

2020

**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 on collectively agreed occupational pensions in the form of traditional insurance for private-sector workers, but we also offer funds and unit-linked insurance for long-term saving. We are owned by LO (the Swedish Trade Union Confederation) and the Confederation of Swedish Enterprise and operate in accordance with mutual principles. This means that the profit that we generate is delivered in entirety back to our customers.

Our vision is to be Sweden's best provider of retirement pensions. We aim to provide our customers with the best pension product, with good returns in the long term at 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 SEK 715 billion on behalf of our customers. We manage the pension capital in-house and invest it in shares, bonds, real estate and other alternative investments. We are one of the largest shareholders on the Stockholm Stock Exchange and among the largest owners of commercial real estate in Sweden. To us, it is important to invest our customers' money responsibly and on the principle that our activities should contribute to a sustainable society.

The Group has 445 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 fees. The funds are available for selection via unit-linked insurance, the premium pension system and direct fund saving. At year-end, assets under management totalled SEK 167 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 was just over SEK 73 billion.

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Significant events in 2020

Impact of the COVID-19 pandemic

The past year was a tough one, in both human and financial terms, for many people. However, AMF's operations remain secure and stable.

Thanks to a strong financial position, we have been able to continue to invest savers' money in the way we believe is best in the long term, and we have been able to play our part in ensuring that Sweden copes as well as possible through this difficult period. Despite the turbulence of stock prices above all in the early part of the year, we managed to adjust our investment portfolio and achieved a return of 7 percent during the year – representing an increase of SEK 36 billion in value.

AMF Fastigheter's activities during the year were characterised by management of, and adaptation to, the current situation, for example, via work to alleviate crowding and queuing at the places where people shop. AMF Fastigheter also tried to make things easier for tenants' businesses through free home deliveries, video shopping and dialogue on rents and conditions.

Among our employees, those who normally work from our offices more or less completely switched to working from home. The transition to the home office has exceeded expectations. However, many people are feeling the social isolation, both privately and at work.



Support for companies through the crisis



To ensure that good companies survive and remain competitive even once the pandemic is over, we are prepared to invest SEK 5 billion in viable Swedish companies. Not only will this aid the companies we invest in, it will also benefit society and our savers.

The largest share in this investment framework is our commitment of SEK 2 billion to Cinder Invest. The company invests in medium-sized enterprises, such as unlisted private and family-owned businesses that do not have access to the stock market, in order to support them through the COVID-19 crisis. Within the investment framework, we also increased our ownership in Scandic Hotels to more than 15 percent, and made investments of nearly SEK 115 million in the Haldex engineering group, SEK 600 million in the Storskogen group and SEK 400 million in the amusement park company Parks and Resorts.

Climate in focus

We continued our work on sustainability and major ownership issues. The focus for our work in ownership centred for example on compliance with the Swedish Code of Corporate Governance, gender-equal boards of directors and the climate issue. In sustainability as a whole, the focus was also on the climate issue. We produced new goals, including a climate budget for our investment portfolio, and we followed up on the climate work of our large portfolio companies. We especially highlighted the importance of climate reporting and of companies setting ambitious targets in line with the Paris Agreement.



One billion kronor

During November and December, an extra SEK 1 billion was allocated to customers with traditional insurance. Thanks to long-term, responsible asset management, we were able to build up a surplus, which on this occasion was distributed to customers. This represents an increase of 0.2 percentage points in the yield rate.

More unlisted companies in the portfolio

Over the year, we continued to invest in unlisted companies, thereby raising the level of diversification in our investment portfolio. These investments included:

SEK 280 million in Mathem, Sweden's largest online grocery store, whose range includes food, kitchen products and home furnishings.

SEK 300 million in the IT security company Yubico. The company's main product is a physical security key for easy and secure login to web services and mobile applications.

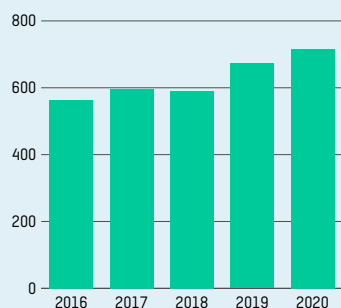
SEK 240 million in Budbee, a Swedish tech company that offers a logistics system at the cutting edge of technology for e-retailers operating in Sweden, Finland, Denmark and the Netherlands.

Despite the turbulence in stock prices, above all early in the year, we succeeded in adapting our investment portfolio and achieved a return of 7 percent during the year.

Developments during the year

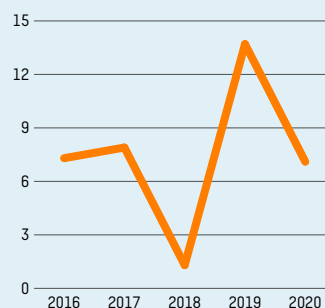
The total return on assets for the year was 7.1 per cent. Assets under management amounted to SEK 715 billion. The management cost ratio (operating costs in relation to assets under management) was 0.11 per cent, which is among the lowest in the industry. Our financial stability remains good.

Assets under management, SEK billion



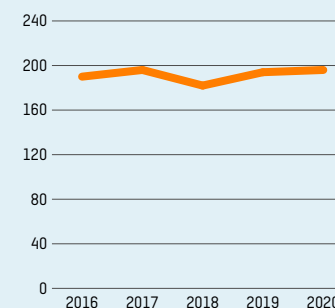
AMF's assets under management (including AMF Fonder) totalled SEK 715 billion. Fund assets are invested in shares, fixed-income securities, real estate and other alternative investments.

Total return on assets, percent



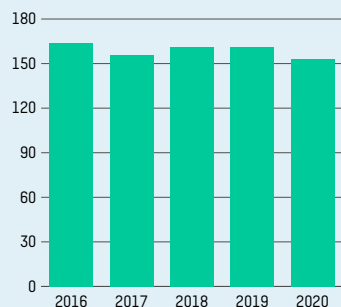
Return on assets for the year was 7.1 per cent. On average, AMF's total return has been 7.4 per cent, over both the past five-year and ten-year periods.

Solvency ratio, percentage



Financial stability remained robust and the solvency ratio (assets in relation to the guaranteed commitments) was 196%.

Cost per customer, SEK



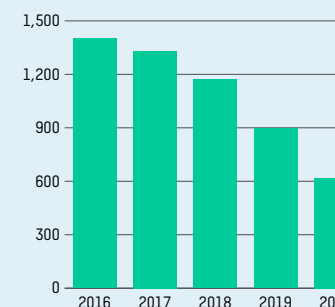
The cost per customer was SEK 153. The trend has been relatively stable in recent years. Low costs per customer enable AMF to keep the fees for our products low.

Customer satisfaction



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

Carbon footprint from listed equities, thousands of tonnes of CO₂e



The carbon footprint of our investments in listed equities decreased in absolute terms for the fourth year in a row.

Dear Customer,

The COVID-19 pandemic of the past year has had consequences, in both human and financial terms, and we still do not have a clear idea of what long-term effects we will have to bear going forward. What I do know, and am proud of, is that AMF stood firm and performed its mission through the stressful and turbulent times that we have been through, and that are still in part with us.

We were able to quickly adapt our business to new recommendations in the wake of the pandemic, switch to home working as a general rule, adapt our portfolio and continue to pay pensions without any hiccups in delivery.

The fact that we were also able to deliver a total return of just over 7 percent, SEK 36 billion, is of course an excellent result, as it ensures a good level of pension payments. It was not something we dared to hope for when the stock market plummeted by 30 percent last spring.

It was made possible thanks to our long-term and active asset management policy. During the turbulence of the spring, we were able to maintain – and in some cases even increase – our ownership stake in Swedish companies that we know well, while actively adjusting risk mainly via changes in our non-Swedish equity portfolio.

Our ability to invest in alternative and more illiquid assets such as forests, energy and unlisted companies also equipped us better to get to grips with a troubled market. And of course our active fixed-income management, along with other elements such as systematic global management, also played a part.

Billions distributed to our savers

AMF has just over 4 million savers, on whose behalf we have assets totalling almost SEK 715 billion under management. Our owners, LO and the Confederation of Swedish Enterprise, have entrusted us with the great task of ensuring that all our savers receive the best and safest occupational pensions possible, with high returns and low fees.

AMF is run according to mutual principles, which means that all profits at some stage accrue to our savers. Thanks to long-term and responsible management of assets, AMF has over time built up surpluses that were distributed to savers during November and December. In all, SEK 1 billion was allocated to our savers

in defined-contribution traditional insurance. This is solid confirmation that long-term, responsible and highly efficient management eventually leads to higher pensions for AMF's more than 4 million savers.

We are constantly working, not just in management but throughout our business, to streamline, digitalise and look after savers' money to create scope for better conditions and lower fees for our customers.

Security when the going gets tough

When the pandemic hit in the spring, we witnessed a very sharp fall in the world economy, and our equity portfolio of course was affected. But our traditional pension insurance – our most popular form of savings and the default option in Collective Agreement Area SAF-LO – shows its strength when times are tough.

It is underpinned by a guarantee, is actively and professionally managed and offers highly advantageous fees. It makes investments possible in assets that otherwise can be difficult or expensive to invest in, diversifying and spreading risks effectively.

When the stock market turned downward last spring, the losses we sustained were mitigated via our investments in illiquid assets such as real estate, forests and energy. Then, when the economy took off over the summer, our managers made sure that we changed tack and took advantage of the upturn.

During the spring, as a way of supplementing our active management, we also acted to boost the security of a majority of our customers by introducing a special "equalisation" rule. The aim of the new rule is to create more predictable and stable payments.

Long-term investments and risk diversification

The long-term perspective that characterises our mission as a pension company and our strong financial position create conditions especially favourable for long-term investment.



CEO's statement, **cont.**

“ I am convinced that helping fundamentally competitive Swedish companies to survive profitably – even after the pandemic – will benefit AMF's savers, our portfolio companies and the employees of the companies.

Despite the economic uncertainty, we were therefore able during the year to continue to invest and strengthen diversification of our portfolio through a number of attractive investments in unlisted companies, such as IT security company Yubico and Mathem.

Initiatives to overcome pandemic-induced decline

Early in the spring of 2020, when things looked black for the Swedish economy, we announced that we were setting aside SEK 5 billion for investments in viable Swedish companies that needed capital to overcome the crisis.

Together with like-minded investors, we invested SEK 2 billion in the startup Cinder Invest, whose mission is to invest in medium-sized businesses. We also took part in a number of new issues, for example, by Scandic Hotels and Haldex, and made a number of investments, including SEK 400 million in the unlisted group Parks and Resorts, which owns the Gröna Lund and Kolmården amusement parks.

I am convinced that helping fundamentally competitive Swedish companies to survive profitably – even after the pandemic – will benefit AMF's savers, our portfolio companies and the employees of the companies.

Enhanced collaboration for long-term sustainability

Sustainability is an important part of AMF's work on generating good returns, keeping costs low and operating as a responsible company. Our customers, employees and stakeholders set exacting demands on transparency and clarity, in terms of both our sustainability policy and how we contribute to a sustainable society.

Today, the whole world is facing a series of rapid changes that need to be made; changes that are clearly set out in the UN's Sustainable Development Goals and in the Paris Climate Agreement, which we have signed up to. We invest in companies that are well positioned to drive, and create business out of, these transitions, and we do so because we see long-term benefits.

