

! Every care has been taken in the translation of this Sustainability Report. In the event of discrepancies, the Swedish original will supersede the English translation.

Sustainability Report

AMF manages the occupational pensions of over four million customers and is a part of the Swedish social security system. We serve an important function in ensuring current and future pensioners' security and welfare. On the following pages, you can read more about our sustainability work, including our work on investing our savers' pension assets responsibly, how we develop long-term sustainable insurance products, our communication with our customers and how we manage sustainability issues in our own operations.

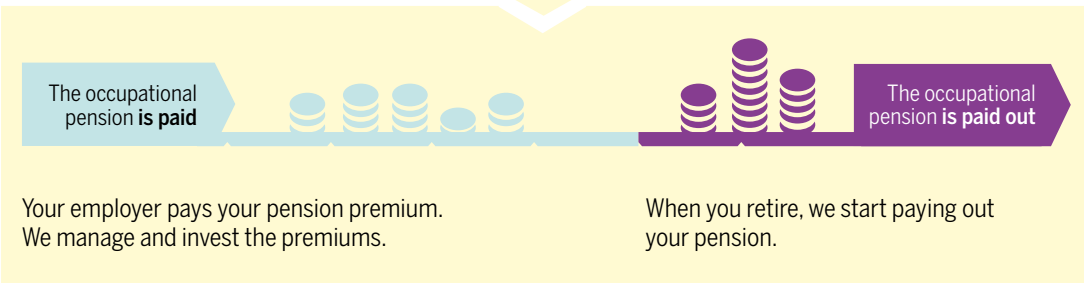
Our stakeholders' expectations

Customers • Owners and other labour market parties
Political decisions makers • Employees

Our sustainability work is based on our stakeholders' expectations on us, and is an integral part of our business operations.

Our sustainability work

Responsible investments • Offering and customer meeting • Internal sustainability work

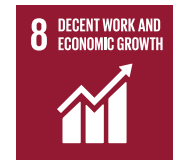


Our contribution to the UN Sustainable Development Goals (SDGs)

We want to contribute to the long-term sustainable social development, consistent with the global goals that all UN member states are united behind (Agenda 2030). The SDGs that our sustainability work mainly contributes to:

- Gender equality (goal 5)
- Decent work and economic growth (goal 8)
- Responsible consumption and production (goal 12)
- Climate action (goal 13)

It is mainly through our investment activities that we contribute to the SDGs.



Pension expertise

Part of our responsibility is to promote greater understanding of pensions and to protect our customers' interests. We do this in several ways including teaching at the Swedish Financial Supervisory Authority's Gilla Din Ekonomi ('love your finances') network, participating in university projects to raise awareness about occupational pensions among accounting and HR students and through training programmes for budget and debt advisors at Swedish municipalities on the ways that they can help financially vulnerable pensioners.

We also monitor and contribute to the ongoing pension debate with the perspective of our customers. Some of the questions we have highlighted in recent years are:

- The need for increased gender equality within and outside of the pension system.
- Shorter pension withdrawal periods that can have a negative consequence for both individuals and society at large.
- Many customers have limited knowledge about how fees affect their pensions.
- Many customers are unaware that they have transferred their occupational pension to another, often more expensive, manager.

How much pension will I get?

There are three main areas that determine how much pension you'll receive: how much you work, your salary level and whether you have an occupational pension or not. AMF's Pension Expert Dan Adolphson explains how it all fits together.

What's the most important thing to bear in mind?

"There are three main areas that determine how much pension you'll receive. Firstly, how much you work. This depends on when you started working, if you work full-time or part-time and when you stopped working. The second area is the salary level you received and the third is whether you have an occupational pension or not. If you're in a collective bargaining agreement, like nine out of ten people are, then you will automatically have a secure occupational pension with a low fee."



AMF's
Pension Expert
Dan Adolphson
promotes savers'
best interests on
pension issues.

How much do you need to know in order to get a good pension?

"I think everyone should try to find out how pensions work in general and also log on to MinPension ('my pension') in order to see your own situation regarding pension. This way you should feel calmer and have more insight into your circumstances."

But what if I want to invest myself?

"You don't have to be active investing your own pension assets for yourself if you don't want to. In this case your occupational pension assets are invested in one of the pre-selected options, a traditional insurance policy. If this happens, pension fund managers will invest your pension securely but with a guarantee but also the possibility of receiving high returns. "If you're interested, you can do the work yourself and invest your pension assets in a unit-linked insurance. But then there's no guarantee and you will also need to review your choices regularly.

In other words, this approach takes a bit more commitment."

"If you have a family, it's also important to think about what sort of benefits that your family should have.

If you're not interested in getting involved, what happens then?

"All pension assets are managed whether you make choices or not. If you don't make a choice, assets are managed in a preselected alternative that have been agreed upon by the relevant labour market parties. The alternative is a product with low fees for everyone that has a collectively agreed occupational pension. If you're a private sector worker, assets are invested in AMF's traditional insurance without repayment cover. If you want repayment cover, you can add it."

Is there anything special you should bear in mind if you're on parental leave?

"In most cases, your employer will keep paying into your occupational pension even during the period when you're on parental leave. For how long depends on the collective bargaining agreement that you have. What's important to bear in mind is that in some workplaces, you need to make a notification that you're on parental leave with parental salary and should receive parental contributions to your occupational pension. So, to summarize, there are three main things that decide how much pension you get: how much you work, your salary and whether you have an occupational pension."

A long-term sustainable offering

Managing pensions implies a pledge to customers for a long time ahead. Insurance can cover a time-frame of over 60 years with savings being deposited for 40 years or more and pay-outs for the rest of your life, which can be 20 years or longer. We manage every payment made to us now for an average of some 30 years before it's paid out in pensions. This implies a great responsibility with regards to keeping a long-term perspective, risk diversification and financial stability.

As a pre-choice company, we have a special responsibility for structuring our offering on a long-term sustainable footing. This means our products need to be adapted to long-term savings and provide secure and predictable pensions. We constantly work to ensure that our products in traditional insurance and unit-linked insurance assurance live up to the mission our owners have assigned us: the opportunity of a good and secure pension for a low cost.

AMF's traditional insurance

Our traditional insurance offering is designed to suit customers that save over many years and don't want to actively get involved in their own occupational pension. We work continuously to review and ensure that our traditional insurance product is sustainable long-term. We do this by striking a balance between offering guarantees and the opportunity of high returns, matching changing conditions on the market.

Reduced charges and updated insurance terms

Many of our customers have several traditional insurance solutions with different characteristics, despite the fact that they have not made active choices. Customers that have been with us since before 1998 could have four different policies without knowing it and sometimes even more. This is a consequence of insurance terms evolving over the years and the standards for collectively agreed occupational pensions having changed. This makes it

AMF's occupational pension offering basically consists of two products:



Traditional insurance



Traditional insurance is AMF's core business. Traditional insurance is pension saving with a guarantee, where AMF manages pension assets on behalf of its customers. A proportion of pension payments are guaranteed, the remaining share depends on how successful AMF's management is. AMF's traditional insurance policies are usually paid for a life-long term, providing the customer does not decide to withdraw its pension over a shorter term. Saving in a traditional insurance policy is a trade-off between the security that a guarantee implies, and the opportunity of more risk-taking, and thus high expected returns. It suits customers who prefer not to be active in their pension management or want to take the advantage of professional asset management on their behalf.

Unit-linked assurance



Unit-linked assurance suits customers that want to be more active, influencing how their pension capital is invested themselves. Unit-linked assurance has no guarantee, but offers the opportunity of more risk-taking, and thus, higher returns. The performance of funds determines returns, and fund savings may increase or decrease in value. Unit-linked assurance is usually paid out over a 30-year term, although lifelong payment is possible. AMF's own funds have low charges, and are designed for long-term saving. Customers with collectively agreed occupational pensions can also choose from a selection of externally managed funds as supplements. For those customers that don't want to choose independent funds themselves, AMF offers an entry solution, which adapts risk levels to age.

more difficult for customers to get an overview of their occupational pensions and has resulted in unnecessary administration and costs.

This is why we're working to harmonise the different insurance terms as much as possible. For example, in 2016, we executed extensive adaptation of insurance terms, meaning that 2.9 million customers in the occupational pension plan for SAF-LO also got the latest and most favourable terms on their older policies. In tandem with this adaptation of conditions, we also transferred pension insurance to a more efficient IT system, reducing annual charges by some SEK 300 million — half the average fee in the SAF-LO occupational pension. We're now working to execute the corresponding changes in other segments. In 2018, we want to transfer the conditions of older pension insurance policies in their collectively agreed pension plans to the latest offering.

Fairness between customers

Our mission includes ensuring that all customers, regardless of how active they have decided to be, should get the best possible terms and offerings on their pension savings. Accordingly, fairness between customers—old and new and between different segments—is fundamental to us and it's a central component in the design of new product terms. Our starting-point is the so-called contribution principle, which means that every insurance policy should bear its own risk and expenses but also achieve the corresponding returns to those risks and expenses.

