



2019

**Annual Report
(abbreviated) and
Sustainability Report**



AMF in brief

AMF is the pension company to go to for simple and reliable occupational pension solutions. Our focus is collectively agreed occupational pensions for private sector employees in the form of traditional insurance. We are owned by the Swedish Trade Union Confederation and the Confederation of Swedish Enterprise and operate in accordance with mutual principles. This means that the profits that we generate are delivered in its entirety back to our customers.

Our vision is to be Sweden's best provider of occupation pensions. We aim to provide our customers with the best pension product, with good returns with low cost. We have a particular responsibility to ensure that customers who have not made an active choice receive a secure and adequate occupational pension.

We manage approximately SEK 670 billion on behalf of our customers. The pension capital is managed in-house and we invest it in shares, bonds, real estate and other alternative investments. We are one of the largest shareholders on the Stockholm Stock Exchange and owners of commercial properties in Sweden. To us, it is important to invest our customers' money responsibly and take sustainability into account in all investment decisions.

The Group has more than 430 employees and our operations are conducted from Stockholm.

Subsidiaries included in the Annual Report

AMF Fonder AB

AMF Fonder AB is tasked with providing funds for AMF's unit-linked insurance offering. AMF Fonder offers 13 self-managed funds with low contributions, that are available for selection via unit-linked insurance, the premium pension scheme and direct fund saving. At year-end, assets under management amounted to SEK 149 billion.

AMF Fastigheter AB

AMF Fastigheter AB develops and manages the AMF Group's wholly owned properties with the aim of generating returns for AMF's pension savers. The properties consist of office and commercial properties in Stockholm and Sundbyberg. The market value of the wholly owned property portfolio at year-end amounted to close to SEK 74 billion.

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Significant events in 2019

March: Short withdrawal periods

We observed a rising trend for occupational pension withdrawals over shorter periods. Among our pensioners, the average period for pension withdrawals is just over eight years. Withdrawing an entire occupational pension over a few years can lead to a large loss of income when the period of payments is over.

April: Inauguration of Urban Escape

One of AMF Fastigheter's largest projects – Urban Escape – was inaugurated. Urban Escape is an urban development project in central Stockholm where AMF Fastigheter has created a meeting place for people and businesses, including around Brunkebergstorg. The project started in 2011 and was delivered on time and on budget.

August: Long-term forestry investment

We continued to expand the share of alternative investments in our portfolio via the acquisition of 89.9 percent of BSÖ Holding AB, which through its subsidiary Bergvik Skog Öst AB owns 363,000 hectares of land, mainly in central Sweden. The company was valued at SEK 12.2 billion on a cash and debt-free basis. Swedish forests are a good long-term investment, which can also play an important role in the transition to a more sustainable society.

September: Net-zero emissions

We signed up to the Net-Zero Asset Owner Alliance, a UN-based carbon footprint reduction initiative. This is part of our efforts to play a part in the transition of society in line with the Paris Agreement's 1.5 degree target. AMF and 18 other major asset owners aim to reduce the carbon footprint of investments to net zero by 2050.



March: Selectable in PPM

AMF Fonder was given the go-ahead on the Swedish Pensions Agency's new fund market and remains an option as a manager in the premium pension scheme (PPM).

May: Investments to reduce operating costs

We transferred our insurance systems from a mainframe to a Windows-based environment. This provides great opportunities for lower operating costs and a more streamlined and efficient IT environment. Lower costs means lower fees for our customers.

October: Withdrawal Planner

The new Withdrawal Planner service was launched via the minPension personal pension web portal, enabling people to plan their pension much more easily than before. AMF contributed knowledge and experience during the project, which took place over two years.

November: Occupational pension regulation

In November, the Riksdag voted to adopt the government's proposal for new legislation on occupational pension companies. We are now analysing the legislation in preparation for a decision before any regulatory transitioning.

June: Investment in Exeger

We invested SEK 277 million in the solar photovoltaic company Exeger – a Swedish innovation company that develops and produces flexible solar cells that can be integrated into products such as tablet PCs.

June: Investment in Northvolt

We entered into an agreement to invest up to SEK 700 million, corresponding to a 5 percent ownership stake in battery manufacturer Northvolt as part of a major investment round. The project aims to finance the construction of Europe's first large-scale factory for the production of sustainable batteries in Skellefteå, northern Sweden.

December: Launch of new fund

AMF Fonder launched a new fund, the AMF Emerging Markets Equities Fund, expanding AMF's unit-linked insurance offering. The fund has low fees, a clear sustainability focus and invests in some of the world's fastest growing markets in Asia, Africa, Latin America and Eastern Europe.

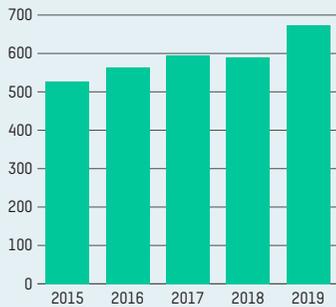
December: Customers unaware of transfers is still a problem

We presented our annual pension transfer report, with statistics on transfers of collectively agreed occupational pensions and interviews with customers who had moved their occupational pension from AMF. The report shows that more than one out of four savers are still unaware that they have transferred and more than three out of ten transfer to a form of savings that does not accord with what they say they prefer.

Developments during the year

The overall return was 13.7 per cent, with equity investments above all contributing to the positive result. Mainly as a result of the high return on capital, AMF's assets under management increased to SEK 673 billion. Financial stability remains robust and we reduced our carbon footprint for the fourth consecutive year.

Assets under management, SEK billion



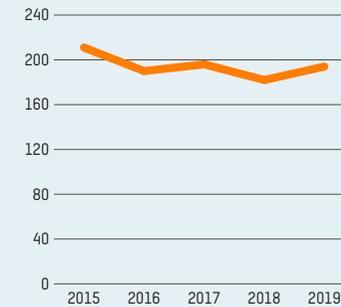
AMF's assets under management (including in AMF Fonder) increased mainly thanks to buoyant returns over the year, and totalled SEK 673 billion at year-end. Fund assets are invested in shares, fixed-income securities, real estate and other alternative investments.

Total return, percent



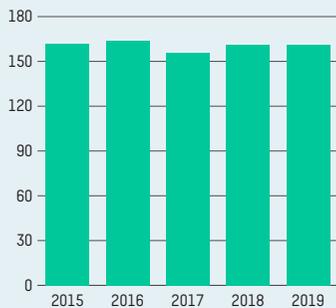
The return for the year was 13.7 percent, a strong improvement compared with past performance and above the average long-term return. Over the past five- and ten-year periods, AMF has returned an average of 7.0 percent and 7.7 percent, respectively.

Solvency ratio, percentage



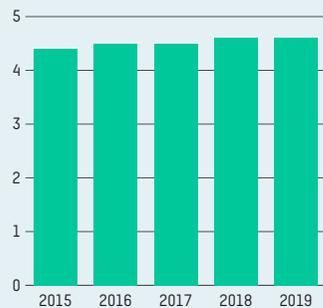
Financial stability remained robust and the solvency ratio (assets in relation to the guaranteed commitments) was 194%.

Cost per customer, SEK



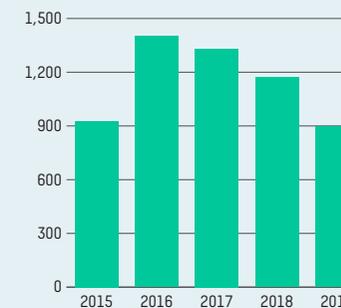
The cost per customer amounted to SEK 161. The cost trend has been relatively stable in recent years, with slightly increased costs being offset by rising customer numbers. Low costs per customer make it possible for AMF to keep fees for our products low.

Customer satisfaction



Our Customer Satisfaction Index is stable at high levels (4.5, where 5 is the highest rating).

Carbon footprint from listed shares, thousands of tonnes of CO₂e



The carbon footprint of our investments in listed shares decreased in absolute terms for the fourth consecutive year, mainly through active company selection in management of traditional insurance.

Dear Customer,

Thank you for the trust you place in us to look after an increasingly important part of your future security, your occupational pension. At AMF we are proud of this mission and we work hard every day to be Sweden's best provider of retirement pensions!

Our owners, the Swedish Trade Union Confederation and the Confederation of Swedish Enterprise have decided that all profits we make should go back to you, the saver. This means that when we make your money grow and keep our costs down, your pension will get better over time.

Despite turbulence in the financial markets at times during the year and with interest rates remaining low, I am pleased to report that we were able to deliver an excellent overall return of 13.7 percent in 2019.

Our equity portfolio performed particularly strongly, yielding 31.5 percent but all asset classes produced a positive outcome.

Farewell to the 2010s

In the spring of 2020, we not only closed the books on a year but also a decade. Looking back ten years, quite a lot has stayed the same at AMF, such as our endeavour to always be the company that's on the customer's side, to deliver strong returns and to offer low fees.

In other areas, a great deal has changed. Ten years ago, we were managing around SEK 370 billion on behalf of 3.4 million savers. Today, our total portfolio amounts to SEK 673 billion, while the number of savers has grown to 4.1 million.

Successful asset management combined with a favourable economic climate has helped us, with a solvency ratio of 194%, to be financially well equipped to take on the challenges and opportunities of a new decade.

More efficient technology – lower fees

In the spring of 2010, we wrote in our Annual Report: "Procurement [has] pushed fees so low that the bottom has probably now been reached".

But we were wrong. Since then, we have halved the fee for the average customer in the SAF-LO collective agreement area and we have introduced fee caps for customers with traditional insurance. At the same time, we have been holding down the rates for our unit-linked insurance. This has been founded on an unrelenting drive to simplify and streamline.

On this basis, during the year we were the first major pension company to shut down our mainframe and migrate a total of 14 billion lines of data to a modern Windows-based environment. The mainframe operated on a technology that we have been using since the 1970s, when it replaced so called punch cards. New technology provides major simplifications in our IT environment and thus provides potential for savings running into the millions.

Higher pensions with forests, batteries and solar panels in the portfolio

One of AMF's main strengths as an investor is our long-term approach. As a pension company, we are well placed to invest in assets that we believe will perform particularly well over time. This makes for a more broadly-based portfolio and a more effective diversification of risk.

In the spring of 2010, only a very modest portion of our portfolio did not consist of quoted shares and fixed-income investments. That portion was largely represented by our newly formed subsidiary AMF Fastigheter, with assets of just over SEK 20 billion. Today, AMF Fastigheter is nearly five times the size it was then, having been joined in our portfolio by the part-owned real estate company Rikshem, Finnish and Norwegian real estate companies and four major wind energy investments.



CEO's statement, **cont.**

“ One of AMF's main strengths as an investor is our long-term approach. ”

During 2019, alternative investments as a proportion of our portfolio grew to 8.4 percent. We bought a majority shareholding in forest company Bergvik Skog Öst, which has just over 317,000 hectares of forest in central Sweden. We also invested in two promising unlisted Swedish innovation companies with a strong sustainability profile – battery manufacturer Northvolt and solar cell company Exeger. These are investments that are attractive above all in terms of their long-term potential for returns. In addition, they contribute to Swedish innovative strength and competitiveness, create more jobs and are well positioned for the transition to a more sustainable society.

Sustainability today – and in 50 years' time

At AMF, we aim to contribute to long-term sustainable development, while at the same time providing you, the saver, with the best pension possible. Two objectives, that as a rule make an excellent fit. That's why we strive to make sustainability a fundamental part of everything we do.

Ten years ago, we had just signed up to the UN Principles for Responsible Investment, and sustainability criteria in asset management were far from being a natural part of the industry. Today, owners and customers require us to maintain a good level of sustainability and understanding of climate change has grown, not least since the Paris Agreement was signed in 2015.

In the autumn of 2019, we joined the UN-convened Net-Zero Asset Owner Alliance together with several other major asset owners. This is an initiative aimed at developing methods for and demonstrating best practices in the industry as to how investments can be made in line with the ambitions of the Paris Agreement. Our long-term investment horizon enables us to contribute to the transformation of society that needs to happen, and we can

invest in companies that consciously support that aim. Our goal is for carbon dioxide emissions from our investment portfolio to be net zero by 2050.

In our sustainability work, a crucial point of departure is the international agreements, not just in the field of climate change, that we have signed or endorsed. These include the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Principles for Responsible Investment and guidelines on accounting for climate risks developed by the Task Force on Climate-Related Financial Disclosures.

New tools and new regulations

The trend towards ever-increasing digital communication continues and we need to be where our customers are. In 2019, we worked closely with the minPension web portal on the launch of its new Withdrawal Planner, a digital tool that simplifies the sometimes complicated and difficult process of retiring.