In our sustainability work, a crucial point of departure is the international agreements 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. Cooperation within the Net-Zero Alliance was also enhanced during the year.

A customer-friendly pension market

At AMF, we always strive to be the company on the customer's side, which means that we do whatever we can to help make pensions simpler and more transparent.

During the year, for the fifth year in a row, we presented a review of the pension transfer market for collectively agreed occupational pensions. We approve of the right to transfer but are concerned about how it is managed in some cases. Unfortunately, our report again contained some disappointing findings. One in three savers were transferred without their knowledge, and one in four ended up in a savings plan that did not correspond to their particular preferences.

However, the findings in our annual report on fees were more positive. In it, we established that the fees on the Swedish fund market were historically low, which is of course a positive factor, not least in the case of long-term savings such as for retirement. In the area of funds, we were also pleased to find during the year

that the fund rating company Morningstar ranked AMF Fonder highest of 43 companies compared at the launch of a new forward-looking fund rating scheme.

Moving into new times

At AMF, we have for many years spoken strongly in favour, and assisted in the development, of a regulatory framework that ensures long-term favourable conditions for creating and maintaining the world's best occupational pensions in Sweden.

Shortly before the end of last year, Sweden's new law on occupational pension companies also came into force, and since then some changes were developed during the year to correct certain areas with potential for improvement. Against that background, we continued our work focusing on a transformation into an occupational pension company by the turn of the year 2021/2022.

Looking back on 2020, I am proud of what AMF has achieved, despite having had to face a stressful and turbulent year, and I look forward to working with our efficient employees to ensure that AMF is the best at what we do – occupational retirement pensions!

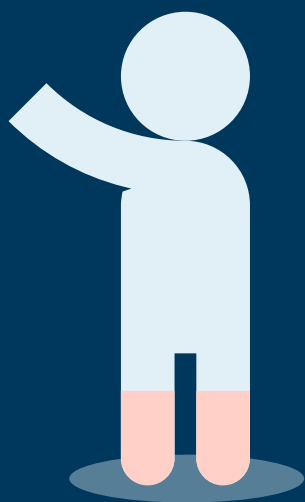
Stockholm, March 2021

Johan Sidenmark
CEO AMF

Our customers

AMF has more than **4 million customers**.

Most are within the SAF-L0 Collective Agreement Area. About 20 percent are pensioners and receive a payment from us every month. On average, our SAF-L0 pensioners receive an occupational pension payment from us of around SEK 1,600 per month.



80%

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

Around a third have a regular saving arrangement.

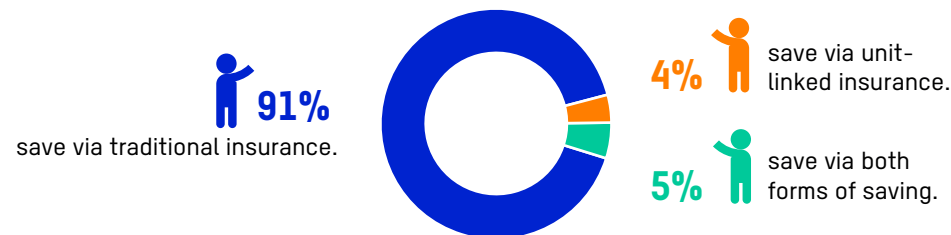
20%

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

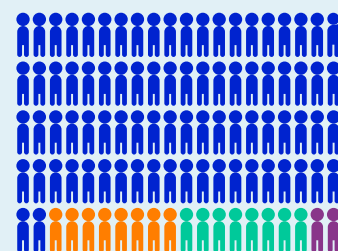
Most important factors in choice of occupational pension company?

Decent returns, secure and predictable pension and low fees.

How our customers save...



... and this is where they work



3,670,000	are manual employees in the private sector.
355,000	are non-manual employees in the private sector.
380,000	are employees in municipalities and county councils.
84,000	are government employees (PA 16).



87%

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



74%

start receiving their pension payments at 65 years of age or later.



55%

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



61%

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

The Swedish public regards 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-L0 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-L0 Contractual Pension, and always to be the obvious choice as default provider for this customer category.



High returns

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



Lowest fees

We will maintain the lowest fees within the SAF-L0 Contractual Pension, and competitive fees in other collective agreement areas. This demands efficient operations.



A responsible company

We will be a company that acts responsibly 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.



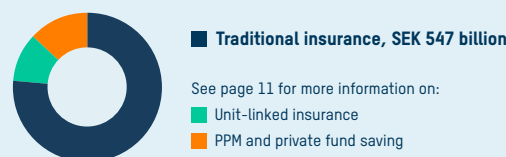
Competence and commitment

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 as regards the traditional insurance that we offer. Through traditional insurance, we also have unique opportunities to take a long-term, responsible approach to our management.

AMF – total assets under management



Of AMF's total assets under management, SEK 715 billion, SEK 547 billion is invested in traditional insurance. Because traditional insurance is the default product in the SAF-LO Contractual Pension, we have designed it so that our customers do not have to take an active role but still get a product with the possibility of high returns, low fees, security of payments and good sustainability.

Decent returns

Traditional insurance has shown high risk-adjusted returns 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 7.4 percent over the past five and ten years. This has been the best among comparable companies in collectively agreed occupational pensions. The strengths of traditional asset management were demonstrated over the past year in particular. The ability to invest in many different asset classes enables downturns in the economy to be mitigated through investments in real assets, such as real estate and infrastructure, in addition to shares and credits.

Low fees

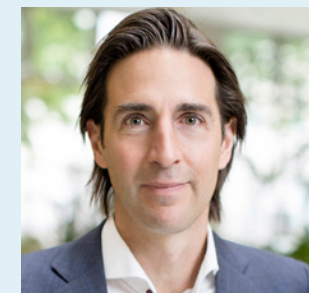
Traditional insurance can be managed cost-effectively, thanks to economies of scale. The annual cost to SAF-LO customers is a fixed fee of SEK 40 regardless of the number of insurance policies contracted, plus 0.15 percent of the pension capital. The maximum fee that can be charged is SEK 300 per year, regardless of the number of insurance policies contracted and the size of the pension capital. In the latest offering, ITP customers pay a fee capped at SEK 600 per year. Over the year ahead, we also intend to introduce a cap on the fee for the collective agreement areas KAP-KL and PA 16.

The cost of asset management in our traditional insurance is also very low (0.04 per cent), compared to the average fund fee in collectively negotiated insurance (for example, 0.30 percent in the ITP plan).

Security in retirement

Our customers place a high value on security in their pensions, for example, on feeling safe in the knowledge of how much their pension payment will be. Traditional insurance is underpinned by a basic guarantee, with a guaranteed pension amount each month in addition to the return that our asset managers generate via their investments. During the year, we also introduced a limit on how much the payouts to customers are permitted to decrease from one year to the next, as a result of negative returns. This creates an extra level of security, especially in years of major fluctuations in the capital markets. The limit applies to customers with a lifetime payout and is currently set at minus 5 percent.

It is when times are tough that traditional insurance really shows its strength



Tomas Flodén, Chief Investment Officer at AMF, talks about how AMF works to secure pensions, even in troubled times such as the past year.

How does AMF ensure that its pension money is safe?

"Nine out of ten of AMF's customers have traditional insurance. It's backed by a guarantee, that is, a minimum guaranteed monthly amount when you retire. The money is also spread over several different types of investment, so not only in shares, but also in forests, energy and real estate, for example. Every day we review the distribution across these different types of investment. We always do this, regardless of whether we're in a pandemic, or if the stock markets are destabilised for some other reason".

What characterises a stable pension company in times of economic uncertainty?

"One of the most important key performance ratios for a pension company is the solvency ratio, which shows how financially strong the company is and how well it can cope in times of major financial stress. AMF has a high solvency ratio of 196%, which gives us great freedom of action when it comes to how we can invest. We've found that even during the pandemic we've identified good investment opportunities".

How can AMF help out in the crisis?

"What we see is that AMF can help by investing in viable Swedish companies to support them in this difficult economic situation. We have long-term ownership shares in some 30 Swedish companies and we are not abandoning them just because we're in a storm". "Even in normal circumstances, we see that companies such as AMF contribute to a positive cycle in the Swedish economy, by being a long-term investor in companies that can remain competitive and create jobs, which in turn can generate further value growth for pension savers".

Traditional insurance – security and investment returns combined, cont.

Good level of sustainability

The sustainability level of traditional insurance is based on our values and must reflect the expectations of the customer group at large. It is also clear that our sustainability work can contribute to decent returns for our savers, as well as to increased sustainability in general, within the framework of the product. Sustainability work also includes managing risks and opportunities based on aspects of sustainability. Our sustainability work is described in more detail in the Sustainability Report (see page 14). In particular, we have defined the following characteristics as being encouraged by traditional insurance: a transition towards lower carbon dioxide emissions; a conscious focus on sustainability at the portfolio companies and work towards gender equality on boards of directors in companies where we take part in the work of the nomination committee.

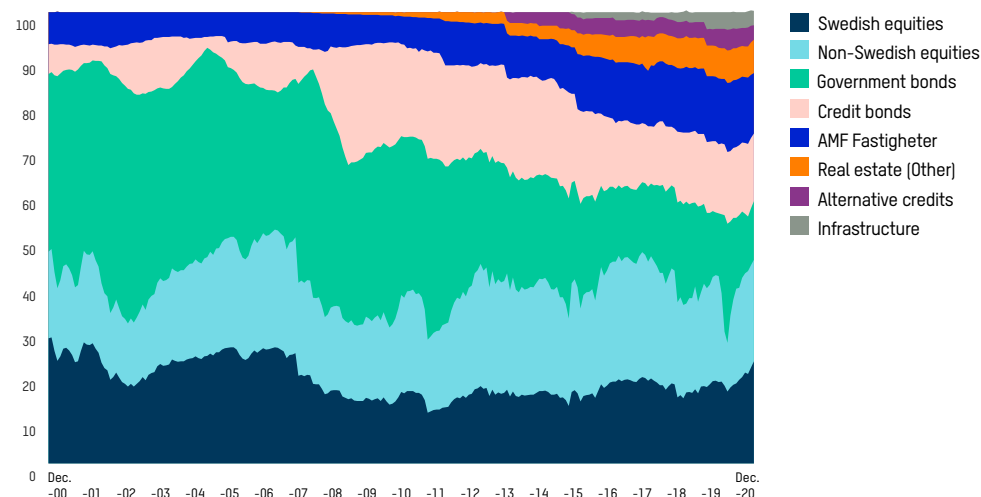
Investing during the pandemic

In 2020, AMF earmarked SEK 5 billion to invest in Swedish companies, primarily through new equity. The aim is to ensure that good companies that are viable in the long term survive and remain competitive even when the pandemic is over, which benefits both society and AMF's savers.