Low costs

AMF is managed according to mutual principles. This means that all earnings are returned to our customers. We have no interest for self-profit but we of course work to continuously streamline and reduce the complexity of our business. This results in lower costs and gives us the potential to provide our customers with low charges. Our goal in recent years has been to reduce our cost per customer (in the SAF-LO contractual pension) to less than SEK 100. In 2017, this cost was SEK 113 (107). Despite us having lower costs overall, the costs for customers in the SAF-LO contractual pension did increase because we spent more time on this customer group and more of our brand addresses them.

Pension from a customer's perspective

Our focus is on simplicity for the customer. Camilla Larsson, our Head of Insurance, explains how we bring simplicity into our offering.

A lot of people think pensions are complex. What's AMF doing to make them simpler?

"We think it's important to try to achieve a simpler system and we're working for people to perceive occupational pensions as simple. For example, it has to be possible to easily find out how much you'll receive overall in your pension, without needing to get involved in the actual pension system. Occupational pensions, which AMF manages, is a part of a larger pension system and we collaborate with different parties, influencing decision-makers to try to achieve simpler solutions."

Can you give us any concrete examples?

"One example is the Uttagsplan ('withdrawal plan') project, which Min Pension and the Swedish Pensions Agency are managing and where we actively contribute. Our aim is to enable people to plan their pension payments from one place, instead of having to gather information from a lot of different pension managers yourself. It's easy to forget that someone who is approaching retirement may have worked in several contractual segments and may have up to six policies within their occupational pension, possibly with three different companies. Then there's the state pension and potentially, private pension savings with those providers. When you start to withdraw your pension, you sometimes need to contact all these companies."

"We also partner with the Swedish Consumers' Insurance Bureau on insurance on solutions that enable comparisons between occupational pension solutions. We've joined Fullmaktskollen ('verifying powers of attorney'), an initiative that makes it easy for private individuals and businesses to get an overview of their powers of attorney and how long they're valid."

But what's AMF doing in its own business to make things easier for customers?

"Apart from collaborating with other parties, we're also trying to simplify our own offering. One part of this is harmonising the terms within the same contractual segment, as we did with the SAF-LO occupational pension last year. This resulted in average charges being reduced and simplifying administration for our customers. We are striving towards extending this to other contractual segments. Our vision is that one day, we'll have an offering that extends over several different collective agreement segments. It will be easier for our customers to get an overview and manage their pensions even if they change collective agreement segment but also allows us to lower costs—which means lower charges for our customers."



**Camilla Larsson,
Head of Insurance,
strives for more simplicity.**

AMF's unit-linked insurance

Our focus within unit-linked assurance is on providing low charges and offering a range produced for long-term savings. The core of our offering are funds from our wholly owned subsidiary AMF Fonder, which currently offers 12 funds. Across all collective agreement segments, we supplement our own funds with a number of mutual funds from other providers, mainly index funds.

AMF Fonder

AMF Fonder's mission is to provide funds with competitive returns and low charges. Its long-term objective is to be able to reduce fund charges over time, in the right circumstances. The funds have high rankings from independent ratings agency Morningstar, which measures their returns, their risk and their charges. As of 31 December 2017, our funds had average ratings of 3.5 out of 5 and 4 of 11 funds generated above-average returns in each category. Morningstar also ranks funds in terms of sustainability. Its ranking is based on an assessment of the sustainability level of the fund's equity holdings. On average, our funds scored 4.3 out of 5 in sustainability.

Our funds are managed with the same sustainability criteria as managing traditional insurance. However, processes and methods sometimes need to be adapted to fit the circumstances of fund management. Read more about how AMF Fonder works on the sustainability criteria of fund management on page 14.

Fund	Morningstar (max. 5)	Morningstar Sustainability Globes (max. 5)	Management charge ¹⁾
Equity Fund Asia-Pacific	3	5	0.4%
Equity Fund Europe	4	5	0.4%
Equity Fund Global	4	4	0.4%
Equity Fund Mix	3	4	0.3%
Equity Fund North America	3	5	0.4%
Equity Fund Small Caps	3	3	0.4%
Equity Fund Sweden	3	4	0.3%
Equity Fund World	4	5	0.4%
Balanced Fund	3	4	0.4%
Fixed-income Fund Short	– ²⁾	– ³⁾	0.1%
Fixed-income Fund Long	5	– ³⁾	0.1%
Fixed-income Fund Mix	– ²⁾	– ³⁾	0.2%
Total	3.5	4.3	
Henderson Gartmore Latin America	4	4	0.56%
Pictet – China Index	3	3	0.25%
Pictet – Emerging Markets Index	4	3	0.20%
Pictet – India Index	2	4	0.25%
Pictet – Russia Index	2	2	0.25%
Vanguard Japan Index	3	3	0.18%
Total	3	3.2	

¹⁾ Unit-linked insurance SAF-LO ²⁾ No Morningstar rating ³⁾ No sustainability rating

Other fund offerings

We offer six funds managed by companies outside AMF Fonder. Five of them are index funds and are actively managed. These funds are included in our fund offering because they cover markets that we don't focus on ourselves. For various tendering procedures in collectively agreed occupational pensions, it's also desirable to offer funds on different growth markets, for example. When we select funds from other fund providers, our main focus is on offering/providing low charges. In terms of the sustainability, we set a requirement on the selected managers that they signed and are members of the UN Principles on Responsible Investment, UN PRI. Additionally, for actively managed funds, we also require that the fund has some form of formal exclusion of companies that satisfy specific sustainability criteria that we have and that the funds are rated with at least 2 Globes (out of 5) in Morningstar's sustainability rating. We monitor our other fund offerings for sustainability twice yearly.

Making your pension easy to plan and access

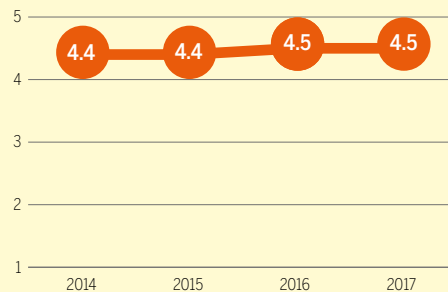
Our aim is to keep our customers informed about their occupational pensions and how changes can affect their pensions. We have over 7 million customer contacts every year through our own channels and most of the people contacting us are approaching retirement. Around 90% of them are over 55.

Our aim for all the information that we pass on to customers to be as clear and easily understood as possible, as if you were reading an ordinary daily newspaper for instance. We monitor this by using a readability index and all texts written for customer communication in the year were on target in terms of simplicity and comprehensibility. We also ensured that our Internet branch was made more accessible from a user perspective.

Satisfied customers

We've been achieving high scores when monitoring how satisfied our customers are with us for many years. In 2017, customer satisfaction was 4.5 (4.5) out of 5.0. What our customers mainly appreciate is our commitment, knowledge and our efforts in trying to get their questions answered when they make their first contact.

Customer satisfaction index.
5 is the highest score.



We mapped what our customers perceived as positive and negative in our services in the year, by tracking the typical customer journey through AMF on their pensions. Management and the Board of Directors are informed about customer complaints on a quarterly basis.

Digitalising customer meetings

When retiring 100% you can do that 100% digitally with AMF. However, some manual processes on paper forms are still necessary to go semi-retired. We're working to improve our communication when interacting with our customers by increasing our digitalisation and by simplifying things for our customers. Higher digitalisation also helps us keep our administrative costs down. At year-end 2017, 76 (69)% of all customer changes were digital. We joined the digital mailbox Kivra and around 17% of our customer letters were distributed digitally. The total volume of paper we sent was 90 (83) tons, mostly account statements, welcome letters and statements of earnings and tax deductions. The main reason for the increase was a one-off letter addition effort relating to adjustment of the terms in the SAF-LO occupational pension plan.

” Customers appreciate our commitment, knowledge and our efforts to answer questions.



Responsible investment

We manage nearly SEK 600 billion on behalf of customers. Our ambition is to generate high long-term returns on our customers pension assets through our investments and to do so at a low cost. We work according to the principle that sustainability aspects should be part of all our investment decisions.

We believe that companies that work actively with sustainability issues integrated in their business are in a better position to create long-term good returns. Like most companies in our sector, for us, sustainability means environmental issues, social aspects such as labour rights and issues surrounding a company's governance, control and quality systems. It's also important for us that the companies we invest in comply with fundamental principles on human rights, labour rights, environment and anti-corruption. When we invest and manage our customers' pension assets, we work with sustainability in the following ways: we select companies which are rated best in class in their respective sectors and exclude companies that do not comply with fundamental sustainability criteria and we try to influence companies to improve their sustainability work if we believe this benefits our customers and the company's operations.

Assets under management			
SEK billion	2017	2016	2015
Traditional insurance	468.9	442	416.3
AMF Fonder	125.8	120	110.5
Total	594.7	562	526.8

We select

We actively select companies or securities to invest in and that operate with the belief that sustainability aspects should be an integral part of all investment decisions. In large parts of our asset management, we focus on companies that have made the most progress with regards to sustainability in each sector, in a global perspective. That is, belonging to the best 50%. We endeavour to direct investment towards these companies. Our portfolio managers can also invest in companies with a lower relative sustainability rating, if we believe the investment is positive for our customers and if the company exceeds our fundamental standards on responsibility and there is a plan to engage with the company to improve. This working method covers the management of Swedish and foreign equities, as well as corporate and mortgage bonds in our traditional insurance and our own funds (apart from our Small Caps fund).

