution when investing in mining companies. The fund was launched in December 2017.

● Skandia Världsnaturfonden

Every year, 2 per cent of the fund's value goes to WWF. The fund's focus is on sustainability and it has the same criteria as Skandia Sweden Hållbar. Since the fund's inception, Skandia's customers have contributed around SEK 171 million to the WWF.

● Skandia Cancerfonden

Every year, 2 per cent of the fund's value goes to Swedish cancer research. The fund's focus is on sustainability and it has the same criteria as Skandia

Sweden Hållbar. Our investors in the fund have contributed around SEK 145 million to Swedish cancer research since 1988.

● Skandia's Ideas for life fund

Every year, 2 per cent of the fund's value goes to young people and their future through Skandia's foundation, Ideas for Life. The foundation contributes to a more socially sustainable society through research, method development and support for local, non-profit projects. The fund has no management fees and Skandia bears the foundation's expenses. Since the fund's inception in 1995, SEK 99 million has gone to Ideas for Life activities.

➤ *A presentation of the foundation and its work during the year is available on pages 42-46. See also ideerforlivet.se*

Collaboration with the WWF

During the year, Skandia collaborated with the global environmental organisation WWF to help improve transparency regarding climate-related risks and possibilities in investments. The report "European Asset owners: 2°C alignment and misalignment" includes a summary of the results from the WWF study into 80 of the 100 largest European asset owners in 12 countries. Skandia's life insurance company was one of the 30 asset owners that disclosed data for the report.

The method of analysis is still under development and in Skandia's case it presents a limited part of the portfolio's holdings. Thus it may not always provide the answers to questions that customers and other stakeholders pose, but Skandia is positive to evidence-based measurement methods that can serve as forward-looking analysis tools that ultimately provide customer and environmental benefits.

Adaptation to the 2-degree climate target

Skandia will present annual reports detailing how our Nordic Swan labelled funds contribute to the Paris climate agreement target. The three funds will be assessed each year and reported with the aid of a model (Sustainable Energy Investment Metrics, SEIM) in order to contribute to fund transparency.

SEIM is a model that builds on progressive, evidence-based investment scenarios and provides an indication of an investment's climate impact. It is used to compare the extent to which a share portfolio is in line with the 2-degree climate target that 195 countries approved in the Paris agreement.

➤ *Read Skandia's first annual Paris agreement report at skandia.se*

Investments vital to society

The long-term nature of our investments creates opportunities for investments that provide benefits for society. About a quarter of our traditional asset management consists of alternative investments (properties, infrastructure and unlisted companies), which creates diversification and spreads risks. This type of investment requires a long-term perspective, which was a key success factor not only during past financial crises, but also in today's low interest-rate environment.

During 2017, the return on infrastructure in the life insurance portfolio was 3.3 per cent and the return on alternative investments as a whole was 0.2 per cent.

Sustainability issues are very important in infrastructure investments, and in some cases absolutely crucial in determining whether an investment will succeed and returns will achieve their goals.

Environmental and social aspects play an especially important role in assessment, as the investment will live in symbiosis with society for a long time and must as far as possible enjoy the support of various stakeholders. Because investment undertakings are long-term measured by financial standards, it is important that the basis for the investment be thoroughly analysed.

Accordingly, extensive work is carried out by our asset managers before any investment in order to assess the impact on society and the environment. In the same way as our asset managers assess individual investments, Skandia assesses the managers we engage for our infrastructure investments based on how pro actively they work on sustainability issues. In Skandia's investment recommendation for infrastructure asset managers, ESG issues have their own analysis section, and a specific assessment is made of asset manager quality in this regard.

Investments in environmental technology

● Waste to energy

Together with Blackrock GEPIF, Skandia has invested in Dublin Waste to Energy, a plant that will replace coal-fired generation and produce electricity from 600,000 tonnes of waste that previously went into landfills. When fully built and at full capacity, the plant will generate around 70 MW of power to approx 80,000 households and district heating to about 50,000 households.

● Solar power in Senegal

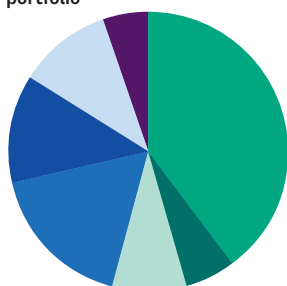
Skandia has invested in two solar power farms in Senegal through a fund investment in Meridiam Africa Fund. The fund has a 25-year investment in the construction, operation and maintenance of two solar power farms, each of 30 MWp. The plants will provide electricity to around 200,000 consumers, replace oil fired power generation and save 34,000 tonnes of carbon dioxide per year. In collaboration with the local community, the parks have also developed the local school, provided the region with an ante-natal clinic and drilled new wells to secure local support for the solar farms over the long term.

● Partial funding of a water treatment plant

Skandia has invested SEK 600 million in bonds issued by the Käppala Association, the municipal association responsible for the Käppalaverket - a water treatment plant in Stockholm that purifies water for 11 Swedish municipalities. The plant also takes care of the nutrients and energy contained in waste water and returns sludge, biogas and heat to society's cycle.

Skandia's investment organisation has carried out an internal sustainability assessment of the operation, e.g. through site visits. By contributing to the financing of vital high-quality public services, Skandia is involved in building the infrastructure of a sustainable society.

Asset allocation in the life insurance management portfolio



Current value % (Previous year)

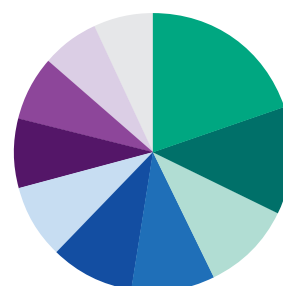
- Swedish nominal bonds 36.5% (36.2%)
- Swedish inflation-linked bonds 5.5% (6%)
- Swedish shares 7.9% (7.4%)
- Foreign shares 15.8% (17%)
- Property 11.4% (10.9%)
- Private Equity 9.8% (10%)
- Business strategy assets 4.8% (5.4%)

The 10 biggest Swedish holdings



- Atlas Copco, SEK 3,031 million
- Volvo, SEK 2,620 million
- Investor, SEK 2,249 million
- Sandvik, SEK 1,737 million
- Hexagon, SEK 1,549 million
- Hennes & Mauritz, SEK 1,409 million
- Ericsson, SEK 1,256 million
- Kindred Group, SEK 1,125 million
- Investment Group Kinnevik, SEK 1,016 million
- Nordea, SEK 992 million

The 10 biggest foreign holdings



- Novo Nordisk, SEK 884 million
- Royal Dutch Shell, SEK 554 million
- Nestle, SEK 469 million
- Novartis, SEK 437 million
- Roche Holding, SEK 428 million
- Apple, SEK 386 million
- Toyota Motor, SEK 359 million
- Allianz, SEK 324 million
- Unilever, SEK 303 million
- BNP Paribas, SEK 302 million



Outcome, 2017

Skandia's fund management company

	2017	2016
Managed assets, SEK millions*	88,363	79 070*
Number of excluded companies	139	132
Number of non-profit funds	3	3
Assets under management in non-profit funds, SEK million	1,417	1,247

* The amount for 2016 in the 2016 sustainability report applied only to assets under external management.

Exclusion list in Skandia's fund management company

Number of companies	2017	2016
Environment	8	8
Human rights	15	7
Working conditions	-	-
Controversial weapons	22	22
Tobacco	23	24
Coal	71	71
Total	139	132

➔ The complete exclusion list is available at skandia.se

Advocacy activities in 2017

	Life companies	Fund management company
Human rights	72	72
Environment & climate	85	85
Working conditions	33	33
Business ethics	39	39
Corporate governance*	39	39

* Excluding AGMs and nomination committees

AGMs and nomination committees

	Life companies	Fund management company
Participation in AGMs, number of	56	34
Participation in nomination committees, number of	6	0

The parent company's investment portfolio

	2017	2016
Assets under management (SEK million)	429,127	407,655
Number of excluded companies	134	127

Identified GRI aspects:

Product Portfolio, active ownership

GRI indicators:

FS6, FS11



A long-term approach and preventive actions create social value

Feeling well when the time comes is a prerequisite for a secure retirement. Skandia's offer in health and financial security is an important complement to public insurance systems and creates value for the individual and society in general.

Skandia has a long tradition of innovative thinking and commitment to the community. Our first recommendations for preventive measures for better occupational health dating back to the 1950s are a good example of this. Back then it was all about morning callisthenics and stress research.

Today, the same values of long-term thinking and prevention characterise our commitment to society, health and financial security.

We have services in health and financial security ranging from the prevention of ill health to rehabilitation. We also invest long-term in projects that are essential for society and research that focuses on preventing illness and creating safer communities.

New resource-efficient solutions

Through our business operation, insurance policies, research and foundation work, we develop new resource-efficient solutions for improving health and financial security, and supporting local projects for children and young people.

We achieve the greatest social benefit by collaborating with trade and industry, civil society and the public sector. Skandia's Ideas for Life foundation is actively engaged in multi-sector collaborations in the prevention of ill health and the creation of safer local communities.

Skandia also has a close collaboration with academia to contribute to research into calculating the values created by preventive measures for the benefit of society, employers and the individual.

Influencing public opinion on mental illness

Skandia assumes great responsibility when it comes to research and influencing public opinion on mental illness. During 2017, Skandia's Ideas for Life foundation highlighted young people's mental ill health in its Youth Barometer, an annual survey of young people's views on various issues, and the book *The Way to Social Sustainability* ("Vägen till Social Hållbarhet"), which you can read more about on page 44.

Increased employer responsibility

Employers have ever greater responsibility imposed upon them to reduce occupational ill health. A new proposal from the government commencing 1 July 2018 stipulates that a company, in consultation with the employee, must always draw up an action plan for a return to work within 30 days of an employee's sick leave. Skandia provides support and assistance with specialist expertise to help executives and managers assume their responsibility for safety and health at work. Skandia and the customer jointly survey the current situation and Skandia submits a proposal for actions and draws up suggestions for measures in talks with the customer.

Prevention is the key to good health

Skandia's Health Chain (Hälsokedja) makes sure that employees receive the correct treatment throughout the course of an illness, regardless of condition. This has led to eight out of ten turning to us for preventive help before sick leave.

Social responsibility

Overall goals

Actively influence social issues that concern our operations with the aim of advancing the development of society, preventing illness and building safe local communities.

Initiatives and performance 2017

- Published the report entitled *The Social Cost of Sick Leave* ("Samhällsförlusten av sjukskrivningar") and generated a debate about the importance of prevention.
- Skandia's Ideas for Life foundation published a report on the value of preventing school failures.
- Opened the Fritidsbanken in Skandia's shopping centre in Frölunda Torg in Gothenburg.
- Established Centrumakademien to give young people the opportunity to validate their skills in internships and increase their chances of employment.
- Trained 67 Swedish and Danish municipalities during the year in the Ideas for Life model: a calculation tool to measure social value.
- Ran a pilot project in measuring social return on investment and trained for Swedish non-profit organisations in the SROI method.

Skandia takes a stand against the taxation of medical insurance as a benefit

During 2017, the government announced that it would tax medical insurance as a benefit as of 1 July 2018. Today, about half a million Swedes from all income groups, have such insurance paid by their employers. Health care funded by insurance policies relieves pressure on the public healthcare system and contributes to better occupational health.

Every day, Skandia sees how great a difference early intervention makes in shortening and avoiding sick leave – early interventions made possible by medical insurance. If taxation as a benefit is introduced, around 120,000 people who today have medical insurance are anticipated to give it up, according to the government's own statistics.

This is likely to contribute to an increased burden on the already strained public healthcare system and an increase in sick leave in Sweden. In 2017, Skandia took a clear standpoint against taxing medical insurance as a benefit both in dialogues with decision-makers and in the public debate.



Virgin Pulse – a new addition to Skandia's health offering

As part of Skandia's work with preventive health, we have developed a unique offering to employees of Skandia's commercial customers – an app that helps users live healthier lives, adopt good habits and stick to them. Using Virgin Pulse for just a few minutes a day can help to keep track of stress levels, sleep, eating habits, daily exercise and physical training. It's a fun, inspiring way for employees to improve their health. During the autumn of 2017, several of Skandia's commercial customers had the opportunity to test the app.

Skandia's employees are testing the app

In 2017, Skandia's employees enjoyed the opportunity to test the app, with good results; 86 per cent of employees signed up to use the app, and after several months 61 per cent were still using it. In a survey carried out by Skandia, 9 out of 10 users said that the health app partly or completely met their expectations.