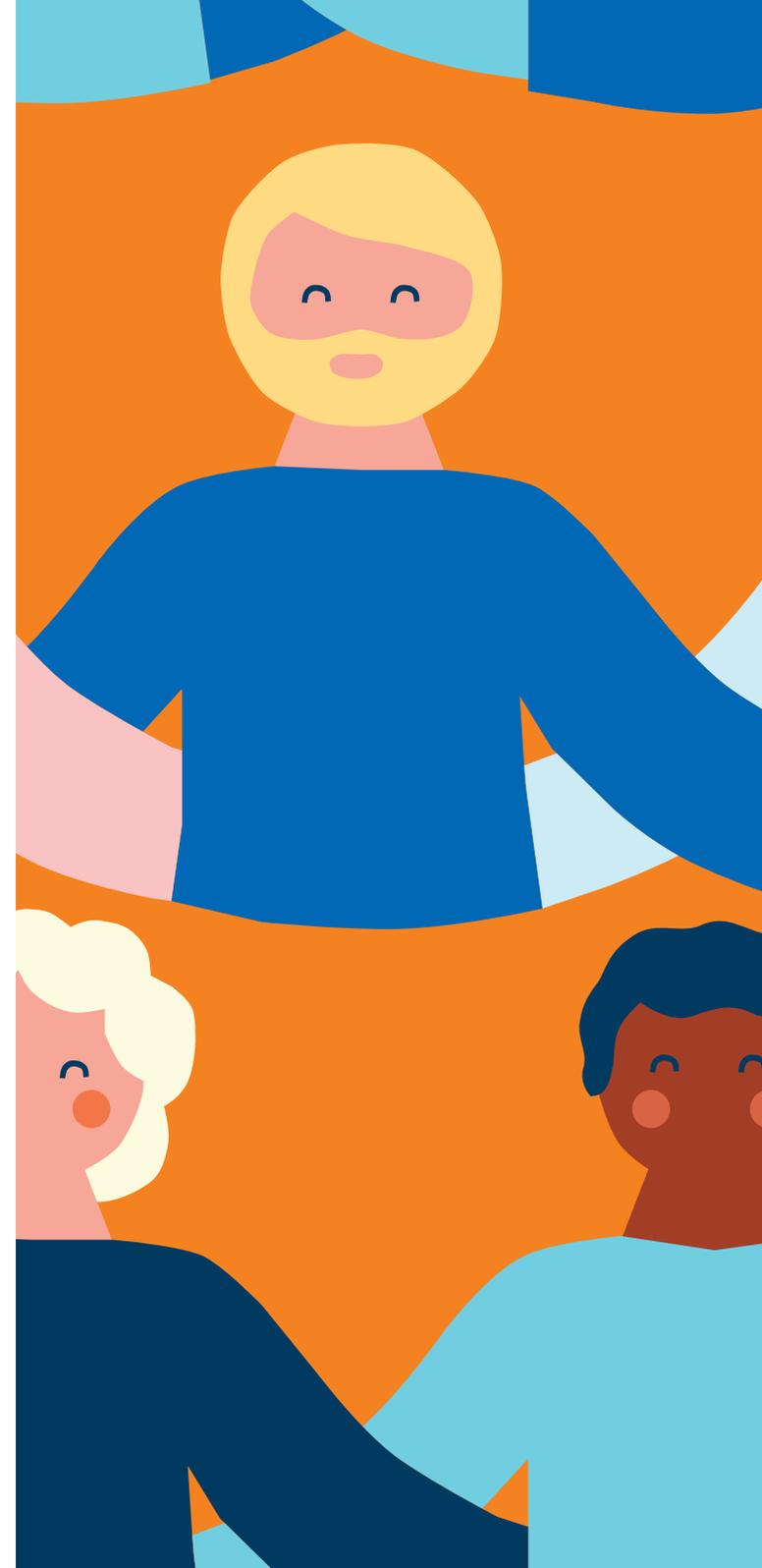
At the same time, digital channels and a presence on the platforms of other actors place different demands on our visibility. Against that background, in 2019 we rolled out a new visual identity for AMF that we hope will better meet the demands of the new era.

Towards the end of last year, Sweden's Riksdag passed legislation paving the way for a completely new form of company, the occupational pension company but asked the government to report back on a number of important issues. We welcome this development and are looking at the possibility of transforming AMF into an occupational pension company once the regulation has been finalised.

However, regardless of company form, I can promise that AMF's talented and committed employees will continue to work just as hard over the next ten years so that you as a customer can feel secure and satisfied with your occupational pension!

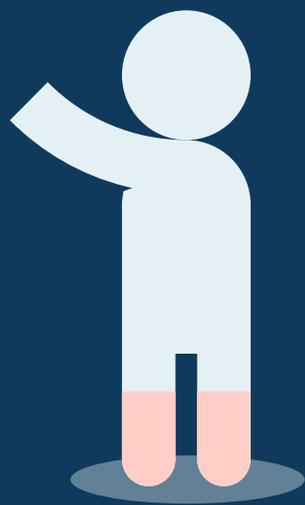
Stockholm, March 2020

Johan Sidenmark
CEO AMF



Our customers

AMF has more than **4 million customers**. Most are within the SAF-LO collective agreement area. On average, our SAF-LO pensioners receive an occupational pension payment from us of around SEK 1,500 per month.



80%

In all, about 80 percent of our customers save for their retirement.

Around a third have a regular saving arrangement.

20%

About 20 percent are pensioners and receive a payment from us every month.

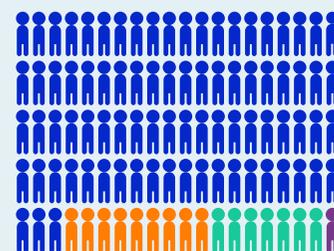
Most important factors in choice of occupational pension company?

Good returns, secure and predictable pension and low fees.

How our customers save...



... and this is where they work



- 3,400,000** are manual employees in the private sector.
- 350,000** are non-manual employees in the private sector.
- 270,000** are employees in municipalities and county councils.
- 70,000** are government employees.



83%

of all those who contact AMF are more than 60 years of age.



66%

start receiving their pension payments at 65 years of age.



56%

think a default provider is a good idea for those who do not want to choose occupational pension company themselves.



58%

think it is important for pension companies to have a clear sustainability focus.

The Swedish public views the Swedish Pensions Agency and the minPension web portal as the most important sources of information about pensions.

Strategy

Our mission is to create value for those who are covered by the SAF-LO Contractual Pension.

We do this by offering traditional retirement savings with high returns at low cost.

We will always put the interests of our customers first and pay particular attention to the large category of people who do not make active choices but want and need a secure pension.



AMF's vision

We will be Sweden's best provider of retirement pensions.



The obvious choice as default provider

Our strategy is to focus on traditional insurance for customers who choose the SAF-LO Contractual Pension and always to be the obvious choice as default provider for this customer category.



High returns

We are to deliver higher returns than most of our competitors in collectively agreed occupational pensions.



Lowest fees

We will maintain the lowest fees within the SAF-LO Contractual Pension and competitive fees in other collective agreement areas. This demands efficient operations.



A responsible company

We will be a responsible company with regard to the expectations of our customers and our owners. We will always work in the best interests of our customers and put their interests first.



Competence and commitment

We need employees who are familiar with and take responsibility for AMF's mission and goals. We will constantly evolve our expertise and our working practices.

Traditional insurance – security and investment returns combined

When we ask our savers what is most important to them when it comes their pension, the vast majority say good returns, security and low fees. At AMF, these are our watchwords when it comes to the traditional insurance that we offer. Through traditional insurance, we also have unique opportunities to take a long-term, responsible approach to our management.

Of AMF's total assets under management, SEK 673 billion, SEK 522 billion is invested in traditional insurance. Our traditional insurance is a cost effective and flexible product, with the capacity to create good returns. It also provides our customers with security, both before and during retirement.

Traditional pension management has a number of characteristics that make it particularly suitable for managing pension funds for large groups of people. It can also take advantage of number of opportunities that can help boost pensions and that are not always available in other forms of asset management:

1. Based on our market judgements, we can make major changes in the split between shares, bonds and other asset classes according to how we anticipate they will perform in the years ahead. This ability has played a considerable part in generating strong returns over the past twenty years. We have gradually lowered the proportion of interest-bearing assets in favour of real estate and infrastructure, which we believe are better placed to yield returns in the future, given the low level of market interest rates.

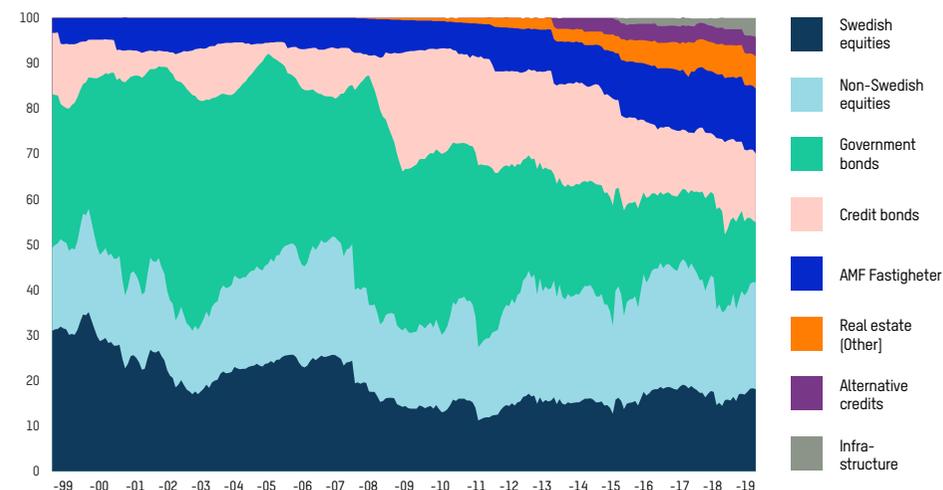
2. We can be active, long-term owners in listed companies. Our long investment horizon enables us to enter as long-term owners and – in association with others – exercise systematic ownership aimed at supporting the long-term ability of the companies to generate profit, rather than seeking short-term maximisation of profit. Today, AMF is a major owner in more than 20 companies on the Stockholm Stock Exchange.

3. We can own and develop properties over a long period of time. We are currently one of Sweden's largest property owners through our wholly owned subsidiary AMF Fastigheter and the co-owned company Rikshem. We also co-own three real estate companies in Norway and Finland. Our long-term approach in these investments has enabled urban development projects such as Urban Escape (at Stockholm's Brunkebergstorg for example), where the focus was to change the perception of an entire area by developing our properties and the area around them to benefit both our savers and the city at large.

4. We can take a stake as long-term co-owners of unlisted companies, which enables us to make long-term investments. This is especially important in investments in new technologies and transitioning to a more climate-smart society, where time horizons are long. Our investments in Stena Renewable, Northvolt and the forest company Bergvik Skog Öst are good examples. A prerequisite for us to enter into a co-ownership is that we and the other owners have the same view of developing a business in the long term, rather than maximising returns in the short term.

5. We can invest in early-stage companies, which helps to drive Swedish innovation and industry and can pave the way to possible future IPOs. For example, we have invested in companies such as Volvo Cars, Spotify, Izzettle, Anticimex and Exeger.

Different asset classes in traditional insurance



The asset allocation in AMF's traditional insurance has varied over the past twenty years. Investments in real estate, alternative credit and infrastructure have increased in relative terms, while Swedish equities and government bonds in particular have decreased – in order to create the best possible conditions for generating good returns for our customers.

Traditional insurance – security and investment returns combined, **cont.**

Potential for good returns

Traditional insurance has shown a high risk-adjusted return over many years compared to regular fund saving, not least thanks to the ability to invest in several different asset classes. Our average return has been 7.0 per cent over the past 5 years and 7.7 per cent over the past 10 years. This has been the best among comparable companies in collectively agreed occupational pensions.

Low fees

Traditional insurance can also be managed cost-effectively thanks to economies of scale. SAF-LO customers pay an annual fee charged at 0.15 percent plus a fixed fee of SEK 40, capped at SEK 300 per year, regardless of the number of insurance policies

or size of pension fund. In the latest offering, ITP customers pay a fee capped at SEK 600 per year. Our ambition is to introduce a capped fee for all collective agreement areas within the next few years. The cost of asset management is also very low (0.03 per cent), compared to the average fund fee in collectively negotiated insurance (e.g. 0.30 percent in the ITP plan).