We exclude

When evaluating companies, we proceed from decisions and values that Sweden, as a country, has ratified. The companies we invest in should comply with fundamental principles in areas like human rights, labour rights, the environment and anti-corruption as stated in the United Nations Global Compact and OECD Guidelines for multinational enterprises. We don't invest in companies involved in the manufacture or distribution of controversial weapons (landmines, cluster munitions, chemical weapons, biological weapons and nuclear weapons outside the non-proliferation treaty), which are banned in a number of international conventions that the Swedish government has signed. We assign an independent expert, currently Sustainability, to screen our directly held equities and corporate bond

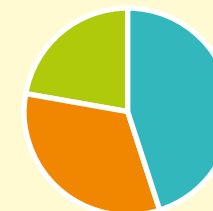
holdings. In management of traditional insurance and own funds, twice yearly. This verifies that the companies we invest in are complying with the UN Global Compact and OECD Guidelines for Multinational Enterprises and are not involved in controversial weapons, for example. If we discover that a company is in breach of any of these conventions, we engage with them to find out about their action-plan to rectify any problems. If dialogue doesn't achieve results, our last option is to divest the holding. We execute the divestment responsibly considering returns for our customers. There were no cases of companies in breach of any of our fundamental sustainability standards in 2017 and we did not divest any holdings against this background.

We engage

As a shareholder, you can exert an influence in different ways including voting at AGMs. Together, AMF and AMF Fonder is a major shareholder on the Stockholm Stock Exchange, which means we also have good potential to engage with companies in addition to our formal voting rights. In 2017, we worked in 27 nomination committees in Swedish companies. Nomination committees are the bodies that propose new board members

ASSET ALLOCATION IN
TRADITIONAL INSURANCE

Equities 45 (45)%
Fixed-income 33 (35)%
Real estate 22 (20)%



at shareholders' meetings. In Swedish companies, the work of nomination committees includes the duty of bringing the skills considered necessary into company boards. For many years we have been working to increase the number of boards with an even gender balance. At the mid-point of 2017, when the majority of shareholders' meetings have been held, 59% (16 out of 27) of the boards where we were members of the nomination committee had an even gender balance, i.e. women and men held at least 40% of the board positions. On average, the share of women on the boards where we were members of the nomination committee was 44%. We vote at some 45 Swedish shareholders' meetings per year and this covers all Swedish holdings in the management of traditional insurance and a selection of the largest Swedish holdings in our own funds.

Generally, our ownership of foreign companies is lower than in their Swedish counterparts, which means we have less potential to exert an influence.

Therefore, we collaborate with other shareholders, through platforms including the UN PRI, to engage with companies. We have participated in four collaborative engagements during the year:

- Human rights in the extractive industry
- Corporate measurement and disclosure of climate data
- Cattle-linked deforestation
- Responsible taxes

We also participated in a UN PRI engagement in time for the G20 meeting in July 2017, with the aim of putting the climate issue on the agenda of the Finance Ministers' Meeting.

Besides collaborating with other investors, we also vote at shareholders' meetings in our foreign holdings. We do this electronically by proxy voting.

In 2017, we voted at 425 out of 439 foreign AGMs in our traditional insurance.

For global equities in our own funds, we voted at 60 AGMs. So far, we have focused on shareholder meetings where we are a major shareholder. However, this is a low proportion of our total holdings and our ambition for 2018 is to keep increasing

Sustainability improves the potential for good returns

Our ambition is to achieve high, long-term returns for our customers and to do so for low cost. AMF's Chief Investment Officer Javiera Ragnartz offers more detail on how sustainable investment is important for this.

Why does AMF work on sustainability in asset management?

"The starting-point of all our investment decisions is what's best for customers, in terms of the opportunity of returns and risk levels. We think that companies who manage their sustainability risks well and work actively on sustainability issues, are more well-managed and have better capability than other companies to generate high returns for our customers. We also think it's important to get an overall view of a company's sustainability work, in its environmental impact, social aspects and the company's own governance and control systems—and not just focus on specific individual issues.



But what's most important for your investment decisions, sustainability or returns?

"Returns for our customers come first. But this doesn't mean there's any conflict between sustainability and returns. On the contrary, when managers have a better understanding of long-term risks and opportunities in the sustainability segment, we also improve the potential to be able to invest our customers' pensions in a way that gives them long-term sustainable returns. Our long-term goal is for sustainability aspects to be a natural component of investment evaluations.

"Sustainable investment seems to be a segment where there's a lot happening. What's happening right now?"

"One segment that's evolving rapidly is evaluating the financial impact of climate risks, both in our portfolio overall but also in our assessment of individual investments. This is where we and our sector peers, need to investigate how we can measure and evaluate climate risks best. We also need to get better at applying different types of scenario analysis to examine how global warming can impact the risk in investments. This is a critical and exciting segment that I think will result in greater integration of sustainability issues into the sector."

Javiera Ragnartz, Chief Investment Officer, is working for a long-term high return on your pension.

the proxy voting for our foreign holdings in the funds. In formal terms, holders of fixed-income securities such as corporate bonds have no voting rights. However, we are attempting to make our voice heard in this context by meeting with companies.

Real estate and infrastructure investments

We have increased our investments in real estate and infrastructure assets in recent years, to lay a foundation for long-term stable returns in the prevailing interest rate level. Approximately 22% of assets under management in traditional insurance consist of real estate and infrastructure investments. Most of our investments are in commercial properties in Stockholm, managed by our wholly owned subsidiary AMF Fastigheter. Other investments are in partly owned companies Rikshem (50%share), Oslo Areal AS (50%), Antiloopi Ky (50%) and Mercada Oy (33%). Our portfolio also includes 49% of UK offshore windfarm Ormonde Energy Ltd. and holdings in the UK government-owned GIBFS Offshore Wind Fund. We've invested a total of about SEK 8.2 billion directly in wind power plants. Sustainability aspects are part of the evaluation process of new investments and in certain cases, in ownership directives for wholly and partly owned subsidiaries.

Climate risks and climate reporting

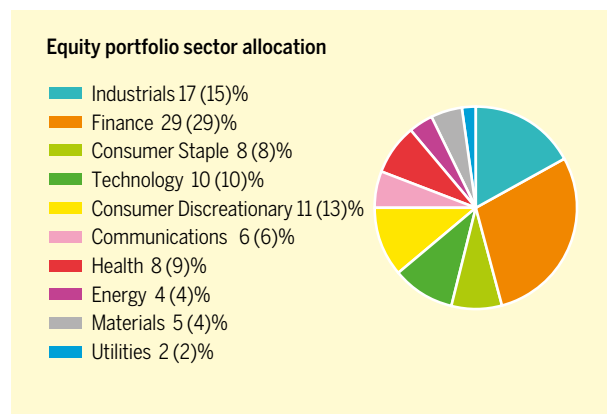
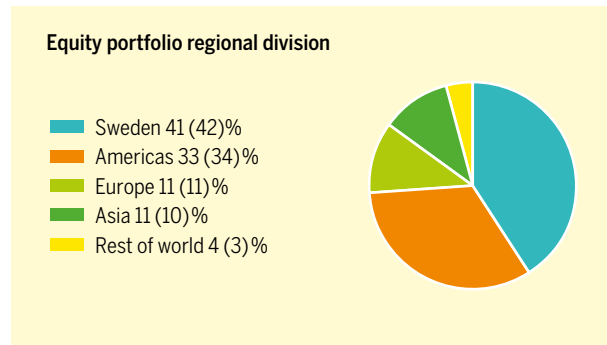
During the year, we started work on increasing our understanding of the significance of climate risks to our portfolio overall and in our investment decisions. The starting point was the Task Force for Climate-related Financial Disclosure report, produced by assignment from the G20/Financial Stability Board concerning the financial impact of climate-related risks. We participated in a roundtable discussion on this Report with the Swedish Financial Supervisory Authority and co-arranged a sector seminar on the Report's recommendations. For 2018, AMF's Board of Directors have decided that climate risks should be included in its Own Risks & Solvency Assessment (ORSA), as reported to the Swedish Financial Supervisory Authority. We will be reporting climate risks as part of AMF's investment risks, in turn, including those risks that imply the value of assets under management may change or cannot be converted into liquid assets. In the year, we conducted our first analysis of how parts of our equity

holdings are positioned for limiting global warming to a maximum of 2°, in partnership with the 2degree Investing Initiative. The analysis demonstrated that our equity investments (in the selection of sectors included in the survey) are to a large extent consistent with the progress necessary for global warming to be limited in accordance with the Paris Agreement.

Carbon footprint

We monitor the carbon footprint of our equity portfolio and are currently examining the possibilities of also measuring and reporting the carbon footprint of our fixed income portfolio. Our carbon footprint from equities in the management of traditional insurance decreased compared to the previous year, both in absolute terms and in terms of carbon intensity, which puts companies' emissions in relation to sales. The carbon footprint from our holdings in Swedish shares has increased in absolute terms through recent years. However, the carbon footprint of our Swedish equities is lower than in our foreign equity portfolio because Sweden has a lower share of carbon-intensive sectors compared to foreign stock markets. The carbon footprint of our foreign equity portfolio is higher than the Swedish. This is mainly because the sectors that have high carbon footprints (the energy sector and utilities like power plants and raw materials companies) have higher weightings in foreign stock markets than in Sweden. In recent years, we have reduced the carbon intensity of our foreign portfolio by 40%, by making active company selections. The carbon intensity of the index has also gradually decreased.