Skandia Wellness Calculator

Skandia Wellness Calculator was launched in 2015 in collaboration with Uppsala University. The calculator is an online tool that computes how lifestyle factors such as sedentary habits, excess weight, alcohol consumption and smoking affects the health of the individual, society and the employer's costs over time. The purpose of this work is to disseminate knowledge about the value of early preventive measures. During 2017, new industrial segments were added to the tool. In 2018, work will continue by supplementing the tool with statistics concerning mental ill health.

Skandia's offering in health and financial security

Because Skandia understands that growth is created by healthy employees, our offering in health and financial security focuses on preventive interventions and the right rehabilitation. The offering includes sickness, accident and life insurance. Skandia's full-cover concept Hälsokedjan makes sure employees receive the correct treatment throughout the course of an illness, regardless of condition. Hälsokedjan includes health insurance, private care insurance, disability insurance and health services. The surplus created hitherto allows us to offer competitive rates to our customers.

➔ *Read more about our health and financial security offerings in Skandia's annual report.*

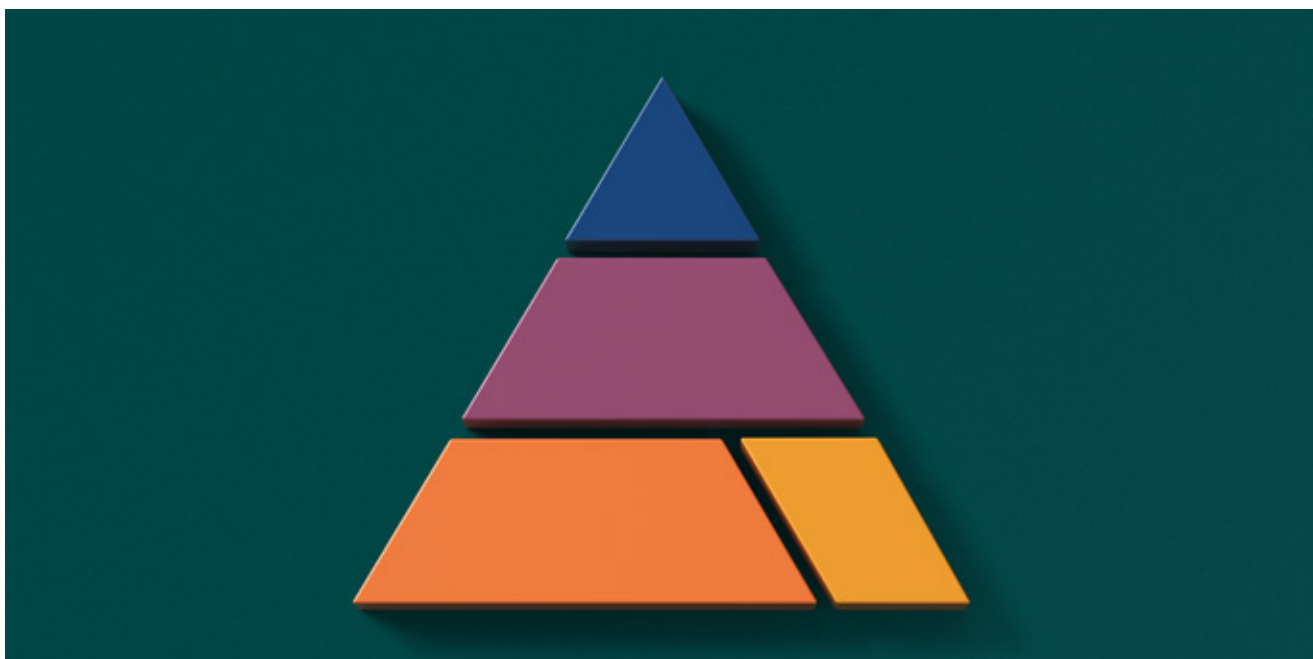
New CBT method for trauma treatment

During the year, Skandia's Ideas for Life foundation funded Uppsala University's research and translation of an evidence-based method that seeks to treat post-traumatic stress. The foundation's support enables adaptation of the treatment method to Swedish conditions. The method can thus be used for traumas such as those caused by sexual violence, war experiences, abuse or addiction. The support is part of the foundation's research and development into mental illness.

Together with BRIS and SKL, Uppsala University continues to train new leaders in professional roles that encounter children and young people suffering from depression and post-traumatic stress, mainly unaccompanied refugee children.

A follow-up study* of young people who have undergone treatment was also carried out during 2017. The study has been published in the scientific journal ECAP.

*Teaching Recovery Techniques: evaluation of a group intervention for unaccompanied refugee minors with symptoms of PTSD in Sweden



Pensions debate

In 2017, the premium pension system was shaken by several scandals reported in the media. It concerned missing retirement money, a lack of control and fund management companies engaged in questionable solutions in a more than 15-year-old pension system, where much of the liability and risk for the pension is transferred to the individual citizen.

During 2017, Skandia engaged pension investigator Mats Langensjö to investigate how a changed premium pension system might look. Langensjö was formerly the government's special investigator in respect of national pension funds. The purpose of the investigation was to initiate a discussion and debate on how Sweden's pension system might best be developed and improved, and what lessons can be learned from the year's events. The basis of the solutions was to maximise retirement outcome for the individual.

Pensions at a crossroads

The result was a report entitled Pensions at a crossroads. The report proposes a new pension system based on a principle of relevant freedom of choice on the basis of seven Government-procured, quality-assured alternatives. In addition to the seven alternatives, the report proposes that other fund options should remain, but it must be clarified to the individual when he or she declines the quality-assured alternatives. Those who do not make a selection automatically end up in AP7 Såfa, which thus serves the purpose intended when the premium pension was introduced. The report states that the future extent of the premium pension system, which is one of the largest funded pension schemes, means that the state needs to adopt a much more professional approach to how pension funds are managed. Skandia launched the report during Almedalen Week, 2017.

Every day, Skandia sees how important it is for individuals to get assistance in taking informed decisions about their retirement savings. In a pension scheme where the individual must take considerable responsibility for his or her own retirement, access to financial advice can make a big difference.

➔ [Read the report in its entirety at skandia.se.](https://www.skandia.se)

Assuring fund quality

Skandia seeks to make as much information accessible as possible and assure the quality of its savers' choices.

During 2017, Skandia began a quality review of all of the funds that will be completed in the first quarter of 2018. The aim is to offer customers simplicity and quality in connection with fund selection.

Research and development to prevent illness

Skandia initiates and funds research projects in collaboration with scientists at several leading universities. The aim is to develop solutions that benefit our customers and society in the form of preventive methods that contribute to physical and mental health, and a sustainable welfare system.

We seek to support research that positively affects human health and prevents disease in the insurance collective or future customers. Skandia works to create customer benefit and to business value through innovation that also advances society and improves health and well-being. A selection of research projects in progress during 2017 and which received financial support:

Sesbic Study: Professor Gunilla Sydsjö Linköping University (SEK 4,455,000*). Women's lives and mental health. A follow-up of women from an earlier study of dysfunctional families and their children's ability to manage their development in society. The study follows up

the women, their ability to work and sick leave.

Picture of arteriosclerosis: Associate Professor Margareta Norberg, Umeå University (SEK 2,500,000*). A study based on static data from 2013 to investigate whether ultrasound images of arteriosclerosis can motivate lifestyle changes such as giving up smoking.

Carbohydrates and insulin requirements in type 1 diabetes: Associate Professor and Senior Physician Annelie Björklund, Karolinska University Hospital (SEK 2,800,000*) "Is the amount of carbohydrates in the diet important for insulin requirements and metabolic control in type 1 diabetes?" Comparative study between traditional diabetic diet and moderately strict low carbohydrate diet.

Reduced sedentary habits in type 2 diabetes: Associate Professor Patrik Wennberg, Umeå University (SEK 406,000*). Six health centres in six different Swedish counties will encourage

physical activity and set goals using activity bracelets and text reminders. A randomised multi-centre study in Swedish primary care.

The consequences for persons of working age who provide care and support to close relations, and their need for support: Associate Professor Elizabeth Hanson, Linnaeus University, Kalmar (SEK 3,924,000*). Evidence-based data for developing cost-effective interventions that support health, well-being, gainful employment and social inclusion.

Chronic Fatigue Syndrome: Associate Professor Gunnar L Olsson, Karolinska University Hospital (SEK 1,858,000*). The project seeks to examine behavioural medical treatment based on whether a modern variant of CBT (ACT) can significantly improve the function and quality of life in patients with ME/CFS.

*The reported amounts (rounded to the nearest thousand) refer to the entire funding for each research project, which may continue for several years.

What smoking costs society

In May, Skandia launched a report drawn up in collaboration with the Swedish Cancer Society and the Swedish institute for Health Economics on what smoking costs society. The report shows that smoking costs society SEK 31 billion per year, equivalent to the entire primary care costs for general practitioners and nurses.

Health care costs caused by smoking amount to SEK 10 billion and the informal care costs, e.g. when someone takes care of a sick relative, amount to SEK 2 billion. In addition, smoking causes production losses of just over SEK 19 billion.

More than one in two smokers dies prematurely, and on average every smoker loses 10 years of his or her life. The report shows that the society would be able to make big savings – both in human and economic terms – if smoking decreased.

Skandia's anti-smoking efforts
Skandia takes clear stand against smoking. We exclude investment in tobacco, both in asset management and mutual funds, in accordance with our owner policy. For policyholders who smoke, we have an additional premium of 50 per cent. Our wellness calculator enables

employers use smoking as a factor in calculations to see the importance of various initiatives to prevent illness in employees.

Collaboration with the Swedish Cancer Society

Skandia also has a long-term collaboration with the Swedish Cancer Society aimed among other things at promoting the prevention of smoking both at the individual and community levels.

➔ [Read the report in its entirety at skandia.se.](http://skandia.se)

Skandia's Ideas for Life foundation – 30 years of sustainability work

Skandia's independent foundation Ideas for Life seeks to create a society with better health and greater financial security. By 2017, Ideas for Life had been in operation for 30 years. During that time, the foundation has supported more than 3,900 local non-profit projects for children and young people, developed methods for preventing illness and social exclusion that may benefit many, and contributed to research into calculating and rendering the value of social initiatives visible.

Ideas for Life acts as a catalyst for positive social change through research, method development and support for local projects.

The basis for Ideas for Life's work is the understanding insurance logic provides that it is profitable in both human and economic terms to predict risks and prevent problems instead of reacting to them once they have occurred. Accordingly, Ideas for Life supports efforts that focus on prevention and early intervention for children and young people. This means increased quality and efficiency in the welfare system and health

initiatives. Funding is via annual returns from the capital Skandia contributed when the foundation was started, and the Skandia Idéer för livet fund, which contributes two per cent of its value to the foundation annually. Skandia bears the foundation's administration and office expenses.

Ideas for Life collaborates with several universities in the development of evidence-based models for preventive interventions and estimating their economic value. In 2017, Ideas for Life collaborated with several Swedish universities and the Stockholm School of

Economics. Ideas for life works closely with non-profit organisations whose prevention activities help foster the development of children and young people. Its collaborative partners include Star for Life, Nattvandring.nu, Save the Children and BRIS.