Security in retirement

Our customers place a high value on security in their pensions, for example, feeling safe in the knowledge of how much their pension payment will be. Traditional insurance provides a basic guarantee, offering a guaranteed pension amount each month in addition to the return that our asset managers generate via their investments.

Our investment philosophy

In our traditional insurance, assets are managed by our team of 20 employees, who, on the basis of our market judgements and investment philosophy, invest pension capital in shares, interest-bearing assets (e.g. government bonds and corporate credit) and real estate, as well as various other asset categories including forests and infrastructure.

ACTIVE

We are convinced that active management delivers better returns in the long term. Active management means, for example, making an independent assessment as to which assets to invest in, and which companies, and exercising active ownership in the companies in which we have influence.

LONG-TERM

To us, long-term management means taking maximum advantage of the investment opportunities that create value over time. This may mean, for example, investing at an early stage in an opportunity that we believe in, and being resolute in holding the investment for a long period to create value for our customers.

RESPONSIBILITY

Sustainability is an integral and natural part of the investment process. We believe that companies with well thought-out business models, where management focuses actively on sustainability issues, achieve not only higher profitability over time but also lower risk than other companies.

Traditional insurance at AMF

– secure and simple occupational pension with a lifetime guarantee.

As we are the default provider in occupational pensions, we have structured our traditional insurance so that the customer does not need to be active but can still get a product with the potential for high returns, with low fees, security during payments and a high level of sustainability.

Unit-linked insurance and AMF Fonder – own fund choices for retirement

Saving for a pension via unit-linked insurance is suitable for savers wishing to choose one or more funds for investment of their pension funds. We offer a selection of mainly actively managed funds with low fees, primarily through our own fund management company AMF Fonder. For savers opting for unit-linked insurance, but not wishing to select individual funds themselves, we have developed a standard entry solution where the risk is adjusted according to the customer's age.

Nearly 400,000 customers have chosen unit-linked insurance for their retirement savings with us, representing a total of around SEK 68 billion (54). Most have chosen to invest their capital in the standard entry solution, which we call the AMF Generation Portfolio.

For clients wishing to choose funds themselves, we mainly offer funds (13 in total) from our subsidiary AMF Fonder, together with a small number of externally managed funds specialising in markets not covered by the offerings from AMF Fonder.

During the year, we upgraded the potential for returns in our standard entry solution by replacing the AMF Mixed Equities Fund with a combination of the AMF Swedish Equities Fund and the AMF Global Equities Fund.

With a view to improving the level of sustainability in its unit-linked insurance fund offerings, AMF Fonder established a new fund, the AMF Emerging Markets Equities Fund, in December 2019. The Fund is an actively managed fund with a clear sustainability profile. It invests in the world's emerging markets such as Asia, Africa, Latin America and Eastern Europe. In early 2020, work started on transferring assets from funds managed by external fund companies to AMF Emerging Markets Equities Fund.

AMF Fonder

AMF Fonder's mission is to offer funds with competitive returns and low fees. All funds are actively managed with the aim that the returns for each fund should exceed the average of funds in the same market. Total assets under management amounted to SEK 149 billion.

Over the year, 6 out of 13 funds beat their benchmark index and the average Morningstar rating, which measures risk level and return, was 3.9 (3.7) out of a possible 5. All AMF funds are required

to maintain a high level of sustainability. The average level of sustainability in the funds was 4.6 (4.4) out of a possible 5.

Low fees are important to AMF Funds. All AMF's equity and mixed funds charge a fee of 0.40 per cent and all fixed-income funds a fee of 0.10 per cent. This is a highly competitive level compared to other actively managed funds for private saving. When the funds are included in AMF's unit-linked insurance offering, the fees are often even lower.

Other fund offerings

We offer six funds managed by unit-linked companies other than AMF Fonder, to round out our offering with coverage of markets that we ourselves do not focus on. When selecting which funds to offer our customers, we place the emphasis primarily on low fees. We also require the fund manager to have signed up to the UN Principles for Responsible Investments (PRI). In the case of actively managed funds, we also require the fund to exercise some form of exclusion of companies not living up to a certain level of sustainability, and to have at least two Sustainability Globes from Morningstar. During the year, through dialogue with an external fund management company we secured the company's agreement that it would exclude investments in controversial weapons from all index funds in our fund market.

Premium pension savings

Via AMF Fonder, AMF offers savings options in the PPM (Swedish Premium Pension Authority) premium pension system. More than 500,000 customers save in PPM via one of AMF's funds, with a total value of nearly SEK 70 billion. 11 of AMF's funds are available via the PPM system.

Our standard entry solution: AMF Generation Portfolio

- Consists of a mix of the AMF Global Equities Fund, AMF Swedish Equities Fund and AMF Mixed Fixed-Income Fund.
- Automatically adjusts the risk in the savings according to the customer's age via different allocations in the funds.
- Higher risk during the savings period (and thus the possibility of higher returns) with reducing risk the nearer the person gets to retirement.
- Suitable for customers who wish to invest in funds, but not to choose funds themselves.

Fund offering in unit-linked insurance	Morningstar (max. 5)	Morningstar sustainability rating (max. 5)	Management fee, discounted, %, ¹⁾
AMF Asia Pacific Equities Fund	4	5	0.30
AMF European Equities Fund	5	4	0.30
AMF Global Equities Fund	4	5	0.20
AMF North American Equities Fund	3	5	0.30
AMF Small Companies Equities Fund	3	3	0.30
AMF Swedish Equities Fund	3	5	0.20
AMF Emerging Markets Equities Fund	– ²⁾	– ³⁾	0.25
AMF World Equities Fund	3	5	0.35
AMF Balanced Fund	5	5	0.35
AMF Corporate Bond Fund	– ²⁾	4	0.10
AMF Fixed-Interest Fund Cards	– ²⁾	– ³⁾	0.10
AMF Fixed-Income Fund Long	5	– ³⁾	0.10
AMF Fixed-Income Fund Mixed	– ²⁾	– ³⁾	0.10
Total	3.9	4.6	
Janus Henderson Latin America	3	4	0.56
Pictet China Index IS USD	4	4	0.25
Pictet Emerging Markets Index IS USD	3	3	0.20
Pictet India Index IS USD	3	4	0.25
Pictet Russia Index IS USD	4	2	0.25
Vanguard Japan Stock Index	3	3	0.16
Total	3.3	3.3	

¹⁾ Fund insurance SAF-L0 ²⁾ No Morningstar rating ³⁾ No sustainability rating

Sustainability Report

Sustainability is an important part of our work in generating good returns, keeping costs low and operating as a responsible company. At AMF, sustainability includes work to reduce our climate impact and maintain a high standard of business ethics and responsibility. It also includes increasing diversity and gender equality and creating greater simplicity and well-informed choices in occupational pensions.

On the following pages, 12–34, you can read more about our sustainability work. In all areas of sustainability, we have defined a long-term ambition, but also targets for the shorter term. Of the short-term objectives, seven out of 11 objectives were achieved during the year.

AMF's Sustainability Report comprises pages 12–34 of AMF's Annual Report in Swedish. Since this is an English translation of pages 12–34 only, page references refer to the complete Swedish version

AMF and the UN's Sustainable Development Goals – Agenda 2030

We shall contribute to sustainable social development in line with the UN's 17 Sustainable Development Goals (SDGs), to be achieved globally by 2030. Our sustainability work is relevant mainly to **Goal 5 – Gender Equality**, **Goal 8 – Decent Work and Economic Growth** and **Goal 13 – Climate Action**. In our investment activities, we can also contribute to other SDGs, for example, via our advocacy work or direct investments, including Goal 11 – Sustainable Cities and Communities, through the activities of AMF Fastigheter.

Climate pages 15–20



Ambition:

All of AMF's activities (including investment activities) shall be in line with the Paris Agreement

Short-term:

The CO₂-footprint from our listed shareholdings shall be lower than for a broad benchmark index. This applies to both traditional insurance and the equity portion of our funds.

Major activities during the year:

- The majority of our investments were made with a clear link to the climate and the transition to a more sustainable society.
- We signed up to further international initiatives to persuade companies to increase transparency and reduce climate impact.
- We started to develop a model for determining the climate footprint from our investments according to the Paris Agreement.
- We held a Climate Week for our employees with instructive and inspirational events focusing on climate change.

Business ethics page 21



Ambition:

We are confident that we ourselves, our suppliers and partners and our portfolio companies live up to our expectations in business ethics.

Short-term:

All units have at least every two years reviewed AMF's expectations of business ethics.

Business ethics form part of every induction programme for new employees.

All suppliers have signed up to AMF's Code of Conduct.

The entire investment portfolio and all AMF funds are subject to basic sustainability criteria.

Major activities during the year:

- During the year, we drew the attention of Swedish portfolio companies to our view of the importance of transparency in tax matters and a public policy on taxation.
- We held several training events on business ethics and accountability for employees who, on behalf of AMF, participate in Board work at partly owned companies.

Diversity pages 22–23



Ambition:

We aim to promote a way of working and a culture in which the experiences of all employees can be used in the most effective way. This includes an even gender balance.

Short-term:

We perform a diversity analysis in every work group prior to every new recruitment.

Our intention is to increase by 25 percent the number of gender-balanced work groups in-house by 2022.

1/3 of final candidates at recruitment to working groups with an uneven gender mix shall comprise the underrepresented gender.

All Boards of Directors where AMF is represented in the Nomination Committee shall be gender-balanced.

Major activities during the year:

- We arranged an inspirational talk on the theme of diversity for all managers.
- We continued our work for gender-balanced Boards, through our participation in the Nomination Committee's work and by stressing the importance of gender-balanced management teams.

Pensions on the customer's terms pages 24–25

Ambition:

Occupational pension being perceived as simpler

Short-term:

The number of customers who are unaware that their occupational pension has been transferred shall be reduced.

All customers shall have the opportunity to benefit from the latest offering, without having to take out a new insurance policy.

Major activities during the year:

- We performed several communication initiatives to raise awareness of occupational pensions.
- We continued to draw the industry's attention to the problem that many savers are unaware that their occupational pension have been transferred to another company and that the average period for occupational pension withdrawals is shrinking.
- The new Withdrawal Planner service was launched by the minPension web portal, enabling people to plan their pension much more easily than before. We have been involved in the project, which has been in progress for two years.

Sustainability in asset management and fund management

The sustainability work in asset management and at AMF Fonder is based on AMF's overall areas of sustainability and is presented in more detail on the following pages under the respective headings. In this section, we tell you more about the methods that we at AMF use to ensure a good level of sustainability in our products.

We aim to play a part in improving sustainability work at the companies we invest in, or to invest directly in solutions that are well positioned for the future. As a result, we place great emphasis on investing in companies that perform well in sustainability or have a clear strategy to improve in sustainability, and on helping those companies onto a more sustainable path through our ownership work. We believe this is best not only for our customers, but also for society at large.



We opt in

We engage in active asset management, meaning that we ourselves select the companies or securities to invest in on the basis of our judgement as to expected returns and risk. We seek to invest in companies that work in a focused way on sustainability because we believe these companies have greater potential for good returns at lower risk.

Exceptionally, we can invest in companies that do not have a developed sustainability policy, but only if the company has a clear strategy for improvement. Holdings in such companies are monitored at least annually to check that the level of sustainability is improving at the pace we want.

Our principles for "opting-in" encompass the management of shares and corporate credit in our traditional asset management and in all our own funds, resulting in a higher sustainability performance than in a corresponding global portfolio. Our funds show an average rating of 4.6 sustainability globes, which is better than the average sustainability rating (3).



We opt out

We apply certain fundamental principles as to which companies we do not want to invest in, based on our values or because the risk is considered too high. These principles cover all our investments.

- We do not invest in companies found to violate fundamental principles of sustainable enterprise, such as the protection of human rights, labour law, the environment and anti-corruption, based on the principles of the UN Global Compact and the OECD's Guidelines for Multinational Enterprises.
- We do not invest in companies involved in the manufacture or distribution of "controversial weapons" (anti-personnel mines, cluster munitions, chemical weapons, biological weapons and nuclear weapons).
- Nor do we invest in companies where coal extraction represents more than 10 percent of sales.
- We are also restrictive regarding investments in companies in industries with a high climate impact. In such industries, we seek to invest in companies with less of a

carbon footprint than others, provided that the company otherwise operates a focused sustainability policy.

Screening based on compliance with international standards and conventions is applied twice a year to shareholdings and corporate credits in our traditional insurance and in all our own funds. In traditional insurance, this accounts for about 50 percent of the market value. In the case of our funds, this is equivalent to 100 percent in most funds, other than funds with a high proportion of government bonds, such as our fixed-income funds. Holdings not included in the screening process are followed up annually.

