







Sustainability Report

AMF's Sustainability Report comprises pages 12–30 of AMF's Annual Report in Swedish. Since this is an English translation of pages 12–30 only, page references refer to the complete Swedish version.

AMF manages occupational pensions for more than four million customers and is part of the Swedish financial security system. Our key task is to protect the security and welfare of current and future pensioners. You can read more about our sustainability initiatives on the following pages. The initiatives include investing our savers' pension capital in a responsible manner, efforts to increase diversity and equality, maintenance of high standards of business ethics and striving to make occupational pensions simpler for our savers.

Our sustainability initiatives focus on the areas our various stakeholders consider most important.

- Our customers expect a good, simple and secure pension as well as high standards of responsibility. Almost half believe that sustainability aspects in the investments are important or very important.
- Our owners (the Swedish Trade Union Confederation (LO) and the Confederation of Swedish Enterprise) and other collective agreement parties expect high and secure pensions, low charges and high standards of responsibility.
- Political decision-makers expect transparency, regulatory compliance and that AMF acts in a responsible manner as owner and investor.
- Our employees expect good working conditions, opportunities for personal development and a culture that makes the most of different experiences and skills.

Sustainability area	Objective	Result 2018	Contribution to UN Sustainable Development Goals
BUSINESS ETHICS	We are confident that AMF, our suppliers and partners meet our expectations regarding business ethics.	✓ All working groups have had a review of our expectations on business ethics.	
		✓ All our suppliers have signed the Supplier Code of Conduct	Decent work and economic growth 
DIVERSITY	We have working methods and a corporate culture in which everyone's knowledge and experience can be utilised as effectively as possible. This includes an even gender distribution in our working groups.	– 80% of employees perceive that we take advantage of differences as regards knowledge, experience and different perspectives in the working unit.	
		✗ In 73% of recruitments to working groups with an uneven gender distribution, the final candidates were from the under-represented gender.	Gender equality 
		✓ The number of working groups with gender equality has risen from 10 to 11.	Gender equality 
RESPONSIBLE INVESTMENTS	Sustainability issues must be a fully integrated part of asset management. We make every effort to ensure that our investments comply with the Paris Agreement (limitation of global warming).	✓ Equities and fixed-income assets, as well as the subsidiary AMF Fastigheter, are subject to basic sustainability criteria. Within the remaining portion of properties and alternative investments, work on implementation and follow-up of criteria is ongoing.	Decent work and economic growth 
		– 21 of the 30 companies where AMF is a member of the nomination committee, have boards with an even gender distribution.	Gender equality 
		✓ The carbon footprint from the equity portfolio in traditional insurance was considerably lower than the equivalent for a global index portfolio. The carbon footprint from AMF's funds was also below index.	Climate action 
		– AMF's own funds had an average of 4.4 of 5 possible sustainability globes (Morningstar).	
PENSIONS ON CUSTOMERS' TERMS	Occupational pensions should be perceived as simple.	<ul style="list-style-type: none"> – 39% of the Swedish public have high or fairly high confidence in the occupational pensions system. – During the year, AMF took part in six sector initiatives to increase simplicity. ✗ Contracting parties must approve AMF changing the terms of older insurance policies to the most recent terms. 	

Responsible investment

We believe that the best way to deliver a good return is to conduct active, long-term and responsible asset management. We are convinced that the best possible returns for our customers are achieved by investing in well-run companies with a clear business model, good management, high profitability and focused sustainability work. This is why we want to fully integrate sustainability aspects into every investment decision. It is also becoming clear that climate change can have financial consequences for companies. For us as investors, it is increasingly important to understand how negative climate effects impact our investment analysis and assessment of companies, as well as the risk inherent in the entire investment portfolio.

Our overall goal within responsible investment is that sustainability issues should be a natural part of all investment decisions within asset management. This will be achieved within the next few years. We also seek to ensure that our investments are in line with the Paris Agreement, which means supporting restrictions of global warming to below 2 degrees. In this area we are on the learning curve and developing methods designed to both measure and follow up investments.

For example, during the year we took part in a survey of asset owners' alignment with the Paris Agreement. AMF was one of 33 European asset owners who took part and openly reported their climate exposure. In most sectors our exposure to carbon-intensive sectors is well in line with the reduction judged necessary to limit global warming to 2 degrees.

Increased regulation within sustainable investment

In May 2018 the European Commission drafted an extensive and ambitious regulatory package designed to increase transparency and clarify the definition of sustainable investment, among other things in marketing of financial products. In this way, the Commission intends to contribute to investors, both private and institutional, having the incentives and information they need to invest in businesses and companies that contribute to long-term sustainability.

AMF supports the Commission's aims and believes it is valuable to have a common definition of what is sustainable.

Increased demands for sustainability information can simplify decision-making in the investment process. It is important, however, that the definitions of sustainability have a sufficiently high threshold, are scientifically based and can be updated regularly. Otherwise there is a risk that these rules, despite good intentions, give the wrong result.

How we work with sustainability in asset management:

We exclude

The companies in which we invest must comply with fundamental principles in areas such as human rights, labour rights, the environment and anti-corruption as set out in the principles in the UN Global Compact and the OECD 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 that derive more than 10% of their sales from coal extraction.

As regards equities and fixed-income securities (76% of AMF's total assets under management) we engage external suppliers to perform semi-annual screenings according to these criteria. Companies that do not meet requirements are blocked in our trading system making it impossible for us to invest in them. If an existing holding is assessed as being in breach of any of the basic

sustainability criteria, we contact the company to learn about their action plans to rectify any problems. If such a dialogue fails to yield results, we divest the holding. In 2018, following such a dialogue, we divested our holding in one company against this background.

We are also engaged in ongoing work to ensure compliance with basic sustainability criteria within properties and alternative investments.

We select

We endeavour to invest in companies that are among the best within sustainability in each sector in a global comparison. Our investment universe, the selection of companies in which we can invest, consists of companies that achieve a well-balanced level of sustainability work and that have also not been involved in serious sustainability related incidents. This working method covers management of equities and bonds in both our traditional insurance and our own funds (apart from our Småbolagsfond (Small Caps), where this working method is under implementation).

Active ownership – voting

As a shareholder we can exert influence including voting at general meetings. We have voting rights at all shareholders' meetings of our Swedish holdings in management of traditional insurance as well as a selection of the Swedish holdings in our own funds, a total of 47 Swedish shareholders' meetings during the year. We also vote at shareholders' meetings of foreign holdings, through power of attorney (proxy voting).

In 2018, we voted at all 392 shareholders' meetings related to holdings in management of traditional insurance. For the foreign holdings in our own funds, we voted at 130 shareholders' meetings in 2018, an increase from 60 shareholders' meetings in the previous year. So far we have focused on shareholders' meetings where we are a major shareholder.

Active ownership – nomination processes

Taken together, AMF and AMF Fonder is a major shareholder on the Stockholm Stock Exchange. This allows us to participate in many companies' nomination committees, the body that proposes new board members at shareholders' meetings. In 2018 we took part in nomination processes in 30 (27) Swedish companies. In nomination work in Swedish companies our task is to ensure that the necessary skills are brought into our holdings' boards.

For many years we have been working to appoint boards with an even gender distribution. At the end of the first half of 2018, when most shareholders' meetings have been held, 70% (21 out of 30) of the boards where we were members of the nomination committee, had gender equality. By equality we mean that women and men have a least 40% of board positions. On average the proportion of women on the boards where we participated in the nomination process was 41%. During the year we also started a dialogue with board chairmen on the importance of gender equality in company managements.

Active ownership – company dialogues

In companies in which we are a major shareholder, we are able to have a dialogue with boards and managements where we give our views on the company's sustainability initiatives, both what we consider the company is doing well and also where we see challenges. We have less opportunity to have a dialogue with the foreign companies in which we own shares since our shareholding is generally lower. We therefore choose other ways to influence through dialogue. This can include joint initiatives with co-investors, for example through UN PRI, the UN Principles for Responsible Investment.