Collaborations for security

During 2017, Ideas for Life gave further support to journalist and author Caroline Engvall in her efforts to create internet security through various projects such as children's rights dinners, podcasts and the website Safeselfie.se. Skandia also helped arrange lectures on its premises for external experts on how adults should act when children are at risk. The foundation also supported the 'Trast, Trygga barn på nätet' internet child safety initiative that uses a filter to guarantee a known identity behind any account children talk to.

skandia:
Ideas for Life
30 years

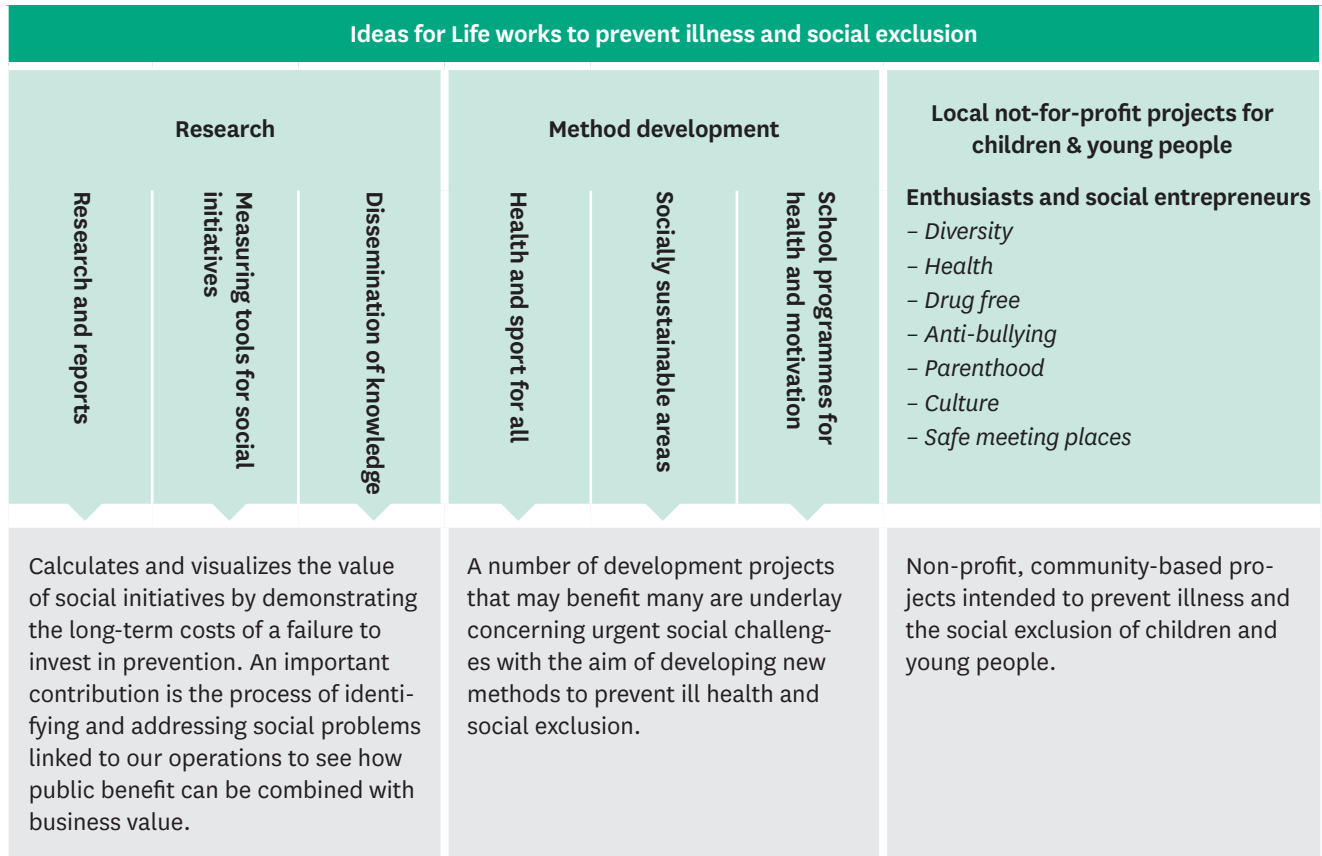
This year's Idea for Life

On the occasion of its 30th anniversary, the Ideas for Life foundation instituted a new award: This year's Idea for Life. The award is in two categories – one to the person(s) with an idea that shows great potential, or one that has already achieved results in solving a social challenge. Ideas for Life seeks to create a society that enjoys better health and security, and with this prize we aim to spotlight important initiatives in these areas.

In the health category, the 2017 prize went to the parents association for dyslexic children and the app DysseAppen. The association does important work disseminating information and knowledge about dyslexia, and the app is already making a big difference to young people who have difficulty learning to read and write.

In the security category, the prize was awarded to the organization TRIS. With its targeted activities and unique expertise, the organisation creates better conditions for girls living under honour-based oppression and helps them find their place in society and develop in safety.

Ideas for Life – a catalyst for innovation



A model for measuring social effects and economic value

The Ideas for Life model was developed together with scientists at Uppsala and Umeå Universities. It is a unique tool for evaluating the effect of social initiatives. The model can be used by municipalities, non-profit organisations and businesses for calculations and decision support data for preventive social initiatives and social investments.

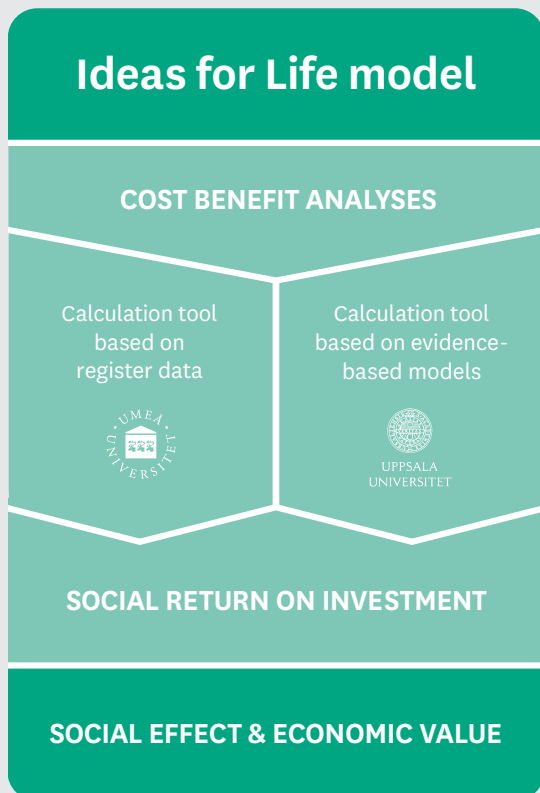
The evidence-based part of the calculation tool includes programs focused on support measures for children and young people, such as social emotional learning, school programmes, programmes for the management of anxiety and depression, parental support programmes and suicide prevention methods.

In another part of the tool, municipalities can make calculations on interventions and programmes that lack evidence and updated data and statistics are necessary for the calculation. This is

to prevent risk factors that lead to mental illness, substance abuse, unemployment and more.

Social Return on Investment (SROI)

In order to follow-up and evaluate initiatives, we use the method Social Return On Investment (SROI), an internationally established concept for planning, measuring, following up and evaluating the value that initiatives and activities contribute socially, environmentally and economically.



What is the Ideas for Life model?

The model is a tool for measuring the quality and efficiency of preventive social initiatives (e.g., preventing illness) aimed at making appropriate preventive interventions at an early stage easier.

The model provides municipalities, businesses and non-profit organisations with data for planning, controlling and evaluating the operation's social initiatives. In this way, the Ideas for Life foundation helps provides research, method development and educational initiatives with innovative capabilities in Swedish and Danish welfare systems. The Ideas for Life model is unique in its method of measuring and evaluating social innovation and initiatives.

Book release: The Way to Social Sustainability

During the year, Ideas for Life published the book “Vägen till social hållbarhet” by Nima Sanadaji and Lena Hök. The book is based on experience and knowledge from 30 years of preventive social interventions and research initiated and supported by the foundation. It describes Sweden's social challenges in detail and suggests possible solutions. In addition, it includes evidence studies showing that it is possible for initiatives not only to deliver the desired benefit to the participants, but also to be economically profitable. The book seeks to inspire dialogue and partnerships aimed at contributing to social sustainability.



Training in SROI methodology

Together with Serus, the Ideas for Life foundation began a training course in 2017 on how to measure the value of social initiatives with the aid of the value chain in the SROI methodology (Social Return on Investment). During the year, the foundation trained four non-profit organisations in measuring the impact of their chosen initiatives. The

course included five training days, as organisations were given the opportunity of ongoing supervision during the eight months it took to complete the measurements. During the year, Ideas for Life also drew up a manual on impact measurement that will be awarded to the non-profit projects given grants by the foundation.

Safe local communities

The design of public environments in cities and city districts has an important effect on social and economic development. Skandia Fastigheter has an important part to play in the development of city districts characterised by safety, good social trends and diversity.

A good example is Skandia's shopping centre Frölunda Torg in Gothenburg, where Skandia's property company and the Ideas for Life foundation are working together over the long term to create safer local communities. Parts of the neighbourhood face socio-economic challenges, and the public transport hub with the tram stop on Frölunda Torg was previously perceived as an unsafe place. Skandia's property company has contributed to extensive renovations and the redevelopment of Skandia Fastigheter's shopping centre, which has helped make the neighbourhood safer. This was shown in a study completed in 2016.

→ Centrumakademin

In October, Ideas for Life, Frölunda Torg and municipal players began a shopping centre academy (Centrumakademin) in a local partnership that gave 21 people who were far removed from the jobs market an opportunity for validating internships in retail stores and other workplaces at the shopping centre. Under the concept, the Skill Centre and the Public Employment Service find suitable trainees. During training, trainees have their knowledge validated and upon completion, they receive a certificate of competence. The purpose of



Centrumakademin is to create collaborations between industry and the public sector to contribute to social sustainability and more people with a sense of inclusion in society.

→ Fritidsbanken

During 2017, Fritidsbanken was opened at Frölunda Torg in a collaboration between Skandia, the City of Gothenburg and Ideas for Life. The organisation loans out sports equipment to provide everyone with an opportunity for healthy leisure pursuits and also to improve integration among children and young people in the area.

Comprehensive social losses caused by sick leave

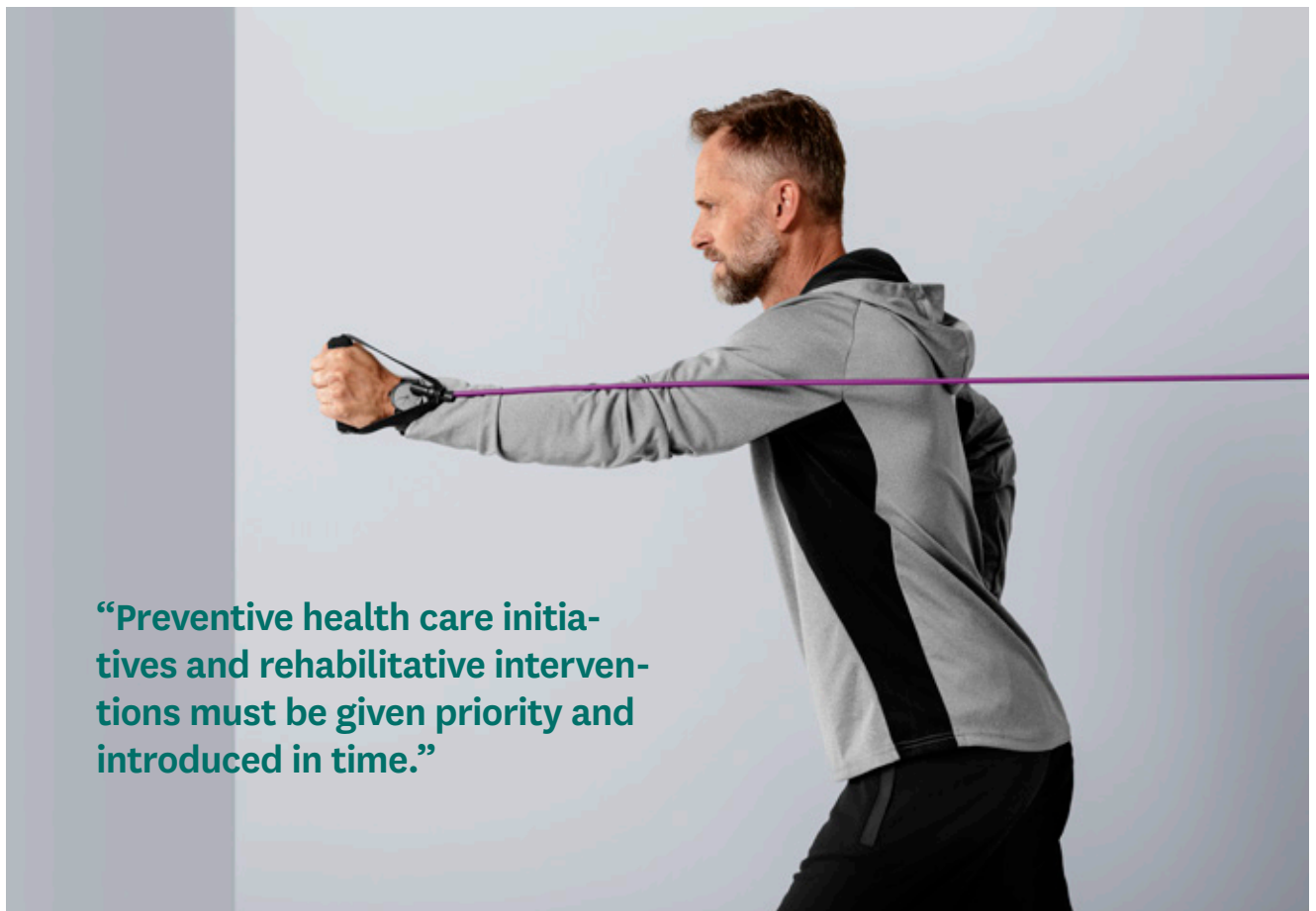
SEK 57 billion and 170,000 person years. This is the loss to Sweden through sick leave in a single year, according to the report entitled *The social cost of sick leave, and the value of people returning from sick leave to work* (Samhällsförlusten av sjukskrivningar – och värdet av att fler går från sjukskrivning tillbaka till job) created by Ideas for Life in 2017 to highlight the value of prevention. Sick leave is a growing major problem in Sweden and every year causes extensive production losses and great human suffering. Preventive health care initiatives and rehabilitative interventions must be given priority and introduced in time.