If a portfolio company is found to violate basic principles of sustainable enterprise, we first contact the company to find out what kind of action plan they envisage to address any problems. If the dialogue is unproductive, we sell the holding. However, no such case was identified in 2019.



We influence

As investors and shareholders, we have the opportunity to influence both companies and industries to take a more sustainable direction, an opportunity we try to exploit in the best possible way. We do this by working with other investors, both globally and in Sweden. With Swedish companies, in which we are in many cases a major shareholder, we are often in direct contact with the board and management. We are represented on the nomination committees of 28 Swedish companies. We also exert influence by participating in initiatives that examine new methods enabling us as investors to work even more effectively to achieve various sustainability goals.

We vote

We vote at all shareholders' meetings connected to Swedish holdings in the management of traditional insurance, as well as a selection of shareholder meetings' connected to the Swedish holdings in our own funds. This involved a total of 48 Swedish shareholders' meetings during the year. We also vote, by proxy, at the shareholders' meetings connected to our foreign holdings. In 2019, we voted at all 323 foreign shareholders' meetings connected to our holdings in the management of traditional insurance. In the case of the foreign holdings in our own funds, we voted at 132 shareholders' meetings in 2019.

Sustainability in asset management and fund management, **cont.**

Some of the initiatives in which we were involved in 2019:

We took part in the establishment of the Net-Zero Asset Owner Alliance, an initiative currently involving 18 asset owners and asset managers, the UN Environment Finance Initiative (UNEP FI), and the World Wildlife Fund. The initiative aims to develop processes and demonstrate best practices in how investments can be made in line with the ambitions of the Paris Agreement, and the transition and commitment that will be required, are fully in line with AMF's climate goals.



We joined the international Climate Action 100+ initiative, in which nearly 400 investors worldwide are collaborating to persuade high-carbon companies to reduce their carbon footprint.



We engaged in a number of groups in the UN's Principles for Responsible Investment network focusing on advocacy in areas such as tax management, extraction of the conflict mineral cobalt and production and use of palm oil.



We signed up to an external service in order to conduct a larger number of proactive dialogues with foreign portfolio companies in a resource-efficient way.

Within the framework of SIDA's Swedish Investors for Sustainable Development network, we joined a working party in which we and other Swedish investors focus on working conditions in food production.



Climate: Climate change work in investing activities

The significance of climate change to our society, and therefore to the companies we invest in, is becoming increasingly clear. Our goal is that our investment portfolio should accord with the 1.5 degree target in the Paris Agreement. A benchmark for what this implies is that greenhouse gas emissions from our investments will probably need to be net zero by 2050 at the latest.

Development of methods and data quality

During the year, we structured our work on the climate issue in areas such as development and evaluation of methods and advocacy. For example, we are working on developing a method to ensure that the investment portfolio as a whole, but also our portfolio companies, are well positioned in relation to the Paris Agreement. We also participated as an expert in the international Science Based Targets initiative, which aims to develop methods enabling financial companies to relate their climate goals to the Paris Agreement. Within the initiative, we provided feedback on the method regarding investments in real estate.

An essential requirement for following up climate-related goals is access to relevant, good-quality data. Going forward, we need a better overview of the climate footprint produced by our alternative assets, for example.

Our climate policy in asset management and fund management:

- We seek to invest in companies that actively contribute to the transition of society to lower carbon dioxide emissions.
- When investing in sectors with a high carbon footprint, we shall seek to invest in companies that have a low footprint relative to others in the sector.
- All investments shall take into account the carbon footprint of the companies concerned.
- We shall completely avoid investments in companies where thermal coal accounts for more than 10 percent of the company's sales.
- We shall measure the carbon footprint of listed shares, partly owned companies and subsidiaries annually.

AMF, a member of the Net-Zero Asset Owner Alliance

Tomas Flodén

Head of Asset Management

Tell us about the Net-Zero Asset Owner Alliance that AMF has joined. What does it mean to AMF?

"It's currently an alliance of 18 asset managers that was launched at the UN Climate Summit in New York in September 2019. We also have support from the alliance of the UN Environmental Programme, the UN-supported Principles for Responsible Investment initiative and WWF."

"Members have the common goal of reducing CO₂ emissions in their investments based on the requirements of the Paris Agreement – that is, to prevent the increase in global temperatures exceeding 1.5 degrees. Recalculated as CO₂ emissions, this corresponds – according to various climate scenarios – to net zero emissions in 2050, i.e. in thirty years' time".

Why does AMF want to be part of this?

"The climate threat is real. To generate good pensions for our customers, the companies we invest in must be able to meet the regulations and demands of customers that will follow in its wake, and must be able to understand other consequences of climate change."



"This may involve limiting emissions, helping to provide solutions for others or protecting businesses from the effects of climate

change". As investors, we need not only effective methods to measure how exposed we are to these risks, but also to work with others to solve the climate challenges that we face, and that's where we think this initiative is a very relevant forum. For our part, we'll focus our work within the alliance on coming up with best practices for measuring and controlling the climate footprint of investments.

Net zero emissions from investments – that sounds difficult.

"The hard part is to do it in a way that benefits both our customers and society. We could quickly reduce emissions from our portfolio by investing only in industries that already have low emissions, but we do not believe that this would contribute to the transition that is needed. Instead, we want to be part of the solution, and we are prepared to work long-term with companies in all industries."

"What's important to us is that companies should be willing to tackle, in a structured way, the sustainability challenges we all face. Here, traditional pension management has the strength that allows us to go in with a long term approach. I believe that if we in the alliance can show that it's possible to achieve good returns while simultaneously reducing the carbon footprint in absolute figures, then it can have a huge impact on our industry."

" We investors need not only reliable methods to measure how exposed we are to these risks, but also to work with others to solve the climate challenges we face.

Climate work in investment activities, cont.

Investing in solutions and opportunities

In traditional pension insurance in particular, we have the capacity for investing directly in companies or instruments that contribute to solutions to and opportunities presented by societal challenges. Examples of investments made by AMF during the year with a particularly clear link to the climate issue:

- We acquired the equivalent of a 5 percent ownership stake in the Swedish battery manufacturer Northvolt as part of a major investment round. The project aims to finance the construction of Europe's first large-scale factory for the production of sustainable batteries in Skellefteå, northern Sweden. The advantage of producing batteries in Sweden is the availability of renewable electricity, meaning that the carbon footprint of batteries will be lower than for manufacturing in other parts of Europe or China.
- We also invested in Swedish innovation company Exeger, which develops and produces thin, flexible solar cells that can be integrated into portable technologies such as tablet PCs. This has the potential to make use of the technology both simpler and more sustainable.
- We continued to invest in sustainability-related bonds, including a bond issued by the Nordic Investment Bank aimed at improving water quality in the Baltic Sea, and a green bond from LKAB supporting the transition to a future carbon-free mining. In investments in this type of instrument, too, we start from our sustainability criteria and seek to buy bonds from companies that work actively on sustainability in all parts of their operations. In total, our portfolio of bonds specifically linked to sustainability-related projects amounted to close to SEK 12 billion, the majority of projects being connected in some way with climate aspirations (green bonds).
- In addition, we have already for some time been directly invested in wind power through our 35 percent share of the wind power company Stena Renewable, which operates 115 onshore wind turbines in Sweden, and through our 49 percent share of the UK's Ormonde offshore wind farm, with 30 wind turbines. We're also co-investors in the Links wind farm in the UK and are major investors in the GIOW wind power fund.

Long-term forestry investment

Katarina Romberg

Head of Alternative Investments at AMF

In August, we acquired 89.9 percent of the shares in Bergvik Skog Öst from Billerud Korsnäs. Bergvik Öst owns more than 317,000 hectares of forest land in central Sweden and is one of Sweden's largest forest-owning companies.

Why does AMF invest in forests?

"Forests make a good fit with our strategy to increase the share of alternative investments we have under management. We see that forests, along with other investments we've made in, for example, wind power and other types of infrastructure, can provide a stable return at low risk for a long period to come. It's a good complement to investments in equities and fixed-income, especially now that market rates are low.

"In the past, AMF has owned forests indirectly through our shareholdings in listed forest companies, but now we've acquired a direct investment in well and responsibly managed forests through the purchase of Bergvik Skog Öst".

How is this an investment in opportunities linked to the climate issue?

"We believe that Swedish forests make a good long-term investment that will be favoured by the transition that is needed to a more sustainable society. There are several aspects to this, including the fact that the forest itself acts as a carbon sink, that is, it takes carbon dioxide out of the atmosphere as it grows. Active forestry also makes it possible for products based on renewable wood raw materials to replace fossil raw materials or other finite resources, which also aids society's transition to a lower carbon footprint".

Where's the forest located?

"The majority of the land holdings in Bergvik Skog Öst are located in Östhammar, Malung-Sälén, Mora and Gävle Municipalities. The resources will be managed by our co-owner Billerud Korsnäs. We are the majority shareholder and are represented on the board of the new company. We provide support at strategic level based on what we believe is best for our savers.

“ It's clear that forests can provide a stable return at low risk for a long period to come.



Climate: Reporting on climate risks

In addition to our work to support the climate change transition through investment, advocacy and process development, our climate work also involves analysing the risks of lower returns that may arise as a result of climate change.

The financial impact of climate risks is usually divided into two categories:

Transition risk: the risk of lower market value for different assets as a result of, for example, stricter environmental legislation, new technology that displaces conventional, environmentally damaging technology and a change in perception or behaviour of consumers in favour of more climate-conscious choices.

Physical risk: the risk of lower market values for various assets as a result of climate-related events, such as flooding, drought or extreme heat. Another risk would be reduced availability of resources necessary for operations, for example water.

We support TCFD's (the Task Force on Climate-Related Financial Disclosures) recommendations for the reporting of climate risks, and this section covers our disclosures based on the recommendations. Our starting point here is how traditional insurance as a whole is managed, although of course climate risks also play a part in individual investment decisions, where different companies may differ in their positioning regarding climate change.

Climate risk management

AMF's Board of Directors is ultimately responsible for compliance with and assessment of our risks, including climate risks. Within the scope of the annual risk assessment (ORSA – Own Risk and Solvency Assessment), the Board evaluates and assesses the impact of climate risks on our ability to generate good returns. The Board receives quarterly reports on our climate-related goals. Monitoring of risk assessment and recommended measures is performed only as regards the risks that are deemed to have a significant negative impact on returns.

The Board's risk assessment is embedded in management pro-

cesses and other key functions within AMF. Asset management is responsible for taking climate risks into account in investments, on the basis of risk assessment, proposed measures and AMF's appetite for risk.

Asset management is also responsible for integrating climate factors into investment decisions, in terms of both risks and opportunities that climate change can bring.

Climate risk strategy

Our long-term climate goal is for our investment activities to be in line with the Paris Agreement. In the short term, the goal is for the carbon footprint of listed shares to be lower than a broad market index.

Based on our current assessment (see next page), we see that short-term (1-year) and medium-term climate risks are not among the biggest risks of loss of value in AMF's investments. On that basis, our strategy regarding climate risks for the year ahead is to monitor changes in the risk scenario and to continue working on our risk analysis. We have not been able to assess the longer-term impact of climate risks due to uncertainty about how the liquidity aspect should be addressed in such an assessment.

Management of climate risks

Our risk management focuses on managing transitioning risks in connection with climate change by ensuring, for example, that companies themselves exercise effective risk management for the challenges that arise.

During the year, in dialogues with our wholly- and part-owned companies, we communicated that we will need better harmonised, and in some cases more comprehensive, climate and sustainability-related feedback, which will be implemented in 2020. We also conducted exchanges of experience between the companies, with a focus on climate work and sustainability, to disseminate knowledge and share experiences. We also initiated

a forum for major Swedish institutional real estate investors for knowledge sharing and coordination regarding views and work on climate risks.

In companies where our ownership interest is lower, we manage these risks via our processes for opting in, opting out and influencing. Our climate policy also sets out clearly the way we manage specific transitioning risks. We monitor the climate footprint in our investment activities and our climate policy at least twice a year.

Metrics and targets

Our short-term goal is that the carbon footprint from equity investments should be lower than a broad benchmark index, both in traditional management and for AMF's funds. There are no areas of conflict between objectives in our remuneration policy and in our climate goals, as we do not offer variable remuneration in asset management.

Carbon dioxide emissions, shareholdings in traditional insurance



Climate: Reporting of climate risks, **cont.**

Carbon dioxide emissions for the aspects of operations that at present can be accounted for and their relative carbon footprints are reported in Notes H1 and H2 on page 31 and illustrated in the graph below.