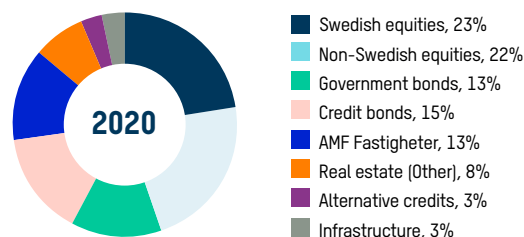
Cinder Invest AB, a joint initiative involving AMF, the FAM/ Wallenberg Foundations and SEB, represents the single largest commitment. Other joint venture partners are the Fourth Swedish National Pension Fund and AFA Försäkring. AMF has committed to invest SEK 2 billion. Cinder Invest will support Swedish companies that need capital to get through the COVID-19 crisis and will invest in medium-sized Swedish enterprises, mainly unlisted private and family-owned companies that do not have access to the stock market.

Other investments made by AMF within its investment framework include an increase in its ownership stake in Scandic Hotels to more than 15 percent of the company, an investment of nearly SEK 115 million in engineering industry group Haldex, SEK 600 million in the Storskogen group of companies and SEK 400 million in the amusement park company Parks and Resorts.

Different asset classes in traditional insurance



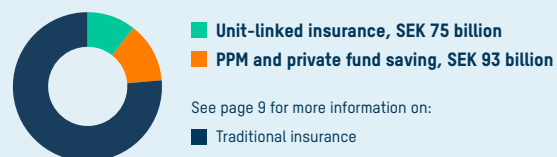
The allocation of assets in AMF's traditional insurance has varied over the past twenty years. Investments in real estate, alternative credits and infrastructure have increased in relative terms, while the share represented by Swedish equities and government bonds in particular has decreased – in order to create the best possible conditions for generating decent returns for our customers. One of the strengths of traditional insurance is precisely that management can – responding to developments in the capital markets – adjust the relative shares of different asset classes in order to optimise risk and return opportunities.



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

Pension saving via unit-linked insurance suits savers who want to invest their capital in funds. We offer a selection of mainly actively managed funds with low fees, primarily through our own fund management company AMF Fonder. AMF Generation Portfolio is suitable for savers who want unit-linked insurance, but not to choose individual funds themselves.

AMF – total assets under management



375,000 customers have opted for unit-linked insurance for their retirement savings with us, representing investments totalling around SEK 75 billion (68). Most of the capital is invested in the entry-level solution, which we have termed the AMF Generation Portfolio. The plan is designed for long-term savings, with risk in the investments being based on the customer's age. For clients wishing to choose funds themselves, we mainly offer funds (13 in total) from our subsidiary AMF Fonder, together with two externally managed funds specialising in markets not covered by the offerings from AMF Fonder.

At the beginning of 2020, a change of funds in Unit-linked insurance was carried out, in which the newly established AMF Emerging Market Equities Fund replaced four externally managed funds. The Fund is an actively managed fund with a clear sustainability profile.

AMF Fonder

AMF Fonder is charged with offering funds with competitive returns and low fees. All funds are actively managed with the objective that the returns for each fund should exceed the average of funds in the same market. Total assets under management amounted to SEK 167 billion (149). Over the year, 10 out of 13

funds beat their benchmark index and the overall average Morningstar rating, which measures risk level and return, was 4.1 (3.9) out of a possible 5. 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 highly competitive compared to other actively managed funds for standard saving in funds. When the funds are included in AMF's Unit-linked insurance offering, the fees are often even lower. All AMF funds maintain a high level of sustainability, and in a majority of the funds a number of sustainability characteristics have been identified that the fund is tasked to promote. The average level of sustainability in the funds was 4.7 (4.6) out of a possible 5. For more information about AMF Fonder's sustainability work, see page 15 and in AMF Fonder's Annual Report.

Other fund offerings

When we select and evaluate funds managed by other fund companies for our Unit-Linked Insurance, low fees, high returns and sustainability are important assessment criteria. We continuously monitor developments in the funds and evaluate them once a year.

AMF requires fund companies to have signed up to the UN's Principles for Responsible Investment, and if a fund is actively managed, it must use some form of negative or norm-based screening. Where actively managed funds are concerned, the fund must also be rated by Morningstar at no lower than two sustainability globes out of a possible five. AMF encourages the fund management company to sign and publish a Sustainability Profile for the fund in question.

Premium pension savings

Via AMF Fonder, AMF offers savings options in the PPM (Swedish Premium Pension Authority) premium pension system.

Our entry-level solution: The AMF Generation Portfolio

- Consists of a mix of the AMF Global Equities Fund, the AMF Swedish Equities Fund and the AMF Mixed Fixed-Income Fund.
- The changes in the various funds are adjusted automatically to the customer's age, with younger customers being attributed a higher risk and older customers – who are closer to retirement – a lower risk.
- Suitable for clients who want to invest in funds, but not to choose funds, or the allocation between different 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	5	5	0.30
AMF European Equities Fund	4	4	0.30
AMF Global Equities Fund	5	5	0.20
AMF North American Equities Fund	3	5	0.30
AMF Small Companies Equities Fund	4	4	0.30
AMF Swedish Equities Fund	3	4	0.20
AMF Emerging Markets Equities Fund	– ²⁾	5	0.25
AMF World Equities Fund	3	5	0.35
AMF Balanced Fund	5	5	0.35
AMF Corporate Bond Fund	– ²⁾	5	0.10
AMF Fixed-Interest Fund Short	– ²⁾	– ³⁾	0.10
AMF Fixed-Income Fund Long	5	– ³⁾	0.10
AMF Fixed-Income Fund Mixed	– ²⁾	– ³⁾	0.10
Average rating	4.1	4.7	
Pictet Russia Index IS USD	3	2	0.25
Vanguard Japan Stock Index	3	3	0.16
Average rating	3.0	2.5	

¹⁾ Unit-linked insurance SAF-L0

²⁾ No Morningstar rating

³⁾ No sustainability rating

More than 500,000 customers save in PPM via one of AMF's funds, with a total value of around SEK 75 billion. Eleven of AMF's funds are options in the PPM system.

Pensions on the customer's terms

We believe it is important that the pension system should be easily understood and predictable for savers. We believe this will create greater trust in the occupational pension system and reduce the concern felt about the pension system. Greater simplicity also makes it easier for customers who want to make well-informed choices.

Many customers regard the occupational pension system 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 that are subject to different rules and management. Against that background, we strive to make our own offer as simple and secure as possible, and also to play a part in making information about the pension system comprehensive and simple. We believe that this makes it easier for customers to both inform themselves about pension issues and understand their own pension.



Conscious choices

The right to transfer within a collectively agreed occupational pension is an important right in enabling the individual to exercise their power as a consumer and choose the pension company and pension solution that best suits that person. We make every effort to make customers who opt to change pension company or solution aware of what a transfer to or from a company entails. On that basis, we have long monitored the transfer flows within collectively agreed occupational pensions, mainly via our annual Transfer Report, which is based on surveys of customers who have transferred their occupational pension from AMF.

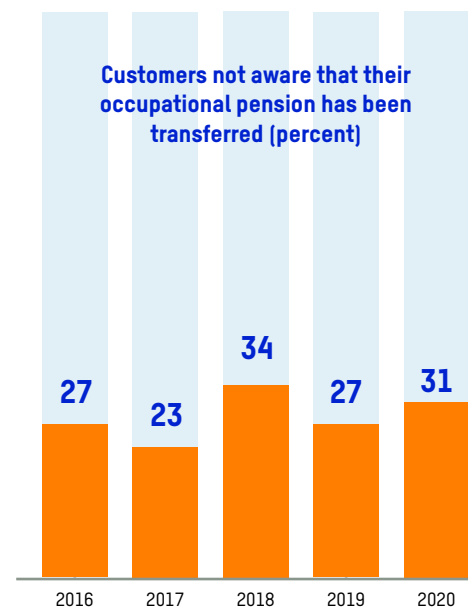
Our studies reveal a recurring problem with many people transferring their occupational pension, or having their occupational pension transferred, without their knowledge. At the same time, more and more people are ending up in a form of savings that fails to meet their stated preferences. Nearly a third are unaware that their occupational pension has been transferred. At the same time, 41 per cent of those who have transferred their occupational pension to unit-linked insurance say that they prefer traditional insurance. This represents an increase of seven percentage points compared to the previous year.

Collaboration with other actors

We collaborate with other actors in the occupational pension sector to make it easier for customers. Going forward, the newly established company Avtalat, which has been commissioned by the Confederation of Swedish Enterprise, LO and PTK to coordinate and streamline information linked to collectively agreed pensions and insurance within SAF-LO and ITP, will play an important role. Formally, Avtalat began operations on 1 January 2021, but preparations have been under way for a considerable period. The process of establishing and developing the new



... a third are unaware that their occupational pension has been transferred.



In order to understand customers' reasons for transferring their occupational pension, in spring 2020 AMF conducted a survey of customers who had transferred their occupational pension from AMF in the period October 2019–March 2020. The number of respondents varies from year to year, but is in the region of 900–1,300.

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

// We strive for a product offering that reduces our costs, which in turn leads to lower fees for customers.

company is being conducted in close collaboration between us and other party-owned companies to ensure that both customers and employers receive the best possible information.

We are also affiliated to the minPension (myPension) service, which has around four million users. The service provides an overview of the whole of the individual's pension and most users at minPension have insurance with us. In addition, minPension has for a few years been operating the Withdrawal Planner service, which makes it easier for pension savers approaching retirement to make conscious choices. During the development process, we participated as a company trialling the service. The aim of Withdrawal Planner is to provide prospective pensioners with a tool enabling them easily to produce a personal pension and withdrawal plan. Features include calculation and simulation of the effect of continuing to work longer or stopping earlier, calculation of the effect of taking a higher proportion of the occupational pension earlier and calculation of the pension amount after tax, based on the municipality the person lives in. We are the only company included in Withdrawal Planner offering a digital application process, which means that customers can seamlessly implement their withdrawal plan with us.