We also measure the carbon footprint of our own funds. With a few exceptions, the carbon footprint of each fund was lower than the corresponding comparative index in recent years. The results of our carbon measure are also dependent on current exchange rates (mainly USD) and changes in allocations between Swedish and foreign equities in the portfolio. Our objective is for our carbon footprint to be lower than the corresponding benchmark index of Swedish and foreign shares in traditional management and for each fund. Our long-term goal is to strive for our investment portfolio to conform with the Paris Agreement for limiting global warming.



Total emissions, equities				
tonnes, CO ₂ e	2017	2016	2015	2014
Traditional insurance				
Swedish equities	220 000	187 000	108 000	140 000
Foreign equities	1 111 000	1 213 000	818 000	1 081 000
Total traditional insurance	1 331 000	1 400 000	926 000	1 221 000

Carbon intensity, equities								
tonnes Co ₂ e/companies' revenue in SEK billion	2017		2016		2015		2014	
Traditional insurance	AMF	Index	AMF	Index	AMF	Index	AMF	Index
Swedish equities	5.0	8.5	4.5	7.3	3.9	6.8	5.4	8.7
Foreign equities	16.5	26.8	20.8	29.8	18.4	27.9	27.2	37.2
Total traditional insurance	12.0	19.5	14.1	20.8	12.1	19.5	18.0	25.8
AMF Fonder								
Equity Fund Asia-Pacific	24.7	32.2	27.0	41.5	27.6	35.6	19.5	45.6
Equity Fund Europe	11.9	22.8	15.6	26.8	15.2	28.7	20.7	33.4
Equity Fund Global	17.4	26.9	20.9	29.8	21.8	28.4	25.7	36.5
Equity Fund Mix	13.5	21.2	15.4	24.1	18.3	21.5	22.6	27.7
Equity Fund North America	21.4	23.3	20.3	24.1	26.4	25.7	32.2	33.2
Equity Fund Small Caps	25.9	21.9	19.5	24.1	19.3	25.8	25.3	34.3
Equity Fund Sweden	7.6	9.6	4.3	7.3	3.9	7.3	10.1	9.9
Equity Fund World	9.8	16.5	10.4	16.3	10.5	15.8	17.1	20.5
Balanced Fund (equity share)	10.6	15.3	9.2	14.8	10.6	14.3	15.4	18.7

We measure and report the carbon footprint according to the standard that has been agreed within Swedish insurance sector organisation Svensk Försäkring and The Swedish Investment Fund Association. There is more information on how measurement is conducted in under measurement methods on page 27.

”

In recent years, we have reduced the carbon intensity of our foreign portfolio by 40%, by making active company selections.

AMF's internal sustainability work

Our internal sustainability work includes our work on diversity and equal opportunities, business ethics, procurement and taxation. It also includes our subsidiary AMF Fastigheter's environmental work.

Diversity and equal opportunities

Within AMF, we believe women and men have the same potential and that equal opportunities should be a cornerstone in HR development and during pay reviews. Pay reviews should be based on impartiality, as well as skills and suitability. We largely have an even gender division in terms of staff and management. However, men are overrepresented in certain job categories with high market salaries and women are overrepresented in job categories with lower market salaries. This means that the average salary of women is lower than that of men within AMF. Accordingly, the pay differences in AMF are the result of different job focuses between women and men. Our ambition is to reduce the gap between women's and men's average salaries in 2018 compared to 2014, by increasing the number of job categories with gender balance.

Our work on diversity and equal opportunities is governed by our Equal Opportunities Policy, which we update each year. We also have an action plan based on salary mapping, employee satisfaction surveys and dialogues with union representatives. Additionally, we follow up relevant key indicators in the HR segment quarterly, such as staff turnover, sickness absence and internal staff mobility. We have worked to promote developmental opportunities for our staff for many years through channels including facilitating internal mobility. Our aim is for at least 20% of all positions to be filled by internal applicants. We beat this target in 2017, filling 36% of all positions with internal applicants.

EQUAL OPPORTUNITIES	Women	Men	Age <29	30-50	Age >50	Total
No. of employees	208	167	27	231	117	375
of which permanent employees	207	164	26	229	116	371
of which full time employees	195	162	26	217	114	357
Staff turnover						
No. of recruitments	28	20	7	33	8	48
No. of terminations	28	13	4	23	14	41
Share of terminations (staff turnover)	13%	8%	16%	10%	12%	11%
Composition of Board of Directors, management and other staff						
Composition of Board of Directors:						
AMF	50%	50%	0%	12%	88%	
AMF Fastigheter	57%	43%	0%	29%	71%	
AMF Fonder	50%	50%	0%	33%	67%	
Management of parent company and subsidiaries	43%	57%	0%	57%	43%	
Other managers	63%	37%	0%	59%	41%	
Other employees	55%	45%	9%	62%	29%	

SALARY COMPARISONS BETWEEN MEN AND WOMEN WITH SAME PROFESSION

	2017	2016	2015 ²⁾	2014
Share of women where unjustified pay difference has been identified in the yearly pay survey ¹⁾	0.8%	0.0%	-	0.0%

SALARY COMPARISON BETWEEN MEN AND WOMEN REGARDLESS OF PROFESSION

Women's average salary as a proportion of men's average salary	2017	2016	2015	2014
Management of parent company and subsidiaries	93%	64%	69%	71%
Other managers	70%	68%	68%	74%
Other employees	82%	83%	79%	75%
Total	79%	75%	73%	69%

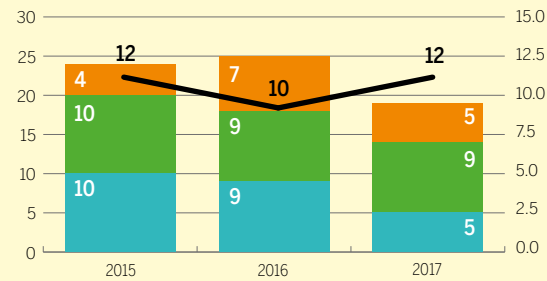
¹⁾ The KPI in the yearly pay survey is calculated as the number of women with unjustified pay difference, divided with total number of women within professions with both men and women. Unjustified pay differences are always corrected.

²⁾ There was no salary review during 2015, as it was not a legal demand at the time.

All employees, apart from the CEO and Deputy CEO of AMF and AMF Fastigheter and the CEO of AMF Fonder, are party to collective agreements.

All women and men should have the same opportunities at AMF. We follow up on a yearly basis, that there are no unjustified salary differences between women and men with the same profession. In addition, we follow up on the difference in general pay gap.

Recruitment to teams with an uneven division between genders



- The number of teams with an uneven division between genders at year-end
- Recruitment where there was no member of the underrepresented gender in the final selection process
- Recruitment where a member of the underrepresented gender participated in the final selection process but was not selected
- Recruitment where a member of the underrepresented gender participated in the final selection process and was selected

The number of working groups with an uneven division between genders is relative stable over the years. A total of 19 people were recruited to teams with an uneven division between genders in 2017, where we had representatives from both genders in 14 cases. In 5 of those cases we hired a representative from the underrepresented gender.

How do we promote equal opportunities?

Equal opportunities are important for us and we have a special focus on all of our teams having an even gender balance. Maria Bendelin, our HR Manager, explains in more detail.

How does AMF work to reduce the pay gap between women and men?

“Every year, we ensure that there aren’t any pay gaps in each job category that might be due to gender. In terms of more structural pay differences, which are mainly a consequence of different job choices, since 2015, we’ve been working to ensure that as many teams as possible have an even gender balance. At least one of the three final candidates for every appointment to a team with an uneven gender balance should be of the underrepresented gender.

So, how’s it going?

“Since we sharpened our focus on pay differences a few years ago, the gap between women’s and men’s average pay has decreased. This confirms that we’re going the right way but there are still challenges. In our corporate management and other management levels, the pay gap narrowed further in 2017, while they increased among other salaried employees. We know that the number on uneven groups have been fairly constant over the years, with the explanation being that we have small groups, where individual staffing changes cause big statistical differences. In 2017, we made 19 appointments to such groups and had final candidates of both genders in 14 cases and in 5, we appointed a candidate from the underrepresented gender. As an example, we’ve had difficulties finding male final candidates in marketing/corporate communication.

Equal opportunities are definitely a part of diversity work. How does AMF work on diversity?

“For us, diversity is about the right for you to be yourself and to benefit from the skills and experiences that are available. We view diversity as an asset and a means to achieve better operations for our customers, by solving problems and developing our business from different perspectives. Diversity will remain our focus for the coming years and we will concentrate our work around raising awareness on diversity and inclusion within our organisation.”



HR Manager Maria Bendelin is leading our work for equal opportunities for women and men and increased workplace diversity.

