

Tänk längre



skandia:

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About Skandia's 2014 sustainability report

This sustainability report is the fourth produced by the Skandia group (Skandia) in accordance with the Global Reporting Initiative (GRI) Guidelines. Skandia's reporting for 2014 has been conducted with the ambition to meet the requirements of version 4.0, Core level, in all essential respects and describes how we work with the most material sustainability aspects. Skandia's real estate company, Diligentia, which is a wholly owned subsidiary, is included only in cases where references are made to that company. In other respects, all countries of operation are included. Monetary amounts in this sustainability report are stated in Swedish kronor (SEK), unless indicated otherwise. The report is prepared and published once a year and has not been reviewed by a third party.

This report also constitutes Skandia's Communication on Progress report for the UN Global Compact. More information about the sustainability report is provided on page 43

Contact

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

Skandia is one of Sweden's largest, independent, customer-led savings and insurance groups. With a strong tradition of pioneering spirit, product development and community involvement, we have dedicated nearly 160 years to providing financial security to people through their various phases in life.

Today we have approximately 2.5 million customers in Sweden, Norway and Denmark, to whom we offer solutions in savings, pensions, financial security and their everyday finances. Skandia has more than 2,600 employees at its headquarters in Stockholm and at 54 offices throughout Scandinavia.

For Skandia, sustainability is a matter of ensuring long-term business and societal benefit through responsible business.

Bengt-Åke Fagerman, President and CEO, Skandia

Skandia's vision

Skandia's vision and mission is to create a richer life for our customers. As one of Sweden's largest savings and insurance groups, Skandia has deep roots in society with long-term commitments to individuals, businesses and the public sector. "Tänk Längre" (think ahead) communicates our long-term approach. It is not only a precondition but also a distinctive quality of Skandia's operations and characterises our way of doing business. It is an approach that not only creates a richer life for our customers, but also helps strengthen society over the long term.

Skandia's offerings



Insurance and pensions

Skandia has offered insurance with traditional life management for 130 years and offers life assurance savings that guarantee our customers a certain benefit when their policies mature. If the customer's compounded capital is greater than our guaranteed commitment, the customer receives a bonus. Because we are a mutual company, all surpluses go to the customers.



Mutual funds

Mutual funds and custody account management are offered via Skandia's bank and via various insurance solutions. These comprise a wide range of funds under Skandia's management, a selection of evaluated funds, and a fund supermarket with some 800 externally managed funds.

8%

average return (traditional management) during the last five years.

123 million kronor

Amount donated to date to cancer research via Skandia Cancerfonden.

Skandia's customers

Being a mutual company means that it is the customers who own and govern Skandia.

Customer Satisfaction Index

At Skandia we measure our customers' feedback and opinions in numerous ways. Measuring customer satisfaction gives us important indications about how well we are succeeding at creating concrete customer benefit.

419

nominations to Skandia's Council of Delegates.

14,537

customers voted in the election for Skandia's Council of Delegates.

CSI for private customers



CSI for business customers



Today we have approximately 2.5 million customers in Sweden, Norway and Denmark.



Health and financial security

Skandia offers financial security in case of accidents, illness and death through disability insurance, accident insurance and life assurance. What distinguishes Skandia's offering is the combination of wellness and health insurance, where great emphasis is put on preventive measures.

87%

share of customers who take advantage of the preventive aspects in our wellness insurance and contact us for preventive care before sick leave becomes necessary. Read more on page 27.



Banking and lending

Skandia's bank is a central part of our offering in Sweden and Norway – a full service bank that focuses on the private market with advisory offerings and services for customers' everyday finances and home mortgages as well as equity and fund trading.

45%

increase in home mortgage applications compared with 2013, aided by the launch of a transparent home mortgage model.

Skandia in figures 2014

235 grants

The Skandia Ideas for Life foundation awarded grants to 235 local, non-profit projects in Sweden and Denmark.



161 %

Skandia's solvency at year-end 2014.

0 kronor in bonuses to senior executives.

89 % of employees believe that men and women have equal opportunities and conditions as employees of Skandia.

50/50 Balance between men and women at Skandia.

22 billion kronor in bonuses paid by Skandia's traditional life company to its customers.



100 % Share of Skandia's mutual funds that have sustainability criteria.

3 Number of non-profit funds offered by Skandia's fund company.

1.1 billion kronor in managed assets in non-profit funds.

13.6 % Total return for traditional management in 2014.

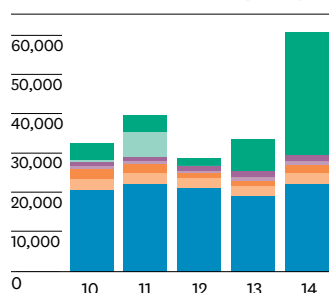
47 % Share of women on the board of Skandia's parent company.



Skandia's distribution of economic value

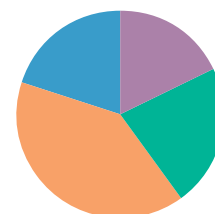
Skandia's operations distribute economic value that benefits a range of different stakeholders.

Distributed economic value (SEK m)*



* The increase in assets reinvested in the company in 2014 is attributable to higher earned premiums and realised returns. Data is based on the consolidated income statement and balance sheet.

Skandia's financial contributions to cooperation partners 2014



Reported amounts are from Skandia, Skandia's foundations and Skandia's non-profit funds.

- Sport 18% (SEK 8,000 k)
- Children & youth 22% (SEK 9,917 k)
- Research and methods development 40% (SEK 17,683 k)
- Environment 20% (SEK 8,667 k)

Financial security and long-term value for a richer life

With a newly elected Council of Delegates in place and the first Annual General Meeting completed, it is now our customers who, through the influence and insight of their elected representatives, are leading Skandia towards being a savings company that thinks ahead. Among the strategic priorities for creating sustainable value are both ambitious investments and efficiency improvements in operations.

For Skandia, sustainability is a matter of ensuring long-term business and societal benefit through responsible business. Transparency and customer influence are key watchwords in which the one is also a prerequisite for the other. In order for customers to be able to exercise their influence, we must be transparent about our strategy, our challenges, and our opportunities.