Improvements in AMF's own operations

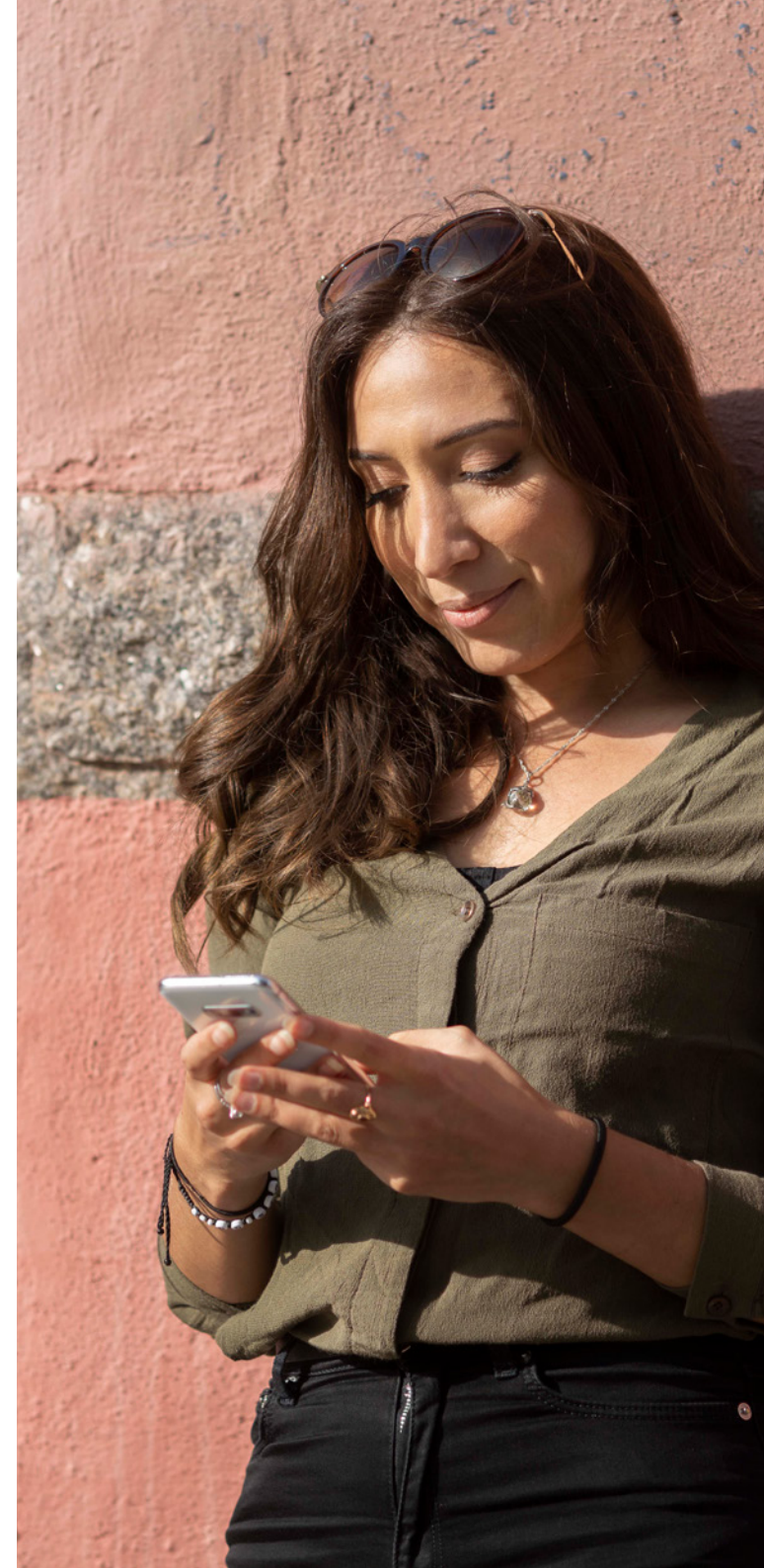
We also focus in house on development of our own offering to make it as simple and secure as possible for customers. We strive for a product offering that reduces our costs, which in turn leads to lower fees for customers. For example, we aim to harmonise terms and conditions of insurance in each collective agreement area so that all customers can benefit from the most recent and best offering. To this end, AMF will work on harmonising terms and conditions of insurance in KAP-KL and PA16. This will also

enable us to introduce a charge cap – a limit on the charge for occupational pension management for every customer within each collective agreement area. A charge cap exists today within the SAF-LO Contractual Pension, where customers pay a maximum of SEK 300 per year. As of 2021, a charge cap has also been introduced for collective agreement areas PA16 and KAP-KL. A similar charge cap also exists in traditional ITP insurance, although only for premiums paid from October 2018 onwards. Long term, our aim is to have an offering that extends over several separate collective agreement areas, to make it easier for customers to obtain an overview and manage their pension, even if they change jobs and so move between different collective agreements.

Reduce lack of awareness of, and ability to take up, the latest offering

We have two goals in the area of Pensions on the customer's terms:

- The number of customers who are unaware that their occupational pension has been transferred shall be reduced. The target was not achieved as the proportion of unaware transferrers increased from 27% to 31%.
- All customers shall have the opportunity to benefit from the latest offering, without having to take out a new insurance policy. Today, this is only possible within Avtalspension SAF-LO.



Sustainability Report

Sustainability is an important part of our strategy and above all in terms of generating good returns, keeping costs low and operating as a responsible company. In concrete terms, sustainability to us means working to reduce our climate impact, maintaining a high standard of business ethics and focusing on increased diversity and gender equality. In all areas of sustainability, we have defined a long-term ambition and targets for the shorter term. Of the short-term objectives, six out of nine objectives were achieved during the year.

Climate page 17



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:

- AMF Fastigheter has analysed its carbon footprint and developed climate goals based on the Paris Agreement.
- The carbon footprint has been integrated into the strategic allocation of assets under management and the development of new climate targets as of 2021.
- We have contributed to the development of the Net-Zero Asset Owner Alliance's framework for climate-based targets for investors.
- Several dialogues on the importance of forward-looking climate work have been conducted with portfolio companies, both in house and via investor collaborations.
- Work started on calculating the carbon footprint at supplier level.
- Internal focus week on climate.

Business ethics page 23



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 working groups shall conduct a review of AMF's expectations regarding business ethics at least every two years. ☒

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:

- Analysis of major portfolio companies regarding tax policy and encouragement to those without one to introduce one.
- Publication of a report on how institutional investors can work to improve working conditions at the various supply stages of the food sector and to follow up on round-table discussions with industry.

Diversity page 24



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:

A diversity analysis in every working group shall be performed prior to every new recruitment. ☒

The number of gender-balanced working groups in house shall increase by 25 percent by 2022. ☐

The under-represented gender shall comprise one third of final candidates at recruitment to working groups with an uneven gender mix. ☒

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

Major activities during the year:

- Learning event about inclusion and diversity for HR and in house communication.
- Signed up to Diversity Charter Sweden, which promotes practical sharing on diversity issues in the business world.
- Signed up to the Institute of Human Resource Indicators' Gender Equality Index to obtain an analysis of our gender equality work.

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 contributes primarily to **Goal 5: Gender Equality**, **Goal 8: Decent work and economic growth** and **Goal 13: Climate action**.

Through our sustainability work in our investment activities, we also contribute to other goals via our advocacy work or direct investments. For example, AMF Fastigheter's activities contribute to **Goal 11: Sustainable cities and communities**.

During the year, the Board decided that the Pension on the customer's terms area (see previous page) would no longer be included as part of AMF's sustainability work, but this does not entail any change in the stated goals.

Sustainability in asset management and fund management

A significant measure of what we at AMF can do to help bring about a sustainable society is linked to how and where we invest our savers' pension capital. We invest in companies that have good potential for profitability both during and after the transition that is needed if both Swedish and global goals for sustainable development are to be achieved.



WE OPT OUT

We apply certain fundamental criteria regarding which companies we do not want to invest in, based on our values or because the risk is considered too high. These criteria apply to all investments in our traditional insurance and in our own funds.

- We do not invest in companies found to be in breach of fundamental principles of sustainable enterprise, such as 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, for example the energy sector, we seek to invest in companies with less of a carbon footprint than others, provided that the company otherwise operates a focused sustainability policy.
- AMF Fonder has further specific exclusion criteria for its funds as regards tobacco, pornography, coal extraction and commercial gaming activities (gambling). For more information, see AMF Fonder's 2020 Annual Report.

With regard to listed shares and corporate credits, we check our sustainability limits daily. Twice a year, we review all investments to ensure compliance with the standards and principles that AMF endorses. If a portfolio company has been found to be acting in breach of these standards and principles, we first contact the company to be informed of their action plan. If the action plan is unsatisfactory, we divest our holding. During the year, one of our portfolio companies, Swedbank, was found to be in breach of international standards due to problems related to money laundering. For more information on how this case was handled, and why we are retaining our holding, see page 23.

Listed shares and corporate credits account for 55 percent of the market value of traditional insurance and 100 percent of our funds, excluding funds – such as our fixed income funds – that invest in government bonds. In traditional insurance, we make substantial investments in unlisted companies, for example in real estate, forests and wind power. In these investments, we ensure that operations are conducted in line with our criteria, with follow-ups at least annually.

The sustainability work in our traditional insurance and the majority of our own funds promotes a number of sustainability-related issues, based on the terms and conditions of the product:

- Transition to lower carbon dioxide emissions, page 17
- Sustainability focus at the companies we invest in, pages 15–16
- Gender-balanced boards of directors where AMF is represented in the nomination committee, page 25.



WE OPT IN

We engage in active 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. In terms of sustainability, we observe the following principle for investments in shares and corporate credits:

- We 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.

At the same time, our managers in both traditional insurance and fund management are allowed to invest in companies that do not have a developed sustainability focus, but only if the company has a clear strategy to improve. Holdings in such companies are monitored at least annually to check that the level of sustainability is improving at the pace we aim for. This is an important issue where we, as a long-term investor, can play a part in enabling transition and change.

Via our work in selecting companies with a conscious sustainability focus, the level of sustainability in our shareholdings and corporate credits are generally higher than in an average portfolio. Our funds show an average rating of 4.7 out of 5 sustainability globes from Morningstar, which is higher than the average rating for sustainability.

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

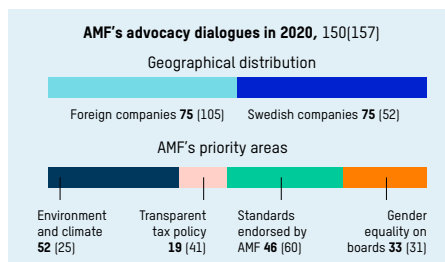
As investors and shareholders, we have the opportunity to influence both companies and industries to take a more sustainable direction. We do this within the framework of our ownership role, and by collaborating with other investors, both globally and in Sweden.

We maintain direct dialogue AMF and AMF Fonder are together major owners in many Swedish companies. As such we are represented in nomination committees in 32 Swedish companies. AMF is also a full owner of and partner in unlisted companies, where we can influence the business through our ownership. In many cases, we maintain close dialogue with both the Board of Directors and management where we have the opportunity to share our expectations for the company's development. During the year, our sustainability work focused on adaptation to the climate transition, gender equality in boards and management teams, transparent tax policies and decent working conditions.

We vote We vote at all shareholders' meetings connected to the Swedish holdings in our traditional insurance, as well as at a selection of shareholder meetings' connected to the Swedish holdings in our own funds. This involved a total of 43 Swedish shareholders' meetings during the year. We also vote, by proxy, at the shareholders' meetings connected to our non-Swedish holdings. In 2020, we voted at all 473 foreign shareholders' meetings connected to the holdings in our traditional insurance. In the case of the foreign holdings in our own funds, we voted at 94 shareholders' meetings in 2020.

We collaborate with other investors During 2020, we were active in several collaborations between investors, with the aim of influencing companies to improve their sustainability work:

- The Net-Zero Alliance, in which more than 30 asset owners have committed to net-zero emissions by 2050 and to develop methods and objectives for achieving this. AMF participated in working groups on process development and advocacy activities.
- Climate Action 100+, an association of more than 400 investors worldwide aiming to persuade high-carbon companies to reduce their carbon footprint.
- Within the framework of the UN's Principles for Responsible Investment, we supported advocacy work based on the problems of palm oil production, the extraction of conflict minerals and deforestation.
- Within the Swedish Investors for Sustainable Development network, we contributed to a report on how investors can work to improve working conditions in food production in association with other major Swedish investors.
- The Sustainable Value Creation Network, which brings together the 16 largest institutional owners on the Stockholm Stock Exchange. During the year, the focus was on climate risk reporting at Swedish listed companies.

**WE INVEST**

If we are to meet the challenge of climate change, we need new solutions. Development and innovation linked to the climate issue are vital in enabling companies to be profitable and competitive in the future. We will have to identify solutions to both reduce emissions in the company's own operations, and products and services that can reduce others' emissions. That requires innovation.