AMF's internal environmental work

As a service provider, the environmental impact from our own operations (the parent company and AMF Fonder) is mainly sourced from business travel, electricity and heating consumption, disposing of obsolete computers and internal paper consumption:

- **CO₂ emissions from our business travel** were 148 (133) tons, mostly from air travel. We climate compensate for the emissions business travel causes.
- **We purchase Bra Miljöval** ('good environmental choice') accredited electricity for our offices and climate compensate for the emissions of some of our district heating. The total CO₂ emissions from heating our offices were 16 (19) tons. We leased temporary premises in 2017 while refurbishing our office and these values are not included.
- **We lease most of our computers.** When we return them, we require that the supplier reuses or recycles them. This target was 100 (100)% achieved in 2017.
- **In our operations, we consume 21 (19) kg of paper** per workstation or 9.6 (8.6) tons in total.
- **Our own office premises hold the Miljöbyggnad** ('environmental building') Swedish environmental certification standard.

SUPPLIER KEY FACTS:

AMF (parent company) and AMF Fonder:

- AMF and AMF Fonder have a total of some 600 suppliers, of which 60% invoiced over SEK 50,000 in 2017. The 10 largest suppliers represented some 40% of procurement volume.
- Procurement is mainly in IT (services, systems management and consultants) and telephony services, research and transactions in asset management, marketing and pension administration.
- Most of our suppliers provide services.

AMF Fastigheter:

- AMF Fastigheter has a total of some 1,200 suppliers, with some 40% invoicing over SEK 100,000 in 2017. The ten largest suppliers represent 75% of procurement volume.
- Procurement is mainly consulting services in building and management, as well as in energy and heating. The thresholds differ due to AMF Fastigheter having a far larger supplier base of small invoiced amounts.

Standards applying to AMF's suppliers:

- AMF's Supplier Code means that suppliers undertake to follow the UN Global Compact's Ten Principles (see page 25), either by signing AMF's Supplier Code as part of their contracts, making corresponding commitments or becoming members of the Global Compact themselves.
- AMF monitors compliance with this Code of

Business ethics

Against the background of our mission, it's critical that we conduct ourselves prudently in relation to external parties. This is to ensure that we don't run the risk of loyalty to our customers deteriorating or being perceived as deteriorating. In the year, we worked on making our expectations of business ethics clearer to our personnel, including a plan for informative efforts and training, which will be conducted in 2018.

Sustainability criteria in procurement

Since 2014, we have been applying fundamental sustainability standards to all suppliers, through our Code of Conduct for Suppliers, which is part of every new contract. All mission-critical suppliers signed our Code of Conduct as of 31 December 2017, as did 100 (100)% of all new suppliers. Work on getting all suppliers to sign our Code of Conduct is a continuous process. Within AMF Fastigheter, 100 (100)% of all suppliers had signed the Code of Conduct made corresponding commitments.

Conduct through available external information. If we believe there has been a breach, we initiate a dialogue with the supplier to gain a better understanding of what has occurred. Depending on the nature of the departure, we then take a decision regarding further proceedings.

- We endeavour for all our suppliers to have collective bargaining agreements or to permit collective bargaining.
- We conduct a suitability assessment on new suppliers covering creditworthiness, tax liabilities and payment of employers' contributions. This suitability assessment is conducted on relevant suppliers, based on the scope of agreements, their significance to AMF or the size of the supplier.

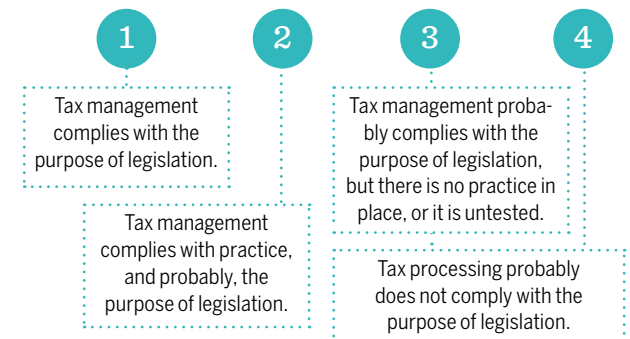
Tax

In 2016, AMF's Board of Directors adopted a tax policy for the AMF group, which defines how AMF and its wholly owned subsidiaries should treat tax, in accordance with the following principles:

- **The treatment of tax** should be based on our interpretation of what the legislator wished to achieve with the tax legislation or comply with generally accepted practice in the segment (levels 1–3 on AMF's tax scale below).
- **We should be open** and transparent in how tax is treated in our operations.

We will also endeavour for our portfolio companies to maintain transparent and public tax policies, with relevant monitoring. AMF's opinion is that all taxation in the parent company and the operations of its wholly owned subsidiaries complies with generally accepted practice in this segment (levels 1–2 on AMF's tax scale below). In one case, the part-owned subsidiary in Finland, we received a final ruling in 2017 from the Finnish supreme administrative court, regarding our appeal from 2016 on how this company, a limited partnership, should be taxed. We are complying with the ruling on taxation for 2017, while conducting an evaluation of whether this treatment is compliant with EU law, due to the rights of deduction granted in the ruling. In 2017, AMF paid a total of SEK 1,095 (835) million of tax in the group, mainly tax on returns in the parent company. See also note 12 tax on page 77.

AMF's tax scale



AMF Fastigheter's environmental work

As the owner of our wholly owned subsidiary AMF Fastigheter, rigorous environmental work is very important. AMF Fastigheter manages the group's real estate, including its own office premises. One major part of reducing the environmental impact of properties is to reduce energy consumption and thereby CO₂ emissions, although also disposing of waste that arises in operations.

- AMF Fastigheter purchases Bra Miljöval-accredited electricity for its offices and real estate holdings. Most tenants are responsible for sourcing electricity for their premises.
- District heating in Stockholm is 89% from renewable energy sources. The remainder, sourced from fossil fuels, represents the absolute majority of CO₂ emissions in energy consumption.
- Over 20% of properties have cooling plant and heat pumps. Leaks from these release coolants, which cause freon emissions. These emissions have been zero in recent years, as they were again in 2017.

AMF Fastigheter works continuously to reduce energy consumption and has an action plan for every property. AMF Fastigheter also works on various projects supporting renewable energy. At present, there are 2,140 m² of solar panels installed in nine properties, which generated 260 MWh of power in 2017.

Charging stations for electric and hybrid vehicles.

Tenant demand for charging electric and hybrid vehicles is increasing. In 2017, AMF Fastigheter installed charging stations in ten properties (a total of 86 parking spaces) and more are planned for 2018.

Sharper focus on waste disposal

Waste also causes an environmental impact, in conversions or demolition. The disposal of waste from construction projects is managed within each individual project. AMF Fastigheter is responsible for the appropriate disposal of waste and requires contractors to prepare waste management plans. Sourcing and disposal of waste must be in accordance with

CO₂ emissions from consumption of heat and electricity

	2017	2016	2015
CO ₂ emissions, total ton CO ₂	2 546	2 629	2 478
CO ₂ emissions, total, kg CO ₂ /m ²	3.0	3.1	3.1

Comment: indirect CO₂ emissions are mainly sourced from that portion of district heating consumption based on fossil fuels. Indirect CO₂ emissions are fully climate compensated.

Energy performance

Specific energy consumption, kWh/m²

AMF's property portfolio	2017	2016	2015
Property electricity	33	40	40
District heating	48	51	48
District cooling	19	20	20
Total energy consumption	100	111	108

Energy consumption

Energy consumption, MWh	2017	2016	2015
Non-renewable	4 253	4 550	4 729
Renewable	82 352	87 473	72 470
Total	86 606	92 023	77 199

AMF's property portfolio

Property electricity	27 162	29 199	29 371
District heating	43 807	46 040	37 086
District cooling	17 820	19 089	15 599
Total	88 789	94 328	82 056
The AMF group's own energy consumption	189	276	256

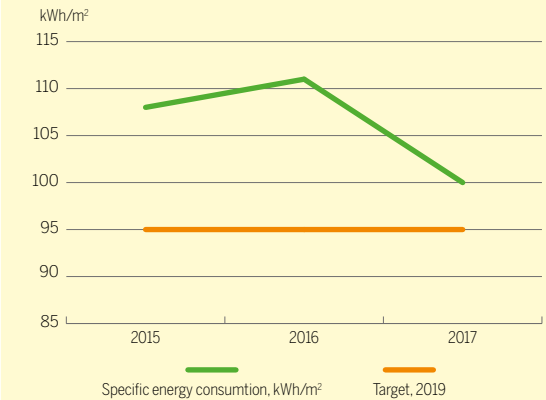
Comment: Numbers for 2016 regarding carbon emissions and energy consumption have been restated compared to last year's report.

The disposal of waste from construction projects (disposal method, tons)

Hazardous waste	2017	2016
Landfill	491	122
Materials recycling	3	1
Energy recycling	4	2
Nonhazardous waste		
Reuse	8 154	13 726
Materials recycling	3 640	5 257
Energy recycling	1 437	2 614
Landfill	1 243	1 529
Total	14 972	23 251

Waste disposal is on the Urban Escape, Stockholmsverken and Grävlingen projects, which represented 90, 5 and 2% of total project waste respectively in 2017.