Traditional insurance

The absolute carbon dioxide emissions from our listed shareholdings were lower than in 2018, mainly through active company selection. Assets under management invested in equities increased compared to last year.

Another measure for carbon footprint is “carbon intensity”, i.e. CO₂ emissions in relation to companies’ sales. The carbon intensity from our listed shareholdings decreased for the equities portfolio overall, equating to about half of a broad market index with the same split between Swedish and foreign shares. Here, too, the decrease was achieved via active company selection. Our carbon footprint targets for the year were therefore achieved.

AMF Fonder

During the year, we also began measuring absolute emissions from AMF Fonder investments, as the starting point for the work of aligning our activities with the Paris Agreement.

Carbon intensity for all AMF funds is lower than the corresponding benchmark for all funds. Changes compared with the previous year are mainly due to changes in the funds’ holdings.

Assessment of climate risks:

Our investments are exposed to both transition and physical risks. During the year, we made a for the most part qualitative assessment of our climate risks:

- Approximately one third of our investment portfolio (in traditional insurance) is particularly exposed to transition risk, based on the TCFD’s (the Task Force on Climate-Related Financial Disclosures) analysis of sectors with high transition risk (energy; materials and buildings; transport; and the agriculture and food sector).
- Within our equities management, half of this third consists of listed companies in these sectors. In this area, we consider that our focused sustainability work (see page 13) and our fossil energy investment policy (see page 15) limit the transition risk. We also consider that liquidity in the market is relatively strong even under extreme market conditions, including climate-related events, and so we believe that through changes in company selection we would meet our targets for return in the short and medium term.
- The other half consists of our real estate investments. This asset class is by its very nature less liquid. On the other hand, we have a high ownership interest in real estate holdings, which allows for greater influence over risk management. During the year, AMF Fastigheter decided to use Science-Based Targets, which – in addition to making a positive contribution to climate work – is also expected to reduce the transition risk.
- We have not yet been able to make a similar assessment of the overall exposure of our investments to physical climate risk.

All in all, we believe that we operate appropriate risk management such as to manage the impact of transition risks on our returns. We need to continue evaluating an appropriate approach to physical risks and to further develop the scenario analysis for transition risks.

Climate: Climate change work at AMF Fastigheter

Our wholly-owned subsidiary AMF Fastigheter, which manages about 14 percent of the market value of AMF's traditional insurance, has a solid commitment to sustainability work, with a major part consisting of environmental issues. A property impacts the environment throughout its life cycle. Initially during construction, then in management and operation, thirdly during conversion and finally at any demolition. By continuously working from a lifecycle perspective, AMF Fastigheter can play a part in the conservation of resources and materials.

Fossil-free energy

The AMF Group mainly uses electricity, heating and cooling from fossil-free energy sources, to the extent of 96 percent of total energy consumption. The fossil-based portion is made up of a minor volume of district heating fuelled by fossil energy. Carbon offsetting is performed via the supplier for this portion. The AMF Group only purchases renewable electricity bearing the Good Environmental Choice ecolabel. Total CO₂ emissions decreased during the year, mainly as a result of a lower proportion of fossil energy use at supplier level and an overall decrease in the use of district heating. AMF Fastigheter has also installed solar cells on a total of 18 properties.

Energy consumption

AMF Fastigheter has long focused systematically on improving its energy efficiency, with the aim of cutting energy consumption by 19 percent between 2015–2019 in its existing portfolio during the measurement period. At the end of 2019, energy performance was 98 KWh/m² compared to the target of 95 KWh/m². The target was not achieved because approved energy projects were not completed in 2019 and operating periods increased. For the period 2020–84, a new energy target has been adopted, to the effect that energy con-

sumption should be reduced by a further 2022 percent, corresponding to an energy performance of 14 KWh/m² by 2022.

Consumption of materials

In new building, redevelopment and extensions, AMF Fastigheter seeks as far as possible to use materials accepted according to Byggvarubedömningen, an established system for environmental assessment of building materials. AMF Fastigheter also strives to enable increased recycling and find solutions to achieve a higher proportion of reused building materials, instead of tearing down interior fittings, walls and installations when a new tenant takes up occupancy.

Waste management

Operations generate large volumes of waste, above all during construction projects and in the course of property management. In construction projects, AMF Fastigheter requires construction and demolition waste to be sorted and managed according to an approved waste management plan and a report on waste volumes to be provided. Construction and demolition waste is to be sorted and managed in accordance with guidelines from the Swedish Construction Federation. The volume of waste totalled 8.5 tonnes, of

which various construction projects such as Urban Escape and Stockholmsverken accounted for around 35 percent. Several major construction projects in central Stockholm have been completed, which explains the lower volume of waste from such projects. 94 percent of the waste is reused or recycled in some form, for example as energy. The proportion of waste produced via the management of properties and the activities of tenants rose during the year. AMF Fastigheter has installed food waste tanks at some commercial sites and office properties in order to be able to recycle food waste. In a pilot project with the Swedish Energy Agency, a food waste tank with energy recycling has been installed in the Fältöversten shopping mall. The project has produced good results and has potential for further development.

Water consumption

AMF Fastigheter meters water consumption at all properties. To reduce water consumption, tap spout aerators have been installed on taps in six properties, and similar devices will be installed in all properties in 2020. The aim is to reduce water consumption by 10 percent in 2020.

See Notes H6–H10 on page 33 for figures on outcomes for climate activities at AMF Fastigheter.

AMF Fastigheter is governed on the basis of the Paris Agreement

Michael Eskils

AMF Fastigheter's Head of Sustainability

In 2019, AMF Fastigheter signed up to the Science-Based Targets initiative (SBTi), a global initiative in which companies can set climate goals as required to meet the aims of the Paris Agreement. The Science-Based Targets Initiative (SBTi) is a collaboration between the Carbon Disclosure Project (CDP), the UN Global Compact (UNGC), the World Resource Institute (WRI) and the World Wide Fund for Nature (WWF).

In what way is this new to you?

"In the past, we had goals to reduce our energy consumption, but we're now going a step further in our climate efforts and want to set science-based goals to reduce our climate impact throughout our value chain. We've chosen to sign up to SBTi for help in developing a relevant and ambitious climate target. We've committed ourselves to a time limit of two years for establishing the target and the roadmap to get there. The target is then validated by the experts at SBTi".

What changes are you making now?

"We've started work on charting our climate impact, both in our own operations and at supplier level. For example, materials have a major impact in new buildings and tenant modifications in our properties".

What does it mean to AMF Fastigheter?

"We're humbled by the work that lies ahead, but see the transition towards a long-term sustainable and profitable business as a great opportunity. I believe that in the long run it will be difficult to carry on a profitable business without being fundamentally sustainable".



Climate: Our environmental work in-house

Our environmental work in the office, is about using resources sparingly. Using products and services in an optimal way leads to both lower costs and environmental benefits, because less materials are used. We also try to work such as to use products longer and to encourage climate-smart behaviour.

At the office: We purchase electricity bearing the Good Environmental Choice ecolabel for our own offices, and offset the carbon emissions arising from the proportion of district heating that is still based on fossil fuels. During the year, we introduced new recycling stations and completely eliminated waste bins at desks. Wherever possible, we opt for recyclable materials and we also reuse furniture. We have Kranmärkt (“tap-labelled”) our office, which means that we only serve tap water and avoid disposables as far as possible. Our cleaning services provider is Nordic Swan Eco-Labelled and our purchases of coffee, food and fruit are required to be organic as far as possible. Our computers are reused or recycled via our supplier when we no longer need them.

We have company bicycles for local business journeys, and facilities that make cycling to and from the office easier. Our employees are offered annual bicycle servicing.

During conversions and day-to-day maintenance, we endeavour to use materials that are accepted under the Byggvarubedömningen (building materials assessment) scheme. We are also working on making a contribution to increasing the reuse of materials. For example, during the year we reduced our purchases of non-eco-friendly office supplies, such as plastic sleeves and disposable pens, and are working on an ongoing basis to ensure a good range of eco-friendly office supplies.

Business travel: Carbon dioxide emissions from business travel at AMF were lower than in previous years, at 173 (255) tonnes. Air travel accounts for the overwhelming share of carbon dioxide emissions. According to our travel policy, the

In-house climate engagement

During the year, we organised a Climate Week, a week in which our employees had opportunities to learn more about climate change and how AMF is addressing the climate issue in our investments. We also arranged lectures by two external climate experts, who described international efforts in the climate field and offered more practical tips on how to act climate-smart in everyday life.

AMF Fastigheter also held an in-house competition in climate-smart choices, where all employees competed in teams on making the greatest carbon dioxide savings over a two-week period. This was combined with lectures and a digital course in climate change.

environmental impact of all business trips must be taken into account. We climate-offset carbon emissions caused by business travel.

Paper consumption: In our own operations, we consumed 15 (18) kilos of paper per employee, making 6.7 tonnes (8.4) in total. However, this is a minor amount compared to the 55 (34) tonnes of paper we sent out in the form of pension statements, welcome letters and statements of earnings and tax deductions to our customers. During the year, the proportion of digital mailings through Kivra increased. However, regulations unfortunately still require us to send out information to customers by mail, which explains the increase in paper mailings.

See Notes H11–H12 on page 34 for figures on outcomes regarding our in-house environmental work.



Business ethics and acting responsibly

At AMF, a high standard in issues of business ethics is essential in retaining trust as default provider. We work from the ambition of being secure in the knowledge that we ourselves, our suppliers, partners and portfolio companies live up to our expectations of business ethics and responsible conduct.

Business ethics issues in own operations

AMF's in-house rules on business ethics issues are based on the Swedish Anti-Corruption Institute's Code of Business Conduct and Insurance Sweden's recommendations for the industry. The rules are available to employees on the intranet and state clearly how employees should act when, for example, entertaining or participating in external events.

All employees are encouraged to familiarise themselves with the rules on taking up employment, and business ethics is included in induction training of new employees in the Group. In addition, all work groups are to review and discuss our expectations of business ethics at least every two years. During the year, all work groups within AMF Fastigheter conducted reviews. The Parent Company and AMF Fonder conducted similar reviews in 2018.

Sustainability criteria in purchasing

An important part of our work on business ethics is that our suppliers should meet basic sustainability requirements. Our Supplier Code, which requires the supplier to commit to the UN Global Compact's principles on human rights, labour law, the environment and anti-corruption, is part of every new agreement. The supplier may accept our Code as part of the agreement or make their own commitments to corresponding effect. As of 31 December 2019, 100 percent (100) of our suppliers had committed to comply with our Supplier Code.

Facts

AMF and AMF Fonder's purchases consist primarily of IT and telephony services, analysis and transactions in asset management, marketing and pension administration services. AMF Fastigheter's purchases consist primarily of consultancy services in construction and management, as well as in energy and heating.

We also strive to ensure that all suppliers have collective agreements in place or allow collective bargaining. In addition, where appropriate we conduct a suitability assessment that includes creditworthiness, any tax liabilities and payment of social security contributions. We monitor compliance with the Supplier Code via available external information. In the event of any suspected deviation, we contact the supplier to sort out any issues before deciding upon further action.

Tax

Another important aspect of business ethics is our approach to tax. We start from the following principles, which also form part of our policy on tax:

- Tax management shall be based on our interpretation of what the legislature wanted to achieve with tax legislation, or shall comply with established practice in the sector (levels 1 on our tax scale).
- We shall be open and transparent about how tax is treated in our operations.

In our investing activities, we shall also strive to ensure that our portfolio companies maintain a transparent and public tax policy, with appropriate follow-up. During the year, we also drew the attention of Swedish portfolio companies to our view of the importance of transparency in tax matters and a public policy on taxation.

Our view is that all tax management in the Parent Company, AMF Fonder and AMF Fastigheter is conducted at level 1 or 2 on the tax scale.

In 2019, AMF paid a total of SEK 962 million (760) in tax in the Group, above all capital yield tax in the Parent Company, but also withholding tax and income tax. All taxes were paid to the Swedish tax authorities.

See also Note 13 Tax on page 79 for more information about the estimated tax expense for the year.

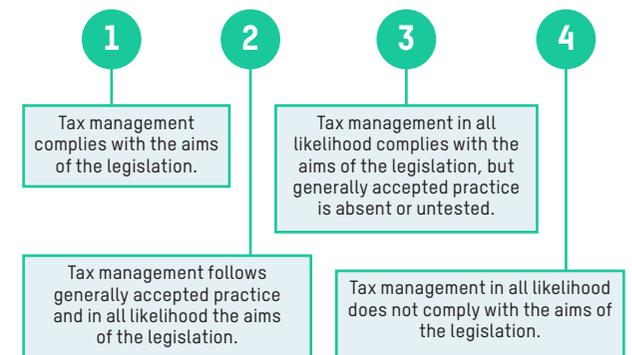
Business ethics and corporate governance in portfolio companies

A robust corporate governance and risk management system is an important parameter for judging the sustainability level of the companies we invest in. Empirical data indicate that it also creates solid conditions for good, long-term returns.