Javiera Ragnartz, Chief Investment Officer, and Anders Oscarsson, Head of Corporate Governance and Equities, on the correlation between sustainability and returns.

“The starting-point is what is best for our customers”



What is it like for an asset manager to work with sustainability? Does this work actually lead to something better, for the environment for example?

Javiera: As a shareholder we are always one step further away from actual sustainability initiatives in the companies. Certainly, in individual investments we can contribute with capital that can have a positive sustainability impact. But we do not have a mandate to deviate from the principle of putting returns first and we therefore do not make any impact investments. On the other hand, as an investor we can demand a certain level of sustainability at the company or by being an active and attentive owner ensure that the companies in which we invest conduct ambitious sustainability work which in turn has a beneficial social impact.

Does AMF make any specific sustainable investments?

Javiera: Our starting-point is always what is best for our customers, regarding potential returns and risk levels. Our aim is to take sustainability into account as a natural component in all investment decisions. Sometimes we make major investments in companies whose mission has a clearly positive environmental impact. For example, during the year we acquired a 35% holding in Stena Renewable which operates and develops wind power installations in Sweden.



Javiera Ragnartz,
Chief Investment Officer

Anders Oscarsson,
Head of Corporate Governance
and Equities

Why is it important for AMF to be an active owner?

Anders: AMF is, on behalf of our savers, the sixth largest owner on the Stockholm Stock Exchange and it is natural for us to accept major shareholder responsibility. This might involve active participation in the appointment of boards in Swedish listed companies. Another aspect of good corporate governance is the fact that we can pursue issues through dialogue with the companies, within sustainability for example which we regard as important for the company's development.

What issues are important for AMF in nomination processes and company dialogues?

Anders: We are continuing our efforts to achieve greater gender equality on boards. One of the foundations for equality on boards is more even gender distribution in companies' management groups. This is a question for the CEO, however, which lies outside the nomination assignment but as owners we have started to draw attention to this issue. Another issue that is continuously topical is taxes. We like companies to be transparent about their approach to tax and for them to publish a tax policy. Then in general terms we ourselves can be clearer with the boards and put our foot down to show that there are principles on which we will not budge. This might sound dramatic but as a shareholder we can always vote with our feet, by which I mean divest, if we do not believe the companies will be a good long-term investment for our savers.

Reporting financial risks from climate change

Working with sustainability issues in asset management is not only about analysing the negative effects on the environment of the companies in which we invest. Increasingly it also relates to understanding how the risks from global warming can have an impact on our investments in a financial perspective. In 2017 recommendations were launched for how companies and financial players should report financial risks that occur due to climate change, the TCFD recommendations (Task Force on Climate-related Financial Disclosures). We support the TCFD recommendations and report how we work with climate risks.

Our starting point is to assess the impact of climate risks on our asset management activities and our ability to deliver on our commitments to customers. Climate risks can of course also be significant in individual investment decisions, where companies can be differently positioned ahead of climate change.

Climate risk governance

AMF's Board has ultimate responsibility for monitoring and assessing our risks, which also applies to sustainability. In 2018 this was clarified by climate risks being included as part of AMF's Own Risks & Solvency Assessment (ORSA) prepared by the Board. An initial, qualitative assessment of the impact of climate risks on the total investment risks was carried out during the year.

Climate risk strategy

The Board decides the overall focus of our sustainability work and one of our long-long-term sustainability targets is that our investments should be in line with the Paris Agreement. In our opinion the current use of fossil-based energy cannot be sustained over time and a comprehensive socio-economic transition towards considerably lower CO₂ emissions will take place. Against this background, we endeavour to invest in companies that work actively to contribute to this transition. These companies are assumed to be better placed to deliver a good return over time.

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

Transition risks – risk of lower market value of various assets due for example to stricter environmental legislation, new technology which pushes out conventional methods, technology that harms the environment or changes in perceptions or behaviour of consumers towards more climate-aware choices.

Physical risks – risk of lower market values of various assets arising due to damage to property or negative impact on operations of climate-related events, such as floods, droughts or extreme heat. There can also be reduced access to essential resources for operations, such as water.

Qualitative assessment of climate-related risks

Our investments are exposed to both transition risks and physical risks. Approximately one-third of our investment portfolio is in the four sectors that TCFD's report highlights as sectors with particularly high transition risks (energy, materials and buildings, transport and the agriculture and the food sector). Approximately half of this exposure consists of our property holdings in central Stockholm, which are managed by our subsidiary AMF Fastigheter. The remaining component consists of listed equities. For this component our assessment is that we have good liquidity even under extreme market conditions, which means we can divest at a comparatively good level. The property investments are inherently less liquid even under normal market conditions. Extreme market conditions attributable to climate risks might arise for example in the event of a rapid price fall following more stringent environmental regulations within a specific sector or country. We have not yet been able to make a similar assessment of our investments' overall exposure to physical climate risks.

Risk management

Our general risk management method regarding sustainability issues in holdings is to ensure that the companies in which we invest have their own good risk management for the challenges that arise. We do this through for example ownership directives in wholly and partly owned companies such as AMF Fastigheter and Rikshem. The ownership directive clarifies our expectations on the companies regarding active sustainability work and that the companies must have good governance and control over sustainability risks. In companies in which we own smaller shareholdings, listed equities for example, we do this through our methods for exclusion, selection and influence. We believe that this above all reduces the transition risk in the portfolio. In future we need to be better at understanding the impact of physical climate risk.

In recent years transition risks have increasingly become part of the investment decision. During the year we also introduced a policy to manage the climate impact of holdings as a formalised part of our previous work. In summary, the policy means that:

- We will endeavour to invest in companies that make an active contribution towards society's transition to lower CO₂ emissions.
- When investing in sectors with a high carbon footprint, we will endeavour to invest in those companies which, compared to others in the same sector, have a lower carbon footprint.

- Companies' carbon footprint must be taken into account in investment decisions.
- We will totally avoid investments in companies where extraction of thermal coal exceeds 10% of sales.
- We will measure the carbon footprint from listed equities, subsidiaries and associates annually.

During the year we took part in a study of 33 European asset owners related to how these investments are positioned compared with the Paris Agreement. The study showed how companies' holdings in oil, coal and gas are positioned compared to the changes assumed to be required in the global energy mix in order to comply with the Paris Agreement. The study, which was performed on equities and corporate bonds, shows that we are basically doing well, but it also shows a continued need of methodology development within this area in order to improve usability for investors.

We therefore also take part in an international reference group whose aim is to develop a methodology for financial companies to set climate targets for their investment portfolios in compliance with climate research, known as science based targets.

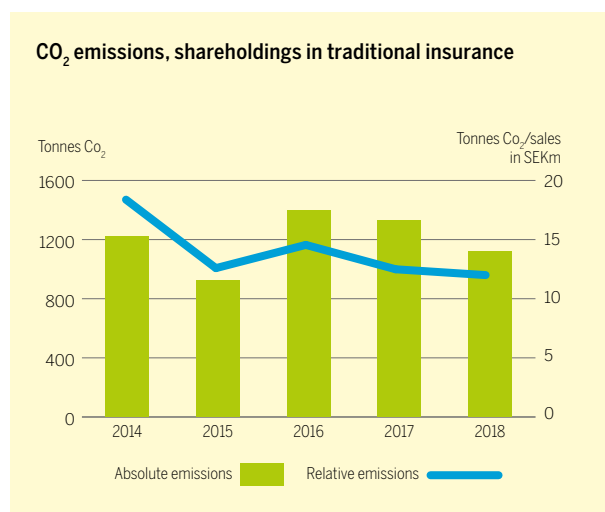
Metrics and targets

In addition to our long-term objective, our target is that the carbon footprint from equities investments should be lower than a broad benchmark index. A sector-wide initiative is underway for reporting the carbon footprint from fixed-income securities, but no standard has yet been developed. The carbon footprint from our directly owned properties is reported on page 23.