Energy performance



AMF Fastigheter's target is to reduce the energy consumption to 95 kWh/m³ until 2019. The energy performance was 100 (111) during 2017. The decrease is mainly attributable to specific energy reduction projects.

construction resource and waste guidelines issued by Swedish construction sector organisation Sveriges Byggindustrier. The largest ongoing projects, which generate most of the waste, are Urban Escape (conversion and extension of retail and office premises), Grävlingen 12 (conversion and tenant adaptation) and Stockholmsverken (conversion and tenant adaptation of office premises). The waste generated by construction project varies from year to year depending on project phase. Compared to the previous year, the total waste volumes from construction projects reduced because several projects were nearing completion (see table on the previous page). However, environmentally hazardous waste increased and most of this goes to landfill. Over 90% of non-environmentally hazardous waste is reused or recycled in some form, as energy for example. Waste is also generated when managing properties and in tenant activities. About 4,830 (2,670) tons of this form of waste was generated in 2017. AMF Fastigheter worked on producing an overarching waste strategy to achieve consistency in waste disposal in 2017. The strategy is intended to improve waste management, increase recycling and reduce costs. The strategy will be implemented through the coming years.

Comment: AMF Fastigheter is managing the waste for tenants in 34 properties. For 2017, data on waste from Trollhättan 29–33, Skansen 25 and Oxen Större 21 (which includes shopping centers Gallerian and MOOD) is included. This resulted in an increase in waste.

Value creation and allocating surpluses

AMF is managed according to mutual principles, which has implications including our owners not receiving any dividend because all the earnings from operations are returned to customers. The surpluses we generate should be allocated fairly between our customers.

How does AMF create value?

Value creation for our customers in the year corresponds to the growth of pension assets, less our expenses.

- **The growth** of pension assets depends on the returns that asset management generates.
- **Expenses arise** in operating activities, such as IT expenses, personnel expenses and asset management expenses.

AMF's value creation per customer increased to SEK 9,605 (8,609) in 2017, thanks to higher returns in asset management.

How are surpluses allocated to customers' insurance policies?

The surplus we generate is the difference between the value of pension assets and the value of the guarantees we have made to customers. Traditional insurance customers receive part of the surpluses in their policies when they start to withdraw their pensions or even before retirement:

- Each traditional insurance customer receives part of the accumulated surplus in each pension payment.
- When transferring or buying back a traditional insurance policy, customers receive part of the accumulated surplus.
- For those customers that have contributed enough, some of the surplus is converted into guarantees before retirement, called guarantee consolidation. This applies to customers with surplus-dependent rates of return.
- In our defined-benefit policies, a portion of the surplus is returned in the form of reduced premiums within the SAF-LO contractual pension and in the form of compensation for inflation in tandem with pension payments.

Earnings generated in our unit-linked assurance operations also go to policyholders. This can be achieved through reduced charges or allocating additional fund units to customers. See also the Surplus allocation heading on page 34.

AMF's value creation		
Group, SEK m	2017	2016
Return for the year	39 492	35 155
Less salary/remuneration to employees	-324	-283
Less other operating expenses	-437	-493
Less tax	-954	-1 133
Value creation in the year	37 777	33 246
of which traditional insurance	33 798	28 643
AMF's yearly average value creation per customer (SEK)		
	9 605	8 609
of which traditional insurance (SEK)	8 957	7 732

Allocation of profit		
Parent company, SEK m	2017	2016
Payment of surpluses	10 818	9 434
Guarantee consolidation and other allocation of guarantees	5 873	22 622
Premium reduction (defined-benefit insurance)	837	814
Allocation of fund units	-	-
Total allocation of surpluses	17 528	32 870

Governance of sustainability work

Our sustainability work starts from stakeholder expectations. AMF's Board of Directors bears ultimate responsibility for our sustainability work.

Our most important stakeholders are customers, owners and other collective agreement parties, political decision-makers and employees. In 2017, we conducted two surveys, mainly among owners, representatives of their member organisations and decision-makers within occupational pensions, regarding their views of our work on corporate social responsibility and sustainability. The surveys revealed that respondents regard AMF as a well-managed and responsible company, the importance of AMF being able to communicate the customer benefit of sustainability work and that AMF is open about why and how it considers sustainability in investing activities. Most of the respondents view sustainability as a natural part of long-term investment.



The table illustrates AMF's most important stakeholder groups, their expectations of AMF and the dialogue and metrics that capture their views.

Stakeholder group	Expectations of AMF	Dialogues/metrics:
Customers	A good, simple and secure pension. High standards of responsibility.	Customer service, customer satisfaction surveys, complaints function, user tests, brand research.
Owners (the Swedish Trade Union Confederation and the Confederation of Swedish Enterprise) and other collective agreement parties	High and secure pensions, low charges, high standards of responsibility.	Board meetings, other meetings with owners and partners, tenders, affiliations, surveys.
Political decision-makers and public authorities	Transparency and compliance. AMF's responsibility as owner and investor.	Collaboration in sector organisations, joint projects, surveys, media analysis.
Employees	Good employer, good working conditions, personal development, high standards of responsibility, compliance with AMF's values.	Unit and group meetings, employee satisfaction surveys, appraisal interviews,

” **Our customers expect a good, simple and secure pension and high standards of responsibility.**

Materiality analysis

Our sustainability work focuses on segments that are based on our stakeholders' expectations, either our own assessment of them or as have emerged from surveys. For year-2017 reporting, our monitoring is based on the materiality analysis that AMF's management conducted in 2014. This is reviewed in more detail on pages 21–22 of AMF's Annual & Sustainability Report for 2014. Additionally, in accordance with a Board decision in December 2016, the business ethics and diversity segments are included in the sustainability work effective 2017. We conducted a new materiality analysis in 2017, which resulted in four focuses for sustainability; Business Ethics, Diversity, Pensions on the Customer's Terms and Responsible Investing. These segments are included in scheduled strategy and business planning processes for 2018 and following years. Our objectives for 2018 are on page 30. The table on the next page illustrates how AMF's operations impact on its surroundings, which stakeholders are mainly affected and in which sustainability segment AMF deals with the issues.

Organisation and governance of sustainability work

AMF's Board of Directors are ultimately responsible for AMF's sustainability work. The sustainability work we do is based on the Board of Directors' rules on ethics and sustainability. These rules also set the framework for many of our other policy documents, such as investment guidelines, the rules governing our offering, actuarial guidelines and risk management rules, all of which are adopted by the Board of Directors. The Board decides on the direction of sustainability work and follows up on this work quarterly. The CEO bears operational responsibility for our sustainability work, taking decisions on sustainability targets at group level. The Sustainability Council serves an advisory role to the CEO on sustainability issues. The Sustainability Council's

members are the CEO (Chairman), General Counsel, Business Managers and the Presidents or Executive Vice Presidents of wholly owned subsidiaries, as well as the group's Sustainability Manager. The Sustainability Council held five meetings in 2017.

AMF's Sustainability Manager is responsible for supporting and co-ordinating AMF's sustainability work and for consulting on matters with the Sustainability Council. Business managers are responsible for executing sustainability work in operations. Sustainability issues are also dealt with on a continuous basis by management. We report on our sustainability work yearly, in accordance with international GRI G4 guidelines. Our report is examined by the external auditors. Effective the financial year 2017, we also report sustainability in accordance with the Swedish Annual Accounts Act (see page 37). The Compliance and Internal Audit functions may examine whether sustainability work is being conducted in accordance with laws and regulations, the Board of Directors' decisions and AMF's Rulebook.

Our sustainability work should consider stakeholder views and interests. AMF's Sustainability Manager bears overall responsibility for gathering stakeholders' views and expectations of sustainability work.

The Board of Directors' rules on ethics and sustainability

Briefly, the Board of Directors' rules on ethics and sustainability mean that AMF's employees should conduct themselves responsibly and that AMF should endeavour to contribute to sustainable development in accordance with UN Sustainable Development Goals (Agenda 2030). Departures or breaches of the rules on ethics and sustainability work should be reported in accordance with the procedures for incidents. An evaluation of AMF's regulatory compliance and ethical risks is reported each year to the Board. The Board's rules on ethics and sustainability are reviewed at least yearly and updated as necessary. The same applies to the CEO's instructions for sustainability governance, which are based on the Board's rules. The rules on ethics and sustainability and associated CEO's instructions, are part of AMF's Rulebook. This covers all the Board of Directors' rules and CEO's instructions. Where appropriate, all AMF's employees are covered by AMF's Rulebook. On joining us, all employees

Impact through	Stakeholders mainly affected:	Impact arises:	Sustainability areas: (go to page 28):
AMF's offering and customer meetings	Customers, owners	In AMF's design of products and services, and the setup of customer meetings.	Financial value creation, sustainable insurance and saving products, availability and comprehensibility.
AMF's investments	Customers, wider society	The impact on the business environment, in a variety of aspects, occurs through business decisions in the companies that AMF invests in.	Responsible investments.
AMF's operations	Employees, suppliers, wider society	How AMF conducts its work on its own sustainability activities, and how AMF set standards for suppliers.	Diversity and equal opportunities, energy, waste, monitoring suppliers, business ethics.

undertake to comply with it. Employees get information on the Rulebook and rules on ethics and sustainability on hiring and in induction training. We provide regular information on sustainability work to employees through channels including induction training and staff meetings. Subsidiaries' rulebooks contain more regulations and instructions.