Even though there are great opportunities for the early prediction and prevention of poor health and thus illness, the greatest efforts are usually made when the individual feels so bad it has led to profound poor health, illness or sick leave in adults with higher costs and more human suffering as a consequence. The report shows the value of lowering thresholds and making it easier for people to get care and treatment in time.

The report was an important tool for Skandia during 2017 in dialogues with decision-makers for demonstrating the importance of preventive initiatives and

early intervention. Skandia helped contribute to additional political initiatives for better health and reduced sick leave at both the local and national levels. In 2017, the government proposed that it should begin taxing paid sick leave as a benefit, something which Skandia feels will be to the detriment of preventive measures.

➔ *Read the report in its entirety at skandia.se/sjuknotan.*



“Preventive health care initiatives and rehabilitative interventions must be given priority and introduced in time.”

Preventing school failures is profitable for society

In 2017, Ideas for Life and Nima Sanandaji launched the study The social cost of school failures (Samhällsförlusten för skolmisslyckanden) based on data from Statistics Sweden. The study showed that school failures among the last graduating class of 24-year-olds is expected to lead to social costs, i.e. a loss of value creation, of SEK 53 billion spread over a working life of 24 to 65 years of age. Around half of the loss that occurs affects individuals in the form of lower incomes, while the other half affects the public sector in the form of lower tax revenues. The results of the study show it to be worthwhile for society to invest to get more young people to complete basic and upper secondary education. The report proposes initiatives such as teacher support and parental support. The foundation works to develop calculation tools for decision makers to facilitate long-term decisions.



➤ [Read the report in its entirety at ideerforlivet.se](http://ideerforlivet.se)



Outcome, 2017

67 municipalities

in Sweden and Denmark were trained during the year by Skandia's Ideas for Life foundation in evaluating the impact of preventive social initiatives and economic value.

113 projects

for children and young people received grants for preventive initiatives in the categories Anti-bullying, Drug-free, Health, Culture, Diversity and Meeting places.

SEK 12.1 million

Granted by the Ideas for Life foundation for research, method development and local projects.

(The amount is reported under the items "Research and method development" and "Children and young", page 24.)

65 000 children and young people

were reached by projects and organisations that received support from Ideas for Life during 2017.

Identified GRI aspects:

Indirect economic impact – Product portfolio, Local communities

GRI indicators: 203-2, FS7, FS13, FS16





An operation that takes responsibility for its environmental impact

Skandia works to reduce negative climate impact and contribute to the promotion of eco-friendly solutions. Pension companies have a great ability to make a difference, both in their own operations and as investors.

72%

72 per cent of Skandia's offices in Sweden have green leases.

92%

92 per cent of the energy consumed in Skandia's office operations comes from renewable sources.

Skandia's owner instructions provide clear directives about our being a role model in terms of sustainability. On this basis, we work constantly for the long-term integration of environmental stewardship in every part of our operation. Even though Skandia's own operation has a limited impact on the environment, it is a high priority issue for us. Not only in terms of minimising our ecological footprint, but also in order to be credible in our advice to customers. We strive for good resource management to reduce the total burden on the climate and the environment in general.

Energy consumption in Skandia's offices

We strive to use only renewable energy in our office operations. Today, 92 per cent comes from renewable sources. When setting up or renovating offices we set high environmental standards for the property and environmental requirements regarding the purchase of furnishings and services. For example, our head office is environmentally classified and 72 per cent of Skandia's own offices in Sweden have green rental agreements.

Limiting business travel

In order to limit our direct environmental impact, we have a travel policy that encourages all employees to reduce their travel by air and road and wherever possible use alternatives to meetings in person. During the year we continued the roll-out of alternatives to meetings in person by creating more opportunities for digital meetings, both internally and externally.

Carbon offset

The emissions that Skandia's own operations give rise to despite our efforts, have been offset since 2012 by our contributing to a carbon offset project. Skandia always chooses projects that are certified by the Gold Standard. Emissions generated in 2017 are offset via the same project as the previous year – the Prony wind farm in the New Caledonia archipelago. The project contributes both environmentally and socially to a sustainable development in the local community.

Environmental responsibility

Overall goals

Conduct operations that reduce our ecological footprint in all areas and which influence others in our business environment to practice environmental stewardship.

Initiatives and performance 2017

- SEK 8.9 million from Skandia Världsnaturfonden to the WWF.
- Launched its own sustainable fund and eco-labelled a total of three funds with the Nordic Swan. Added a climate fund to our offering and a fund that focuses on green bonds.
- Increased focus on climate issues in dialogues with external fund managers.
- Investments in technologies that promote clean water, renewable energy and a reduction in coal power.

Carbon footprint of Skandia's equity funds

Climate is one of our time's most important sustainability issues. Accordingly, Skandia has signed the UN Montréal Carbon Pledge initiative and has committed to annually measure and report the carbon footprint of its equity funds.

The purpose of measuring and reporting the funds' climate footprint is to increase transparency for savers with regard to the environmental impact of their investments and to contribute to its reduction over the long term.

Method for calculating carbon footprints

We report carbon dioxide emissions in Skandia's own equity funds in relation to the underlying companies' revenues, weighted to the size of a fund's holdings. This key indicator tells us how carbon efficient companies in the fund

are. The difference between the various funds' carbon footprints may depend on a number of factors. For example, companies in industries such as power generation, steel and cement usually emit more carbon dioxide than companies that operate in the IT and pharmaceutical industries. The difference may also depend on where in the world the companies in the funds operate and how the energy mix in a particular country appears.

Skandia has appointed the Center for Social and Sustainable Projects AG (CSSP) to calculate the funds' carbon footprints. The calculations are therefore based on the information that South Pole has about the companies. In certain funds, not every holding provided information about emissions. We have had emission data for

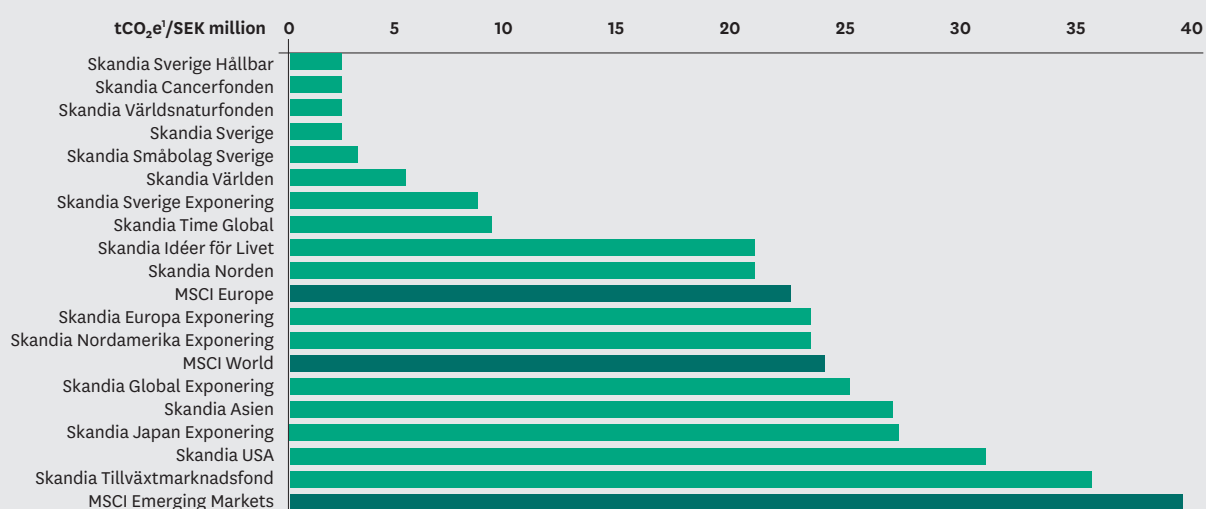
at least 85 per cent of the market value of the shareholdings in the respective reported and calculated funds.

Carbon footprint of Skandia's equity funds

Reporting is based on a snapshot of equity fund holdings and market value as of 31 December 2017. The values will vary over time in line with changes in the companies' reported emissions and also through changes in fund composition as market values go up or down and when the asset manager buys or sells shares in the fund.

➔ *Read more about how carbon footprints are measured at skandia.se/sustainability.*

Carbon dioxide emissions in relation to portfolio company revenues in tonnes of CO₂e* per SEK million



1) CO₂e or carbon dioxide equivalents is a unit of measure that allows comparisons between the impact of various greenhouse gases. Expressing emissions of a given greenhouse gas in CO₂e indicates how much carbon dioxide would be required to have the same environmental impact.

Environmental impact related to our operation

Our indirect environmental impact comes from the purchase of products and services, and our investments. To reduce our ecological footprint in terms of indirect impact and to help encourage others to take a more sustainable direction, we integrate environmental stewardship into our processes and exert influence through dialogues and collaboration with others.

Investment impact on the environment

At Skandia, we work actively to integrate sustainability into our investments. We collaborate with other oper-

ators and organisations to encourage trade and industry to take a more sustainable direction.

In a joint venture with Vattenfall, Skandia invests into wind power generation. The project began in 2014 and has an investment period of 25 years. The latest wind farm in the project – Höge Våg in Kristianstad municipality – was inaugurated in November 2016.

➤ *Our responsible investments in climate and the environment are described in the section entitled Responsible Investments on page 34.*

Sustainability in the supplier chain

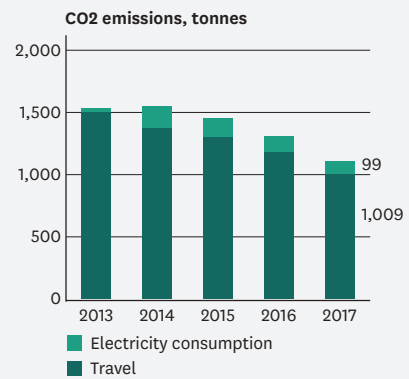
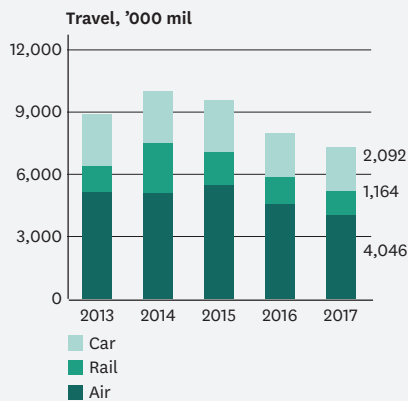
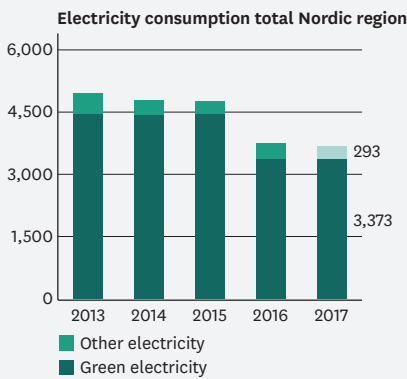
Our purchases of goods and services to our own office such as cleaning, office supplies, food and drink and IT services impact the environment in a number of ways. We have a structured process for obtaining information on the sustainability efforts of suppliers, and we integrate the process into our risk analyses of suppliers. Sustainability issues are addressed in dialogues with suppliers in various ways during the period of collaboration.

➤ *For information about Skandia Fastigheter's supplier chain, see page 52.*



Outcome, 2017

Skandia's environmental key indicators



In accordance with the definitions in the Greenhouse Gas Protocol (GHG), a global standard for the measurement, management and reporting of greenhouse gas emissions, climate emissions from Skandia's electricity consumption sort under Scope 2, and emissions from our business travel under Scope 3.

Identified GRI aspects:
Energy, Emissions

GRI indicators:
302-1, 305-2, 305-3

Skandia Fastigheter's efforts to minimise environmental impact

Skandia Fastigheter works actively to reduce the company's ecological footprint and contributes to responsible development of the industry. The property company has greater impact on the environment than other parts of Skandia's business and this depends mainly on the use of energy and materials.

Skandia Fastigheter owns, manages and develops properties in the segments of offices, shopping centres, residential and public buildings. Property holdings account for around 10 per cent of

Skandia's investment portfolio and at year-end 2017 the company has 141 managed properties with a value of approximately SEK 55 billion and a lettable area of around 1.2 million square metres.