We invest in climate and innovation

We already invest in many companies that, through their operations and offerings, are contributing via climate-smart solutions. Anders Oscarsson, Head of Corporate Governance and Equities at AMF, talks about how to invest wisely in companies that contribute to society and create innovations that support sustainable development.

**How does AMF invest in innovation?**

"It's easy to think that innovations are only found in new digital start-ups. However, the fact is that most companies innovate in some way and I'd like to highlight in particular the development initiatives that are currently in progress in Swedish industry. We have investments in many companies that work innovatively to develop their products and services, so you could say that savers' pension capital has been involved in investing in everything from the development of electric motors to new types of more sustainable materials in hygiene products and packaging."

Is the capacity for innovation important when investing?

"The stock market is built on risk and that's what allows you to make a profit. Because our objective is to generate returns for our customers, we have a major responsibility to make wise decisions. Development and innovation are something that

we as managers look at before investing; it's about how companies intend to take on the future and stay competitive. The basic truth is that no company can create profitability with a product or service that does not evolve over time. This is particularly true with regard to the transition we are facing in terms of climate change."

Looking ahead, what are you expecting – do you see any trends?

"Going forward, you can see that companies are focusing on the development of climate-smart products linked to digitalisation. For example, we invest in companies that are working on creating batteries for electric cars, developing solar cells that can power day-to-day technology and software for self-driving cars. All of these will, when they are ready, be able to help reduce climate impact, while at the same time creating returns for our savers."

Climate: Towards net-zero emissions in 2050

We support the Paris Agreement with a clear goal that all our investments together will show net-zero emissions by 2050. As a first step, we are introducing a climate budget for our investments. The budget will be reduced by 25 percent by 2025.

We have a major process of transition in prospect, and many issues will need to be resolved along the way. We face this challenge with due humility, but are determined to find the solutions that are needed. Our climate strategy, with new objectives for our traditional insurance, is a step on the way.

We are adopting new climate goals

AMF has a long-term ambition to meet the Paris Agreement's goal of keeping the rise in global temperature below 2 degrees, but preferably below 1.5 degrees. To take us in the right direction, we have developed a number of new goals defining in concrete terms how we will work in asset management in the years ahead. Our new objectives follow the structure of the Net-Zero Alliance's framework, which has been developed precisely to ensure that emission reductions take place at the pace needed to achieve the goal of limiting global warming. We have adapted our goal formulations on the basis of what we consider best for both our savers and our ability to contribute effectively to the transition. For example, we conduct active asset management with a relatively small number of portfolio companies (compared with a broad market index), at the same time as being major owners in, above all, Swedish companies.

A climate budget that takes us towards net zero

Our way forward is about acting for change. In line with one of our goals, we are introducing a climate budget that is being tightened at a pace that is in line with the Paris Agreement. It allows our asset management the freedom to act within a range of values and to invest in companies that are good at restructuring their operations, such as renewable energy or new innovations.

Our judgement is that many companies that focus actively on transition have a competitive advantage and so represent a good investment for our savers. The budget also enables us to support companies that can be identified in industries with either high or low climate impact. By investing in such companies, we support the necessary transition of society towards lower carbon dioxide emissions.

With this model, our emissions of carbon dioxide in the portfolio may vary in the future, but must always align with our long-term ambition and be within the room for manoeuvre provided by the budget. While this room for manoeuvre is important in enabling us to contribute to a process of transition, we are also clearly stating our expectation that the average rate of reduction in carbon dioxide emissions at all companies we invest in will be 25 percent by 2025.

Reduction in emissions

Our intention above all is to achieve the goal of net-zero emissions by owning companies that are reducing their emissions over time, not by investing in businesses that already have low emissions. Via our active management, where we choose companies based on, for example, potential return, risk and sustainability level, we can spread our savers' capital over investments in companies with a forward-looking sustainability focus. We are now raising our expectations of companies we have invested in. We will ensure that the 20 companies that account for the

AMF's CLIMATE GOALS

We control our operations via a climate budget and structured advocacy work.

- We are introducing a carbon budget that will decrease by 25 percent between 2019 and 2025, that is, at a pace that is in line with the Paris Agreement. The objective is to ensure a direction of travel towards net-zero emissions by 2050.
- We will work to a structured advocacy policy for the 20 companies with the highest carbon dioxide emissions in our portfolio. The aim of this advocacy work is to reduce the climate footprint of the companies in line with what follows from the Paris Agreement. Our advocacy work extends beyond these companies, but through this goal, we will ensure that the target for the 20 companies are met.

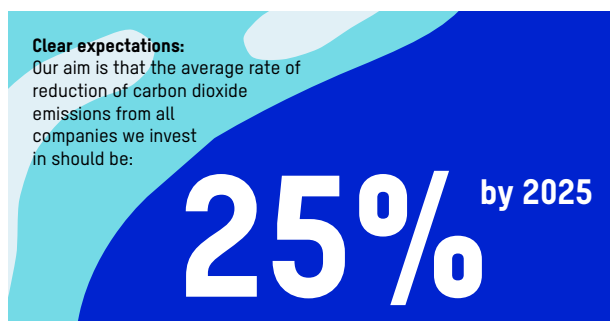
We have clear expectations of the companies we invest in.

- Our aim is that all companies in which we have major influence should report on their climate footprint and set climate goals in line with what follows from the Paris Agreement. This includes companies where we are participate in the work of the nomination committee, as well as our direct investments in real estate and infrastructure companies.
- Our aim is that carbon dioxide emissions from all our portfolio companies should show an average rate of reduction equivalent to 25 percent or more from 2019 to 2025, as one aspect of the goal of to achieve net-zero emissions by 2050.

CLIMATE A CENTRAL COMPONENT OF SUSTAINABILITY POLICY

Our climate goals are underpinned by our sustainability policy.

- We take the climate aspect into account in our investment decisions, both to understand our impact on the climate and to understand the impact of climate transition on our investments.
- Our aim is to invest for real change, not to achieve short-term effects in our portfolio.
- We will seek to invest in companies that actively contribute to the transition of society to lower carbon dioxide emissions.
- We are selective in sectors with high emissions. If we invest in these industries, the companies must show a low climate footprint relative to others in the same industry.
- We will totally avoid investments in companies where the mining of thermal coal accounts for more than 10 percent of the company's sales.



Climate: Towards net-zero emissions by 2050, **cont.**

highest absolute carbon dioxide emissions in our portfolio are included within our structured advocacy activities. This may be carried out either directly by us or through some of the initiatives and collaborations in which we participate internationally. That way, we reach out to these companies with our expectations as to climate reporting and climate-related objectives. With regard to our priority companies – that is, our direct investments in real estate and infrastructure companies, together with the companies in which we take part in the work of nomination committee – we expect them to report on their climate footprint and to set their own climate goals based on the Paris Agreement.

Processes in development

Our climate budget and goals are based on the measurement methods and data collection that are available today. For example, our intention is that all emissions from companies and businesses we invest in should be included in the climate budget. However, at present we only have the opportunity to follow up

the what are called direct emissions (Scope 1 and Scope 2) for listed shares, listed corporate credits and directly owned real estate. In total, absolute emissions from these asset classes totalled 888,100 tonnes. For more information, see page 30 (Listed shares and Corporate loans, table H1) and page 33 (Directly owned properties, table H8). The long-term ambition of net-zero 2050 will require better data and calculation methods, and this applies to our entire industry. It is natural that, on the journey, we will need to review the methodology on which the climate budget is based when data and calculation methods improve.



We will ensure that the 20 companies that account for the highest absolute carbon dioxide emissions in our portfolio are included within our structured advocacy activities.

New climate goals in line with Paris Agreement

Anna Viefhues, Sustainability Manager, talks more about the background to the new climate goals and the strategy going forward.



What does the concept of “net-zero emissions” mean to AMF?

“In slightly simplified terms, the concept of zero carbon emissions to us means that the products and services produced by the companies that we’ve invested in shouldn’t create any greenhouse gas emissions in the atmosphere. We generally define it as net zero to make it possible in future to offset any carbon dioxide emissions from activities that absorb carbon dioxide emissions from the atmosphere, as methodology in the area develops. At present, we don’t make any such calculations.”

Why is it so important for AMF to reach net zero?

To us, it’s obvious that we should support both the Paris Agreement and Sweden’s climate goals, and contribute where we can to the necessary transition to the lower carbon dioxide emissions that society needs to make. We’re also keen to invest in the transition, as we believe this will benefit our savers.”

How is AMF doing?

“We’re starting from a good place. Compared to a broad market index, our portfolio shows lower carbon dioxide emissions. In other words, we’ve already successfully implemented a number of climate-related decisions. But we need to make sure that we keep our long-term goals in sight, and that’s why we’re now setting a number of short-term goals that must be met by 2025.”

What contribution does this make to the transition and compliance with the Paris Agreement?

“Our ambition is above all to achieve the goal of net-zero emissions by owning companies that are reducing their emissions over time, not by only investing in businesses that already have low emissions. That way, both we and the companies contribute to the transition to a more sustainable society and hopefully global warming will be limited.

Climate: Reporting on climate risks

Through our climate focus, we manage the risks of lower returns that may result from climate change, and we report on the basis of TCFD's (Task Force on Climate-related Financial Disclosure) recommendations.

We endorse TCFD's recommendations for reporting on climate risks and this section is supplementary to the Risk section on page 45 of the Annual Report. Our starting point here is an analysis of 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. AMF must be highly capable of adapting investments in response to various risks, including climate risks. Our mission to create high returns for savers also means that it is essential that we are highly capable of adapting investments to the changes in value created by changes in the climate.

Two categories of climate risk

Transition risk: Describes the risk of lower market value as a result of a shift in society towards lower carbon dioxide emissions. Such a transition may, for example, result in stricter environmental legislation, new technology that displaces conventional technology, environmentally damaging technology and changes in perception or behaviour of consumers in favour of more climate-conscious choices.

Physical risk: Describes the risk of lower market values that may result from climate-related events, such as flooding, drought or extremely hot weather. Another risk would be reduced availability of resources necessary for operations, for example water.

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's risk assessment is embedded in management processes and other key functions within AMF. Follow-ups for the risk assessment and recommended measures are performed only for the risks that are deemed to have a significant negative impact on our ability to generate high returns. 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 aspects into investment decisions, both in terms of risks and opportunities that the climate challenges may create, and for ensuring that the negative climate consequences of an investment decision are taken into account. Both Board and management receive quarterly reports of outcomes relative to our climate-related goals.

Climate risk strategy

Our long-term climate goal is that our investment activities are in line with the Paris Agreement. To ensure that investments over time move in the direction of net-zero emissions, AMF works to a climate budget that must not be exceeded and that is subject to an annual reduction. This is supplemented by a number of short-term objectives and activities. For example, the carbon footprint of listed shares must be lower than a broad market index and the 20 companies with the highest emissions in the portfolio must be included in advocacy activities to reduce their climate footprint in line with the Paris Agreement.

Our strategy regarding climate risks in the investment portfolio over the next few years is to develop understanding of how the

portfolio companies and the investment portfolio are affected by climate change. Ownership activities will focus on ensuring that the companies have a sufficient strategic focus on the issue and are able to monitor the progress of that work in a transparent manner.