During the year, we held several learning events on business ethics and responsibility for employees who, on behalf of AMF, are involved in Board work at partly owned companies.

In our Ownership Report, available on our website, we summarise our views on important ownership issues, including remuneration issues, nomination committee work and sustainability issues. A major business ethics issue was accusations against Swedbank, in which we are a major shareholder, alleging involvement in large-scale money laundering. During the process, we demanded the maximum possible transparency and exercised our influence to ensure the right management for the future, so that confidence in the bank can be restored and that all outstanding issues can be resolved.

AMF's tax scale



Diversity

AMF's definition of diversity is differences in terms of background, skills and experience. To us, diversity is both about the right to be oneself and the right to benefit from available skills and experience. This applies not only in our own business; we also work to improve diversity and gender equality on boards of directors and in management teams in the companies where we are major owners. We are also trying to highlight the issue of gender equality in the pension system as a whole.

Diversity and equality in AMF's activities

We view diversity as an asset and a means of improving business for our customers by solving problems and developing the business from our different perspectives. As an employer, we shall work consciously and in goal-focused way to ensure that everyone has the same working conditions, equal rights and opportunities for development in the workplace.

We seek always to ensure that all employees are treated with respect and that our work environment is totally free of discrimination and victimisation. In the year's employee survey (Parent Company and AMF Fonder) 79 percent (80) of employees agreed that, within their unit, maximum use was made of differences in skills, experience and perspectives.

We also know that unconscious behaviours may be present that work against increased diversity. We try to anticipate this by, for example, ensuring that all recruiting managers perform a diversity analysis of the work group before the recruitment process starts, in order to highlight which skills may be lacking. During the year, this kind of analysis was performed in 100 percent of all recruitment processes. It is still too early to be clear about what impact this effort is having on diversity at AMF in general, but it has in several cases focused attention on any shortcomings in diversity in the work group.

The age distribution at AMF is concentrated in the age categories 45–44 years (59 per cent) and 30–44 years (40 per cent). Personnel turnover has decreased compared to last year and is about the same in all age categories and between women and men.

Overall, AMF maintains an equal gender balance. However, it is evident that challenges remain at group level, where either women or men are over-represented in various professional categories, for example managers. However, men are generally

Recruitment to professional categories with an uneven gender balance



Within the Group, we conducted 47 recruitments to groups with gender imbalances during the year. In these 47 processes, we had final candidates of both genders in 37 recruitments, and in 16 cases a candidate from the under-represented gender was hired.

“ We seek always to ensure that all employees are treated with respect and that our work environment is totally free of discrimination and victimisation.

Diversity, cont.

over-represented in professional categories with higher market salaries, and women are over-represented in professional categories with lower market salaries. As a result, women at AMF earn on average 80 percent of a man's pay. The level of these structural pay differentials was overall slightly better than in the previous year. The pay differentials within different groups changed substantially compared to previous years, mainly due to changes in roles.

In addition to work on these structural pay differentials, we ensure every year that in the respective professional categories, there are no pay differentials that may be attributed to gender. In 2019, we identified no unjustified pay differentials at AMF for either women or men.

We have been working since 2015 on reducing the number of uneven working groups by encouraging candidates of the underrepresented gender when recruiting. During the year, we carried out 47 recruitments to groups with an uneven gender distribution. In 37 recruitments, final selection included candidates of both genders in the final selection, and in 16 cases, a candidate of the under-represented gender was hired. Our goal is by 2022 to increase the number of gender-balanced work groups by 25 percent, compared to 2018. This is equivalent to half of our work groups being gender-balanced. In 2019, the number of gender-balanced groups increased to just over 40 percent, which is still below our target level.

Our work on diversity and gender equality is governed by a policy of equal treatment, which defines AMF's work on diversity, gender equality, discrimination and victimisation, and is updated annually. AMF also has an action plan based on salary surveys, employee surveys and dialogues with trade union representatives. In addition to diversity and gender equality, we follow up other key performance indicators in the HR area, such as employee turnover, sickness absence and internal employee mobility. We have worked for many years on improving development opportunities for employees, for example by making internal mobility easier. We aim for at least 20 percent of all positions to be filled from internal applicants. In 2019 we achieved this goal, with 21 percent (19) of all positions being filled by internal applicants.

See Notes H3-H5 on page 32 for figures on outcomes regarding our internal work on Diversity and Gender Equality.

Diversity and gender equality as part of corporate governance

As a major owner in many Swedish companies, we take part in the work of nomination committees; in 2019 we were represented in 28 (30) such committees. This enables us to influence the selection of board members proposed to the annual general meetings of the companies. We believe that it is good for the companies, and ultimately for our customers, that boards of directors should be diverse in terms of background, skills and experience. As part of this diversity, boards should also show an even gender balance.

After the annual general meetings of 2019, 23 out of 28 boards had an even gender balance. Changes in which companies we own make comparison with historical figures difficult, but there is nevertheless a clear trend of gender equality increasing in companies in which we and other major owners have long been driving the issue. On average, the boards on which we are represented in the nomination committee comprise 41 percent women. The average across the Stockholm Stock Exchange is 35 percent.

One of the prerequisites for producing more women candidates for boards of directors is to increase the numbers of women with experience of positions of leadership. Against that background, we maintain ongoing dialogues with the companies where we are major owners, about the importance of management teams with an even gender balance.

Gender equality in the pension system

The pension system is a reflection of the income people earn during their professional life. Today, women pensioners receive about two-thirds of a man's pension. For many years, we have highlighted the issue of gender-equal pensions, for example via our annual Pension Report. In this year's report, we highlighted the reasons why there are differences between men's and women's pensions. The most obvious one is that an uneven gender balance in the labour market and an uneven take-up of parental leave lead to uneven pensions. However, there are also differences in various collective agreements regarding in pension provisions that have an impact. On our website and YouTube channel, we recommend what people can do as individuals to ensure a more equal pension, for example in connection with parental leave.



Pensions on the customer's terms

We believe it is important that the pension system should be easily understood and predictable for savers. Our aim is that our customers should find their occupational pension easier to understand, as we believe this lead to greater confidence in the occupational pensions system and reduces worry about pensions. Greater simplicity also makes it easier for customers who want to make well-informed choices. Through advocacy and collaboration with other actors, we try to contribute to improvements while also working to simplify our own offering.

The occupational pension system is perceived by many customers as complicated because pension agreements and how they are managed differ between from one collective agreement area to another. Increased mobility in the labour market means that many savers and pensioners today have a range of different occupational pension solutions, subject to different rules and management. We believe that the simpler the pension system is from the customer's perspective, the easier it will be for them to inform themselves about pension issues and understand their own pension.

Collaboration with others

We work with other actors in the occupational pension sector to make it easier for customers. For example, we engage in dialogue with pension advisory centres and other default providers about making the process of moving an occupational pension to another company smoother, and on a common approach to information on collectively agreed occupational pensions to ensure we provide more effective, higher-quality information to the customer. We also maintain dialogue with the Swedish Pensions Agency about how together we can identify synergies in reaching people with information and increasing awareness of occupational pensions. We have also been a partner to the minPension web portal in its development project Withdrawal Planner, an industry-wide web-based service for planning pension withdrawals. The service enables savers to simulate how different choices affect their pension, for example the age at which they retire or how long they wish to take out their pension.

During the year, the Confederation of Swedish Enterprise, LO (the Swedish Trade Union Confederation) and PTK (the Swedish Council for Negotiation and Cooperation) announced that they were forming a new information company to provide information about the insurance products under collective agreements. We are supporting the new company during the

start-up phase through our experience in information and communication about collectively agreed occupational pensions.

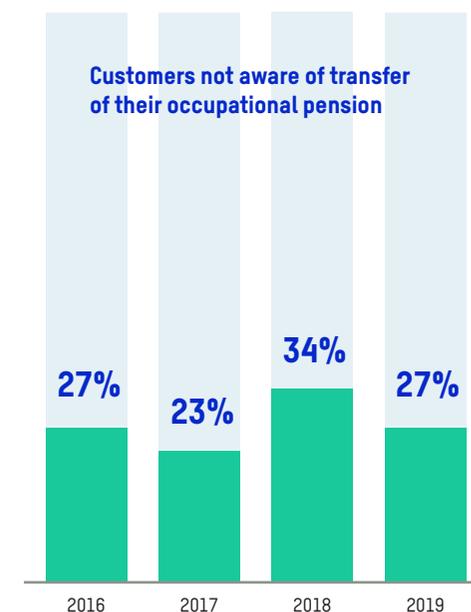
Increase understanding of pensions

During the year, we worked on drawing attention to occupational pensions in general via our broadly-based communication concept "Everyone deserves an occupational pension", and focused activities on increasing understanding of what type of occupational pension people have, whether they need to review their fund selection or whether they have repayment cover. We also posted several videos during the year on our YouTube channel – Emmas pensionskola (Emma's Pension School) – explaining in a lighthearted way the pension system and occupational pensions.

In our contacts with customers, we also focused on increasing knowledge and awareness of pensions, for example by providing information in particular on repayment cover and special beneficiary clauses.

The problem of transferring an occupational pension from one company to another remains. It is an important right for individuals to be able to transfer their pension capital to another company, but we have long recognised that there are challenges. For example, we see that one in four occupational pension transfers take place without the customer's knowledge, and that one in three ends up in a form of savings people say they do not want, for example, they prefer a traditional insurance plan but have been transferred to unit-linked insurance. Although unawareness of occupational pension transfers in 2019 decreased slightly compared to the previous year, we still believe that the figures are too high.

Our hope is that increased simplicity and increased understanding of pensions will encourage more savers to make well-informed choices and obtain the type of pension saving they want.



In order to understand customers' reasons for transferring their occupational pension, in spring 2019 AMF conducted a survey of customers who had transferred their occupational pension from AMF during the period October 2018 – March 2019.

Pension on the customer's terms, **cont.**

Improvements in AMF's own operations

We also work internally on our own offering in order to make it as simple as possible for customers. Simpler products also generally reduce costs to us, which in turn means lower charges to customers. For example, we try to harmonise terms and conditions of insurance within each collective agreement area so that all customers can benefit from the most recent and best offering. This means we can also introduce a charge cap – a limit on the maximum charge for occupational pension management for every customer within each collective agreement area. This exists today within the SAF-LO Contractual Pension, where customers pay a maximum of SEK 300 per year. A similar charge cap also exists within traditional ITP insurance, although only for premiums paid from October 2018 onwards. In the long term, our aim is to have an offering that extends over several collective agreement areas, to make it easier for customers to obtain an overview and manage their pension even if they change jobs and thus move between different collective agreements. To this end, we will start work on harmonising the terms and conditions of insurance within KAP-KL next year.

Pension expertise

We are pleased to share our expertise in occupational pensions and monitor and comment on the current pension debate from our customers' perspective. We do this in several ways, including active contributions via the Swedish Financial Supervisory Authority's 'Gilla Din Ekonomi' (Love Your Finances) network, taking part in university projects designed to expand knowledge in occupational pensions among economics and HR students, and training sessions for municipal budget and debt advisors on how to help financially vulnerable pensioners.

“ The problem of transferring an occupational pension from one company to another remains. It is an important right for individuals to be able to transfer their pension capital to another company, but we have long recognised that there are challenges. For example, we see that one in four occupational pension transfers is made without the customer's knowledge, and one in three ends up in a form of savings they say they do not want.