From a sustainability perspective it is important to make sure the ecological footprint is as small as possible. As property owners, Skandia Fastigheter has excellent opportunities to influence the local environment and the ecological footprint of our buildings through the use of energy and materials. Skandia Fastigheter's management system is certified according to ISO 14001 and it



works constantly to reduce the environmental impact in the areas of energy, materials, chemicals and waste.

Reduced energy consumption

All the electricity we buy for our properties is generated from renewable energy – half from hydro and half from wind. Since 2015, we have calculated carbon dioxide emissions from our business using the international Greenhouse Gas Protocol. Our choice of only buying renewable electricity led to a saving of around 25,000 tonnes of carbon dioxide equivalents during 2017.

Climate-neutral district heating

Major part of our estimated carbon dioxide emissions is attributable to the use of district heating by our properties. To reduce these emissions, we have decided to sign an agreement for climate-neutral district heating with Fortum Värme. The new district heating agreement, which came into force at the beginning of the year, covers 37 of our properties, all of which have heat supplied by Fortum Värme. Fortum Värme is working to become completely carbon neutral by 2022 and until then we will make sure that district heating does not contribute to net global warming.

Materials and chemicals

One of Skandia Fastigheter's goals is to limit the use of hazardous substances and non-renewable materials and resources. Accordingly, Byggvarubedömningen (a building material assessment system) is used prior to the purchase of new construction material and products. The system's assessment values are based on the chemical contents of products together with a number of life-cycle criteria. An inventory list of all cleaning products used throughout the property portfolio was drawn up in 2017.

Waste

Skandia Fastigheter works according to Sweden's national waste plan to reduce the negative environmental impact arising from our operations due to the generation of waste.

Last year, a new central agreement was signed with waste management entrepreneur Ragnsells, and work progressed during the year on implementing it throughout our property holding. The agreement entails measuring the waste from our properties in 2018, and during 2017 we determined which key indicators must be followed up over time to reduce waste volumes. The agreement also means our ensuring the management of hazardous waste and enables better fraction sorting.

Reuse and recycling

During the year, two reconstruction projects were under way with Malmö Återbyggdepå to recycle construction materials. Malmö Återbyggdepå is an independent labour market/environmental project between Malmö and the recycling company, SYSAV. It manages and sells used construction material to private individuals and companies willing to use construction material that is recyclable. The operation provides gainful employment to people outside the labour market, thus also contributing to the greater public benefit. Thanks to our collaboration, we were able to put more than 14 tonnes of construction material and 8 cubic meters of ceiling and glass fibre to good use in the office building on Skomakaregatan 3 in Malmö. This is a step in our recirculation efforts where we save resources while also creating conditions for social sustainability.

Cooperation with Myrorna

For several years, Skandia Fastigheter has conducted a collaboration with Myrorna. It entails placing clothing

boxes in the vicinity of our properties, so far mainly in our residential areas in Stockholm and Gothenburg, but also at our Väla shopping centre in Helsingborg. The collected textiles go for reuse and recycling through Myrorna's second-hand operation. During 2017, we collected a total of 29 tonnes of textiles, which is equivalent to 435 tonnes of CO₂, 290,000 cubic metres of water and 44 tonnes of chemicals. The aim is to continue scaling up the collaboration and increasing the volume of collected textiles.

Responsible supplier chain

Skandia Fastigheter's existing social sustainability work includes a code of conduct for suppliers, active participation in Byggvarubedömning's preparation of social assessment criteria for building materials and products, and a sustainability policy.

Skandia's property company worked during the year on updating both its sustainability policy and code of conduct. Together with human rights experts, we conducted a thorough analysis of our operation and used it as the basis for an action plan describing how to achieve continuous improvement in this area. We are currently engaged in a supplier risk survey on the basis of the four sustainability areas of human rights, employees' rights, the environment and anti-corruption as the basis for initiating an audit of our suppliers.

➤ *Read about how Skandia Fastigheter contributes to a safer society on pages 44.*

Honourable mention to Väla when Solar prize was awarded

In April, the Solar Energy Association of Sweden awarded the Annual Solar Energy Prize. At the prize giving, Skandia Fastigheter's Väla shopping centre in Helsingborg received an honourable mention for its solar cell installation. Väla's solar cell installation was spotlighted as a role model for other property owners and was especially praised for its beneficial use of electricity and its system for reducing the load on the roof. The Väla project led to a feasibility study in which Skandia Fastigheter surveyed the potential of its entire property holding for solar cell installations.

Environmental inventory – property

Skandia Fastigheter conducts an environmental inventory of all its buildings under the Sweden Green Building Council's system. The inventory is carried out in three areas; energy, indoor climate and materials. Depending on a building's performance, it can reach Bronze, Silver or Gold level. Buildings that meet the appropriate criteria are certified. At year-end 2017, around 90 per cent of our buildings had been inventoried under Green Building criteria and 42 per cent according to Green Building, BREEAM and LEED.

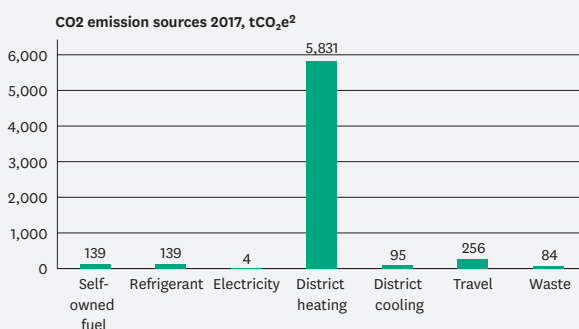
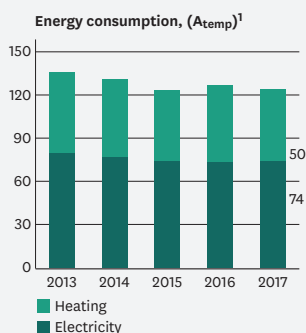


Outcome 2017 Skandia Fastigheter

Skandia Fastigheter – reduced energy consumption

Skandia Fastigheter's long-term goals in terms of energy is to reduce energy consumption in our property holding by 3 per cent per year until 2020, and then by 1.5 per cent annually until 2050. To achieve this goal, while also reducing carbon emissions arising from energy consumption, we work constantly to improve energy efficiency in our portfolio.

Skandia Fastigheter's environmental key indicators



In accordance with the definitions in the Greenhouse Gas Protocol (GHG), a global standard for the measurement, management and reporting of greenhouse gas emissions, climate emissions from Skandia Fastigheter's consumption of its own fuels and filled refrigerant sort under Scope 1. Electricity, district heating and cooling are categorised as Scope 2 and emissions from waste management and business travel sort under Scope 3.

Identified GRI aspects:
Energy, Emissions

GRI indicators:
302-1, 305-2, 305-3



Skandia's success depends on its employees

Skandia's success depends on customer perception in encounters with Skandia employees. Leadership is critical in Skandia's organisation to ensure competence and commitment to making a difference for the customer and the community alike.

The company culture at Skandia is based on the commitment of all employees, a willingness to learn new things and an ability to take responsibility for achieving their individual goals.

Skandia works systematically to provide an inclusive workplace where everyone can feel safe and there are opportunities for participation and development. We have worked for many years with set dialogues on different work environment themes such as values and team contracts, zero tolerance of discrimination and sexual harassment, results from employee surveys and team development.



Focus on health

Skandia seeks to enable a healthy lifestyle for all employees and the health products available to our customers are also offered our employees. Skandia employees have access to health insurance that works pro actively, in addition to disability insurance and private care insurance. We also offer special resources to support managers in their efforts to prevent ill health and support rehabilitation.

Virgin Pulse

During the year, Skandia initiated a number of health promotions. An especially popular initiative was the activity bracelet and its associated app – Virgin Pulse – which is offered to all employees.

For further information about Virgin Pulse, see page 38

Constant monitoring of Skandia as a workplace

Skandia follows up performance and job satisfaction through continual performance management (PM) dialogues between managers and employees.

During the year, the PM process was developed to include monthly focus dialogues. The aim is for employees and managers on these occasions to discuss goals and expectations, recognise successes, lessons learned and make any necessary changes in priorities.

Commitment in the employee survey

Another example of the ways we learn how our employees perceive their work situation is through the annual employee survey. The response rate in this year's employee survey was high – 88 per cent – which reflects a high level of commitment. Especially noteworthy were the questions concerning leadership, which enjoyed the highest average rating of 4.22 out of 5. During the year, Skandia's invested in leadership development by clarifying decision-making authority and responsibilities in the operation has produced results. Employees recognise this authority and managers delegate and show confidence. The survey also shows that Skandia needs to work more with feedback. There has been movement in the right direction but there is still room for improvement. ➔

Long-term employer

Overall goals

Committed, healthy employees who are well founded in our values and able to perform and develop.

Initiatives and performance 2017

- Introduced Virgin Pulse as a health offer to all employees. In an internal survey, 9 out of 10 users stated that the app partially or wholly fulfilled expectations.
- Implemented team dialogues on bullying, harassment and sexual harassment.
- Began to follow eNPS (employee Net Promoter Score) with a score of 7 on a scale of -100 to +100.

► **Resource and skills supply**

Skandia is part of an industry in rapid change primarily driven by new regulations, customer behaviour and digitalisation. By helping to push through major changes and following developments, we create space for our employees to develop their personal and professional skills. Skandia's culture is based on commitment and willingness to develop and take responsibility for achieving both the company's and their own individual goals. Employees at Skandia have the opportunity to grow in several ways, e.g. through everyday learning from colleagues, participation in change projects, training courses, mentoring or participation in networks.

A rapidly changing world also demands the ability to structure staffing and safeguard development capacity. For Skandia's part, this means a continuous review of skills, organisational structure and the requirement for internal and external resources. Employees stand for stability and continuity, while external expertise is brought in during peak demand or when we need specialists.

Equality and diversity

Skandia monitors diversity and gender equality in the company through pay surveys, employee surveys and the identification of gender equality variables using the external Jämix benchmarking tool. The gender distribution in Skandia's board, executive management and people in managerial positions is relatively good (within the 40-60% band); however, challenges remain in certain personnel groups, such as IT. Skandia works with team dialogues, values and culture on an ongoing basis to integrate diversity in the operation.

Union involvement and collaboration

At the local level, we have a close dialogue with the organisations representing employees. This takes place through co-determination negotiations (MBL) in accordance with the cooperation agreement with local trades union partners.

All Skandia employees in Sweden are covered by collective agreements. There are two agreements at the central branch level, one between the Insurance Industry Employer Organisation (FAO) and insurance White-Collar Workers

Union (FTF) and another between FAO and the Swedish Confederation of Professional Associations (SACO).

The majority of employees at Skandia in Denmark are covered by the collective agreement between Forsikringsforbundet (insurance employees union) and the financial sector's employers' association. People in managerial positions are not covered by the collective agreement but are employed under the relevant employer legislation. At the local level, employees are represented by the local chapter of the insurance employees union.



Skandia operates in Sweden, Denmark and Lithuania.

Skandia Lithuania

In 2015, Skandia set up a shared service centre in Lithuania, which today is a place of work for around 100 people. The unit is tasked with providing effective administrative support for the Skandia Group.

The office in Lithuania provides a modern working environment. All employees have access to health insurance, opportunities for wellness care, Swedish language studies and the opportunity to participate in voluntary work. During 2017, the first non-profit project was introduced that targeted children in the 7-11 age group. The aim of the project was to arouse their interest in economics to help them understand the benefit of economics in day-to-day life.

SAFe - an agile development methodology

We are constantly working to see how we can do things more efficiently and increase our implementation abilities, and to this end we introduced a framework in 2017 regarding how to run effective modern development according to a tried-and-tested model, SAFe (Scaled Agile Framework). If it is successful, the plan is to introduce SAFe in a wider context at Skandia, in units where the framework is well-suited. Experiences from other companies that have introduced SAFe show clear improvements in delivery ability, commitment and job satisfaction among employees. This also creates an opportunity for our employees to develop skills through training and working with a modern approach and in teams where individuals expand their skills into neighbouring fields.



Key indicators

Gender distribution

Per cent	2017	2016
Employees		
Women	50%	51%
Men	50%	49%
Managers		
Women	46%	42%
Men	54%	58%
Company management		
Women	40%	45%
Men	60%	55%
Board incl. employee representatives		
Women	34%	42%
Men	66%	58%
Councillors		
Women	57%	52%
Men	43%	48%

4.17

The outcome concerning the question on the overall assessment of Skandia as an employer on a 5-point scale

2 402

Average number of employees in 2017

Country	2017	2016
Sweden		
Average number of employees	2,016	2,139
Sickness absence	3.5	3.47
Denmark		
Average number of employees	274	253
Sickness absence	2.9	3.0
Lithuania		
Average number of employees	112	95
Sickness absence	2.9	2.2

Zero tolerance of bullying and sexual harassment

Skandia's zero tolerance of bullying and sexual harassment is an important principle. Bullying and sexual harassment are unacceptable and things that we work constantly to prevent and stop if they occur.