Management of traditional insurance

The absolute CO₂ emissions from our listed shareholdings decreased compared to 2017, mainly due to the fact that we divested several foreign companies with high CO₂ emissions during the year. This was a consequence of our new policy related to holdings' climate impact.

Another metric for the carbon footprint is carbon intensity, carbon dioxide emissions in relation to the companies' sales. Carbon intensity from our listed shareholdings decreased for the total equities portfolio and corresponds to approximately half of the market portfolio with the same allocation between Swedish and foreign equities. Here too, the decrease is due to divestment of carbon-intensive companies.



Total emissions, equities					
tonnes CO ₂ e	2018	2017	2016	2015	2014
Traditional insurance					
Swedish equities	313,000	220,000	187,000	108,000	140,000
Foreign equities	804,000	1,111,000	1,213,000	818,000	1,081,000
Total traditional insurance	1,117,000	1,331,000	1,400,000	926,000	1,221,000

Carbon intensity, equities										
tonnes CO ₂ e/companies' sales in SEKm	2018		2017		2016		2015		2014	
Traditional insurance	AMF	Index	AMF	Index	AMF	Index	AMF	Index	AMF	Index
Swedish equities	6.5	10.2	5.0	8.5	4.5	7.3	3.9	6.8	5.4	8.7
Foreign equities	14.9	24.4	16.5	26.8	20.8	29.8	18.4	27.9	27.2	37.2
Total traditional insurance	11.5	21.3	12.0	19.5	14.1	20.8	12.1	19.5	18.0	25.8
AMF Fonder										
Aktiefond Asien Stilla Havet	17.0	38.0	24.7	32.2	27.0	41.5	27.6	35.6	19.5	45.6
Aktiefond Europa	23.6	29.0	11.9	22.8	15.6	26.8	15.2	28.7	20.7	33.4
Aktiefond Global	20.6	29.0	17.4	26.9	20.9	29.8	21.8	28.4	25.7	36.5
Aktiefond Mix	14.1	22.8	13.5	21.2	15.4	24.1	18.3	21.5	22.6	27.7
Aktiefond Nordamerika	15.9	22.4	21.4	23.3	20.3	24.1	26.4	25.7	32.2	33.2
Aktiefond Småbolag	16.0	18.7	25.9	21.9	19.5	24.1	19.3	25.8	25.3	34.3
Aktiefond Sverige	6.2	10.1	7.6	9.6	4.3	7.3	3.9	7.3	10.1	9.9
Aktiefond Världen	10.6	17.7	9.8	16.5	10.4	16.3	10.5	15.8	17.1	20.5
Balansfond (equity share)	10.0	16.4	10.6	15.3	9.2	14.8	10.6	14.3	15.4	18.7

AMF's funds

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

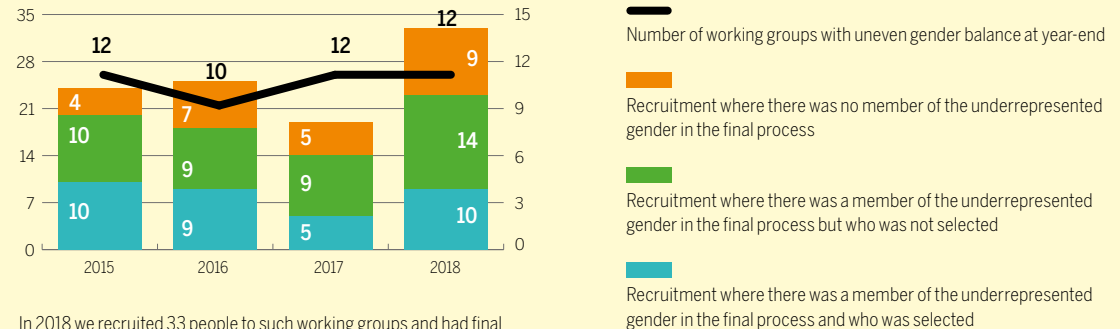
Diversity

Skilled and dedicated employees who enjoy working with us are one of our most important factors for success. Our HR work includes many issues such as opportunities for further development, working environment and employees' health and well-being. One of the challenges for HR work is to further improve internal activities for increased diversity and equal opportunities. Our aim is to have an attitude and corporate culture where everyone's experience counts. This includes having an equal distribution between men and women in our working groups.

Work on diversity is based on our view that all employees have the right to be themselves but also that we will benefit from available skills and experience. We view diversity as an asset and a means to achieve better operations for our customers by solving problems and developing the business from different perspectives. Starting in 2019, when recruiting we will include a diversity analysis of the working group to identify what is needed to improve diversity regarding background, experience and skills. We think that this will help us to raise awareness of the composition of the working group, what skills are lacking and expose any unconscious prejudices.

We work continuously for all employees to be treated with respect and for our working environment to be totally free of discrimination and victimisation. It is obvious to us that everyone must have equal rights and development opportunities. In this year's employee survey (Parent Company and AMF Fonder) 80% of employees agreed that within their working unit advantage was taken of differences in skills, experience and perspective. In AMF Fastigheter 75% agreed with the same question.

Recruitment to working groups with uneven gender balance



In 2018 we recruited 33 people to such working groups and had final candidates of both genders in 24 cases. In 10 cases we employed a member of the underrepresented gender.

“ Starting in 2019, when recruiting we will include a diversity analysis of the working group to identify what is needed to improve diversity regarding background, experience and skills.

AMF has an even distribution between women and men in the category Other employees. On the other hand, distribution is uneven in one of the subsidiaries' boards and in the categories Management and Other managers

There are still challenges in the composition of working groups. This is also reflected in pay differences between women and men since men are overrepresented in working groups with higher market salaries and women overrepresented in groups with lower market salaries. The total level of the structural pay differences, which are primarily a consequence of different career choices, was unchanged compared with the previous year. In addition to work on these structural pay differences, we ensure every year that there are no pay differences that can be thought to be dependent on gender in each professional category. In 2018 we carried out for the first time a survey from both men's and women's perspectives. We did not identify any unjustified pay differences within AMF.

We have been working since 2015 on reducing the number of uneven working groups by encouraging candidates of the underrepresented gender when recruiting. We can see that the number of balanced working groups remains at roughly the same level during recent years which shows the importance of working long-term. In 2018 we recruited 33 people to working groups with an uneven gender balance. In 24 cases there was a candidate of the underrepresented gender on the short list who was employed in 10 cases. As previously, it was a particular challenge to find men in marketing communication or women in property maintenance operations. Despite this, our future target is to increase the balanced working groups by 25% by 2022 compared with 2018.

Our work with diversity and equality is governed by an Equal Opportunities Policy and a Discrimination Policy which are updated annually. There is also an action plan based on salary surveys, employee surveys and dialogue with trade union representatives.

In addition to diversity and equality we follow up other key performance indicators in the HR area such as employee turnover, sickness absence and internal employee mobility. We have worked for many years on improving development opportunities for employees, among other things by making internal mobility easier. We aim for at least 20% of all positions to be filled from internal applicants. During 2018 we almost achieved this goal with 19% (36) of all positions being filled from internal applicants.