At our core we are part of the welfare state

Skandia's overarching goal is to create value for our owners and customers, where generating a favourable financial return is an obvious objective. As a customer-led, profit-generating company, every penny of Skandia's surplus – after paying taxes and operating expenses – goes to our customers. For 2014 this means that savers in Skandia's life company shared SEK 22 billion in bonuses. By being customer-led, we have a stronger ability to add more dimensions of value creation. The breadth of solutions for financial security and good health that we offer our customers gives us an important role in society as a complement to the public welfare system.

The inability to earn a living due to unemployment, illness, substance abuse or mental illness can put a heavy burden on one's finances. Nor is saving for retirement conceivable for the person affected. This is a societal problem that we are engaged in and which affects our business. Working preventively is a prerequisite for our core business. We apply this business logic in our commitment to socially sustainable development and preventing ill-health and social exclusion. It is an endeavour that we conduct largely through the Skandia Ideas for Life foundation, which works together with the public sector, civil society and social entrepreneurs. We are convinced that by foreseeing and preventing risks and problems, we can realise good effects in our work on addressing societal problems. Toward this end, we have invested in research and calculation tools to show the profitability of pre-

ventive social investments. To date 90 municipalities have used our tools, thus enabling them to make more sound and long-term decisions from both the human and economic perspectives.

Customers' views on the financial sector's accountability issues

We work in a trust business. Not only regarding trust in our ability to generate long-term financial returns, but also in how we act. To learn more about trust in the industry, during the year we presented a set of questions to some 4,000 people across Sweden. The findings, which we published in a special report on accountability in the financial sector, sent a clear message to the financial industry as a whole. People feel widely that the financial industry puts short-term gains ahead of long-term goals, and the general perception is that the industry's primary focus is on enriching shareholders. In addition, the respondents voiced a desire for more transparency in advisers' fees and their concerns over how such fees influence their advice. Executive bonuses and compensation are perceived as a seedbed for unsound risk-taking and short-term focus in the industry.

Confirmation that Skandia is on the right path

Clearly the report should send a wake up call to all of us actors in the financial industry. But it also gives us an important confirmation that many of the initiatives carried out by Skandia in recent years are in line with what customers are demanding. Skandia's decision to do away with up-front commissions for advisers, which we were the first in the industry to make, was carried out with the conviction that this type of compensation is not conducive to long-term customer benefit. Further, our decision as the only bank to implement fully transparent pricing of home mortgage loans has made a significant contribution to greater openness. Moreover, one of the first decisions we made upon forming the customer-led Skandia in 2012



was to eliminate executive bonuses and variable remuneration schemes. Although much work remains, we are growing stronger with the knowledge that we are on the right path when we use our ability to think ahead in a constructive manner.

Skandia's commitment to sustainable business is laid out in the Council of Delegates' ownership instructions, which stipulate among other things that Skandia shall serve as an example by adhering to ethical values and the principles set forth in the UN Global Compact. This strategy and the work on sustainable business are evaluated on a continuous basis. In addition, the company is looking into how its ownership should be exercised in asset management from a sustainability perspective. To further strengthen internal cooperation on sustainability issues, a sustainability council has been established, made up largely of members of Skandia's management team, the CEO and the Head of Sustainability. The council's primary task is to make decisions on strategic sustainability issues and, based on the sustainability strategy, to ensure that sustainability is on the agenda throughout the organisation and to create a system for formulating and carrying out measures within the operations.

Strategic priorities for future goals

At present Skandia manages roughly 8% of Swedes'

total savings, mainly in the form of occupational pensions. By 2018 our goal is to attain a leading position in the business market and to double our volume in private savings by helping more people discover Skandia's full breadth. Parallel with this, we have launched a programme to achieve efficiency improvements in operations by 30% by 2018. This will be achieved through, among other things, investments in IT designed to lower costs and increase flexibility. Achieving cost efficiencies will also require changes in our way of working. Our ambition is to be transparent about the changes being made by involving leaders and employees in the work on improving our efficiency. Our continued journey will be based on our unique strengths as a customer-led company, which help us to be open and long-term in our approach. With offerings and investments that help individuals, companies and organisations achieve a richer life – and by extension society as a whole – we aspire to be a leading savings company with the market's most satisfied customers.

Bengt-Åke Fagerman
President and CEO

Lena Hök
Head of Sustainability

Highlights 2014



Tool for calculating the economic value of social investments

A research report commissioned by Skandia during the past year (*Med många bäckar att stämma i – hur ska vi prioritera och hur beräknar vi kostnaden?*) shows that certain social investments generate a 100% return already in one year. The report was part of a cooperation project between the Skandia Ideas for Life foundation and Uppsala University to build an evidence-based knowledge base of cost-effective preventive measures. The tool is offered free of charge to municipalities and non-profit organisations to calculate the societal benefit of their social investments.

Skandia takes a stand against up-front commissions

Starting on 1 January 2015 Skandia has eliminated up-front commissions for insurance policies with regular premiums.

In doing so our aim is to encourage long-term customer care and reduce the risk for customers being given poor advice based on short-term financial gains.

New book focuses on the cost of social exclusion

In connection with this year's book fair in Gothenburg, the book *Utanförskapets pris* ("The Cost of Social Exclusion") was presented. The book highlights the human and financial value that preventive social investments generate for individuals and society at large. The book is authored by Lena Hök, Head of Sustainability at Skandia, social commentator Nima Sanandaji and economists Ingvar Nilsson and Anders Wadeskog.

“It should be just as easy to appropriate money for investments in school, health and future opportunities for young people as it is to invest in a new town square.” Gustav Fridolin, Minister for Education (Green Party)

“We should all be aware that it is through early, evidence-based efforts – which are also long-term – that we can make a true difference.” Anna König Jerlmyr, Opposition City Commissioner in Stockholm (Moderate Party)



Skandia contributes to renewable energy through investment in wind power

Skandia is the first Swedish pensions company to invest directly in Swedish wind power. Vattenfall and Skandia are together investing nearly SEK 2 billion in four wind farms in Sweden – two existing and two planned for construction – with total capacity of 141 MW. This corresponds to the annual electricity consumption of 79,000 households.

“In recent years we have been increasing our investments in infrastructure, which generates a stable and long-term return for our savers. Our customers will benefit from this return over time through their pension payments. Moreover, the capital is being used to build sustainable value in society here and now through an increase in renewable energy,” says Bengt-Åke Fagerman, President and CEO of Skandia.