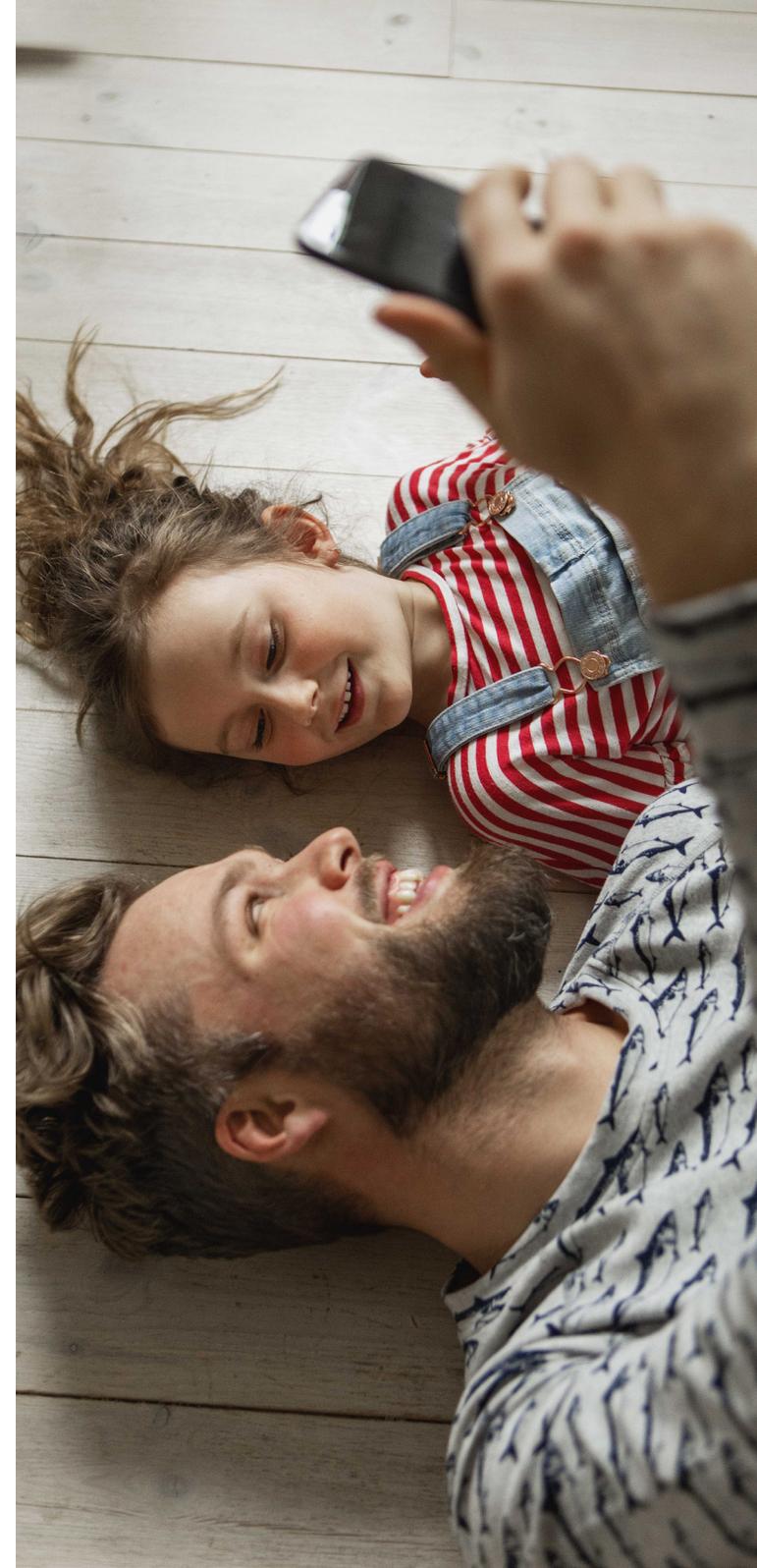
Governance of sustainability work

Our sustainability work focuses on areas based on stakeholders' expectations and our own assessment of which issues are important to AMF. Our key stakeholders are customers, owners and other collective agreement parties, political decision-makers and employees.

During the year, we conducted a quantitative survey with questions on, for example, sustainability and pensions aimed at the general public and representatives in the pension industry, as well as a follow-up qualitative survey for experts in the industry.

It has become increasingly clear that the climate issue is one of the most important issues in work on sustainability. Not only so that AMF can live up to Sweden's climate goals and the Paris Agreement, but also because the climate issue may affect future yield opportunities and risk levels in investment activities. On that basis, we have decided to introduce Climate as a separate focus area. In future, issues relating to basic sustainability criteria in the investment business will be classified under the heading of Business Ethics.

Stakeholder group	Expectations of AMF as to sustainability	Dialogues/Measurements
Customers	<ul style="list-style-type: none"> • Good and secure pension. • Simplicity in dealings with customers. • High level of accountability. • Sustainability in investment important to many. 	Customer service, customer survey, complaint function, user tests.
Owners and other collective and contractual partners.	<ul style="list-style-type: none"> • Active sustainability work that creates value for savers. • High level of accountability and good business ethics. 	Board meetings, other meetings with owners and partners, requirements in procurement and affiliations, surveys.
Decision makers/authorities	<ul style="list-style-type: none"> • Expectations primarily for sustainability work in investment activities. • High level of accountability and good business ethics. 	Reference groups, trade associations, meetings with representatives, surveys, media analysis.
Employees	<ul style="list-style-type: none"> • Skills development • Work to increase diversity and gender equality. • Good work environment in general. 	Employee surveys, performance appraisals, dialogue with trade union representatives, Committee on Health and Safety at Work.
Other stakeholders	<ul style="list-style-type: none"> • Mainly regarding sustainable investments. • Transparency and information on sustainability work. 	Meetings with representatives, monitoring external environment.



Governance of sustainability work, cont.

Organisation and governance of sustainability work

AMF's Board of Directors is ultimately responsible for AMF's sustainability work, which is based on the Board's rules on accountability and sustainability. These rules also provide the framework for many of our other governing documents, such as investment guidelines, rules on AMF's offering, actuarial guidelines and rules on risk management, all of which are subject to approval by the Board. The Board of Directors decides on overall areas of sustainability and monitors this work on a quarterly basis. The CEO bears operational responsibility for our sustainability initiatives and decides on sustainability targets at Group level. The Sustainability Council advises the CEO on matters relating to sustainability. The Sustainability Council includes the CEO, General Counsel, business managers, representatives from the wholly owned subsidiaries and employees in the Group responsible for sustainability. In 2019, the Sustainability Council held four meetings.

The Group's Sustainability Manager is responsible for supporting and coordinating AMF's sustainability initiatives and preparing issues for the Sustainability Council's consideration. The Sustainability Manager also has overall responsibility for collating stakeholder opinions and expectations regarding sustainability work. Business managers are responsible for ensuring that work on sustainability is carried out in the organisation. Compliance and Internal Audit can verify whether sustainability work is being performed in accordance with laws and regulations, Board decisions and AMF's Rulebook.

We report on our sustainability work annually according to GRI Standards and the Swedish Annual Accounts Act. Reporting is reviewed by external auditors.

Board's rules on accountability and sustainability

In short, the Board's rules on accountability and sustainability mean that AMF's employees must act responsibly and must make every effort to contribute to sustainable development in accordance with the UN's Sustainable Development Goals

and the Paris Agreement. The rules are reviewed at least once a year and updated as necessary. The same applies to the CEO's instructions on sustainability governance, which are based on the Board's rules. The rules apply to all those who represent AMF and, on taking up employment, our employees undertake to comply with these and other rules. Employees receive information on the AMF Rulebook and the rules on accountability and sustainability in employment and during induction training. Employees are informed on an ongoing basis about sustainability work, for example through staff meetings. The subsidiaries have their own rulebooks, with additional rules and instructions impacting sustainability specifically for their particular business.

Precautionary Principle

We support the Precautionary Principle, which means working preventively and minimising risks in environmental issues in all parts of our operations. Our rulebook describes how our business is to be conducted and how we are expected to behave proactively to minimise risk. We must be conservative with the responsibility and resources that we manage.

Collaboration with others

AMF is a member of several organisations and associations in the pension and insurance industry. These include Insurance Sweden, the Swedish Investment Fund Association and the 'Gilla Din Ekonomi' (Love Your Finances) network. In sustainable business and responsible investments, AMF is a member of UN PRI, the UN Global Compact, the Net-Zero Asset Owner Alliance, Climate Action 100+, the Swedish Institutional Owners Association and Swedish networks Sustainable Value Creation, SWESIF (the Swedish Forum for Sustainable Investments) and Swedish Investors for Sustainable Development. AMF also supports CDP (the Carbon Disclosure Project) and TCFD (the Task Force for Climate-Related Financial Disclosure). It has also signed the Montreal Pledge on carbon footprint accounting.



About the Sustainability Report

This Sustainability Report summarises AMF's sustainability initiatives in the 2019 calendar year. The report is prepared in accordance with GRI Standards, Core Level.

AMF is a limited liability life insurance company that operates in the Swedish market and is owned equally by the Swedish Trade Union Confederation (LO) and the Confederation of Swedish Enterprise. This report covers all operations of the Parent Company AMF Pensionsförsäkring AB, wholly-owned subsidiaries AMF Fonder AB and AMF Fastigheter AB and a number of wholly-owned property companies. AMF has holdings in a number of part-owned companies defined as joint ventures and associates. These holdings fall within the categories of asset management and investment activities.

No material changes in the size, structure, ownership and supply chain of the organisation occurred during the reporting period.

The Sustainability Report has been approved by AMF's Board and reviewed by AMF's auditors Ernst & Young AB (see page 116).

The Sustainability Report is produced annually and the previous report, on the 2018 calendar year, was published in March 2019.

For questions or additional information about AMF's sustainability work, please contact Anna Viefhues, Sustainability Manager, anna.viefhues@amf.se.

Data measurement techniques and assumptions applied

General

Comparative figures for 2016–2018 are included to the extent they are compatible with reporting for the year. In the case of waste from property management and through the operations of tenants, only total figures are available for 2016–2017, i.e. they are not shown by type of waste.

Carbon dioxide measurement in the equity portfolio

The calculations on page 31 are based on AMF's holdings in listed equities as of 31 December 2019. Data for the companies' sales and carbon dioxide emissions are the latest available, in most cases as at 31 December 2018. As benchmarks for the measurement of carbon dioxide, MSCI ACWI has been used for the non-Swedish portfolio and SBX for the Swedish portfolio.

The carbon footprint is a measure of the carbon dioxide efficiency of companies in AMF's equity portfolio. Carbon efficiency is measured by relating each company's carbon dioxide emissions to sales. To identify AMF's share of emissions, each company's footprint is multiplied by AMF's ownership share in the company. Emission measurements comply with the GHG Protocol global reporting standard. They are based on the most recent available carbon dioxide data for direct emissions

(Scope 1) and indirect emissions related to energy consumption (Scope 2). Comprehensive, reliable data on other indirect emissions, such as contractors' emissions or emissions from the use of manufactured products (Scope 3) are not yet available. AMF monitors data trends and analyses within these types of emission so it can include them in the future. AMF uses analysis tools from the company Trucost to calculate carbon dioxide emissions. The calculations are based on the companies' own reporting. In cases where companies do not report data themselves, emissions are estimated. The carbon footprint covers 94 per cent of the listed equity portfolio. The carbon footprint provides a snapshot. The value changes if the emissions and sales of the companies change. The value also changes if AMF purchases or sells shares in the portfolio. Exchange rate fluctuations also affect the result.

AMF Fonder

Morningstar's sustainability rating on page 11 is as of 30 November 2019. The carbon footprint calculations on page 31 are based on AMF Fonder's holdings as of 31 December 2019. In the Small Cap Fund, data was only available for 81 percent of the fund's holdings in 2019 (88 percent for the benchmark index). The measurement shows the exposure of the fund portfolio to carbon-intensive companies, expressed as the portfolio company's annual CO₂e in tonnes/company's annual income in the fund's currency, broken down by portfolio weighting, i.e. value of the holding/total value of the portfolio. The MSCI ACWI is used as the benchmark index for measurement of CO₂ for foreign companies and SIX PRX (SIX Portfolio Return Index) and CSX (Carnegie Small Cap Index) for Swedish companies.

The carbon footprint provides a basis for assessing certain climate-related financial risks, such as a carbon dioxide price, and eases the impact on companies of reducing emissions, via for example requirements for emission reductions, risk management, business strategies and transparency. The measure should be seen in the context of the fund company's overall sustainability work. The carbon footprint shows a historical snapshot of the emissions from the companies in the fund's portfolio. Values will vary as companies' emissions change, but also as the composition of the portfolio changes. Changes in exchange rates also affect the result. Please note that the carbon footprint does not show the overall climate impact of investments, for example because:

- Only certain emissions are included. Indirect emissions from suppliers are not always covered by the calculations, nor are the usually major emissions that may follow use of a company's products,
- Emission data from companies is not comprehensive,
- Only certain asset classes are measured,
- Reductions in emissions from products and services are not included,
- Information on fossil reserves is not included,
- The measure does not say anything about how well a portfolio is positioned against, or its contribution to, a transition to a low-carbon society.

Employee data

The classification into men and women is based on personal identity numbers. The data in the tables refers to the Group unless stated otherwise.