EQUAL OPPORTUNITIES	Women	Men	Age < 29	30-50	Age > 50	Total
No. of employees	216	170	22	239	125	386
of which permanent employees:	214	169	20	238	125	383
of which full-time employees:	205	164	22	228	119	369
Staff turnover						
No. of recruitments	36	24	8	43	9	60
No. of terminations	25	21	7	27	12	46
Proportion of terminations (staff turnover)	12%	12%	33%	12%	9%	12%
Composition of boards, management and other staff						
Composition of boards:						
AMF	44%	56%	0%	22%	78%	
AMF Fastigheter	71%	29%	0%	43%	57%	
AMF Fonder	50%	50%	0%	33%	67%	
Management of Parent Company and subsidiaries	38%	62%	0%	46%	54%	
Other managers	65%	35%	0%	56%	44%	
Other employees	55%	45%	7%	63%	30%	

Staff turnover in the younger category was high in 2018. All but one were customer service staff employed by us for 2-3 years.

Women and men shall have the same conditions at AMF. We ensure annually that there is no pay difference between women and men who carry out the same or equivalent duties.



SALARY COMPARISON BETWEEN MEN AND WOMEN WITH SAME OCCUPATION	2018	2017	2016	2015	2014
Number of individuals where unjustified pay difference was identified in the annual statutory pay survey	0.0%	0.8%	0.0%	-	0.0%

SALARY COMPARISON BETWEEN MEN AND WOMEN REGARDLESS OF OCCUPATION	2018	2017	2016	2015	2014
Women's relative average salary					
Management of Parent Company and subsidiaries	90%	93%	64%	69%	71%
Other managers	82%	70%	68%	68%	74%
Other employees	80%	82%	83%	79%	75%
All staff	79%	79%	75%	73%	69%

Comments on the table:

For 2018 individuals includes both men and women, for previous years, only women. No pay survey was carried out in 2015 since the statutory requirement at that time was every three years. Unjustified pay difference means that it cannot be ruled out that the lower salary depends on gender. Identified unjustified pay differences in the 2017 pay survey were remedied immediately.

All employees, with the exception of the CEO of AMF and AMF Fastigheter as well as the CEO of AMF Fonder, are parties to collective agreements.

Business ethics

For us, a high standard in issues of business ethics is a condition for us to retain trust as a default supplier. We work with the ambition that we shall be confident that we ourselves, our suppliers and our collaboration partners live up to our expectations on business ethics. In business ethics we include our own behaviour when, for example, entertaining but also sustainability criteria in procurement and how we handle tax.

Keep business ethics issues alive

AMF's internal rules for business ethics issues are based on the Swedish Anti-corruption Institute's Code of Business Conduct and Insurance Sweden's recommendations for the industry. The rules are available to employees on the intranet and clarify how employees should behave when, for example entertaining or participating in external events. All employees are urged to study the rules upon taking up employment and business ethics is included in the introductory training offered to all newly-recruited employees in the Group. In addition the aim is that all working groups should review and discuss our expectations for business ethics, for example entertaining, at least every other year. During the year all working groups in the Parent Company and AMF Fonder had group discussions. AMF Fastigheter had similar discussions in 2017.

Sustainability criteria in procurement

Since 2014 we have been making basic sustainability demands on all our suppliers by making our Code of Conduct for Suppliers part of every new contract. At 31 December 2018, 100% of all suppliers had signed the Code of Conduct.

The Code of Conduct requires the supplier to comply with the UN Global Compact's principles regarding human rights, labour law, environment and anti-corruption. The supplier can sign

AMF's supplier code as part of the contract, make corresponding commitments or be a member of Global Compact themselves. We monitor compliance with the Code of Conduct through available external information. If a deviation is suspected, a dialogue is commenced with the supplier before any decision is made on how to proceed. We also strive for all suppliers to have collective bargaining agreements or to permit collective bargaining. When appropriate we make a suitability assessment of new suppliers where we consider creditworthiness, any tax liabilities and payment of social security contributions

SUPPLIER 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 2018. The 10 largest suppliers accounted for about 40% of procured volume.
- Procurement is mainly in IT (services, operations and consultants) and telephony
- services, research and transactions in asset management, marketing as well as pension administration.
- The majority of our suppliers provide services.

AMF Fastigheter:

- AMF Fastigheter has a total of some 1,200 suppliers, with about 40% invoicing over SEK 100,000 in 2018. The ten largest suppliers accounted for 75% of procured volume.
- Procurement is mainly consulting services in building and management services, as well as in energy and heating.

The thresholds differ due to AMF Fastigheter having a much larger supplier base with small invoiced amounts.

Tax

AMF's tax policy defines how we and our wholly-owned subsidiaries shall treat tax according to the following principles:

- Treatment of tax shall be based on our interpretation of what the legislature wanted to achieve with tax legislation or comply with established practice in the sector (levels 1–3 on AMF's tax scale below).
- We shall be open and transparent about how tax is treated in our operations.

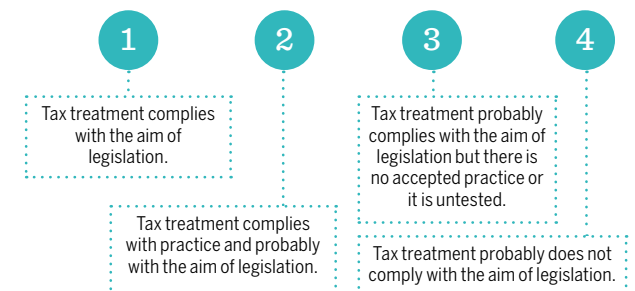
In our investment operations we shall also work to ensure that our holdings have a transparent and public tax policy with appropriate follow-up.

We are of the opinion that all handling of tax in the Parent Company and the operations of the wholly-owned subsidiaries complies with level 1 or 2 on the tax scale below.

During 2018 AMF paid a total of SEK 760 million (1,095) in tax in the Group, mainly tax on returns in the Parent Company.

See also Note 12 Tax on page 77 (of the Swedish version) for more information on the year's estimated tax liability.

AMF's tax scale



Pensions on customers' terms

We believe it is important that the pension system is easily understood and predictable for pension savers. Our aim is for our customers to perceive their occupational pension as simpler since we believe this leads to greater confidence in the occupational pensions system and reduces worry about pensions. Greater simplicity also makes it easier for customers who wish to make a deliberate choice. Through collaboration with other players we try to contribute to improvements, at the same time as working to refine and simplify our own offering.

The occupational pension is a pension component paid in by the employer. Nine out of ten employees in Sweden have this pension. Confidence in the occupational pension system is higher today than it is for the income-based pension system and the premium pension. Some 40% have high or very high confidence in the occupational pension system. At the same time, more than half say that they do not have sufficient knowledge about how the occupational pension system works. Many customers

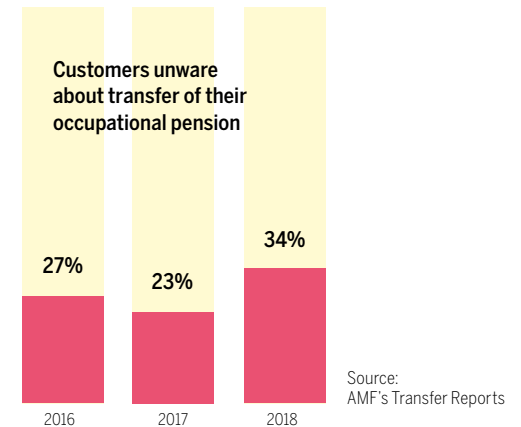


perceive the occupational pension system as complicated since pension agreements and how these are managed differ between collective agreement areas. Increased mobility in the labour market means that many people today have several different occupational pension solutions subject to different rules and management. We believe that the simpler the pension system is from the customers' perspective, the easier it will be for them to acquire knowledge about pension issues and understand their own pensions.

Collaboration with others

We often collaborate with other players within the occupational pension area in order to make things simpler for our customers. Some examples include dialogues with choice centres and other default choice companies about simplifying the process of moving the occupational pension to another company, a shared approach to the provision of information to customers about the new data protection legislation and a joint approach to information about collectively agreed occupational pensions.