Full transparency with our home mortgage discounts

During the spring Skandia introduced a model that gives a full view of our home mortgage discounts. The aim is to provide a transparent price structure that clearly shows why a customer receives a certain discount. The maximum discount in Skandia's model is 0.65%, where the size of the home mortgage and loan-to-value are the most important criteria. Having savings in Skandia's bank can also contribute to the discount.

Skandia's three home mortgage promises:

- Open prices and discounts – no hidden terms
- Low mortgage rates without haggling
- Discounts without "best before" date

By providing a clear view of our home mortgage discounts we have taken an important step towards increasing competition in the Swedish home mortgage market and giving every home mortgage customer a picture of their interest rate discount in comparison with other banks.



“Skandia's initiative increases competition and is contributing to a more effective home mortgage market that works according to the customers' terms instead of the major banks'”, says Øyvind Thomassen, Head of Banking at Skandia.



Keen interest in Skandia's customer-elected Council of Delegates

With no fewer than 419 nominees, Skandia's Council of Delegates got off to a strong start. Of the 14 names selected by the nominating committee, seven delegates were elected.

All customers of Skandia's life company had the opportunity to vote. Ultimately it is the Council of Delegates that governs Skandia, such as by appointing the board for Skandia's life company.

Awards and distinctions

- **Innovation of the year 2014** awarded by *Privata Affärer* magazine for our initiative to post the average interest rate for our home mortgage loans, i.e., our transparent reporting of the discounts that we offer our home mortgage customers.



- **Senior bank of the year 2014** awarded by *Privata Affärer* for Skandia's customer care even after their premium payments end and it is time to begin withdrawing their pensions.



- **Life company of the year** Söderberg & Partners named us as life company of the year, among other reasons for the favourable returns we deliver to our customers.



- **Best Swedish fund analysis team 2014**

The magazine *Fondbranschen's* annual award for Sweden's best actor in fund and asset management analysis went this year to Skandia.

- **Sweden's best sustainability manager 2015**

Lena Hök was named as Sweden's best sustainability manager by the magazine *Miljöaktuellt*.

Skandia's role and actions in a changing world

As one of Sweden's largest banking and insurance groups, Skandia has deep roots in society, with extensive and long-term financial undertakings for individuals, companies and organisations.

Skandia's operations and our way of conducting business are distinguished by the motto "Tänk Längre" (think ahead). We think ahead when we offer financial security for individuals and companies in the form of pensions, insurance, and support in their day-to-day economies. We think ahead when we, as one of the largest institutional owners on the Stockholm Stock Exchange, advocate for sustainable investment of our customers' pension assets. Thinking ahead is also fundamental for our community involvement and through research and preventive measures using insurance logic to counter social exclusion and ill-health. It is our conviction that this creates a richer life for our customers and also makes a long-term contribution to strengthening the communities in which we work.

Stakeholder dialogues that provide insight

Skandia has a number of stakeholders who influence and are influenced by our operations to varying degrees. Carrying on a systematic, continuous dialogue with them is fundamental for gaining an understanding of their needs and expectations from us, but is also important for enabling us to set the right priorities in our work. The stakeholder group that influences our priorities more than any other is our customers, who in large part are also our owners. Other core stakeholders include our employees, suppliers and partners, society and environmental advocates.

Dialogue and opinion-shaping

A large part of our customer dialogue is conducted on a daily basis via advisory offices, customer service, our websites and social media. In 2014 we further broadened the opportunity for dialogue through intensive work on increasing customer influence (read more on page 8).

In 2014 a customer panel participated in surveys focusing on Skandia as a customer-led company. The panel was asked about the information we sent out prior to the first election of the Council of Delegates, Skandia's information about future pension payments, and customers' views on advice they have received in connection with their retirement.

Key issues for Skandia include health, socioeconomics, insurance and savings, and investment. Skandia is a driver of these issues by taking initiatives for opinion-shaping and dialogue with political decision-makers. Our engagement in societal issues is channelled through collaborations and participation in a range of organisations, including Insurance Sweden, the Swedish Insurance Society (SFS), the Swedish Bankers' Association, SWESIF, CSR Sweden, the Centre for Business and Policy Studies (SNS) and ICC Sweden. Skandia is represented on the boards of the five first of these and on the SNS Board of Trustees.



Stakeholder dialogues that generate valuable information and the basis for decisions

Stakeholder	Expectations from Skandia	What is customer-led Skandia doing?
Customers/owners	Favourable return and profitability, long-term and responsible in its actions, offer transparency and openness, good and accessible customer service regardless of channel, advice that looks after the customer's needs, close dialogue that safeguards integrity	<ul style="list-style-type: none"> • Develops customer influence whereby it is the customers who ultimately govern Skandia • Concrete initiatives in the form of transparent home mortgage discounts and elimination of up-front commissions • Report on accountability in the financial sector to study customers' views and priorities • Accessibility and digital solutions • Solicits customers' views via customer panel • Efficiency programme to lower costs • Expanding channels for dialogue
Employees	Offer competence development, career opportunities, good leadership, a good work environment, and promote health	<ul style="list-style-type: none"> • Offers career paths and development • Offers competence development • Preventing ill-health and offering healthcare and wellness programmes • Leadership development
Suppliers/partners	Clarity surrounding agreements and fees, strategic partnerships, offer training and good working conditions	<ul style="list-style-type: none"> • Good business ethics • Clear contractual and business terms and conditions • Purchasing processes with sustainability requirements • Monitoring collaborations and business partners
Society	<p>Research, take responsibility as complement to social welfare systems, create jobs, promote financial stability, counter corruption, good business ethics</p> <p>Develop and run partnerships aimed at finding solutions to societal problems</p>	<ul style="list-style-type: none"> • Asset management with stable performance and bonuses • Contributing to research and education in ill-health, social exclusion and economics • Driver of municipal network for social investment and offering a calculation tool free of charge • Creating awareness about the cost of social exclusion • Publishes the "Wallet index" and "Senior barometer" • Publishes the "Sweden study" • Advocacy and collaboration in our industry • Advocacy and collaboration in civil society together with partners • Participation and activities at Almedal Week and Folkemödet
Environment	Contribute to lowering carbon emissions, greater biodiversity through care for water, air, forests and land. Responsible extraction and use of natural resources	<ul style="list-style-type: none"> • Sets environmental standards in supplier chain • Investing in renewable energy • Sets environmental standards for investments • Creation of a sustainability profile to help customers make well-informed fund choices • Purchases of green electricity for office buildings • Purchases of ecolabelled products and services • Carbon offsetting via forestation scheme

The customer-elected Council of Delegates is Skandia's highest decision-making body

Skandia is ultimately governed by the Council of Delegates, whose members have been nominated and elected by our 1.4 million voting customers. Customers with savings in Skandia's traditional life company have voting rights. Skandia's Council of Delegates exercises the ownership function and sets the direction and goals of the business. In addition, the Council of Delegates appoints the board of directors of Skandia's parent company, which in turn appoints the President and CEO.