The precautionary principle

We support the precautionary principle, which means that we work preventatively and minimise risks in environmental issues throughout our operations. AMF's Rulebook reviews how our operations should be conducted and how we are expected to conduct ourselves proactively to minimise risk. We should be cautious with the responsibilities and resources we manage.

Collaboration with other parties

AMF is a member of several organisations and associations in the pension and insurance sectors, such as Swedish insurance sector organisation Svensk Försäkring, the Swedish Investment Fund Association and the Gilla din ekonomi ('love your finances')

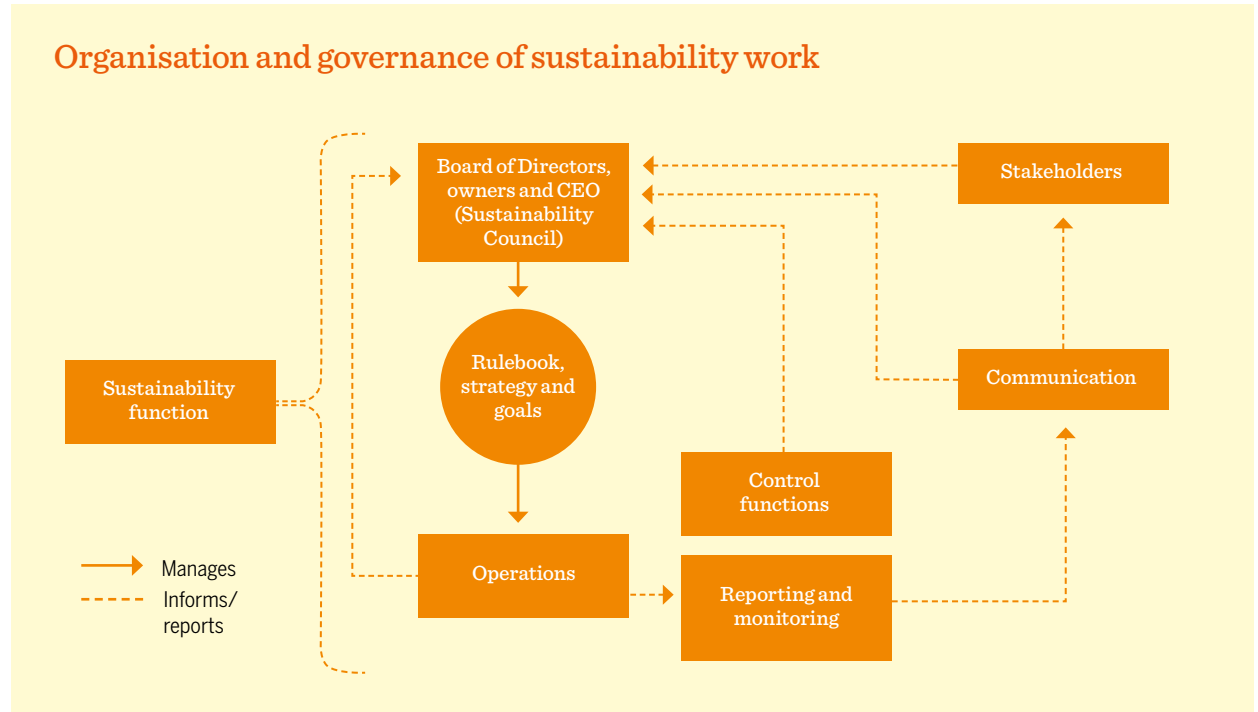
Some of the collaborative forums and initiatives that AMF has affiliated to:



Signatory of:



network. Within sustainable business and responsible investing, AMF is a member of organisations including the UN PRI, the UN Global Compact, Swedish institutional investor association Institutionella ägares förening, the Swedish Investors for Sustainable Development network in learning and the exchange of best practice, which is based on Agenda 2030. AMF also supports the CDP (Carbon Disclosure Project) and has signed the Montréal Pledge which is intended to measure and report the carbon footprint from investments. AMF also collaborates with researchers at Uppsala University and the Stockholm School of Economics in segments including occupational pension choice. AMF is also active in the SNS research project “Nya utmaningar för pensionssystemet” (‘new challenges facing the pension system’), with other participants in the sector.



KEY FACTS

Global Compact

AMF has been a member of the UN Global Compact since 2013. This means AMF supports 10 principles on human rights, labour, the environment and anti-corruption. The 10 principles are also AMF’s supplier support, and one of the criteria of norm-based screening in asset management.

HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Make sure that they are not complicit in human rights abuses.

LABOUR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. The elimination of all forms of forced and compulsory labour.
5. The effective abolition of child labour.
6. The elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.

ANTICORRUPTION

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

About the Sustainability Report

This Sustainability Report summarises AMF's sustainability work in the calendar year 2017. The report is compliant with GRI G4 core guidelines. Screening of suppliers reported under the indicators LA14, HR10 and S09 in the previous year, are reported under LA14 only in 2017. AMF is a limited life insurance company, which operates on the Swedish market and is jointly and equally owned by the Swedish Trade Union Confederation and the Confederation of Swedish Enterprise. This Report covers all operations of the parent company AMF Pensionsförsäkring AB and the subsidiaries AMF Fonder AB and AMF Fastigheter AB, as well as a number of wholly owned property companies. AMF holds a number of part-owned companies that are classified as joint ventures and associated companies. These holdings are reported in Responsible investing. No material changes to the size, structure, ownership and supply chain of the organisation occurred during the reporting period. This Sustainability Report has been approved by AMF's Board and has been examined by AMF's auditor Ernst & Young AB, see page 114. The Sustainability Report is produced annually and the previous report was published in March 2017 for the calendar year 2016.



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

Measurement methods

General

Comparative figures for 2015–2016 are available to the extent that they are comparable with this year's reporting. There are no comparative figures for waste in 2015 because 2016 was the first year of a central procedure for monitoring waste from real estate and construction waste. Comparative figures for the carbon footprint of equity holdings are not reported for 2017 because the measurement method changed in 2016. Comparative figures for CO₂ emissions from business travel are not reported for 2015 because the measurement method changed in 2016.

CO₂ measurement in the equity portfolio

The calculation on page 17 is based on AMF's listed shareholdings as of 31 December 2017. The data for companies' sales and CO₂ emissions are the latest available, in most cases 31 December 2016. Carbon footprint measures the carbon efficiency of companies in AMF's equity portfolio. Carbon efficiency is measured by setting each company's CO₂ emissions in relation to sales. To produce AMF's share of emissions, each company's footprint is multiplied by AMF's participating interest in the company. Emission measurements comply with the global reporting standards of the GHG Protocol, which are based on the most recent available CO₂ data for direct emissions (Scope 1) and indirect emissions related to consumption of energy (Scope 2). Comprehensive and reliable data of other indirect emissions, such as subcontractors' emissions or emissions on the usage of manufactured products (Scope 3) is not yet available. AMF is monitoring the trends of data and analysis of this type of emission so it can include them in the future. AMF uses analysis tools from Trucost to compute CO₂ emissions. The computations are based on companies' own reporting. In cases where companies do not report data themselves, emissions are estimated. The MSCI ACWI has been used as the benchmark index for CO₂ measurement for foreign companies and the SBX for Swedish companies. Carbon footprint covers over 90% of the companies AMF holds shares in. Carbon footprint is a snapshot. Values change with companies' emissions and sales. Values also change when AMF purchases or sell shares in its portfolio. Exchange rate fluctuations also affect outcomes.

AMF Fonder

Morningstar's sustainability rankings are from 31 December 2017. The MSCI ACWI has been used as the benchmark index for CO₂ measurement for foreign companies and the SBX for Swedish companies. Data is only available for about half of the holdings of the Small Caps fund and its benchmark index. Data was only available for 53% of the fund's holdings in 2017 (59% in the benchmark index).

Information on employees

The division between men and women is based on personal identity numbers. The information in the tables is for the group unless otherwise stated. AMF's parent company monitors the share of consultants and employed staff quarterly to view the whole organisation and eventually reduce the share of consultants. In its follow-up as of December 2017, the share of consultants in the parent company was some 30 (30)% of the total workforce. This computation has been based on cost. AMF currently has no registration and monitoring to enable consultants to be reported by gender. Teams with uneven gender balance are defined as those with more than five members and less than 33% of either gender.

Energy performance and energy consumption

Energy performance is the total energy consumption of the property portfolio divided by total area in Atemp. Atemp corresponds to internal areas of floors, attics and cellars heated to over 10°C. AMF's energy targets are measured against the reference year of April, rolling 12 months, 2014. Energy consumption is based on actual energy usage. The properties Ängtvätten 22, Marievik 24 and Fatbursjön 10 are not included in reporting. Their tenants are responsible for energy consumption. The property portfolio is defined excluding development properties, which are the conversions of Trollhättan 29–33 (Urban Escape), Grävlingen 12 and Jakob Mindre 5.

District heating

District heating is adjusted for the normal year, apart from the table Results (energy consumption), which states actual values.

District cooling

District cooling also includes process cooling.

Cooling plant

There is cooling plant in the following properties: Svalan 9, Trumman 2/Vattenpasset 11, Marievik 24, Fältöversten 7, Rektangeln 21, Trossen 12, Trångkåren 6 and Trollhättan 29-33. The gases AMF includes in its computations are the following freons used for cooling: R134a, R417a and R404a. GWP values are from the IPCC.