To further develop our climate risk strategy, AMF will continue to develop reporting, monitoring and analysis. One area that we particularly need to improve in is the use of scenario analysis in the assessment of climate risks.

Management of climate risks

Our risk management focuses on managing the risk of changes in the value of the portfolio companies resulting from climate risks, by ensuring that the companies themselves practise good risk management for the challenges that arise. During the year, AMF clarified our expectations regarding analysis, management and reporting of climate risks for the companies we invest in. In the past year, we started work on presenting this in dialogue with our companies, through boards of directors, in contacts with the companies' managements and via industry collaborations. For example, we called for climate risk assessments (as well as other sustainability and climate-related reporting where necessary) from most of our part-owned companies, something we will continue to do in 2021. We maintained experience sharing between companies and other investors with a focus on climate work and sustainability, particularly in the forum for large Swedish institutional real estate investors that we initiated last year. In companies where our ownership interest is lower, we manage these risks via our processes for opting in, opting out and advocacy, see page 15. 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.

Climate: Reporting of climate risks, cont.

Metrics and targets

Our climate goals regarding investments are presented on page 17. 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. We report carbon dioxide emissions for listed shares, corporate credits and directly owned properties in Notes H1, H2 and H8. During the year, we implemented Insurance Sweden's industry standard for the reporting of the carbon footprint in traditional insurance. As a result, in addition to listed shares, corporate credits are also covered. The ownership share in corporate credits is derived via the enterprise value. The weighting of the companies in our portfolio is no longer calculated from our ownership stake in the company, but from the company's weighting in our portfolio. The new standard complies with the previously introduced standard from the Swedish Investment Fund Association.

Traditional insurance

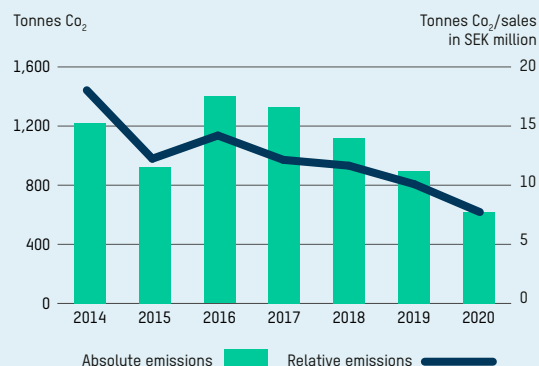
Analysis of carbon dioxide emissions on the traditional insurance side is complicated by the change of process described above, and it is not possible to recalculate previously reported figures. Emissions from year to year are therefore not comparable. However, our calculations show that absolute carbon dioxide emissions on the traditional insurance side decreased with both the new and the former calculation method.

Another measure for carbon footprint is "carbon intensity", that is, CO₂ emissions in relation to sales by the companies. The carbon intensities in listed shares and corporate credits were 7.8 and 11.6, respectively. Our calculations show that intensities have decreased in the equity portfolio with both the new and the former method. The footprint from the equities side is still well below the respective market index.

AMF Fonder

AMF Fonder does not report in line with TCFD's recommendations, but manages climate risks primarily via the goal that the carbon intensity for all AMF's funds should be lower than the corresponding broad market index. The goal was achieved during the year. The absolute emissions from AMF Fonder's holdings in listed shares and corporate credits decreased, as did the carbon intensity for most funds.

Carbon dioxide emissions, traditional insurance (equities)



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:

Transition risk

Nearly 40 percent of our investment portfolio is particularly exposed to transition risk, based on the TCFD's (Task Force on Climate-Related Financial Disclosures) analysis of sectors with a high transition risk (energy; materials and buildings; transport; and the agriculture and food sector).

- Nearly half of these investments consist of listed companies. Here, we believe that our efforts to invest in companies with a focused sustainability approach and our policy on investments in fossil energy limit the risk. We also take the view that liquidity in the market is relatively robust 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 investment returns in the short and medium terms.
- The other half of our investments consist mostly of our real estate investments (mainly in the Stockholm region) and alternative assets (mainly in infrastructure). 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. AMF Fastigheter uses the Science-Based Targets standard, which – in addition to making a positive contribution to climate work – is also expected to reduce the transition risk.

Physical climate risk

Just over 30 percent of our investments are exposed to sectors or countries that, based on TCFD's analysis, are at higher risk of being affected by physical climate risks.

However, this type of analysis is too general to be useful in commenting on AMF's aggregated market value risk as a result of physical climate risks. This is because the relevant factor to analyse is the exposure of individual holdings to factors that are affected by physical climate risks at the supplier, production and sales stages. For example, it may be noted that a major share of this exposure is represented by AMF Fastigheter, which is not at present considered to be exposed to any anticipated physical risk. On the other hand, the analysis indicates what proportion of the portfolio may require a more thorough analysis of each holding, in which the liquidity aspect must also be taken into account.

Conclusion

The analysis is on a general and overarching level and there is a risk that an unexpected financial event may affect certain individual holdings. However, AMF's management of climate risks plays a part in reducing risk. Against that background, our conclusion is that the risk of us not delivering on our commitments to savers, as a result of climate-related events, is at an acceptable level. AMF's strong solvency situation provides good resilience in terms of our ability to assure the commitments we have made to our savers, should sudden changes in value arise as a result of climate events.

Climate: AMF Fastigheter's environmental initiatives

Our wholly owned subsidiary AMF Fastigheter, which manages about 13 percent of the market value of AMF's traditional insurance, has a solid commitment to sustainability work, in which climate and environmental issues represent a major share.

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 99.8 percent of total energy consumption. Only a minor share of the district heating is produced from fossil energy, and, according to the supplier, this will be phased out over the next few years. The supplier climate-offsets the emissions produced. The AMF Group only buys renewable electricity bearing the Good Environmental Choice label. In addition, AMF Fastigheter has installed solar cells on a total of 21 properties. These are adapted to the electricity consumed in each property, and thus only insignificant amounts of electricity are sold to the grid. 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.

Energy consumption

AMF Fastigheter has been working systematically to improve the efficiency of its energy consumption for many years. The goal is to achieve an energy performance of 84 kWh/m² by 2022.

In 2020, energy consumption decreased significantly, due to the fact that many properties were not used as normal as a result of the COVID-19 pandemic, and so had less need for ventilation and cooling. This, combined with major energy projects in properties with high energy consumption, resulted in total energy consumption of 86 (98) kWh/m² in 2020.

Consumption of materials

In new building, redevelopment and extensions, AMF Fastigheter seeks as far as possible to use materials that are accepted in the Byggarubedömningen system, an established system for environmental assessment of building materials. AMF Fastigheter also strives to enable increased recycling and identify solutions to achieve a higher proportion of recycling of building materials, instead of demolishing, for example, glass partitions, walls and installations when a new tenant takes up occupancy.

Waste management

Operations generate 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 total waste from construction projects during the year was 3,258 (3,039) tonnes. The increase arose mainly through three major modifications of premises.

The waste arising in the course of property management and from tenants' activities decreased during the year to 4,557 tonnes (5,500). The reduction was due to a smaller volume of waste from tenants' activities.

96 percent (94) of the total volume of waste is reused or recycled in some form, for example as energy.

Water consumption

AMF Fastigheter meters water consumption at all properties. To reduce water consumption, low-flush nozzles have been installed in all properties. In 2020, water consumption was 20 percent lower than in the previous year, partly as a result of the COVID-19 pandemic.

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

New climate goals for AMF Fastigheter

Since 2019, AMF Fastigheter has been 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). AMF Fastigheter has for several years reported Scope 1 and Scope 2 emissions in the Group's sustainability report, but in 2020, Scope 3 emissions were also mapped. This mostly consists of carbon dioxide emissions from property development, but also from, for example, tenants' electricity consumption and waste management. The definitive climate goal will be established in the first quarter of 2021 and will involve further focus on climate work in the business.

Climate: Internal environmental and climate initiatives

Our environmental work in the office centres on 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 strive to extend the life of the office's surface areas, furnishings and equipment, and encourage climate-smart working in the office.

In the office: We purchase electricity bearing the Good Environmental Choice ecolabel for our own offices, and climate-offset the carbon emissions arising from the proportion of district heating that is still based on fossil fuels. 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. We have completely stopped using waste bins at desks and have instead installed shared waste collection points. Our cleaning services provider is Nordic Swan eco-labelled and we require our purchases of coffee, food and fruit 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. AMF does not offer company cars.

During conversions and day-to-day maintenance, we endeavour to use materials that are accepted under the Byggsvarubedömningen (building materials assessment) scheme. We also strive to help increase recycling of materials and continuously seek to ensure that the range of office materials used are eco-friendly.

During the year, personnel levels in the office were very low as a result of the COVID-19 pandemic, but we continued to work on identifying climate-smart solutions. For example, we introduced recycling of paper towels in a joint project with Essity, leading to lower carbon dioxide emissions, and introduced presence-controlled ventilation and lighting in the office. During the year, we started a project to increase understanding of the climate

footprint of our purchases, for example with regard to IT services, with the aim of being able at a later stage to make informed decisions regarding purchases where the climate aspect must also be taken into account.

Business travel: Carbon dioxide emissions from our business trips decreased sharply compared with previous years due to travel restrictions arising from the COVID-19 pandemic. In general, no business trips were made during the last nine months of the year. Emissions totalled 53 (173) tonnes. During the year, we clarified our travel policy to the effect that air travel is to be avoided on routes shorter than 500 km (for example, between Stockholm and Gothenburg). We climate-offset carbon emissions caused by business travel.

Paper consumption: In our own operations, paper consumption decreased to 6 kilos (15) of paper per employee, equating to 2.8 tonnes (6.7) in total, as a result of a sharp reduction in office attendance. However, this was a minor amount compared to the 48 tonnes (55) of paper we sent out to our customers, in the form of pension statements, welcoming letters and statements of earnings and tax deductions. We continuously endeavour to increase the proportion of digital mailings via Kivra.

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

In-house climate engagement

During the year, we organised a Climate Week for the second year in a row. In the week, our employees had opportunities to learn more about climate change and how AMF is addressing the climate issue. The week was organised in completely digital form and created highly appreciated opportunities for meetings and discussions about climate, innovation and a long-term approach. The working from home situation meant that the opportunity to meet digitally to discuss a topic important to all our employees was particularly appreciated.



Business ethics and responsible conduct

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 Code of Business Conduct and Insurance Sweden's recommendations for the industry. The rules are available to employees both via the intranet and AMF's website, 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 when taking up employment, and business ethics is included in induction training of new employees in the Group. In addition, all working groups are to review and discuss our expectations of business ethics at least every two years. During the year, all working groups within the Group reviewed issues of business ethics.

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 approve our Code as part of the agreement or make its own equivalent commitments, which 100 percent (100) of our suppliers have done. We also strive to ensure that all suppliers have collective agreements in place or

Purchasing categories

AMF and AMF Fonder's purchases consist primarily of IT and telephony services, research and transactions in asset management, marketing and pension management services.

AMF Fastigheter's purchases consist mostly of consultancy services in construction and management, as well as in energy and heating.

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 1–3 on our tax scale).
- We shall be open and transparent about how tax is treated in our operations.