The first election of delegates was held in spring 2014. In all more than 14,000 customers nominated and voted for seven representatives on the Council of Delegates, which will be gradually expanded to its full number of 21 delegates by 2016. Skandia's Council of Delegates is structured in such a way as to have the capacity to act while at the same time representing the diversity of its constituency. All delegates are nominated and elected directly by the customers/owners and have a three-year mandate.



Customer feedback strengthens Skandia.

All of Skandia's customers can be involved and have a say. For Kajsa Nordborg, whose job is to promote customer influence in Skandia, the customers' suggestions, questions and opinions are of utmost value and strengthen Skandia. The goal is to integrate customers' views with Skandia's priorities for increased, customer-led development.



What areas do customers see as being most important for being able to exercise their influence?

– We have identified four main areas that customers want to influence. They want influence over how the company is governed, and in this respect we have already made great progress, as Skandia is now ultimately governed by our customers through their representatives on the Council of Delegates. Customers also want influence in product and service development. And they have clear expectations regarding our advice and support as a fundamental channel for heeding their opinions and feedback. Our absolute ambition is that all dialogue between us and our customers will be simple and meaningful. In addition, customers see value in Skandia's ability to take a personal involvement in affecting societal development, such as through the Skandia Ideas for Life foundation and Volunteer Portal.

What are the main channels for customers to exercise their influence?

– Naturally, customer service is a central channel that is accessible via phone, e-mail, chats and social media such as Facebook and Twitter, 18 hours a day, seven days a week. All types of feedback are welcome, both positive and negative. Our starting point is that criticism give us an opportunity to correct

things and make improvements. In everything we do, we should be as transparent as possible, and one tool for achieving this is Skandia's blog, which is a channel we use to post questions that have been submitted and to discuss possible actions. One feature we added during the year is the "Share your views" function on Skandia's mobile app, where staff are on hand to answer customers' questions. Our dialogue is transparent for everyone, which enables us to create an interaction between customers.

What are some of the difficulties in developing customer influence in practice?

– Being a customer-led company carries obligations, and in fulfilling these we must be as open as possible. One important initiative we've taken is that we are the only bank that posts transparent home mortgage discounts. We openly communicate what we base our discounts and rates on, and customers can influence their discounts themselves through the extent of their savings and other business they do with us. In the long-term I think that this openness will boost confidence in Skandia.

Material aspects for a customer-led Skandia

The materiality analysis is an aggregation of the aspects that Skandia believes to be strategically important as well as those that our stakeholders consider to be the most important. The result is broken down into six areas that encompass the most material aspects that Skandia must manage and communicate with respect to sustainability.

Skandia's materiality analysis is based mainly on a dialogue with stakeholders and views from people in our operating environment. The questions have been identified with the help of customer surveys and analyses of the expectations that customers and other stakeholders have for financial actors. In this context, Skandia's special report on accountability in the financial sector (see page 16) has been a key source of information. The analysis is augmented by a compilation of relevant questions for the financial sector that have arisen in the media and on the political agenda. Added to this is an internal process of continuously testing and building consensus surrounding the analysis of the most material aspects for Skandia. This is a process that is coordinated by Skandia's sustainability department and which involves employees from all units. During the year we conducted internal workshops with every unit in Skandia in an effort to come to a joint understanding of sustainability issues and calibrate the materiality analysis.

Prioritisation of the most material aspects

Skandia's most material aspects are broken down into the six areas outlined below. The first three can be said to be distinctive for us as a company. As a customer-led group we are subject to high demands for being transparent about how our work creates enduring customer value. Ensuring responsible investment is a pressing issue in an industry that is built upon trust. Our business complement the public welfare system, which entails that we act upon challenges to the public welfare. We take social responsibility by driving initiatives that prevent ill-health and social exclusion. In this work we collaborate with the Swedish Association of Local Authorities and Regions (SKL), with individual municipalities and county councils, and with non-profit organisations.

Our ability to manage environmental impact, employer issues and business ethics is also believed to influence our stakeholders' views of and confidence in Skandia as a responsible company. It is of utmost importance for us to explain how we handle these aspects and to report on our results in these areas.

Six areas that summarise Skandia's most material sustainability aspects



Transparency and long-term approach in customer relationships

Ensuring the best long-term outcome for customers and doing so in an open and comprehensible manner.



Responsible investments

Responsible investment of customers' capital to promote favourable returns while taking consideration for the environment, social responsibility and ethics.



Social responsibility

Helping to improve society in a positive direction by preventing ill-health and social exclusion.



Environmental responsibility

Reducing our environmental impact.



Long-term employer

Creating a workplace and culture distinguished by health, development and diversity.



Business ethics

Building trusting relationships with suppliers and partners by adhering to laws and regulations, and acting in an honest and fair manner in general.

Overarching goals and strategy for sustainable development

For Skandia, sustainability is a matter of ensuring long-term competitiveness and success through responsible business. Sustainability is the foundation of our ability to fulfil our obligations to our customers. Our vision is to contribute to a richer life for our customers – both today and in the long term.

When we talk about responsible business at Skandia, we mean conducting operations in accordance with our corporate values. Thinking ahead is at the core of our offerings and permeates our way of doing business and, not least, our sustainability strategy.

A savings company that thinks ahead

Skandia aspires to be a savings company. This includes defending our leading position in the corporate market and doubling our volume in the private market. We

embrace these challenges by being an innovative company that works for our customers' best interests. We must dare to challenge and develop the solutions and products that we see that customers want and need – today and in the long term. Skandia also aspires to provide the best customer experience by treating customers right, with the right offerings in the right channels. Our business strategy also calls for Skandia to be a long-term sustainable company.