The Parent Company follows up the proportion of consultants and

employed personnel quarterly in order to make the whole organisation visible and reduce the proportion of consultants over time. In the follow-up in December 2019, the proportion of consultants in the Parent Company was estimated at 28 percent (31) of the total workforce. The calculation was based on costs. AMF today does not have any registration or monitoring procedures for reporting consultants per gender.

Work groups with an uneven gender balance are defined as those with more than five members and less than 40 percent of either gender. From 2019, the concept of work group has been changed. The division into work groups has changed from department to cost centre, as we believe that a more refined classification better reflects the actual groupings in which the day-to-day work is performed.

Energy performance and consumption

Energy performance is the total energy consumption of the property portfolio divided by the total area in Atemp. Atemp is calculated as the internal areas of floors, attics and cellars (excluding garages) heated to over 10°C. AMF's energy target is measured against a reference year, a rolling 12-month period from April 2014. Energy consumption is based on actual energy use.

In accounting for energy use, the property Marievik 24, where the tenant itself is responsible for the energy use, is not included. In accounting for energy intensity, project properties Trumman 2, Vattenpasset 11, Trollhättan 29, Trollhättan 30 and Ängtvätten 22 are not included.

The properties Trollhättan 29–33 are part of a joint energy centre for the whole of Urban Escape, in which purchased energy is converted and refined such as to enable increased energy output. For project properties Trollhättan 29 and Trollhättan 30, no energy data are available for the January to March 2019 period. In order to obtain an annual consumption figure for the joint energy centre and a breakdown of energy consumption for properties Trollhättan 31–33, energy data for Trollhättan 29 and Trollhättan 30 have been annualised on the basis of energy data for the April to December 2019 period. No properties were sold or acquired in 2019.

District heating

District heating has been adjusted as for a normal year, other than in table H10. Energy consumption based on actual values.

District cooling

District cooling also includes process cooling.

Cooling plants

Cooling plants are installed in the following properties: Svalan 9, Adonis 16, Trumman 2/Vattenpasset 11, Marievik 24, Fältöversten 7, Rektangeln 21, Trossen 12, Trollhättan 29–33, Oxen Större 21, Tobaksmonopolet 6, Fatburssjön 10 and Ängtvätten 22. The gases that AMF takes into account in its calculations are the following CFCs used in the above-mentioned cooling plants: R134a, R417a and R404a. GWP values are from the IPCC.

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Notes on sustainability

H1. Absolute emissions of CO₂ equivalents, shareholdings

Tonnes of CO ₂ e	2019	2018	2017	2016	2015	2014
Management of traditional insurance						
Swedish equities	195,000	313,000	220,000	187,000	108,000	140,000
Non-Swedish equities	700,000	804,000	1,111,000	1,213,000	818,000	1,081,000
Total traditional insurance	895,000	1,117,000	1,331,000	1,400,000	926,000	1,221,000
AMF Fonder ¹⁾	507,000	482,000	-	-	-	-

¹⁾ We started measuring absolute emissions of CO₂ equivalents for AMF Funds in 2019 and only have comparative figures for 2018.

H2. Relative emissions of CO₂ equivalents, shareholdings

Tonnes of CO ₂ e/companies' sales, SEK million	2019		2018		2017		2016		2015		2014	
Management of traditional insurance	AMF	Index	AMF	Index	AMF	Index	AMF	Index	AMF	Index	AMF	Index
Swedish equities	4.1	7.5	6.5	10.2	5.0	8.5	4.5	7.3	3.9	6.8	5.4	8.7
Non-Swedish equities	14.3	27.2	14.9	24.4	16.5	26.8	20.8	29.8	18.4	27.9	27.2	37.2
Total traditional insurance	9.9	19.3	11.5	21.3	12.0	19.5	14.1	20.8	12.1	19.5	18.0	25.8
AMF Fonder												
AMF Asia Pacific Equities Fund	12.4	28.8	17.0	38.0	24.7	32.2	27.0	41.5	27.6	35.6	19.5	45.6
AMF European Equities Fund	15.0	18.9	23.6	29.0	11.9	22.8	15.6	26.8	15.2	28.7	20.7	33.4
AMF Global Equities Fund	14.0	22.1	20.6	29.0	17.4	26.9	20.9	29.8	21.8	28.4	25.7	36.5
AMF North American Equities Fund	11.3	19.3	15.9	22.4	21.4	23.3	20.3	24.1	26.4	25.7	32.2	33.2
AMF Small Companies Equities Fund	8.0	9.9	16.0	18.7	25.9	21.9	19.5	24.1	19.3	25.8	25.3	34.3
AMF Swedish Equities Fund	4.0	6.6	6.2	10.1	7.6	9.6	4.3	7.3	3.9	7.3	10.1	9.9
AMF Emerging Markets Equities Fund	15.7	38.5	-	-	-	-	-	-	-	-	-	-
AMF World Equities Fund	7.9	12.8	10.6	17.7	9.8	16.5	10.4	16.3	10.5	15.8	17.1	20.5
AMF Balanced Fund (equity share)	7.3	11.7	10.0	16.4	10.6	15.3	9.2	14.8	10.6	14.3	15.4	18.7
AMF Corporate Bond Fund ¹⁾	-	-	-	-	-	-	-	-	-	-	-	-
AMF Fixed-Income Fund Short ¹⁾	-	-	-	-	-	-	-	-	-	-	-	-
AMF Fixed-Income Fund Long ¹⁾	-	-	-	-	-	-	-	-	-	-	-	-
AMF Fixed-Income Fund Mix ¹⁾	-	-	-	-	-	-	-	-	-	-	-	-

¹⁾ No outcomes are available for fixed-income funds, as we have less than 75 percent coverage of holdings for which a carbon footprint is measured.

H3. Gender equality

2019	Women	Men	<29 years	30–44 years	45–59 years	>60 years	Total
Number of employees	243	189	31	174	192	35	432
Of which permanent employees	242	184	29	171	192	34	426
Of which FTEs	230	183	31	163	186	33	413
Employee turnover							
Number of new appointments	45	34	17	41	21	0	79
Number of terminations	19	14	3	12	16	2	33
Percentage of terminations (personnel turnover)	8%	8%	13%	8%	8%	6%	8%
Composition of Board of Directors, management and other personnel							
Composition, Board of Directors							
AMF	50%	50%	0%	0%	50%	50%	
AMF Fastigheter	67%	33%	0%	17%	33%	50%	
AMF Fonder	33%	67%	0%	0%	50%	50%	
Managements, Parent Company and subsidiaries							
	40%	60%	0%	20%	67%	13%	
Other managers							
	61%	39%	0%	35%	57%	8%	
Other non-administrative employees							
	56%	44%	8%	42%	42%	8%	

2018	Women	Men	<29 years	30–44 years	45–59 years	>60 years	Total
Number of employees	216	170	22	155	185	24	386
Of which permanent employees	214	169	20	155	184	24	383
Of which FTEs	205	164	22	148	178	21	369
Employee turnover							
Number of new appointments	36	24	8	32	20	0	60
Number of terminations	25	21	7	15	21	3	46
Percentage of terminations (personnel turnover)	12%	12%	33%	10%	11%	12%	12%
Composition of Board of Directors, management and other personnel							
Composition, Board of Directors							
AMF	44%	56%	0%	0%	56%	44%	
AMF Fastigheter	71%	29%	0%	14%	29%	57%	
AMF Fonder	50%	50%	0%	0%	67%	33%	
Managements, Parent Company and subsidiaries							
	38%	62%	0%	8%	77%	15%	
Other managers							
	65%	35%	0%	30%	67%	2%	
Other non-administrative employees							
	55%	45%	7%	43%	44%	6%	

H4. Comparison of earnings between men and women in same profession

	2019	2018	2017	2016	2015	2014
Percentage of individuals, men and women, for whom an unjustified pay differential was identified in the annual salary survey	0.0%	0.0%	0.8%	0.0%	–	0.0%

In 2015, no salary survey was carried out. At that time, the legal requirement was for a salary survey every three years. An unjustified pay differential means that the possibility that lower pay is gender-based cannot be ruled out. Unjustified pay differentials identified in the 2017 salary survey were immediately addressed. All employees, with the exception of the CEOs of AMF, AMF Fastigheter and AMF Fonder, are parties to collective agreements.

H5. Salary comparison between men and women regardless of occupation

Women's relative average salary	2019	2018	2017	2016	2015	2014
Management in Parent Company and wholly owned subsidiaries	73%	90%	93%	64%	69%	71%
Other managers	67%	82%	70%	68%	68%	74%
Other non-administrative employees	88%	80%	82%	83%	79%	75%
All	80%	79%	79%	75%	73%	69%

H6. Waste management from construction projects, disposal method

Tonnes	2019	2018	2017	2016
Hazardous waste				
Landfill	20	24	491	122
Recycling	12	2	3	1
Energy recovery	16	25	4	2
Non-hazardous waste				
Re-use	6	1,459	8,154	13,726
Recycling	1,179	1,686	3,640	5,257
Energy recovery	1,306	2,319	1,437	2,614
Landfill	500	514	1,243	1,529
Total	3,039	6,029	14,972	23,251

Waste management primarily relates to the Urban Escape and Stockholmsverken projects. These accounted for 60 percent and 13 percent, respectively, of total project waste in 2019.

H7. Operational waste

Tonnes	2019	2018
Hazardous waste		
Landfill	1	3
Recycling	27	2
Energy recovery	4	26
Non-hazardous waste		
Re-use	20	0
Recycling	2,458	1,640
Energy recovery	2,980	2,554
Landfill	10	22
Total	5,500	4,247

Only overall figures are available for 2016 and 2017 – 2,670 tonnes and 4,830 tonnes respectively.

H8. Carbon dioxide emissions from consumption of heating and electricity

	2019	2018	2017	2016
Fossil carbon dioxide emissions, total in tonnes of CO ₂	1,996	2,296	2,546	2,629
Carbon dioxide emissions, total in kg CO ₂ /sq. m.	2.5	2.6	3.0	3.1

Indirect carbon dioxide emissions are for the most part generated by the proportion of district heating consumption that is based on fossil fuels. Direct emissions Scope 1, indirect emissions Scope 2 and Scope 3 in connection with business travel are carbon offset. During the year, leakage of CFCs from three cooling plants contributed to a further 405 tonnes of CO₂e.

H9. Energy performance

Specific energy consumption, kWh/sq. km

AMF's property portfolio	2019	2018	2017	2016
Property electricity	30	34	33	40
District heating	48	47	48	51
District cooling	20	30	19	20
Total energy consumption	98	111	100	111

H10. Energy consumption

MWh	2019	2018	2017	2016
Non-renewable	2,938	3,628	4,253	4,550
Recovered energy	3,918	6,211	8,492	8,921
Renewable	70,137	71,354	73,861	78,552
Total	76,993	81,193	86,606	92,023

AMF's property portfolio

Property electricity	25,730	25,992	27,162	29,199
District heating	38,622	34,732	43,807	46,040
District cooling	16,727	21,030	17,820	19,089
Total	81,079	81,754	88,789	94,328

Own consumption

AMF Group's own consumption	248	234	189	276
Total	248	234	189	276

Fossil-free energy refers to renewable energy and recycled energy. Renewable energy is generated from sources that are constantly naturally renewed and will not become depleted. Solar, wind, water and biofuel are examples of renewable sources. Recovered energy refers to waste heat, energy recovered in waste water, amount of waste and recycled fuels not identified as renewable, and recovered energy in purchased electricity and cooperation on heat generation. Fossil-based refers to fossil fuels such as oil and coal.

H11. Carbon dioxide emissions from business travel

Tonnes	2019	2018
AMF (Parent Company)	80	145
AMF Fonder	63	46
AMF Fastigheter	30	64
Total	173	255

In 2019, AMF changed its provider of calculations and therefore the method of calculation has changed. Figures for 2018 have been restated for comparability.

H12. Paper consumption

Tonnes	2019	2018	2017	2016
Mailings to customers	54.8	34.1	90.1	83.0
Own consumption	6.7	8.4	9.6	8.6
Total consumption	61.5	42.5	99.7	91.6
Own consumption per workplace, kilos	15	18	21	19

H13. Suppliers

	Total	Share of purchasing volume for the 10 largest
AMF (Parent Company)	530	40%
AMF Fonder	120	50%
AMF Fastigheter	1,700	54%
Total	2,350	

Approximately 60 percent and 65 percent, respectively, of AMF's and AMF Fonder's suppliers invoiced more than SEK 50 000 in 2019. Approximately 40 percent of AMF Fastigheter's suppliers invoiced more than SEK 40 in 2019. The thresholds differ due to AMF Fastigheter having a much larger supplier base with small invoiced amounts.