In 2017 in the employee survey, 1.3 (2.8) per cent of employees stated that they were subjected to bullying or harassment and 0.3 (0.5) per cent experienced sexual harassment. The difference in the outcome can be partly explained by the addition of the alternative response 'do not wish to answer' in this year's survey. This year's survey also included a number of follow-up questions that provide Skandia with a better understanding of how situations that arise are managed. Efforts continue towards the ultimate goal of bringing these numbers down to zero. As part of this work, all teams will attend a workshop aimed at the early detection and thus prevention of bullying and harassment.



Outcome, 2017

Area	Goal	Outcome, 2017																					
Equality and diversity	Skandia seeks to be the industry's most attractive workplace where everyone is treated with respect and dignity and where women and men have equal rights, opportunities and responsibilities. Skandia's equality and diversity plan includes measures for each one of these objectives.	Work on diversity and equality is monitored mainly through the potential for equal opportunities for development and career opportunities regardless of gender. Every year, Skandia conducts a Jämvix survey that identifies gender equality variables using external benchmarks. The outcome for 2017 shows an improvement compared to the previous year. See outcomes for "Gender distribution" and "Trends" for 2017.																					
Trends	All employees must enjoy equal conditions regarding development and career opportunities.	The response to a question in this year's employee survey regarding men and women enjoying the same conditions and opportunities was 4.53 on a scale from 1-5.																					
Pay survey	No unjustifiable pay differentials may occur between men and women.	Skandia conducted a pay review during 2017. The survey showed there to be no unjustifiable pay differentials between men and women. An equivalent survey was conducted in 2016. No unjustifiable pay differentials were shown to exist then either.																					
This year's employee survey	During the year, Skandia changed the employee survey model, for which reason comparisons with previous years are not practical. A 5-point scale is used for the sub areas in the table on the right, where 3.9 is considered a good result. In addition to these metrics, and as of 2017, Skandia uses eNPS (employee Net Promoter Score), i.e. the extent to which employees would recommend Skandia as employer.	<table border="1"> <thead> <tr> <th></th> <th>2017</th> <th>Benchmark</th> </tr> </thead> <tbody> <tr> <td>Motivation/performance</td> <td>3.97</td> <td>3.9</td> </tr> <tr> <td>Leadership</td> <td>4.22</td> <td>3.9</td> </tr> <tr> <td>Trends</td> <td>4.18</td> <td>3.9</td> </tr> <tr> <td>Organisation/business</td> <td>3.80</td> <td>3.9</td> </tr> <tr> <td>Work environment</td> <td>3.97</td> <td>3.9</td> </tr> <tr> <td>eNPS</td> <td>7</td> <td>> 0</td> </tr> </tbody> </table>		2017	Benchmark	Motivation/performance	3.97	3.9	Leadership	4.22	3.9	Trends	4.18	3.9	Organisation/business	3.80	3.9	Work environment	3.97	3.9	eNPS	7	> 0
	2017	Benchmark																					
Motivation/performance	3.97	3.9																					
Leadership	4.22	3.9																					
Trends	4.18	3.9																					
Organisation/business	3.80	3.9																					
Work environment	3.97	3.9																					
eNPS	7	> 0																					
Balance	All employees must be able to reconcile work with family life and free time under the same terms.	This year's employee survey shows that 71.4 (70.2%) of employees wholly or in part believe it is possible to combine work with parenthood. It is an important issue and accordingly, Skandia offers the opportunity for part-time work until children turn 12. Employees are also offered a parental allowance supplement up to 90 per cent of pay.																					
Approach	There may be no discrimination.	1.3 (2.8) per cent of employees stated that they were subjected to bullying or harassment and 0.3 (0.5) per cent experienced sexual harassment. The difference in the outcome is partly due to the appearance of alternative responses in this year's survey. Efforts continue towards the ultimate goal of bringing these numbers down to zero.																					

Identified GRI aspects:

Work environment, health and safety, training and development, diversity and equality

GRI indicators:

403-1, 403-2, 404-3, 405-1



Key indicators, Skandia Fastigheter

Gender distribution

Per cent	2017	2016
Employees		
Women	43%	40%
Men	57%	60%
Managers		
Women	37%	37%
Men	63%	63%
Company management		
Women	33%	33%
Men	67%	67%
Board incl. employee representatives		
Women	20%	0%
Men	80%	100%

Country	2017	2016
Sweden		
Average number of employees	138	126
Sickness absence	3.6	4.1

79

Force for change in the 2017 employee survey (target value 70)

Skandia Fastigheter's zero tolerance of bullying and sexual harassment is an important principle. Bullying and sexual harassment is unacceptable and something that we work constantly to prevent and stop if it occurs.

In 2017 in the employee survey, 7.9 per cent of employees stated that they were victims of bullying or harassment by a colleague or other party linked to work. Efforts continue towards the ultimate goal of bringing these numbers down to zero.

Skandia Fastigheter as an employer

Skandia Fastigheter has around 150 employees in Stockholm, Gothenburg, Malmö and Uppsala.

Gender distribution in the company is around 40 per cent women and 60 per cent men. Skandia Fastigheter's management team comprises three women and six men. Skandia Fastigheter's goal is to achieve gender equality and diversity in both the company's management positions and other professional areas. To achieve this, the company works with a gender equality plan.

Skandia Fastigheter's values – commitment, responsibility, consideration and innovation – characterise the company culture, and there is a high expectation of active employee ship. Everyone is encouraged to commit to taking responsibility for their own, Skandia Fastigheter's, and thus ultimately,

society's development. As part of this work, all employees at Skandia Fastigheter must regularly undergo skills enhancement training and compulsory instruction such as the sustainability course.

In order to ensure continuous improvement in the business, teamwork and leadership are evaluated in an annual employee survey. As in previous years, the outcomes were very good.

As an employer, Skandia Fastigheter has a special responsibility to ensure a good working environment. This includes working with prophylactic health initiatives and the prevention of accidents in the workplace.

Important parts of this work include systematic surveys of operations, the assessment of the risks rendered visible by the surveys, the implementation

of measures to mitigate risks and verify that the measures have indeed contributed to a better work environment. In our systematic work environment management (SAM), we regularly investigate working conditions, assess risks, take measures and follow up our work environment initiatives.

Skandia Fastigheter is a member of the Almega Fastigheter employers' association and is thus covered by their collective bargaining agreements. The trades unions are Fastighetsanställdas Förbund (real estate employees union), the Swedish White-Collar Workers' Union, the Swedish Organisation for Managers, the Swedish Union for Service and Communications Employees and the Swedish Association of graduate engineers.



Outcome 2017 Skandia Fastigheter

Area	Goal	Outcome, 2017																														
Equality and diversity	<p>Skandia seeks to be the industry's most attractive workplace where everyone enjoys the same rights, opportunities and responsibilities when it comes to work, working conditions, skills enhancement and career opportunities.</p> <p>Equality and diversity must always be observed and integrated naturally throughout Skandia Fastigheter's operations.</p>	<p>Work on diversity, equality and skills development is monitored mainly via Nyckeltalsinstitutet's gender equality index (JÄMIX) and an annual employee survey. The 2017 annual employee survey showed that 95 per cent of employees feel that they are given the opportunity by their line manager to develop their skills, while 91 per cent of employees feel they often or sometimes develop professionally in their work. 57 per cent of employees believe that men and women have the same opportunities as regards working conditions and career development, 24 per cent think that men have better opportunities, 1 per cent that women have better opportunities and 18 per cent do not know.</p> <p>JÄMIX shows that Skandia Fastigheter's outcomes are well placed in most of the key indicators. The company's focus in 2017 was on maintaining the positive trend regarding the taking of parental leave, a more gender-neutral management team and greater gender equality in occupational groups. A new focus area for 2017 was reducing long-term sick leave.</p>																														
This year's employee survey	<p>A total index of at least 70 is desirable in the survey (QWC) used. Skandia Fastigheter shows stable, high results – in the employee survey, the total index for the year was 79 (79.1).</p>	<table border="1"> <thead> <tr> <th></th> <th>2017</th> <th>2016</th> <th>2015</th> <th>Benchmark</th> </tr> </thead> <tbody> <tr> <td>Quality objective</td> <td>75.4</td> <td>79</td> <td>83</td> <td>70</td> </tr> <tr> <td>Leadership</td> <td>76.8</td> <td>78</td> <td>80.1</td> <td>70</td> </tr> <tr> <td>Participation</td> <td>86.5</td> <td>85.8</td> <td>87.4</td> <td>80</td> </tr> <tr> <td>Feedback</td> <td>80.1</td> <td>79</td> <td>78.8</td> <td>65</td> </tr> <tr> <td>Efficiency</td> <td>77.3</td> <td>75.2</td> <td>77.6</td> <td>65</td> </tr> </tbody> </table>		2017	2016	2015	Benchmark	Quality objective	75.4	79	83	70	Leadership	76.8	78	80.1	70	Participation	86.5	85.8	87.4	80	Feedback	80.1	79	78.8	65	Efficiency	77.3	75.2	77.6	65
	2017	2016	2015	Benchmark																												
Quality objective	75.4	79	83	70																												
Leadership	76.8	78	80.1	70																												
Participation	86.5	85.8	87.4	80																												
Feedback	80.1	79	78.8	65																												
Efficiency	77.3	75.2	77.6	65																												
Approach	<p>There may be no discrimination.</p>	<p>7.9 per cent of employees stated that they were victims of bullying or harassment by a colleague or other party linked to work. Efforts continue towards the ultimate goal of bringing these numbers down to zero, and are given the highest priority.</p>																														

Identified GRI aspects:

Work environment, health and safety, training and development, diversity and equality

GRI indicators:

403-1, 403-2, 404-3, 405-1



A responsible approach to earn customer trust

The banking and insurance sector is regulated and subject to authorisation that requires good order and clear processes in order to conduct business and ultimately gain customer trust.

Good business ethics is about having good judgement in relationships and working to prevent risks. For Skandia, this means acting responsibly and with integrity in order to protect our assets and reputation. We must take responsibility in every part of our operation and we demand the same of our suppliers and business partners.

Internally, we are guided by the core values reflected in Skandia's policies and which define the values and behaviour that must characterise our actions. Our core values are the building blocks of our company culture and they help every employee make well-founded decisions.

In brief, Skandia's business ethics principles form part of our sustainability policy and make sure that:

- Operations are conducted in compliance with laws and regulations
- Skandia upholds an open, trust-based culture, where undue benefits and influence are unacceptable.
- Business relationships are conducted in an ethical, lawful and correct manner
- No employee or other party acting on behalf of Skandia behaves corruptly or unethically
- No donations are made to political parties or other political representatives
- Skandia complies with the Swedish Anti-Corruption Institute's code of business conduct



Business ethics

Overall goals

To have an approach to suppliers, contractors and partners who contribute to corporate responsibility that creates confidence in Skandia.

Initiatives and performance 2017

- Further development in the analysis of supplier sustainability, including updating the code of conduct for suppliers and processes that promote sustainability in Skandia Fastigheter's supply chain.
- Preparations in the organisation and processes for new regulations regarding personal data processing (GDPR).
- Extensive work with customer due diligence, in part to counter e.g. money laundering and the financing of terrorism.

Sustainable supply chains and collaborations

At Skandia, we set high standards for ourselves when it comes to sustainability, quality and efficiency, and we therefore expect our business partners and suppliers of goods and services to strive to comply with the same standards.

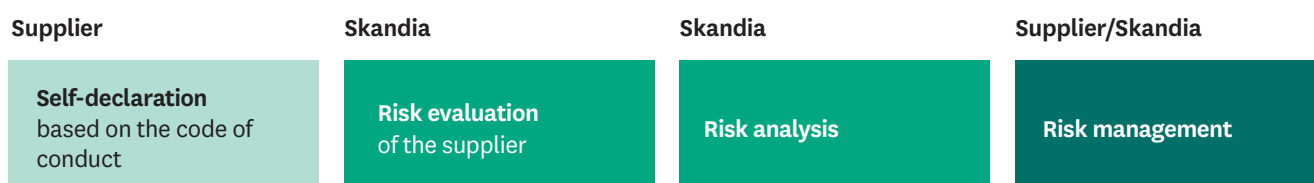
Our expectations of suppliers are defined in our code of conduct. We have developed a model that primarily involves self-declaration and risk analysis in order to evaluate just how sustainable our suppliers are. Self-declaration

is based on our code of conduct and focuses on the supplier's guidelines, processes, goals and follow-up in areas such as working conditions and anti-corruption. Skandia then carries out a risk assessment based on several factors – the industry the supplier operates in, where the operation takes place and the supplier's ability to manage sustainability issues.