Operational energy

AMF Pension leased temporary premises in the property Snäckan 8 in 2017, while its own offices were converted. Information on consumption in these premises is not available and accordingly, they are excluded from reporting of the AMF group's own consumption.

Economic value creation

AMF's value creation has been computed by reporting those items assessed to contribute to increasing or decreasing assets under management. Returns for the year include the net earnings on assets and liabilities under management including revaluations of real estate used in operations, rental revenues from property management and commission income in asset management. Deductions are made for asset management expenses and operating expenses in property management. Salary/benefits to employees are that portion of personnel expenses paid to employees. Other operating expenses consist of the group's total operating expenses less asset management expenses and operating expenses in property management, which are reported net in returns for the year. AMF's value creation is also reduced by the taxes the company pays. The average value creation per customer for the year in absolute terms has been computed by dividing value creation for the year by the number of customers at the end of the reporting period.

The value creation in traditional insurance has been computed by deducting unrealised value changes from unit-linked assurance assets and commission income and operating expenses and tax relating to this operating segment from the company's value creation. Additions have been made for surplus values in subsidiaries which the parent company reports at cost. Deferred tax has been considered where applicable.

GRI index for the Sustainability Report 2017

Standard contents		Page	Audited
Strategy and analysis			
G4-1	CEO's vision and strategy	4-5	X
Organisational profile			
G4-3	Name of the organisation	26, 32	X
G4-4	Primary products and services	26, 32	X
G4-5	Location of headquarters	32	X
G4-6	Countries where operations are conducted	26	X
G4-7	Ownership structure and form of incorporation	26, 32	X
G4-8	Markets the organisation is active on	26, 32	X
G4-9	The size and coverage of the organisation	2, 18, 49	X
G4-10	Number of employees	18	X
G4-11	Number of employees covered by collective bargaining agreement	18	X
G4-12	Description of the company's supply chain	20	X
G4-13	Change to the size, structure, ownership and supply chain of the organisation	26	X
G4-14	Management of the principle of prudence	24	X
G4-15	External guidelines and initiatives that the organisation supports	24-25	X
G4-16	Membership of significant organisations	24-25	X
Materiality and boundaries			
G4-17	Business units covered in reporting	26	X
G4-18	Process for determining report contents and limitations	23-25	X
G4-19	Aspects identified as material	23	X
G4-20	Boundaries of material aspects within the organisation	24	X
G4-21	Boundaries of material aspects outside the organisation	24	X
G4-22	Explanations and amendments of previous reporting	26	X
G4-23	Change from previous year's reporting regarding focus and scope	26	X

Standard contents		Page	Audited
Stakeholder relationships			
G4-24	List of stakeholders	23-24	X
G4-25	Principle for identifying stakeholders	23-24	X
G4-26	Method of the organisation for conducting stakeholder dialogue	23-24	X
G4-27	Questions raised by stakeholders	23-24	X
Reporting profile			
G4-28	Reporting period	26	X
G4-29	Date of previous Report	26	X
G4-30	Reporting cycle	26	X
G4-31	Contact information for reporting	26	X
G4-32	Reporting profile and GRI index	26	X
G4-33	Policy for external endorsement of Report	26	X
Governance			
G4-34	Structure of governance of sustainability	23-25	X
Ethics and integrity			
G4-56	The values and codes of conduct of the organisation	24	X



GRI index for the Sustainability Report 2017

Material aspects		Governance and indicators	Scope and other comments	Page	Audited
Finance	Financial results	DMA	Governance of AMF's sustainability work.	22	X
		G4-EC1	Direct financial value created and delivered.	22	X
Environment	Energy	DMA	Governance of AMF's sustainability work.	21-22	X
		G4-EN3	Energy consumption within the organisation.	21-22, 26	X
		G4-EN5	Energy intensity.	21-22, 26	X
	Emissions	DMA	Governance of AMF's sustainability work.	21-22	X
		G4-EN16	Indirect greenhouse gas emissions.	21-22, 26	X
	Waste	DMA	Governance of AMF's sustainability work.	21-22	X
		G4-EN23	Total waste weight per type and disposal method.	21-22	X
Social	Equal opportunities	DMA	Governance of AMF's sustainability work.	18-19	X
		G4-LA1	Total number of employees and share of new employees, as well as staff turnover by age, sex and region.	18	X
		G4-LA12	Composition of Board and management and division of other employees by staff category on the basis of sex, age, ethnic minority and other diversity indicators.	18	X
		G4-LA13	Salary differences as a percentage of basic salaries and other compensation between women and men divided between staff category, of significant operations.	19	X
	Supplier assessment	DMA	Governance of AMF's sustainability work.	20	X
		G4-LA14	Percentage share of new suppliers screened on the basis of criteria on working conditions, human rights and wider society.	20	X
	Accessibility and comprehensibility	DMA	Governance of AMF's sustainability work.	13	X
Information and content	DMA	Governance of AMF's sustainability work.	13	X	
	G4-PR5	Results of customer satisfaction surveys.	13	X	
Active ownership	DMA	Governance of AMF's sustainability work.	14-17	X	
	G4-FS11	Percentage share of assets subject to positive and/or negative environmental and social screening.	14	X	

Target overview: targets and monitoring 2017

Area	Company	Target 2017	Result 2017	Key Performance Indicator	Go to page
Offering and customer meeting	AMF (parent company)	Secure AMF's offering within traditional insurance and unit-linked assurance with relevant decision-makers.	✗	Cost per core customer (SAF-LO contractual pension, traditional insurance)	11
	AMF (parent company)	Increase the simplicity of customer meetings.	✓	Satisfaction Index (scale 1–5) should be higher than 4. LIX-value on new texts in customer communication and on amf.se should not be higher than 50.	13
	AMF (parent company)	Investigate availability in all digital channels.	✓		13
	AMF Fonder	9 of 11 funds should generate above-average returns of comparable competitors.	✗		12
Responsible investments	AMF (parent company) och AMF Fonder	Continue to develop responsible investments; implementing sustainability analysis in fixed-income securities and implement a sustainability analysis process for Swedish equities.	✓ (excl. Equity Fund Small Caps)	The share of female board members should increase in those companies where AMF is a member of the nomination committee. Reporting of the carbon footprint of the equity portfolio. Proxyvoting at foreign shareholders' meetings.	14–16
	AMF (parent company)	Investigation of integration of the UN Sustainable Development Goals in the sustainability analysis.	✓		16
	AMF Fonder	Implement positive screening of foreign equities (100%), including process for holdings off index.	✓		14–15
Internal sustainability work	AMF Group	Work for equal gender division on teams and reduce pay differences between women and men.	✗	The underrepresented gender should be present in the three final candidates for external recruitment, in teams with uneven division between genders.	19
	AMF Group	Investigate what diversity means at AMF and the level of ambition in ongoing work.	✓		
	AMF Group	Governance and monitoring of suppliers in terms of sustainability.	✗	All existing suppliers (AMF parent company and AMF Fonder: only AMF's mission-critical operation) are encouraged to accept AMF's code of conduct. All new suppliers have accepted AMF's Code of Conduct.	20
	AMF Group	Review of business ethics.	✓		20
	AMF (parent company)	Increase the level of digitalisation in customer meetings.	✓	Measure internal and external paper consumption. Leased IT waste should be recycled or reused. Increase the quality of service on the Internet branch.	13, 20
	AMF Fastigheter	Governance and monitoring of existing plan in terms of energy consumption.	✓	Maximum energy performance in the property portfolio 100kWh/m ² .	21–22
	AMF Fastigheter	Produce a waste management strategy.	✓		22

Target overview: Long-term targets and Key Performance Indicators 2018.

Area	Long-term target	Sustainability targets 2018	Group company
Business Ethics	We feel confident that not only we but also our suppliers and partners live up to our expectations in business ethics.	All suppliers have signed AMF's Code of Conduct.	Group
		All business units have had a discussion about AMF's expectations on business ethics.	Group
Diversity	Our way of working and our corporate culture encourage the using of employees' different knowledge and experiences, so that they can be used in the most efficient way. Part of this work includes our teams having an even mix of both genders.	Decrease pay gap difference, through an increase of working groups with even gender balance.	Group
		When recruiting to a working group with an uneven division between men and women, at least one of three top candidates should be of the underrepresented gender.	Group
		Reporting of indicator on if employees perceive business culture as including.	Group
Responsible investments	Sustainability should be complete integrated in asset management.	Basic sustainability criteria for all assets in investment portfolio.	Parent company, AMF Fonder
	We strive for our our investment portfolio to conform with the Paris agreement for limiting global warming.	Reporting of number of boards with even gender division, in companies where AMF takes part in nomination committees.	Parent company, AMF Fonder
		Lower carbon footprint from Swedish and foreign equities compared to a broad index.	Parent company, AMF Fonder
Pension from a customer's perspective	Occupational pension should be perceived as simple.	Reporting of indicator for confidence in the pension system, particularly in occupational pension.	Parent company
		Reporting of dialogues and initiatives that AMF has taken part in, in order to contribute to improvements from the customer's perspective.	Parent company
		Tendering parties should have accepted that AMF can reform its terms and conditions in older insurance policies, to the latest terms.	Parent company