We also have a dialogue with the Swedish Pensions Agency about how we can work together so that the provision to an occupational pension is shown directly on the payslip so that employees can easily see how much the employer is providing for an occupational pension each month – something many people do not know.



We have also been a partner to 'Min Pension' (My Pension) in their development project for an industry-wide web service for planning pension withdrawals. This service will enable savers to simulate how different choices affect their pension, for example the age at which they retire or how long they wish to take out their pension.

Increase knowledge about pensions

We also work to raise awareness among our customers about their occupational pension. This can be providing information about the type of occupational pension they have, whether the amount is guaranteed to a certain extent, if they need to review their fund choices or whether they have repayment cover. In our marketing we also try to work to increase knowledge of occupational pensions with easy explanations about who receives an occupational pension and how to make the pension grow.

If people are unaware that they have an occupational pension, who manages their pension money and what insurance product they have, there is a greater risk of making unconscious choices

which are perhaps less favourable than the original alternative. We have noted for some time that there are challenges when customers transfer their occupational pension. Being able to transfer your occupational pension to another company is an important right. However, we see a risk since many customers are unaware of the consequences of changing company. More than one-third of people who have transferred their occupational pension from AMF in the past year were not aware that they had done so. This figure has increased over the past three years. Approximately one-quarter of those who change company land up with a pension solution they say they do not want, for example people who prefer a traditional insurance but have changed to unit-linked.

Improvements in our own business

We also work internally with our own offering in order to make it as simple as possible for customers. Simpler products generally also result in lower costs for us which in turn lead to lower charges for customers. For example, we try to harmonise the insurance terms within each agreement area so that all customers can benefit from the most recent and best offering. This means we can also introduce a charge cap – a limit for the maximum charge for occupational pension management for every customer within each agreement area. This exists today within the SAF-LO Agreement Pension where customers pay a maximum of SEK 300 per year. A similar charge cap, although only for premiums paid in starting in October 2018, also exists within traditional ITP insurance. Over time we want to have an offering that stretches over several collective agreement areas to make it easier for customers to obtain an overview and manage their pension even if they change employment between different collective agreements.

In 2018, AMF's most recent insurance product was approved within the four major collective agreement areas (SAF-LO, ITP, KAP-KL and PA 16). Unfortunately we were not given the opportunity to implement all product improvements within earlier generations of ITP insurance. We continue our dialogue with the labour market parties within other agreement areas with the hope of being able to contribute to greater simplicity and security for customers within these collective agreements as well.

“More people should compare alternatives”

Dan Adolphson Björck, AMF's Pension Expert, highlights several factors that are important to think about related to pensions.

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

I think everyone should find out how their pension works in general and also log on to MinPension to see their own situation. Then they will feel calmer and have a better



insight. All pension money is looked after regardless of whether or not a choice is made. If a choice is not made, the money is invested in a traditional insurance but unit-linked insurance is available as a choice. Moving in with your partner, getting married or having children are good times to think about repayment cover for occupational pension.

How do you know which company to choose?

Today there are good opportunities to compare different alternatives for pensions savings, particular using digital tools from Min Pension and the Swedish Consumer's Insurance Bureau. More people should take advantage of these sites. We in the industry must be better at helping savers understand the choices available to them and ensuring that the informational disadvantage that pension savers often

have is not abused. The default option of a traditional insurance with guarantee is procured by the labour market parties and provides savers who do not wish to be involved with a secure solution.

Is there anything special to bear in mind as retirement approaches?

In recent years it has become popular to opt out of lifelong payments for occupational pension. This is often because people want to have the money while they still enjoy good health. But at the same time many of us remain fit and healthy long after retirement. So, it can be a difficult financial adjustment when the occupational pension ceases. Min Pension is working on a web service to help future pensioners with this planning and AMF is involved in this work. We hope that this will make it simpler to retire and easier to understand the consequences of different choices.

Pension expertise

Part of our responsibility is to contribute to a better understanding of pensions and protect our customers' best interests. We do this in several ways including teaching at the Swedish Financial Supervisory Authority's 'Gilla Din Ekonomi' (love your finances) network, taking part in university projects designed to increase skills within occupational pensions among economics and HR students, and through training sessions for municipal budget and debt advisors on how to help financially vulnerable pensioners. We also monitor and comment on the ongoing pension debate from the customers' perspective. Some of the issues we have highlighted in recent years include:

- The need for increased gender equality both within and outside the pension system.
- How short withdrawal periods for pensions can have negative consequences for society and individuals
- Many savers have limited knowledge of how charges affect their pensions.
- Many savers are unaware that they have transferred their occupational pension to another, often more expensive, pension provider.

AMF's internal sustainability initiatives

AMF's internal sustainability initiatives include resource and energy consumption in our subsidiary AMF Fastigheter (real estate), our internal environmental initiatives and transparency about value creation and distribution of surplus.

AMF Fastigheter's environmental initiatives

For us as owner, it is important that our subsidiary company AMF Fastigheter conducts sound sustainability work and environmental issues are a major part of this. A property has an environmental impact throughout its life cycle. First when it is built, then during management and operation, then from any rebuilding and finally at demolition. By working continually from a clear natural cycle approach, AMF can contribute to resource and material management.

Renewable energy

The AMF Group primarily uses electricity and heating from renewable energy sources – approximately 96% of total energy consumption. The non-renewable portion comes from a small part of district heating which is based on fossil fuels. Climate compensation takes place for this portion via the supplier. The AMF Group only purchases renewable electricity which carries the 'Bra Miljöval' (Good Environmental Choice) ecolabel. Total CO₂ emissions decreased during the year, mainly due to lower district heating consumption.

During the year, AMF Fastigheter installed solar panels on eight properties for local production of renewable energy. Solar panels are installed on a total of fifteen properties. Electricity production from solar panels totalled almost 280 MWh during the year.

Energy consumption

AMF Fastigheter has been working systematically to improve the efficiency of its energy consumption for many years. The long-term target is to reduce energy consumption by 19% between

2015 and 2019, for the existing portfolio during the measurement period. The target for 2018 corresponds to an energy performance of 97 MWh/m², which was not achieved, however. The result was 111 MWh/m², mainly due to increased cooling requirements due to the unusually warm summer. Despite this, the long-term target is expected to be reached next year

Use of materials

In new building, redevelopment or extensions, AMF Fastigheter endeavours to use material that is approved by Byggvarubedomningen, an established system for environmental assessment of building materials. AMF Fastigheter also works to enable increased reuse and find solutions that allow a higher proportion of reused building materials instead of tearing down interior fittings, walls and installations when a new tenant moves in.

Waste management

The operations generate a large amount of waste, primarily from construction projects and property management. For construction projects, AMF Fastigheter requires sorting and management of construction and demolition waste to be carried out according to an approved waste management plan and that a report of waste volumes is provided. Sorting and management of construction and demolition waste must comply with guidelines from the Swedish Construction Federation. Work is underway to produce an action plan for waste management.

The total waste volume amounted to 10.3 tonnes, of which approximately 60% was derived from various construction projects such as Urban Escape and Stockholmsverken. Several major construction projects in central Stockholm have been completed which explains the lower volume of waste from such projects. 95% of the waste is reused or recycled in some form, as energy for example.

The waste that derives from management of the properties and tenants' operations decreased during the year. AMF Fastigheter

works among other things with taking care of and recycling food waste in partnership with some tenants, including food waste tanks in Urban Escape and Ringen's shopping mall. In a pilot project with the Swedish Energy Agency, a food waste tank with energy recycling has been installed in the Fältöversten shopping mall.

Water consumption

AMF Fastigheter measures water consumption in all properties. In 2019, work will start on reducing water consumption.