Our risk analysis is a weighted average of these factors, which also

contributes to the overall risk analysis of the supplier and the goods or services supplied. If an issue gives us reason to actively manage a sustainability risk in the supply chain, it is done in a dialogue with the supplier and in consultation with Skandia's sustainability department. The method for analysis of sustainability of the supply chain is integrated into Skandia's purchasing process.

Skandia's process for analysing the sustainability of suppliers



High quality of Skandia's external agents

We work pro actively to ensure high quality in our external agents. We also hold ongoing dialogues in which each individual agent has a personal contact at Skandia. Also, we always make sure that agents have FSA authorisation to conduct insurance agent business activities and that knowledge requirements are met, e.g. through Swedsec's certification for financial advisers. We believe that financial advice is highly valued by

our customers and should be rewarded, but that the form of the reward must promote long-term customer benefit, not short-term profits. Accordingly, we have opted out of short-term commissions.

Terminated collaboration with Allra
 Skandia has a responsibility to work exclusively with market operators who we feel live up to our requirements and agreements and also take care of our

customers in a way that creates profitability and sustainability in our business. In 2017, Skandia conducted a renewed review of Allra's funds, following which Skandia chose to terminate the agreement with Allra's fund management company. The background was Allra's poor returns and the fact that there were uncertainties regarding fund management that could constitute a risk for Skandia's customers.

Preventive work for good business ethics

Training plays an important part in ensuring that our employees have the right conditions for upholding Skandia's business ethics principles and that they act in line with the regulations surrounding our business. All employees also undergo training on other important issues, such as countering money laundering, preventing conflicts of interest, fraud and bribery, and how to ensure physical security and information security.

Handling shortcomings

Skandia has a well-established process for handling shortcomings and incidents that occur in our operation. All employees must undergo regular training in incident reporting that enables rapid action to be taken. Our customers are informed about the incidents that affect them directly through our external channels, such as customer service, social media and the website. We always let customers know what they should pay attention to and provide them with recommendations regarding suitable protective measures.

Whistleblower function

Skandia's employees have the ability to anonymously report incidents that may be considered to contravene our business ethics principles. Employees are informed about how to recognise and report such contraventions. These are passed directly to Skandia's central security department which then systematically investigates the matter. Whenever infringements are considered to affect our customers, we always strive to achieve a high degree of transparency.

Minimising risk in the operation

Skandia has a systematic recruiting process that pro actively seeks to minimise operational risks, such as the risk of fraud. Our recruitment selection process is based on expertise, experience and reference checks, as well as formal background checks through an external supplier. We have a tried-and-tested process for assessing any departures from the norm whereby the recruiting manager receives guidance from HR, Group security, and the legal and risk departments.

Internet security

Our world is becoming increasingly digitalised, and Skandia also uses new technology for the convenience of our customers and to meet their expectations. Although we contribute to digitalisation, it is also important for us to do what we can to ensure internet security, particularly for children and young people. It is a natural part of our social responsibility, which also has a clear link to our business. An example of this is Skandia's application of technology to block access to digital abuse material on our work computers. The possession of such material on a Skandia computer is grounds for dismissal.

The financial coalition against child sex trafficking

Together with ECPAT, Skandia founded the Financial coalition against child sex trafficking. Today, the coalition brings together a large number of Swedish banks that collaborate to block payment transactions for the trade in abusive images of children, which makes it more difficult for criminal operators to distribute and monetise abusive images of children. The initiative has received great support in the industry and today, the majority of Swedish banks are part of the Finance Coalition.

Bribery, money laundering and fraud

Skandia works constantly to prevent bribery, money laundering and fraud.

[➔ Read more at skandia.se](https://www.skandia.se)

Quality committee

Since 2014, Skandia has had a quality committee comprising three members: The director of sales, the chief legal counsel and the head of labour law and negotiations. The committee seeks to ensure a customer perspective and customer protection regarding deviations in financial advice, documentation requirements or other key customer protection regulations. The committee decides if matters must be reported to Swedsec.

About taxes

Skandia has a centralised function for managing taxes and tax risks. Tax management at Skandia is governed by a tax instruction that is updated annually and which describes our ethical approach and the management of taxes within the Group.

Skandia's overall goal is to provide customers with good returns on their capital and controlled risks. Accordingly, and as a general principle, Skandia has to take a businesslike approach to tax expense. We strive to uphold high ethical standards in every aspect of the operation, and this also applies to taxation.

The goal of our tax management is to pay the right tax at the right time. Skandia's actions in tax matters must always be in good faith and within the bounds of applicable law. Aggressive

tax planning by means of procedures that border on tax evasion may not occur. The Group's contacts with the tax authorities and tax courts must be characterised by honesty and respect.

The tax Skandia pays is part of our total contribution to society. Major parts of our business are subject to so-called policyholder tax, other parts to traditional company tax. Skandia largely conducts operations that are not subject to VAT. This means that the VAT Skandia pays when purchasing goods and services is not tax-deductible but remains as an expense within the Group (non-deductible VAT).

Skandia has operations in Sweden and in Denmark. The Group also has an administrative operation in Lithuania and a Luxembourg-based company that acts as an alternative investment fund.

Skandia has a founding share in the Luxembourg-based company and thereby a controlling interest in it.

Tax report 2017

In 2017, the Skandia Group's tax expense amounted to SEK 2,285 million (2,031 million). Refer to note 19 on page 98 of the annual report for the tax expense per type of tax and its distribution by country. In 2017, Skandia Group also made social security contributions and paid special tax on employment income to a value of SEK 516 million (519 million) plus property and energy taxes of SEK 209 million (202 million). The Group's expense for paid but not deductible VAT during 2017 amounted to around SEK 356 million (320 million).



Outcome, 2017

173 suppliers

By the end of 2017, a total of 173 of Skandia's suppliers had been analysed for risk according to Skandia's process for integrating sustainability into the supply chain, which represents approximately 59 per cent of our purchasing volume. Responses are documented in Skandia's supplier database.

-9%

During 2017, Skandia received 2,815 complaints. This is a reduction of 9 per cent compared to 2016. Volumes remained stable during the year but rose slightly in July due to technical problems at the bank.

Identified GRI aspects:

Environmental assessment of suppliers; Evaluation of working conditions at suppliers, Complaints mechanism for matters relating to human rights, Corruption

GRI indicators:

103-2, 205-2, 205-3, 308-1, 414-1

Skandia's work with UN global sustainability goals

In 2015, the UN adopted 17 global sustainability goals with a clear expectation that states, the public sector and the business community would contribute with solutions to common challenges. Skandia endeavours to integrate the global goals in its business operations.

When the global goals were adopted by the UN member states, the aim was to tangibly address the sustainability challenges facing the world. Commerce in general and the financial services industry in particular, have an important role to play in developing scalable solutions and driving the transformation necessary to achieve targets by 2030. Skandia is in a unique position to contribute to

several of these goals in that we are a mutual company with a long-term perspective in our operations.

Skandia takes the goals into account in our business, both strategically and operationally, and contributes in particular to goals relating to issues in our arena.

Swedish Investors for Sustainable Development

Skandia participates in Swedish Investors for Sustainable Development (SISD), a collaboration between the largest Swedish institutional investors in Sweden. SISD members interact in different ways to promote the goals of Agenda 2030, Sweden's contribution to the UN's global sustainability goals. Among other

things, indicators are studied and proposed in the private sector process started by GRI, PRI and Global Compact, together with Agenda 2030.

During 2017, Skandia participated in a working group with other SISD members (AP7, AP3, SPP and the Church of Sweden). The group conducted a study of Swedish municipalities' need for investment and funding for water and sewage infrastructure to ensure access to, and sustainable management of, water and sanitation. Skandia contributes funding for water and wastewater treatment plants for eleven Swedish municipalities.

[▶ Read more on page 34.](#)

Frans Lindelöw spoke about sustainability at the UN

In July 2017, Skandia's CEO Frans Lindelöw participated in the Swedish Government's official delegation to the UN's annual high-level forum with a focus on sustainable development, at the invitation of the ICC (International Chamber of Commerce) and the UN Global Compact. Frans Lindelöw was the only keynote speaker from the Swedish business community and was invited to talk about Skandia's sustainability efforts and the importance of trade and industry involvement and contribution to a sustainable society. Frans Lindelöw spoke to an audience of 1500 about such things as the social benefits of the preventive work Skandia does in the health sector, Skandia's alternative investments in renewable energy and the increasing expectations customers and society have of trade and industry in terms of sustainability. The meeting was attended by ministers, scientists and the directors-general from all of the United Nations' member countries. Frans was also part of the Swedish Government's official delegation and participated in several meetings during the three days he was there.



Examples of Skandia's contribution to UN sustainability goals

Global goals	Skandia's role	Social value	UN KPIs
 <p>3 HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> • Health offer and preventive initiatives • Research to prevent illness • Abstain from investments in ill health • Abstain from investments in tobacco • Collaboration with e.g. the Swedish Cancer Society 	<ul style="list-style-type: none"> • Reduced illness and morbidity • Lower costs for the public sector and employers • Shows the value of preventive health efforts • Better cancer treatment 	<p>3.5 Through prevention and treatment, reduce the number of people who die prematurely of non-communicable diseases by one third and to promote mental health and well-being.</p> <p>3.c significantly strengthen the financing of healthcare.</p>
 <p>4 GOOD EDUCATION FOR ALL</p>	<ul style="list-style-type: none"> • Research and method development with a focus on children and young people through Ideas for Life • Collaboration with Star for Life (school method) 	<ul style="list-style-type: none"> • Promotes young people in work • R&D in preventive social initiatives for children and young people • More children completing school 	<p>4.4 Increase the number of young people and adults who have relevant skills for employment, decent work and entrepreneurship.</p> <p>4.6 That all young people learn to read, write and count.</p>
 <p>5 GENDER EQUALITY</p>	<ul style="list-style-type: none"> • Work for an equal opportunity workplace • Initiatives to combat child sex trafficking and sexual exploitation • The Ideas for Life foundation supports projects that work actively for equality in society 	<ul style="list-style-type: none"> • Provides the same career opportunities for everyone, regardless of gender • Prevents child sex trafficking and child abuse 	<p>5.2 Elimination of all forms of violence against all women and girls in public and private spheres, including human trafficking, sexual exploitation and other forms of exploitation.</p> <p>5.5 Ensures women full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.</p>
 <p>7 SUSTAINABLE ENERGY FOR ALL</p>	<ul style="list-style-type: none"> • Investment in renewable energy and green infrastructure such as solar and wind power in Sweden • Exclusion of carbon > 30% from our investment • Sustainability ratings and Sustainability profiles for funds 	<ul style="list-style-type: none"> • Accelerated transition to sustainable infrastructure with lower CO₂ emissions • Increased transparency in financial products enables informed choices by consumers 	<p>7.2 Substantially increase the share of renewable energy in the global energy mix.</p> <p>7.a Strengthen international cooperation to facilitate access to research and technology in clean energy, and promote investment in energy infrastructure and clean energy technology.</p>
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<ul style="list-style-type: none"> • Environmental and social sustainability in Skandia Fastigheter's portfolio • Cooperation with Save the Children, for equality of childhoods and an inclusive society • Founded Nattvandring.nu 	<ul style="list-style-type: none"> • Safer local communities • Greater access to the public sphere • Reduced criminality 	<p>11.7 Provision of universal access to safe, inclusive and accessible green areas and public places, in particular for women and children, senior citizens and people with disabilities.</p>
 <p>17 IMPLEMENTATION AND GLOBAL PARTNERSHIP</p>	<ul style="list-style-type: none"> • Collaboration with various operators in the health chain • Training for 133 municipalities in the value of preventive measures • Dissemination of knowledge • Partnerships and research with universities e.g. Uppsala, Umeå, KI, Gothenburg, Stockholm school of economics, Harvard 	<ul style="list-style-type: none"> • Long-term partnerships that enable prevention and effective new solutions to social problems 	<p>17.17 Encourage and promote effective public and public-private partnerships and partnerships within civil society that build on the experience of other partnerships and their funding strategies.</p>

Partnerships and initiatives

Skandia collaborates with a number of different organisations and operations. We are convinced that the greatest effect is achieved through collaboration across boundaries between business, civil society and the public sector.