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 (right). In 2020, AMF paid a total of SEK 477 million (962) in tax in the Group, above all capital yield tax in the Parent Company, but also withholding tax and income tax. All capital yield tax and income tax are paid to the Swedish tax authority. Coupon tax is paid in the country where the holding is registered. See also Note 13 Tax, on page 78, for more information about the estimated tax expense for the year.

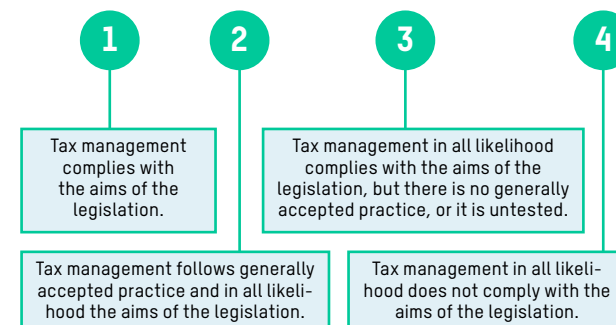
In our investing activities, we shall also strive to ensure that our portfolio companies maintain a transparent and public tax policy, with appropriate follow-up. During 2019, we drew the attention of our Swedish portfolio companies to our view of the importance of transparency in tax matters and a public policy on taxation. At the turn of the year 2019/2020, no full or partial

public tax policy was operated in 19 out of 52 of the Swedish companies in which AMF's traditional insurance had a holding. Of these companies, eight had published a public tax policy at the turn of the year 2020/2021.

Compliance with norms and conventions

AMF also includes fundamental sustainability requirements, as defined in the Global Compact principles, as part of good ethical behaviour in business. According to our own assessment, all portfolio companies meet fundamental sustainability criteria. In view of our holding company Swedbank's problems related to money laundering in 2019, external assessors noted in 2020 that Swedbank had been in breach of international standards. As a major owner of Swedbank, and being represented on the bank's nomination committee, we were instrumental in replacing large parts of the Board in 2019, and in 2020 continued to monitor the bank's work to resolve the problems. On the basis of our large holding, and thus our opportunity to help bring about an improvement in the organisation, we have remained as owners.

AMF's tax scale



Diversity

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.

Diversity and equality in AMF's activities

To us, diversity means differences in background, competence and experience. 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 to ensure that everyone has the same working conditions, equal rights and opportunities for development in the workplace. We seek to ensure that all employees are treated with respect and that our work environment is totally free of discrimination and victimisation.

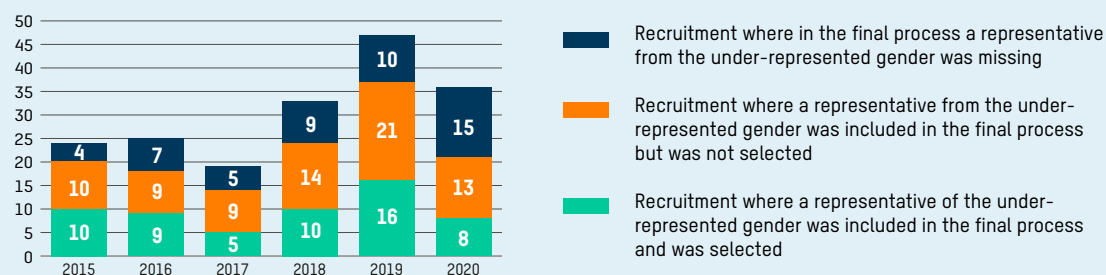
Process to promote diversity

We understand that unconscious behaviours preventing diversity may exist. We try to anticipate this by, for example, ensuring that all recruiting managers perform a diversity analysis of the working 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 in several cases it has focused attention on any shortcomings in various diversity factors in the working group. During the year, we signed up to Diversity Charter Sweden, a network for practical exchange on diversity issues in the business world, in order to gain the additional opportunity to identify effective tools for successful diversity work.

Age

The age distribution at AMF is concentrated within the age categories 45–59 years (45 per cent) and 30–44 years (39 per cent). On that basis, increasing the proportion of employees below the age of 30 is regarded as desirable, in order to achieve a good spread of age categories.

Recruitment to professional categories with an uneven gender balance



Within the Group, we conducted 36 recruitments to groups with gender imbalances during the year. In these 36 processes, we had final candidates of both genders in 21 recruitments, and in 8 cases a representative of the under-represented gender was hired.

Even gender distribution

On the whole, AMF has an even gender distribution, with the exception of the subsidiaries' boards of directors. We see that challenges remain at Group level, where distortions in gender distribution within different working groups are evident. We have been working since 2015 to reduce the number of gender-unbalanced working groups by engaging candidates of the under-represented gender when recruiting. During the year, we carried out 36 recruitments to groups with an uneven gender distribution. In 21 recruitments, final selection included candidates of both genders, and in 8 cases a candidate of the under-represented gender was hired. Our goal is by 2022 to

increase the number of gender-balanced working groups by 25 percent, compared to 2018. This means that half of our working groups are to be gender-balanced. In 2020, the number of gender-balanced groups unfortunately decreased, partly because the definition of working groups was updated. Over the next few years, we will extend the depth of the analysis. During the year, as part of our ongoing focus on gender equality, we signed up to the Institute of Human Resource Indicators' Gender Equality Index. As a result, we will obtain an analysis of which areas regarding equal working conditions, work environment and employment conditions we can develop.

Diversity, cont.

Pay differentials

Every year, we verify that no pay differentials exist within various occupational categories at AMF, where the possibility that such differentials are attributable to gender cannot be ruled out. In 2020, we identified no unjustified pay differentials at AMF for either women or men. On the other hand, the structural wage differentials show that with us, men are generally over-represented in working groups with higher market-level pay and women are over-represented in working groups with lower market-level pay. On average, women's pay is 81 percent of what men are paid, depending on the occupational category concerned. The level of these structural pay differentials was overall slightly better than in the previous year.

Governance and other key performance indicators

Our work on diversity and gender equality is governed by an equal treatment policy, 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 monitoring diversity and gender equality, we also follow up other key performance indicators in the HR area, such as employee turnover, sickness absence and internal employee mobility. Employee turnover is at about the same level as in previous years. 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

The work environment and COVID-19

During the year, particular attention was focused on the health of employees during the pandemic, in relation to both work environment and mental health. We recommended home working for everyone able to do so, enabled employees to borrow computer screens and chairs and provided every employee with a grant to improve the work environment at home. Through various digital initiatives, we also created a sense of community and opportunities for exchange between colleagues. We regularly followed up the mood of employees during the pandemic via employee surveys. We found that most managed the transition to digital working methods well, but some were impacted by the social isolation.

positions to be filled by internal applicants. In 2020 we achieved this goal, with 31 percent (21) 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 2020 we were represented in 32 (28) 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. One indication of the Board's diversity is the ratio of women to men. Against that background, we strive for an even gender balance on the boards of the companies we own. We define an even gender balance as a distribution of 60/40 between the genders, or more even. An even gender balance in management groups is also important. This is a matter for the CEO, but is also a factor that we pay attention to in our dialogue with the companies, especially in the companies that stand out in a negative way. Of the 32 companies where we take part in the work of the nomination committee, 26 have a gender-balanced board. On average, the distribution is 60/40 percent men/women (compared with the average on the Stockholm Stock Exchange of 35 percent women).

For example, ahead of EQT's IPO in 2020, we strongly argued the importance of having an even gender balance on the company's board. As a result of our involvement in the issue, we were given the opportunity to be represented on the nomination committee, even though our ownership share would not normally have resulted in participation. The nomination committee proposed two new women for EQT's Board, which, however, still cannot be considered gender-balanced. We will continue to focus on the importance of gender equality in the work of the nomination committee, going forward.



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 survey for the third year with questions about, for example, sustainability and pensions. The survey was aimed at the general public and representatives of the pension industry.

The conclusion of the survey is that sustainability is important to many, although it is often not the most important issue when it comes to pensions. The public also has little knowledge of how pension companies work on sustainability. At the same time, the view is expressed that pension companies need to take responsibility and handle sustainability issues effectively.

During the year, we decided that the Pensions on the customer's terms area will no longer be included in our sustainability work. Instead, it will continue to be an important part of our responsibility and work in the best interests of customers.

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. In some cases, the Board gives the CEO a mandate to produce more detailed instructions for how the sustainability work is to take place in the organisation. The Board decides on the overall thrust of sustainability work and monitors this quarterly. The CEO bears operational responsibility for the sustainability work and is also responsible for ensuring that wholly owned subsidiaries comply with relevant overall sustainability goals. The Sustainability Council advises the CEO on matters relating to sustainability. The Sustainability Council is made up of the CEO, the General Counsel, business managers, representatives of the wholly owned subsidiaries and employees in the Group responsible for sustainability.

In 2020, the Sustainability Council held four meetings. The Group's Sustainability Manager is responsible for supporting and coordinating AMF's sustainability initiatives, and for preparing

issues for the Sustainability Council to address. The Sustainability Manager also bears overall responsibility for collating stakeholder opinions and expectations regarding sustainability work. The business managers are responsible for ensuring that work on sustainability is carried out in the organisation. The Compliance and Internal Audit function can check whether sustainability work is being carried out in accordance with laws and regulations, Board decisions and the AMF 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, according to the Board's rules on responsibility and sustainability, which are available on our website, our employees must act responsibly and we must strive to contribute to sustainable development, in accordance with the UN's sustainability goals and the Paris Agreement's ambition to limit global warming. AMF also complies with the UN Global Compact's Principles on Human Rights, Labour Law, the Environment and Anti-Corruption, the OECD Guidelines for Multinational Companies and the UN's Principles for Responsible Investment. The Board's rules also stipulate that AMF must work to minimise risk in environmental issues, based on the Precautionary Principle. The rules are reviewed at least once a year. 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 personnel meetings. The subsidiaries have their own rulebooks, with additional rules and instructions impacting sustainability specifically for their particular business.

Collaboration with other actors

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 Pensions Europe. In the field of sustainable business and responsible investments,

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.

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), Swedish Investors for Sustainable Development and a network of institutional real estate owners. AMF also supports CDP (the Carbon Disclosure Project) and TCFD (the Task Force for Climate-Related Financial Disclosure) and has signed the Montreal Pledge on carbon footprint accounting.

About the Sustainability Report

This Sustainability Report summarises AMF's sustainability initiatives in the 2020 calendar year. The report has been red 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 2019 calendar year, was published in March 2020.

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 2016–2019 are included to the extent they are compatible with reporting for the year.

Carbon dioxide measurement in the equity portfolio

AMF reports both the weighted average carbon dioxide intensity of the portfolio and the absolute emissions of the portfolio. Both measures have been calculated in accordance with the new recommendation of Insurance Sweden, which was applied for the first time on 31 December 2020. The recommendation is aligned with TCFD's recommendations and has been expanded to also include corporate bonds issued by listed companies, as well as directly owned real estate and/or real estate companies. AMF has for some time reported the emissions for listed stocks and the emissions for directly owned properties. It will add emissions for corporate bonds issued by listed companies as of this year. Emissions data are expressed as tonnes of carbon dioxide equivalent, tCO₂e1, based on data produced in accordance with the generally accepted GHG2 accounting standard. The weighted average carbon intensity shows the investment portfolio's exposure to carbon-intensive companies, where carbon dioxide emissions at the portfolio companies are measured as the Company's greenhouse gas emissions relative to its net sales. AMF's exposure to carbon-intensive companies is calculated by weighing up each company's carbon intensity based on their weighting in AMF's

portfolio. In the past, this was measured as carbon intensity weighted on the basis of AMF's ownership stake. The absolute measure has also been aligned with the new recommendation. As a result, we calculate the sum of AMF's share as the value of the holding relative to the portfolio company's debt-free market value (the enterprise value, EV), of the carbon emissions of the portfolio companies. Previously, the footprint was measured in relation to AMF's ownership stake.