Waste management from construction projects (disposal method, tonnes)			
Hazardous waste	2018	2017	2016
Landfill	24	491	122
Materials recycling	2	3	1
Energy recycling	25	4	2
Non-hazardous waste			
Reuse	1,459	8,154	13,726
Materials recycling	1,686	3,640	5,257
Energy recycling	2,319	1,437	2,614
Landfill	514	1,243	1,529
Total	6,029	14,972	23,251

Comment: Waste management primarily relates to the Urban Escape and Stockholmsverken projects. These accounted for 78% and 6% respectively of total project waste in 2018.

Waste from property management (tonnes)	
Hazardous waste	2018
Landfill	3
Materials recycling	2
Energy recycling	26
Non-hazardous waste	
Reuse	0
Materials recycling	1,640
Energy recycling	2,554
Landfill	22
Total	4,247

Comment: Only total figures are available for 2016 and 2017: 2.670 tonnes and 4.830 tonnes respectively.

CO₂ emissions from consumption of heat and electricity

	2018	2017	2016
CO₂ emissions, total tonnes CO₂	2,296	2,546	2,629
CO ₂ emissions, total, kg CO ₂ /m ²	2,6	3,0	3,1

Comments: Indirect CO₂ emissions are mainly generated by the portion of district heating consumption based on fossil fuels. Both direct and indirect CO₂ emissions are fully climate compensated. During the year, leakage of CFC coolant contributed to an additional 245 tonnes CO₂e.

Energy performance

Specific energy consumption, kWh/m²

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

Energy consumption

Energy consumption, MWh	2018	2017	2016
Non-renewable	3,628	4,253	4,550
Renewable	77,565	82,352	87,473
Total	81,193	86,606	92,023

AMF's property portfolio

Property electricity	25,992	27,162	29,199
District heating	34,732	43,807	46,040
District cooling	21,030	17,820	19,089
Total	81,754	88,789	94,328
AMF Group's own energy consumption	234	189	276

Comment: Figures for 2016 regarding CO₂ emissions and energy consumption are restated compared with the 2016 report due to a number of energy meters being installed in the property Fatsburssjön 10.

“New ideas lead to reduced energy consumption”

Björn Larsson, Technical Manager at AMF Fastigheter, tells us about one of the pilot projects currently underway at the MOOD mall in central Stockholm with the aim of reducing energy consumption.

What is the project about?

We have performed an energy audit of the property's energy consumption with good results but we believed we could reduce consumption even further. Among other things we decided to develop a new type of heat pump to cool down the datacentres and then recover heat. The heat pumps were installed at the beginning of the year and have already provided significant energy savings. The result after the first six months showed that we have saved more than 600 MWh which roughly corresponds to the annual electricity consumption of 26 single-family homes. With such good results, we are now reviewing the possibility of installing this solution in several other properties.

Why is it important to continue efforts to reduce energy consumption?

We see this as providing gains at many levels: Energy savings contribute to reduced environmental impact and lower costs which in turn lead to higher returns for pension savers. Energy work also has knock-on effects. Because there is no doubt that awareness of and interest in sustainability issues has increased. We

can also see this among our tenants who get in touch with us with suggestions and questions. We are now working to maintain this involvement among other things by continuing in partnership with tenants to develop our climate portal where tenants themselves can monitor their energy consumption.



Our internal environmental initiatives

Our environmental impact from our own operations (the Parent Company and AMF Fonder) mainly derives from business travel, electricity and heating consumption, disposal of old computers and internal paper consumption.

CO₂ emissions from our business travel amounted to 195 tonnes (148), mostly from air travel. Emissions increased during the year due among other things to exploration of business opportunities in alternative investments, participation in board work in partly-owned companies outside Sweden and trips in conjunction with skills development. We climate compensate for emissions caused by business travel.

We purchase Bra Miljöval (Good Environmental Choice) ecolabelled electricity for our own offices and climate compensate for the emissions derived from some of the district heating. The total CO₂ emissions from heating our offices amounted to 17 tonnes (16). In 2017 we leased temporary premises while refurbishing our office and values for these are not included. The corresponding value for 2016 was 19 tonnes.

We lease most of our computers. When these are returned, we require the supplier to reuse or recycle them. This has been achieved to 100% since the requirement was introduced in 2015.

In our own operations we consumed 18 kg (21) of paper per workstation, which corresponds to 8.4 tonnes (9.6). The proportion of printed paper decreased during the year. In 2018 we sent out 34 tonnes (90) in the form of account statements, welcome letters and statements of earnings and tax deductions. This substantial reduction is due to joint enveloping and a higher proportion of digital mailings via Kivra.

Our own office premises have eco-certification according to the Sweden Green Building Council's standard. We try to ensure that the coffee, food and fruit we purchase for the office are organic to the greatest possible extent. Our cleaning supplier is certified according to the Nordic Swan ecolabel, which covers both products and working methods.

CO₂ emissions from business travel, tonnes

	2018	2017	2016
AMF (Parent Company)	109	97	57
AMF Fonder	35	20	52
AMF Fastigheter	51	30	24
Total	195	148	133

Value creation and distribution of surplus

AMF operates according to mutual principles which means, among other things, that our owners do not take out a dividend since all profits from operations must be returned to the customers. The surplus we generate must be distributed fairly among our customers.

How does AMF create value?

Value creation for our customers during one year corresponds to the growth in pension capital minus our expenses.

- **Growth** in pension capital depends on the returns achieved by asset management.
- **Expenses** arise in operating activities and include IT costs, personnel expenses and expenses for asset management.

AMF's value creation per customer decreased in 2018 to SEK 739 (9,605) mainly due to the lower return compared to the previous year.

How is the surplus distributed to customers' insurance policies?

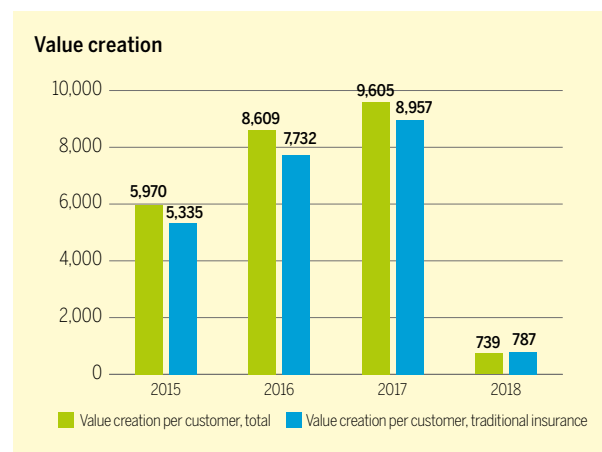
The surplus we generate is the difference between the value of the pension capital and the value of the guarantees we have issued to customers. Customers with a traditional insurance receive part of the surplus in their policies when they start to withdraw their pension or even before retirement in the form of guarantee consolidation.

- Customers with traditional insurance receive part of the accumulated surplus with every pension payment.
- In the event of transfer and repurchase of a traditional insurance, customers take part of the accumulated surplus with them.
- For customers that have contributed to a sufficiently large part of the surplus, some is converted into guarantees before retirement, known as guarantee consolidation. This applies to customers with surplus-dependent returns.
- In 2018, SEK 16,772 million was distributed in guarantee consolidations, see also table on the right, Distribution of profit.
- In our defined-benefit policies some of the surplus is returned in the form of premium reductions to employers within the SAF-LO Collective Pension and in the form of compensation for inflation in conjunction with pension payments to employees.

AMF's value creation		
Group, SEKm	2018	2017
Return for the year	4,494	39,492
Less salaries/remuneration to employees	-352	-324
Less other operating expenses	-469	-437
Less tax	-701	-954
Value creation for the year	2,972	37,777
Of which, traditional insurance	3,040	33,798

Distribution of profit		
Parent Company, SEKm	2018	2017
Payment of surplus	11,127	10,818
Guarantee consolidation or other allocation of guarantees	16,772	5,873
Premium reductions (defined-benefit insurance)	709	837
Distribution of fund units	-	-
Total distribution of surplus	28,608	17,528

Any profits deriving from unit-linked insurance business must also accrue to policyholders. This can take the form of reduced charges or distribution of additional fund units to customers. See also under Surplus distribution on page 34.