Skandia is active in many organisations and associations. Some of them are set out below.

BRIS Skandia is a business partner and shares its knowledge about the impact of prevention work and mental illness. BRIS provides Skandia with knowledge and a better understanding of children and young people's fundamental rights in the community.

CSR Sweden is one of the leading business networks that focuses on corporate social responsibility and community involvement.

Swedish Investment Fund Association is an industry organisation that seeks to protect the interests of mutual fund investors and fund management companies. Skandia's fund management company is represented in several working groups dealing with various issues related to regulatory compliance, marketing, operational matters, tax and accounting.

Byggarbedömningen (building material assessment) assesses and provides information on environmentally assessed goods in the construction industry and helps achieve a good, non-toxic built environment. Skandia's property company is an active member.

Save the Children Collaboration in the "På Lika Villkor"-project with the aim of increasing security in Sweden's local communities. The collaboration is between Skandia, Save the Children, Accenture, IKEA and Apoteket, a Swedish, state-owned pharmacy chain.

NMC (The Swedish Association for Sustainable Business) is an independent, non-profit association of companies and organisations that seek to improve and encourage sustainable development. Skandia is an active member.

SNS (Centre for Business and Policy Studies) Skandia is a member of SNS. An independent organisation that builds bridges between social scientists and policy makers in the private and public sectors.

The Swedish Cancer Society Skandia is the principal partner in the Cancer Society. Together we are able to contribute to more research and knowledge about vital issues e.g. the prevention of illness and helping more people get healthy.

Sustainable Value Creation is a joint project that began in 2009 between 17 of Sweden's largest institutional investors. Skandia is one of the organisation's founding partners.

The KK-(knowledge foundation) project for enhancing transparency and enabling the integration of sustainability aspects in alternative investments. The project is a co-production between the KK foundation, experts and stakeholders. Skandia is a partner and partial funder of the project.

PRI stands for Principles for Responsible Investment and is an initiative under the UN flag to help investors integrate sustainability in their investment strategies and decisions. Skandia signed up on 7 November 2014.

CDP Skandia has signed CDP, an initiative that seeks to identify risks, management and prevention concerning climate, water and forest issues.

The City of Stockholm forum for sustainable buildings is a forum with the City of Stockholm and a number of property owners for the exchange of experiences and developing sustainability.

Swesif Sweden's forum for sustainable investment, which among other things has been instrumental in the development of sustainability's image. Swesif is an independent industry association for organisations that work for or with sustainable investments in Sweden. Skandia is an active member.

The financial coalition against child sex trafficking Skandia's collaboration with ECPAT and the police that began in 2007 led to the formation of the Swedish financial coalition against child sex trafficking founded in 2008. The initiative has helped make it more difficult for criminal elements to make money from images of the abuse of children.

Global Compact is a UN initiative for businesses. Its ten principles address human rights, labour, the environment and corruption. Skandia is a member and undertakes to comply with Global Compact principles and report annually.

Nattvandring Skandia helps support, promote and develop night patrol in Sweden, with the aim of creating safer local environments.

Star for Life is a non-profit organisation with a unique teaching method used in Swedish schools aimed at boosting student self-confidence, drive and motivation to study. Skandia is the principal partner and supports the organisation's method development.

Sweden Green Building Council is a leading organisation for sustainable construction that promotes green construction and a sustainable urban development and public works industry. Skandia's property company is an active member.

Insurance Sweden is an Industry Association for insurance companies that addresses issues such as good operating conditions for insurance companies; the promotion of high confidence in the insurance sector, and increasing knowledge of private insurance policies in society.

Wild Fund for Nature (WWF) Skandia supports the WWF through its unit-linked fund Skandia Världsnaturfonden and thus contributes to the WWF's efforts to protect endangered and unique species and ensure that the planet's resources are shared equitably and sustainably.

Auditor's statement regarding the statutory sustainability report

To the annual general meeting of Skandia life insurance company, mutual company registration number 516406-0948

Assignments and responsibilities

The Board of Directors is responsible for the 2017 Sustainability Report and for its preparation in accordance with the Swedish Annual Accounts Act.

Scope and direction of the review

Our review has been conducted in accordance with FAR recommendation RevR 12 Auditor's statement on the statutory sustainability report. This means that our review of the sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and auditing standards generally accepted in Sweden. We believe this review provides us with sufficient grounds for our opinion.

Statement

A sustainability report has been prepared.

Stockholm, 11 April 2018



Svante Forsberg
Authorised Public Accountant

GRI Index

Skandia's ambition in publishing an annual sustainability report is to provide an open, balanced report of our standpoints, activities and outcomes in areas that we have identified as essential for sustainable business operations. The process of identifying the significant areas is described on pages 14-15 of Skandia's 2017 sustainability report. We believe that Skandia's sustainability report and annual report for the 2017 calendar year enables a correct assessment of the company's sustainability work. The latest sustainability report was issued in April 2017.

This year's sustainability report – Skandia Group's seventh – has been prepared in accordance with the requirements of

the GRI Standards including the financial services (FS) sector supplement. Skandia Fastigheter, a wholly owned subsidiary, is included in cases where reference is made to the company; all countries with operations during 2017 are included. In accordance with chapter 6, section 11 of the Swedish Annual Accounts Act, Skandia has chosen to prepare the statutory sustainability report separately from the mandatory annual report.

This GRI Index provides references to where indicators and disclosures can be found in Skandia's 2017 sustainability report (SR) and its 2017 annual report (AR).

GRI STANDARD		
GRI 102: General disclosures 2017		
Information	Description	Page
Organisational profile		
102-1	Name of organisation	SR: Cover
102-2	Businesses, brands, products and services	ÅR: 21
102-3	Location of head office	ÅR: 75
102-4	Countries in which the organisation operates	SR: 63
102-5	Nature of ownership and legal form	SR: 18 ÅR: 35-39
102-6	Markets in which the organisation operates	SR: 63
102-7	The size of the organisation	SR: 3
102-8	Information about employees and others who work for the organisation	SR: 56-57
102-9	Supplier chain	SR: 61
102-10	Significant changes regarding the organisation and supply chain	SR: 9 ÅR: 54
102-11	Precautionary principle	Skandia follows the precautionary principle e.g. by following the UN Global compact's ten principles including the precautionary principle, and through the property company's environmental management which is certified according to ISO 14001.
102-12	External sustainability initiatives which the organisation supports/is subject to	SR: 28, 64
102-13	Membership of organisations	SR: 66
Strategy		
102-14	Statement from senior management	SR: 9
102-15	Description of the organisation's key impacts, risks and opportunities	SR: 9, 10-11, 12-13, 17 AR: 84-92
Ethics and integrity		
102-16	Values, principles and ethical guidelines	SR: 60 www.skandia.se
Governance		
102-18	Governance structure	SR: 18-29 ÅR: 35-43
Stakeholder dialogues		
102-40	List of stakeholder groups	SR: 14-15
102-41	Collective agreements	SR: 55
102-42	Identification and selection of stakeholders	SR: 14-15
102-43	Methods for stakeholder dialogues	SR: 14-15
102-44	Important issues raised	SR: 14-15

Information	Description	Page
Reporting practice		
102-45	Units included in financial accounting	SR: 2
102-46	Definition of report content and boundary issues	SR: 14-15
102-47	List of significant issues	SR: 14-15
102-48	Changes to information	SR: 35 Assets under management in 2016 in Skandia's fund management company in the 2016 sustainability report applied only to assets under external management.
102-49	Changes in reporting	SR: 2
102-50	Reporting period	SR: 2
102-51	Publishing date for the previous report	SR: 2
102-52	Reporting cycle	SR: 2
102-53	Contact for matters concerning the report	SR: 2
102-54	Reporting in accordance with GRI Standards	SR: 2
102-55	GRI Index	SR: 2
102-56	External audit	SR: 2
SIGNIFICANT ISSUES		
Information	Description	Page
FINANCIAL STANDARDS		
GRI 103: Sustainability governance 2017 and GRI 201: Financial performance		
103-1, 2, 3	Explanation of the material topic and its boundary, the management approach and its components, and evaluation of the management approach.	SR: 14-17
201-1	Direct economic value generated and distributed	SR: 5, 7-8
GRI 103: Sustainability governance 2017 and GRI 203: Indirect economic influence		
103-1, 2, 3	Explanation of the material topic and its boundary, the management approach and its components, and evaluation of the management approach.	SR: 14-17
203-2	Significant indirect economic value creation, including the extent of the effects.	SR: 4-5, 43, 46
GRI 103: Sustainability governance 2017 and GRI 205: Anti-corruption		
103-1, 2, 3	Explanation of the material topic and its boundary, the management approach and its components, and evaluation of the management approach.	SR: 14-15
205-2	Communication and training in anti-corruption policies and procedures	SR: 62
205-3	Confirmed cases of corruption and actions taken	No reported cases of corruption in 2017.
ENVIRONMENTAL STANDARDS		
GRI 103: Sustainability governance 2017 and 302-1 Energy use within the organisation		
103-1, 2, 3	Explanation of the material topic and its boundary, the management approach and its components, and evaluation of the management approach.	SR: 14-15, 48
302-1	Energy use within the organisation	SR: 48-50, 53
GRI 103: SUSTAINABILITY GOVERNANCE 2017 AND 305 GREENHOUSE GAS EMISSIONS		
103-1, 2, 3	Explanation of the material topic and its boundary, the management approach and its components, and evaluation of the management approach.	SR: 14-15, 61
305-2	Energy-related indirect carbon dioxide emissions (Scope 2)	SR: 48-50, 53
305-3	Other relevant indirect greenhouse gas emissions by weight (Scope 3)	SR: 48-50, 53
308-1	Percentage of new suppliers evaluated according to environmental criteria	SR: 63
SOCIAL STANDARDS		
GRI 103: Sustainability governance 2017 and GRI 403: Health and safety at work		
103-1, 2, 3	Explanation of the material topic and its boundary, the management approach and its components, and evaluation of the management approach.	SR: 14-15, 54
403-1	Percentage of employees represented in health and safety committees	SR: 54-56
403-2	Injuries, occupational diseases, lost days of work, leave and work-related fatalities	SR: 54-56, 58 Skandia reports sick leave per country.

Information	Description	Page
GRI 103: Sustainability governance 2017 and GRI 404: Training and skills development		
103-1, 2, 3	Explanation of the material topic and its boundary, the management approach and its components, and evaluation of the management approach.	SR: 14-15, 55
404-3	Percentage of employees receiving regular performance reviews, performance follow-up and career development	SR: 54-57
GRI 103: Sustainability governance 2017 and GRI 405: Diversity and equality		
103-1, 2, 3	Explanation of the material topic and its boundary, the management approach and its components, and evaluation of the management approach.	SR: 14-15, 54
405-1	Diversity of the Board, management and employees	SR: 56
GRI 103: Sustainability governance 2017 and GRI 414: Working conditions at the supplier		
103-1, 2, 3	Explanation of the material topic and its boundary, the management approach and its components, and evaluation of the management approach.	SR: 14-15, 61
414-1	Percentage of suppliers evaluated according to employee rights criteria	SR: 63
GRI 103: Sustainability governance 2017 and GRI 417: Product liability and marketing		
103-1, 2, 3	Explanation of the material topic and its boundary, the management approach and its components, and evaluation of the management approach.	SR: 14-15
417-3	Total number of cases where regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship are not complied with.	No occurrences were reported during 2017.
GRI 103: Sustainability governance 2017 and GRI 418: Customer privacy		
103-1, 2, 3	Explanation of the material topic and its boundary, the management approach and its components, and evaluation of the management approach.	SR: 14-15
418-1	Substantiated complaints regarding breaches of customer privacy and loss of customer data	No complaints during 2017.
SUSTAINABILITY GOVERNANCE, FINANCIAL SECTOR		
FS1	Guidelines for environmental and social factors in the business areas	SR: 18-20, 60-63
FS2	Procedures for evaluating and reviewing environmental and social risks in the business areas	SR: 26-27, 29-31, 61-62
FS5	Interactions with clients / investments / business partners with environmental and social risks and opportunities	SR: 26, 29-32, 61
FS6	Portfolio breakdown by region, size and sector	SR: 35
FS7	The value of products and services aimed at creating social value	SR: 5, 33-34
FS11	Percentage of assets under management within the scope of environmental or social screening	The screening process is described in SR: 29
FS13	Presence or accessibility in sparsely populated or economically vulnerable areas	SR: 41, 44, 46
FS15	Guidelines and policy for drawing up sound advice on financial services	SR: 24, 26, 31, 61
FS16	Initiatives for increasing general knowledge concerning day-to-day economy and financial planning in different groups	SR: 36-37, 39

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