Overarching sustainability goals Sustainability strategy

Sustainability work that creates long-term sustainable value

Make a positive contribution to societal development and be perceived as an active driver of social progress

Be among the leaders in addressing societal challenges with relevance for our operations

Transparency and long-term approach to customer relationships



Responsible investments



Social responsibility



Environmental responsibility



Long-term employer



Business ethics



Skandia's overarching goals for sustainability

Skandia is a strong advocate for sustainability in our industry based on the accountability issues identified by customers as having top priority. Our involvement should be evident in the societal context through our dedication of resources to foreseeing and preventing societal challenges with relevance for our business and role in society. Our investments and customer offerings should contribute to the well-being of individuals, companies and organisations – and by extension society – which benefits everyone. What is fundamental is to ensure value creation by conducting professional operations, ensuring compliance, and conducting systematic and forward-looking sustainability work that equips us to meet new challenges and expectations from our stakeholders.

Skandia's sustainability strategy

Skandia's sustainability strategy is helping us to develop from an occupational pensions company to a modern, customer-led savings company. This is being done by integrating environmental, social and economic sustainability in all aspects of operations, with special focus on the areas and goals that are relevant for Skandia's customers and owners. Areas in the strategy that have been identified as having particularly high relevance are transparency, a long-term approach to customer relationships, responsible investments, and social responsibility. Environmental considerations, being a long-term employer and business ethics are other areas that have been identified as being significant and which we regard as natural components of responsible business. Every area has an overarching strategic objective, while operational sustainability objectives have been set for 2015 and will be followed up as part of Skandia's business planning process.

Strategic objectives

With the industry's most modern and most transparent customer influence, our aim is to create a growing base of loyal and engaged customers. Build further upon offerings that are based on the customers' needs and that show that we are on the customers' side in our words and actions.

Work for sustainable value creation in all our investments, and promote favourable returns for our customers.

Actively influence social issues related to our operations in the aim of promoting societal development and preventing ill-health and social exclusion.

Conduct operations that reduce our ecological footprint in all areas and which influence others in our operating environment to take the environment into consideration.

Engaged, high performing employees who work towards joint goals with a firm footing in our values.

Have an approach to suppliers and partners that contributes to responsible business and instils confidence in Skandia.

Prioritised aspects

- Customer influence
- Responsibility for our products and services
- Relevant offerings that offer value for money
- Clear information and communication
- Transparency surrounding matters of relevance for customers
- Accessibility based on the customers' needs

- Sustainable, high and steady bonus for owners
- Active ownership
- Sustainability integrated in ownership policy, with clear processes and routines
- Joint influence with other actors within the framework of the UN's PRI
- Investments in areas such as infrastructure, renewable energy and cancer therapies

- Health promotion – individuals, organisations, communities
- Contribute to socially sustainable development through research, methodologies and tools for calculating the economic value of social investments
- Counter social exclusion and ill-health through social investments
- Support local non-profit projects

- Limit our adverse climate impact
- Sustainable use of resources
- Environmental considerations in our offerings and processes
- Sustainable buildings and city districts through our real estate investments

- Continue cultural journey – Tänk längre – in everything we do
- Healthy, highly engaged employees
- Participation and influence in efficiency improvement work
- Right competence for Skandia's strategic transformation

- Sustainability in the supply chain
- Clear demands and follow-up
- Fair business terms and conditions; anti-corruption
- Structured risk management

Read more

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Here's how Skandia creates value

Skandia's customers have a unique opportunity to influence. This affects our strategy, priorities, and how we work to create value. Our focus is on maximising customer benefit and ensuring transparency. We take a long-term approach and prioritise prevention. Through annual measurements, we and our owners can assess how well we have managed their assets and other value that our operations generate.

Customer-led

Skandia's customer-led model entails that there is no conflict of interest between the parent company's customers and owners. The 1.4 million customers of Skandia's life company elect a Council of Delegates, which appoints the Board of Directors, which in turn appoints the President and CEO. All operating surpluses go to the customers.