Governance of sustainability work

Our sustainability work focuses on areas based on our stakeholders' expectations. Our key stakeholders are customers, owners and other collective agreement parties, political decision-makers and employees. We identify their expectations through surveys and other dialogues. We conducted various surveys in 2018 designed to identify stakeholder expectations:

- Interviews with trade union representatives at AMF as well as the annual employee survey, in spring 2018.
- Questions about sustainability and pensions in a quantitative survey (general public and representatives within the pensions industry), spring 2018
- Questions about sustainability and pensions in a qualitative survey (pensions industry experts), autumn 2018.

Based on stakeholders' expectations, and our interpretation of their expectations, our focus within sustainability is on four areas: Business Ethics, Diversity, Pensions on Customers' Terms, and Responsible Investment. These areas are included in the regular strategic and operational planning process.

Organisation and governance of sustainability work

AMF's Board of Directors has ultimate responsibility for AMF's sustainability initiatives. Our sustainability work is based on the Board's rules on ethics and sustainability. These rules also provide the framework for many of our other policy documents, such as investment guidelines, rules for the offering, actuarial guidelines and rules for risk management, all of which are decided by the Board. The Board decides on the direction of sustainability work and monitors this quarterly. The CEO has operational responsibility for our sustainability initiatives and decides on sustainability targets at Group level.

The Sustainability Council advises the CEO on matters related to sustainability. The Sustainability Council consists of the CEO (chairman), General Counsel, Business Managers and the Presidents or Vice Presidents of wholly owned subsidiaries, as well as the Group's Sustainability Manager. The Sustainability Council held five meetings in 2018.

AMF's Sustainability Manager is responsible for supporting and coordinating AMF's sustainability initiatives and preparing issues for the Sustainability Council's consideration. The Sustainability Manager also has overall responsibility for compiling stakeholders' opinions and expectations on sustainability work. Business Managers are responsible for ensuring that sustainability initiatives are carried out in operations.

We report our sustainability work in an annual document

Stakeholder group	Expectations within sustainability	Dialogues/Metrics
Customers	Good and secure pension. Simplicity in customer contacts. Expect high standards of responsibility. Sustainability in investments important for many people, primarily from a values perspective.	Customer service, customer satisfaction surveys, complaints function, user tests, brand research.
Owners and other collective agreement parties	Continued wish for AMF to conduct active sustainability initiatives based on creating the best possible value for savers (from a returns and costs perspective). That AMF continues to meet general expectations on being a responsible company.	Board meetings, other meetings with owners and partners, requirements in procurement processes and affiliations, surveys.
Decision-makers/Authorities	Primarily expectations within responsible investment, although there are basic general expectations that AMF should be a responsible company with good business ethics.	Collaboration in industry organisations, joint projects, surveys, media analysis.
Employees	Good management of skills development, diversity including equality, a good general working environment. Information about AMF's sustainability initiatives.	Unit and group meetings, employee surveys, performance reviews, dialogue with trade union representatives.
Other stakeholders	Mainly relating to sustainable investments and that AMF provides a high level of transparency and information about sustainability initiatives.	Business environment monitoring, media analysis.

according to the international guidelines for sustainability reporting, the GRI Standards. The report is reviewed by external auditors. Starting in 2017, we also report sustainability in accordance with the Swedish Annual Accounts Act (see page 37). The Compliance and Internal Audit functions can check whether sustainability work is carried out in accordance with laws and regulations, Board decisions and AMF's Rulebook.

Board's rules on ethics and sustainability

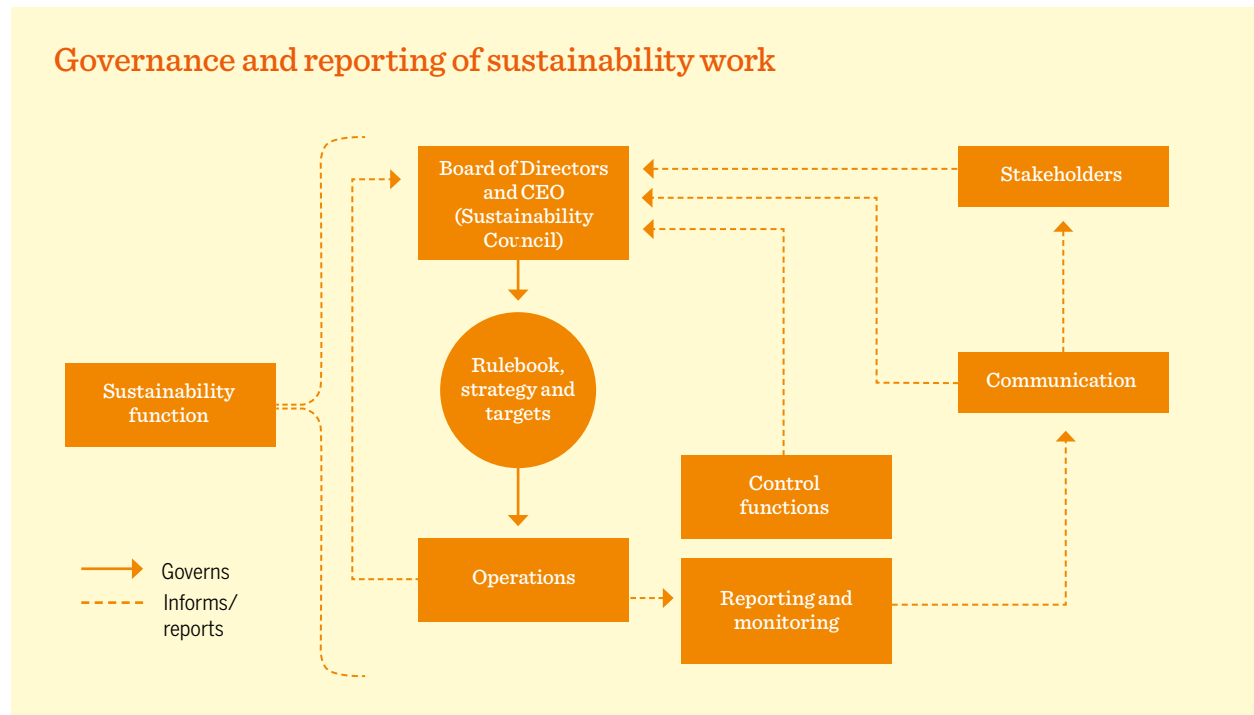
Briefly, the Board's rules on ethics and sustainability mean that AMF's employees must act responsibly and that we must make every effort to contribute to sustainable development in accordance with the UN's Sustainable Development Goals (Agenda 2030). Deviations from or violations of the rules on ethics and sustainability must be reported in accordance with the procedures for incidents. An assessment of AMF's regulatory compliance and ethical risks is reported annually to the Board. The Board's rules on ethics and sustainability, and associated CEO's instructions, are included in AMF's Rulebook. This covers all the Board's rules and CEO's instructions. Where applicable, all employees are covered by AMF's Rulebook. Our employees undertake to comply with the Rulebook when starting their employment. Employees receive information on the Rulebook and rules on ethics and sustainability at the start of their employment and at introduction training. We provide employees with ongoing information about sustainability initiatives, via introduction training and staff meetings. Additional rules and instructions are included in subsidiaries' rulebooks.

The precautionary principle

We support the precautionary principle which means working preventively and minimising risks in environmental issues throughout our operations. Our Rulebook describes how our business is to be conducted and how we are expected to act proactively to minimise risk. We must be cautious with the resources we manage.