The figures on pages 30–31 are based on AMF's holdings as of 31 December 2020. Data on the companies' sales, carbon emissions and enterprise value are based on most recent data available, in most cases from 31 December 2019. As benchmarks for the measurement of carbon dioxide, MSCI ACWI has been used for the non-Swedish portfolio and SBX for the Swedish. Emissions data include direct emissions (Scope 1) and indirect emissions associated with energy consumption (Scope 2). Comprehensive, reliable data on other indirect emissions, such as contractors' emissions and emissions from the use of manufactured products (Scope 3) are not included. AMF uses an analysis tool from an external provider to calculate carbon emissions. The emissions data are based on the companies' own reported figures. In cases where companies do not report data themselves, emissions are estimated. The carbon footprint covers 94 percent (94) 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 for AMF on page 11 dates from 30 November 2020. The carbon footprint calculations on pages 30–31 are based on AMF Fonder's holdings on 31 December 2020. In the Small Cap Fund for 2020, data was only available for 77 percent of the fund's holdings (81 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, that is, the 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 price for carbon dioxide, 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 arise from use of a company's products,
- Emission data from companies are 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 and indicates the status on 31 December 2020. The data in the tables refers to the Group unless stated otherwise.

The Parent Company maintains ongoing monitoring of the proportion of consultants used in the business, with a view to shedding light on the organisation as a whole and, long term, reducing the proportion of consultants used. The calculation of the proportion of consultants used was in previous years on based on costs booked. However, as of 2020, the proportion is calculated based on actual time worked. In 2020, the average proportion of consultants used was 12 percent (11).

Working groups with an uneven gender balance are defined as those with more than five members and less than 40 percent of either gender. Since 2019, the concept of the working group has been changed. The division into working 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 performance against target is based on a reference year, 2019.

Energy consumption is based on actual energy use. The properties in which tenants are responsible for energy consumption are not included in the report. In 2020, this applied to Marievik 24. Previously, the principle also applied to Ängtvätten 22. The property was sold in 2019 and the buyer took up occupancy on 31 January 2020.

Project properties are not included in energy intensity reporting. In 2020, no properties were operated on a project basis.

In 2020, no properties were bought or sold.

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 33, Oxen Större 21, Tobaksmonopolet 6, Fatburssjön 10, Marievik 19, Marievik 26, Marievik 23 and Grävlingen 12.

The gases that AMF takes into account in its calculations are the following CFCs used in the above-mentioned cooling plants: R134a, R417a, R404a, R407f, R410a and 407c. GWP values are from the IPCC.

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	Effluents and waste	2016	103-1, 2, 3	Explanation of the material topic and its Boundary; The management approach and its components; and Evaluation of the management approach. 21, 27, 33-34
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Sustainability management Financial sector	Active ownership		FS 10	Portfolio companies with which environmental or social issues were discussed. 16
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Notes on sustainability

H1. Absolute emissions of carbon dioxide equivalents, equities and corporate credits.

Tonnes of CO ₂ e	2020	2019	2018	2017	2016	2015	2014
Management of traditional insurance							
Swedish equities	211,000	195,000	313,000	220,000	187,000	108,000	140,000
Non-Swedish equities	407,000	700,000	804,000	1,111,000	1,213,000	818,000	1,081,000
Total equities	618,000	895,000	1,117,000	1,331,000	1,400,000	926,000	1,221,000
Corporate credits	269,000	-	-	-	-	-	-
Total equities and corporate credits	887,000	-	-	-	-	-	-
AMF Fonder	387,000	507,000	482,000	-	-	-	-

The measurement methods used for equities in traditional insurance were changed in 2020; for more information on measurement methods, see page 27. Measurement for corporate credits started in 2020. Measurement of the absolute emissions for AMF Fonder started in 2019 and at that time figures for comparison could only be produced for 2018. Fixed-income funds are excluded, as AMF has less than 75 percent coverage for holdings for which a carbon footprint is measured.

H2. Relative emissions of carbon dioxide equivalents, equities and corporate credits

Tonnes of CO ₂ e/companies' sales, SEK million	2020		2019		2018		2017		2016		2015		2014	
Management of traditional insurance	AMF	Index	AMF	Index	AMF	Index	AMF	Index	AMF	Index	AMF	Index	AMF	Index
Swedish equities	6.0	4.2	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	9.6	18.3	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 equities	7.8	12.7	9.9	19.3	11.5	21.3	12.0	19.5	14.1	20.8	12.1	19.5	18.0	25.8
Corporate credits	11.6	-	-	-	-	-	-	-	-	-	-	-	-	-
AMF Fonder														
AMF Asia Pacific Equities Fund	11.6	23.0	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	12.7	15.4	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	15.4	18.3	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	8.4	15.3	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	5.5	7.2	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	3.9	5.3	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	13.9	37.8	15.7	38.5	-	-	-	-	-	-	-	-	-	-
AMF World Equities Fund	8.6	10.5	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)	7.7	9.6	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AMF Fixed-Interest Fund Short	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AMF Fixed-Income Fund Long	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AMF Fixed-Income Fund Mixed	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The measurement methods used for equities in traditional insurance were changed in 2020; for more information on measurement methods, see page 27. Measurement for corporate credits started in 2020. No outcomes are available for fixed-income funds, as AMF has less than 75 percent coverage of holdings for which a carbon footprint is measured.

H3. Gender equality

2020	Women	Men	<29 years	30–44 years	45–59 years	>60 years	Total
Number of employees	252	193	31	175	201	38	445
Of whom, permanent employees	247	191	30	171	199	38	438
Of whom, FTEs	238	187	31	166	192	36	425
Employee turnover							
Number of new appointments	27	24	15	27	8	1	51
Number of terminations	19	20	4	17	11	7	39
Percentage of terminations (personnel turnover)	8%	10%	16%	10%	5%	17%	9%
Composition of Board of Directors, management and other personnel							
Composition, Board of Directors							
AMF	44%	56%	0%	0%	44%	56%	
AMF Fastigheter	67%	33%	0%	17%	50%	33%	
AMF Fonder	0%	100%	0%	0%	20%	80%	
Managements, Parent Company and subsidiaries							
	44%	56%	0%	25%	62%	13%	
Other managers	57%	43%	0%	30%	54%	16%	
Other administrative employees	57%	43%	8%	41%	43%	8%	

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 whom, permanent employees	242	184	29	171	192	34	426
Of whom, 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 administrative employees	56%	44%	8%	42%	42%	8%	

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

	2020	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%	0.0%	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	2020	2019	2018	2017	2016	2015	2014
Management in Parent Company and wholly owned subsidiaries	77%	73%	90%	93%	64%	69%	71%
Other managers	73%	67%	82%	70%	68%	68%	74%
Other administrative employees	87%	88%	80%	82%	83%	79%	75%
All	81%	80%	79%	79%	75%	73%	69%

H6. Management of waste from construction projects, fractions

Tonnes	2020	2019	2018	2017	2016
Hazardous waste					
Landfill	153	20	24	491	122
Recycling	3	12	2	3	1
Energy recovery	7	16	25	4	2
Non-hazardous waste					
Re-use	17	6	1,459	8,154	13,726
Recycling	2,098	1,179	1,686	3,640	5,257
Energy recovery	886	1,306	2,319	1,437	2,614
Landfill	94	500	514	1,243	1,529
Total	3,258	3,039	6,029	14,972	23,251

The waste is produced from modifications of premises, of which three are major, in properties Hammaren 15, Stigbygeln 5 and Trollhättan 30.

H7. Management of operational waste, fractions

Tonnes	2020	2019	2018
Hazardous waste			
Landfill	0	1	3
Recycling	21	27	2
Energy recovery	1	4	26
Non-hazardous waste			
Re-use	91	20	0
Recycling	2,398	2,458	1,640
Energy recovery	2,016	2,980	2,554
Landfill	30	10	22
Total	4,557	5,500	4,247

Only aggregated 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

	2020	2019	2018	2017	2016
Fossil carbon dioxide emissions, total in tonnes of CO ₂	1,132	1,996	2,296	2,546	2,629
Carbon dioxide emissions, total in kg CO ₂ /sq. m.	1.4	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, no leakage of CFCs from cooling plants occurred. Indirect emissions Scope 2 are accounted for based on emission factors obtained using the market-based method (energy suppliers).

H9. Energy performance

Specific energy consumption, kWh/sq. km

AMF's property portfolio	2020	2019	2018	2017	2016
Property electricity	30	30	34	33	40
District heating ¹⁾	40	48	47	48	51
District cooling	16	20	30	19	20
Total energy consumption	86	98	111	100	111

¹⁾ District heating is normal-year adjusted.

H10. Energy consumption

MWh	2020	2019	2018	2017	2016
Fossil fuels	148	2,938	3,628	4,253	4,550
Recovered energy	14,991	3,918	6,211	8,492	8,921
Renewable	46,856	70,137	71,354	73,861	78,552
Total	61,995	76,993	81,193	86,606	92,023
AMF's property portfolio					
Property electricity	23,703	25,730	25,992	27,162	29,199
District heating ¹⁾	31,318	38,622	34,732	43,807	46,040
District cooling	12,727	16,727	21,030	17,820	19,089
Total	67,748	81,079	81,754	88,789	94,328
Own consumption					
AMF Group's own consumption ¹⁾	177	248	234	189	276
Total	177	248	234	189	276

¹⁾ District heating is normal-year adjusted.

Fossil fuels are various energy sources in the form of hydrocarbons, such as oil and coal. Recovered energy refers to waste heat, energy recovered in waste water, proportion of waste and recycled fuels not identified as renewable, and recovered energy in purchased electricity and cooperation on heat generation. 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.

H11. Carbon dioxide emissions from business travel

Tonnes	2020	2019	2018
AMF (Parent Company)	21	80	145
AMF Fonder	12	63	46
AMF Fastigheter	20	30	64
Total	53	173	255

H12. Paper consumption

Tonnes	2020	2019	2018	2017	2016
Mailings to customers	48.1	54.8	34.1	90.1	83.0
Own consumption	2.8	6.7	8.4	9.6	8.6
Total consumption	50.9	61.5	42.5	99.7	91.6
Own consumption per workplace, kilos	6	15	18	21	19

H13. Suppliers

	Total	Share of purchasing volume for the 10 largest
AMF (Parent Company)	458	42%
AMF Fonder	107	51%
AMF Fastigheter	978	55%
Total	1,543	

Approximately 71 percent and 67 percent, respectively, of AMF's and AMF Fonder's suppliers invoiced more than SEK 50,000 in 2020. Approximately 41 percent of AMF Fastigheter's suppliers invoiced more than SEK 100,000 in 2020. The thresholds differ due to AMF Fastigheter having a much larger supplier base with small invoiced amounts.