Transparent

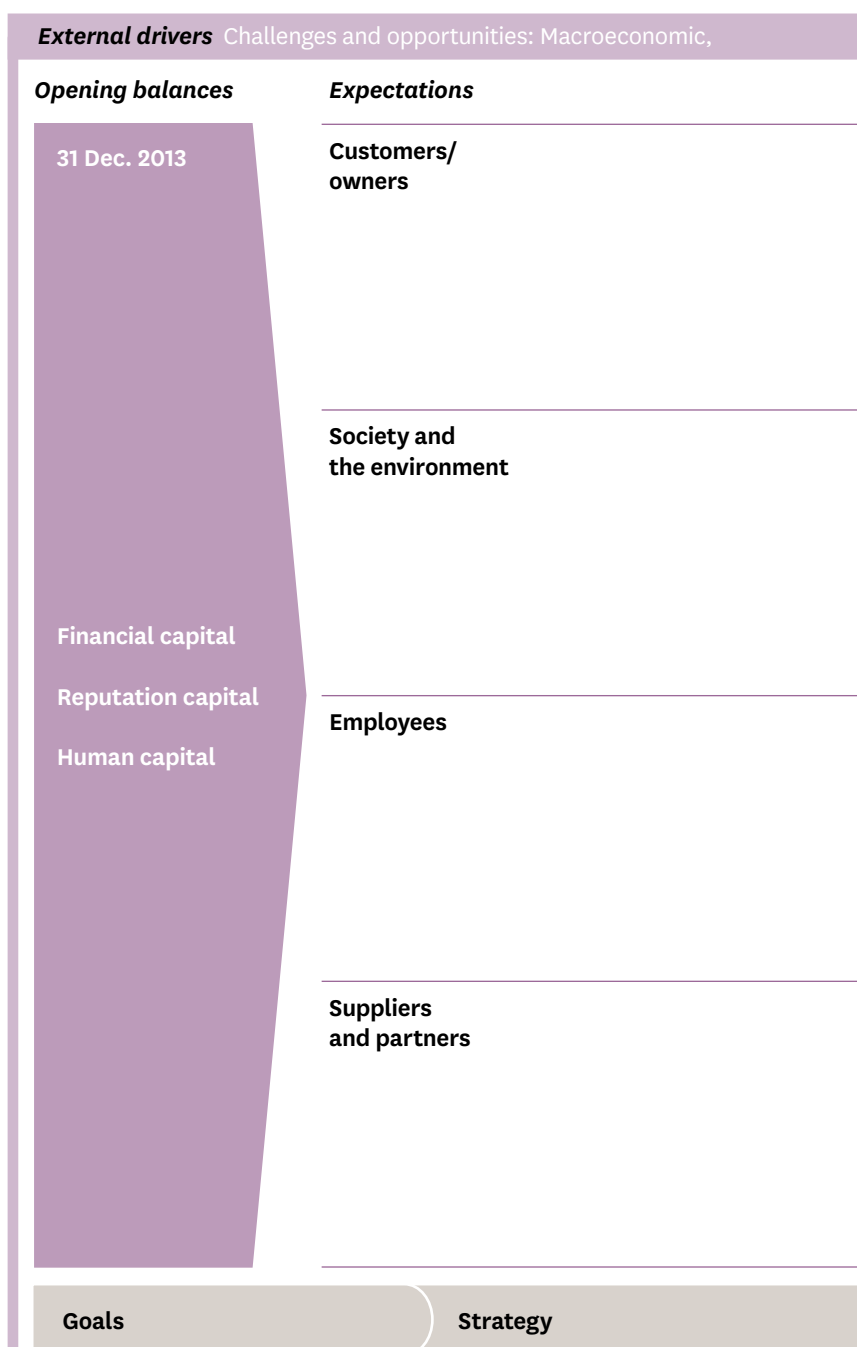
Transparency is a prerequisite for customers' ability to make informed choices. This is why we openly disclose the discounts we offer and the average interest rate for our home mortgages. We have eliminated salary bonuses. While our advisers have a certain level of variable compensation, this is openly disclosed in meetings with customers. The entire banking and insurance sector is affected by the macroeconomic situation, emerging laws and regulations, technological development and greater competition. In order to meet the challenges and opportunities facing the industry, a comprehensive process of change is under way at Skandia. We are making a concerted effort to be open and clear to employees as well as customers in all steps of this transformation.

Long-term

Skandia's relationships with customers are characterised by a long-term approach. Saving should provide stability for our customers, and our goal is to generate a sustainable, high and steady return. A long-term approach also applies in our relationships with employees. Skandia is a competence-driven business, and our employees are our most important resource. Investments in manager and employee development, mapping of resources and internal recruitment are examples of activities designed to ensure that Skandia has the right competence for the future.

Preventive

Skandia's preventive work permeates large parts of operations, ranging from prevention of social exclusion through social investments to prevention of ill-health through our Wellness Insurance and Company Health scheme.



Demand and competition, customer preferences, technological development, laws and regulations

How does Skandia create value?

Customer-led

- Customer-elected Council of Delegates appoints Skandia's board
- Operating surpluses go to the customers/owners
- Improved processes for complaints and opinions intended to improve things for customers
- More tools for customer dialogue

Transparent

- Transparent home mortgage discounts and disclosure of average interest rate
- Elimination of salary bonuses. Adviser salaries have a variable component
- Openness towards both customers and employees surrounding Skandia's change process

Tänk
längre

Long-term

- Stability surrounding savings – sustainable, high and steady bonus for customers
- No up-front commissions for external advisers
- High level of internal competence succession
- Development of real estate holdings with sustainability focus
- Investments in renewable energy production

Preventive

- Preventive measures for countering social exclusion, among other things in the form of social investments and active work on increasing cross-sectoral collaboration between various societal actors
- Prevention of ill-health through Skandia's Wellness Insurance and Company Health initiatives
- Competence development that benefits customer interaction

Closing balances

31 Dec. 2014

Financial capital

Reputation capital

Human capital

Value created

Customers/owners

- High bonus rates
- Pension payments
- Improved SQI score for home mortgage loans
- Responsible lending
- Sustainable asset management
- Advice and customer meetings on customers' terms
- Healthier customers
- Lower premiums due to lower illness frequency
- Improved reputation

Society and the environment

- Taxes
- Financial competence
- Fewer days on sick leave
- Lower energy consumption and larger share of green electricity
- Research into causes of ill-health and social exclusion
- Support for municipalities in social investments
- Environmental assessments of real estate
- Sustainability-assessed assets
- Carbon offsetting
- Financial stability

Employees

- Salaries and benefits
- Competence development
- Improved total index score in the year's employee survey

Suppliers and partners

- Satisfied distributors
- Compensation for fostering customer relationships
- Sustainability-assessed suppliers

Strategies Priorities 2014

Activities

Outcome

Goal fulfilment

A savings company that thinks ahead from the standpoint of the customer's needs

Customer influence and building long-term relationships are central parts of Skandia's sustainability work. We are convinced that our customers' involvement and influence in Skandia's offering and operations give us a unique opportunity to contribute to a richer life. All operating surpluses – every penny – go to our customers.

Skandia's overarching mission is to maximise value for the customers of Skandia's traditional life company. This entails ensuring an ability to run the business and manage assets in such a way that we always meet our obligations to our customers. By being transparent, accessible and clear about our long-term undertaking, we are striving to win our customers' trust.

Skandia as customer-led company

Working as a mutual company entails an alignment of our customers' and owners' interests, since the shared goal is to generate a long-term return. We are owned by the 1.4 million customers of Skandia's life company, and their insight and influence are at the core of the company form.

Customer influence in practice

Working with customer influence in practice entails ensuring that feedback and views are disseminated throughout the organisation for action. Accomplishing this requires a modern infrastructure that employs effective processes to help us document and systematise information. Another priority area involves adapting services and communication to customers' digital behaviours, such as by offering a website with interactive application processes, digital signatures, and digital communication.

The goal of increased digitalisation is to achieve higher cost effectiveness, which benefits our customers through lower fees and higher surpluses. The actual customer influence can be exercised through a multitude of channels, where Skandia's customer service has a given role. Additional channels for influence include various associations and forums, such as Skandia's municipal pension council, which gathers customers in the public sector, the customer panel for municipalities and county councils, and ProSkandia, a policyholder association dedicated to advocating the interests of traditional life policyholders.