Third-party collaboration

AMF is a member of several organisations and associations in the pensions and insurance industry. These include Insurance Sweden, the Swedish Investment Fund Association and the 'Gilla Din Ekonomi' (Love Your Finances) network. Within sustainable business and responsible investment, AMF is a member of organisations including UN PRI, the UN Global Compact, the Institutional Investors' Association and the networks Sustainable Value Creation, SWESIF (Sweden's Forum for Sustainable Investments) and Swedish Investors for Sustainable Development in learning and exchange of best practice, based on Agenda 2030. AMF also support the Carbon Disclosure Project (CDP) and has signed the Montréal Pledge a commitment by investors to annually measure and publicly disclose their carbon footprint.



About the Sustainability Report

This Sustainability Report summarises AMF's sustainability initiatives in the calendar year 2018. The report is prepared in accordance with GRI Standards, Core level.

AMF is a limited life insurance company which 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 and the subsidiaries AMF Fonder AB and AMF Fastigheter AB as well as a number of wholly owned property companies. AMF includes a number of partly owned companies defined as joint ventures and associates. These holdings are reported within Responsible Investments.

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 115). The Sustainability Report is produced annually and the previous report was published in March 2018 for the 2017 calendar year.



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

Measurement methods

General

Comparative figures for 2015–2017 are included to the extent they are comparable with this year's reporting. There are no comparative figures for screening of suppliers for 2016–2017 since screening in previous years for the Parent Company and AMF Fonder only included new and business critical suppliers respectively. For waste from property management and in tenant operations, only total figures exist for 2016–2017 not broken down by type of waste.

CO₂ measurement in the equity portfolio

The calculation on page 16 is based on AMF's holdings in listed equities as of 31 December 2018. Data for the companies' sales and CO₂ emissions are the latest available, in most cases 31 December 2017.

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 identify AMF's share of emissions, each company's footprint is multiplied by AMF's share in the company. Emissions measurements comply with the global reporting standard GHG Protocol. They are based on the most recent available CO₂ data for direct emissions (Scope 1) and indirect emissions related to energy consumption (Scope 2). Comprehensive, reliable data on other indirect emissions, such as contractors' emissions or emissions from the use of manufactured products (Scope 3) is not yet available. AMF monitors data trends and analyses within these types of emissions so it can include them in the future.

AMF uses analysis tools from Trucost to calculate CO₂ emissions. The calculations are based on the companies' own reporting. In cases where companies do not report data themselves, estimates of emissions are made. The carbon footprint covers over 96% of the companies in which AMF owns shares. The carbon footprint provides a snapshot. The value changes if companies' emissions and sales 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 rankings are from 31 December 2018. The MSCI ACWI is used as the benchmark index for CO₂ measurement of foreign companies and the SBX and CSX for Swedish companies. For Småbolagsfonden (small caps fund) and its benchmark index, data is only available for approximately half of the holdings. Data was only available for 79% of the fund's holdings in 2018 (88% in the benchmark index).

Information on employees

The distribution between men and women is based on personal identity numbers. The information in the tables refers to the Group unless stated otherwise.

The Parent Company follows up the proportion of consultants and employed staff quarterly in order to expose the whole organisation and reduce the proportion of consultants over time. In the follow-up as of December 2018, the proportion of consultants in the Parent Company was estimated at 31% (30) of the total workforce. This calculation was based on costs. AMF currently has no registration or monitoring to enable consultants to be reported by gender.

Working groups with an uneven gender balance are defined as those with more than five members and less than 33% of either gender.

Energy performance and consumption

Energy performance is the total energy consumption of the property portfolio divided by the total area in Atemp. Atemp corresponds to internal areas of floors, attics and cellars heated to over 10°C (excluding garages). AMF's energy targets are measured against a reference year of April, rolling 12 months, 2014. 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 2018 these properties were Ängtvätten 22 and Marievik 24.

When reporting energy intensity the development properties Trollhättan 29, Trollhättan 30, Trumman 2 and Vattenpasset 11 as well as properties purchased or sold during the year, Gångaren 11, Jakob Mindre 5 and Trångkåren 6 are also excluded.

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 plants

There are cooling plants 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, Fatbursjön 10. The gases AMF includes in its calculations are the following CFCs used in these cooling plants: R134a, R417a and R404a. GWP values are from the IPCC.

Operational energy

During January 2018, AMF Pension leased temporary premises in the property Snäckan 8 during refurbishment of its own offices. Details of consumption in these premises are unavailable and are therefore excluded from reporting of the AMF Group's own consumption.

Economic value creation

AMF's value creation has been calculated by reporting those items assessed as contributing to an increase or decrease in assets under management. Returns for the year include the net earnings on assets and liabilities under management including remeasurement of real estate used in operations, rental income from property management and commission income from fund management. A reduction is made for asset management expenses and operational costs in property management. Salaries/benefits to employees comprise the part 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 paid by the company. Average value creation per customer for the year has been calculated by dividing value creation for the year by the number of customers at the end of the reporting period.

Value creation in traditional insurance has been calculated by deducting from the Parent Company's value creation unrealised changes in value from unit-linked insurance assets, commission income, operating expenses and tax attributable to this operating segment. Additions have been made for surplus values in subsidiaries which the Parent Company recognised at cost. Deferred cost has been taken into account where applicable.

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	Avfall	103-1, 2, 3	Explanation of the material topic and its Boundary, the management approach and its components and evaluation of the management approach.	22–24
		306-2	Waste by type and disposal method	22–24, 27
	GRI 400 Social Standards	Equal opportunity	103-1, 2, 3	Explanation of the material topic and its Boundary, the management approach and its components and evaluation of the management approach.
401-1			New employee hires and employee turnover	18
405-1			Diversity of governance bodies and employees	18
405-2			Ratio of basic salary and remuneration of women to men	18
Supplier social assessment		103-1, 2, 3	Explanation of the material topic and its Boundary, the management approach and its components and evaluation of the management approach.	19
		414-1	New suppliers that were screened using social criteria	19
Pension on customers' terms			Industry/company specific aspect not regulated within framework of GRI. Measured through indicators through dialogues and initiatives in which AMF has participated in order to lobby the industry in the best interests of customers.	12
Sustainability governance Financial sector	Active ownership	FS 11	Percentage of assets that have been targeted for positive and/or negative environmental and social screening.	13

Target overview

Sustainability targets 2019			
Area	Long-term target	Targets (for 2019 unless stated otherwise)	Group company
Business ethics	We feel confident that we ourselves, our suppliers and partners meet our expectations in business ethics	All units have had a review of AMF's expectations on business ethics at least every other year.	Group
		Business ethics are part of introduction training for new employees.	Group
		All suppliers have signed AMF's code of conduct.	Group
Diversity	We have working methods and a corporate culture in which everyone can use their experience so that they can be of benefit in the most effective way. This includes our working groups having an even gender distribution.	A diversity analysis is made at all recruitments in conjunction with the requirements profile.	Group
		To increase the number of working groups with gender equality by 25% by 2022.	Group
		1/3 of final candidates at recruitment to working groups with an uneven gender mix shall comprise the underrepresented gender.	Group
Responsible investments	Sustainability issues must be fully integrated in asset management. We endeavour to ensure that our investments are in line with the Paris Agreement (limiting global warming).	The entire investment portfolio and all AMF's funds meet basic sustainability criteria.	Parent Company, AMF Fonder
		All boards in which AMF is a member of the nomination committee shall have an even gender distribution.	Parent Company, AMF Fonder
		Lower carbon footprint from Swedish and foreign equities, compared to a broad index.	Parent Company, AMF Fonder
		AMF Fonder shall have an average of 4 out of 5 sustainability globes.	AMF Fonder
Pensions on customers' terms	Occupational pensions are perceived as simple.	The number of customers unaware of occupational pension transfers shall decrease.	Parent Company
		All customers shall be able to take advantage of the most recent offering without getting a new insurance.	Parent Company