Measurement scores that help us develop and improve

Closely analysing and streamlining the handling of customers' views plays a central role in the ongoing development of Skandia's offerings, customer service and communication. To ensure that we are on the right path, we measure customer influence in a variety of ways. With respect to governance of Skandia, we can measure customers' involvement in the nomination process and participation in delegates elections. We can identify the general level of customer activity, for example, by measuring their input in any of our channels. We can measure customer satisfaction based on calls to our customer service department, through the Customer Satisfaction Index (CSI), and the Customer Satisfaction Index for businesses (CSI-B). The Reputation Barometer provides important input regarding our understanding of how Skandia is perceived by the general public. For further information on our work with customer influence, see page 8.

It should feel good to be a customer of Skandia

As a customer-led company, Skandia has an important duty – to advocate for customers' interests also at the industry level. A few examples of industry initiatives in which Skandia has been a key driver are the Minpension.se pension portal, the benefits calculator, and the Financial Coalition Against Child Pornography. One important initiative has been Skandia's decision to eliminate up-front commissions that are common in the industry. We believe that commissions should be designed in such a way as to always promote the customer's long-term interests. In our view, advisers should earn their pay through long-term customer relationships in which a premium is attached to customer satisfaction. The total transparency surrounding our home mortgage discounts is another example, entailing that Skandia is now the first and only actor in the Swedish market that provides the degree of openness

12

billion kronor in pension payments from Skandia's life company in 2014.

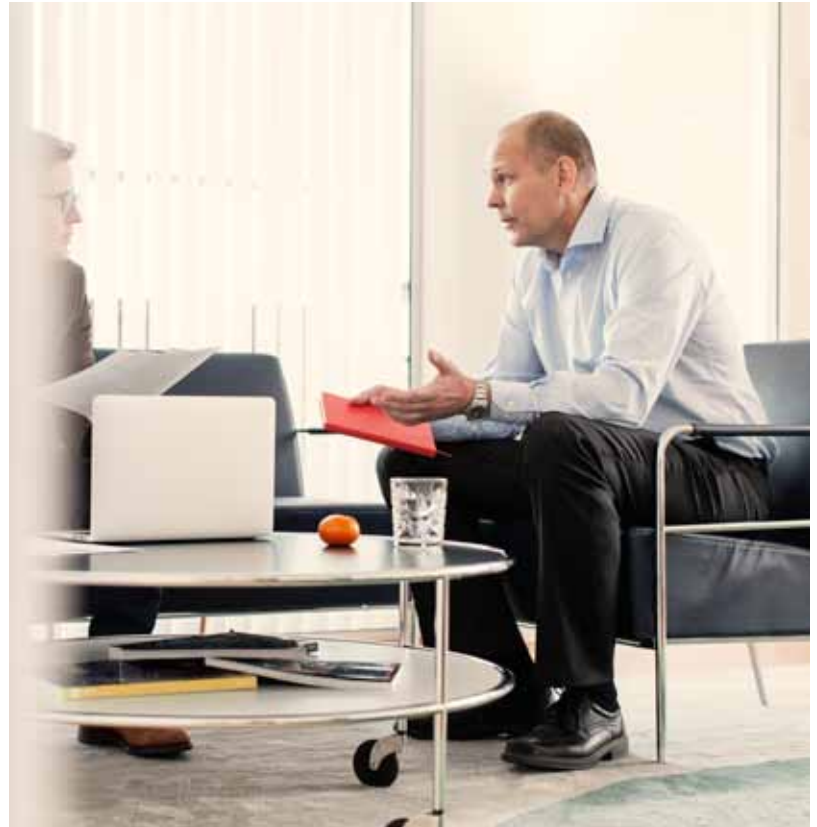
surrounding its pricing of home mortgages that the Financial Supervisory Authority has indicated should apply for the entire industry.

Ethical and correct conduct fundamental for the industry

Skandia's operations in Sweden are under the supervision of the Swedish Financial Supervisory Authority. The laws that Skandia's advisory activities are subject to require that advisers abide by a duty of care, duty of adaptation, duty to advise against certain actions, and a duty of information. This means that our advisers are obligated to provide sound advice based on each individual customer's unique situation, including an obligation to advise against unsuitable decisions. To ensure that advisers have the requisite competence to offer advice on all of Skandia's banking and insurance offerings, Skandia requires that new private and business advisers attend a ten-week internal training programme. In addition, all of Skandia's advisers are licensed by SwedSec and have a life assurance diploma as certification of their competence in rules and regulations surrounding financial products. Skandia also has a tried-and-tested set of routines for following up externally brokered business in order to ensure access to high-quality external intermediaries and satisfactory customer documentation.

Clear routines for opinions and complaints

Despite good intentions, it nevertheless happens that customers may not be satisfied with a decision by Skandia. When this happens, customers are instructed initially to turn to the person who handled their matter. Secondly they can contact Skandia's Customer Ombudsman for an independent and impartial review, free of charge. The Customer Ombudsman reviews the handling of the case and can recommend that Skandia change its decision if there are factual grounds for another opinion. During the year, an upgrade of the complaints system led to a number of improvements, including the publication of more comprehensive and detailed internal monthly reports.



In 2015 the ambition is to increase internal access to the system, which will allow us to perform analyses of complaints with better documentation for remedial action. In addition, Skandia has an internal disciplinary board tasked with improving the company's internal processes surrounding advisory requirements.

Prioritised aspects

Transparency and long-term approach to customer relationships

- Customer influence
- Responsibility for our products and services
- Relevant offerings that offer value for money
- Clear information and communication
- Transparency surrounding matters of relevance for customers
- Accessibility based on the customers' needs



Examples from our operations

Skandia addressing accountability issues that consumers think are most important

In a special report produced by Skandia during the year, important information about key issues for customers was learned. The report's findings also confirmed for Skandia that the constructive initiatives we have taken are moving in the right direction.

The Report on Accountability in the Financial Sector, produced by Skandia in collaboration with the research firm Sifo, comprised 80 questions asked of 4,000 Swedish consumers, who were given the opportunity to share their views of the financial sector as a whole. Three distinct issues in particular were identified as high priority concerns by consumers. With respect to executive bonuses and compensation, nearly eight in ten consumers feel that the financial industry has acted irresponsibly. What's most alarming is that consumers feel that the prevailing bonus models contribute to short-term thinking. When the customer-led Skandia was formed in 2012, one of the first decisions we made was that no bonuses or variable remuneration would be paid to senior executives. The report also showed that a majority of consumers feel that actors in the financial sector put their own short-term goals ahead of long-term customer benefit. As a customer-led company we do not have such a conflict of interest between our customers and owners, since our surpluses accrue to the customers. A third problem is the perception that actors in the financial sector fail to disclose important information. Many feel that there is a lack of clarity regarding advisers' compensation vis-à-vis what they deliver. Skandia's decision during the year to eliminate up-front commissions for advisers and the introduction of full insight into home mortgage discounts



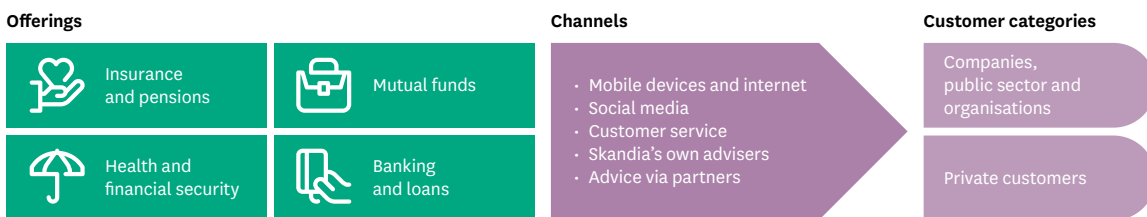
are two examples of initiatives that clearly meet customers' expectations with regard to accountability.

The accountability report is posted in its entirety (in Swedish) at [www.skandia.se/om skandia/pressrum/rapporter](http://www.skandia.se/om-skandia/pressrum/rapporter)

“ *The report points to the areas that consumers feel are most important for the financial sector to address. Skandia has already taken action, such as by eliminating bonuses for all Skandia executives and launching fully transparent home mortgage discounts for our customers. But I humbly admit that we have a long journey ahead in which we and other actors in the financial sector have much more to do.”* Bengt-Åke Fagerman, President and CEO of Skandia.

Skandia's offering to create customer benefit

Skandia's array of solutions in savings, pensions, financial security and everyday finances aims to create the best possible benefit for our customers.



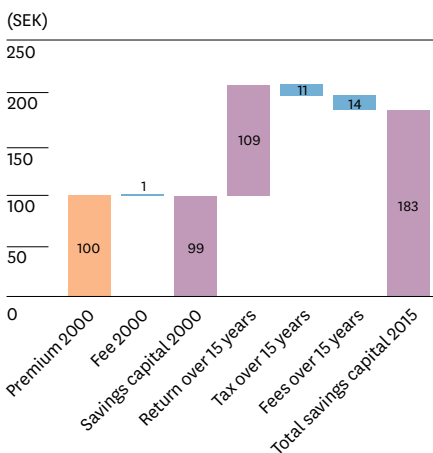
Insurance and pensions
Skandia has been a provider of traditional life assurance for 130 years and offers secure, traditional life savings that guarantee customers a set amount when their policies mature. If the invested capital that has generated a return is greater than our guaranteed obligation, the customer receives a bonus. As a mutual company, all of our surpluses accrue to the customers.

Health and financial security
Skandia offers financial security in the case of accident, illness and death through disability insurance, accident insurance and life assurance. What distinguishes Skandia's offering is a combination of wellness and health insurance, where major emphasis is put on preventive measures.

Mutual funds
Mutual funds and custody account management are offered by Skandia's bank and as part of certain insurance solutions. These consist of a wide range of funds under Skandia's management, an offering of specially evaluated funds, and a fund supermarket with some 800 externally managed funds. For all of the funds, the goal of asset management is to promote favourable returns and is characterised by long-term focus, financial security, and consideration for environmental, social and ethical aspects.

Banking and loans
Skandia's bank is a central part of our offering in Sweden and Norway. It is a full-service bank focusing on the retail market with an offering of advice and services for customers' everyday finances as well as home mortgages and equity and fund trading.

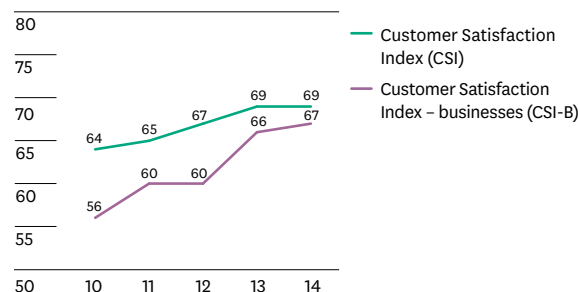
Growth of a hundred kronor



The example above illustrates the growth of a SEK 100 savings premium in Skandia's traditional life company. The chart shows the growth in this savings capital after 15 years, less fees and tax. The return has averaged 4.2% per year.

Results 2014

Skandia and customer satisfaction



75

Number of questions submitted to Skandia's customer panel in 2014.

1.7%

Average interest rate for a home mortgage from Skandia's bank (December 2014).

Key ratios help provide a better understanding of Skandia's business

The taxonomy of banking and insurance can sometimes be difficult to understand. The following presentation explains some of the terminology that Skandia uses along with certain key factors that affect the return on pension savings and the interest rate discounts we provide to customers for their home mortgages.

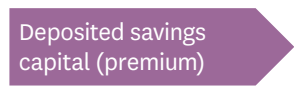
Factors that affect the return on pension savings

Deposited savings capital (premium): The capital (money) that the customer invests in savings is called the premium.

Investment of capital: Paid-in premiums are invested in various asset classes, such as bonds, equities and real estate. Overall, the investment portfolio is designed to be robust and well-balanced, so that it can benefit from fluctuations in the market.

Solvency: This shows the value of the insurance company's total assets compared with the value promised to customers in the form of future, guaranteed benefits. A high solvency level indicates that the insurance company's assets amply exceed the obligations the company has to its customers. The higher the solvency level, the greater share of capital can be invested in assets that can generate higher returns, such as equities. But it also entails a higher level of risk.

For pension savings with traditional life management, Skandia takes responsibility for investment of the policyholders' money. The return on this capital is affected by a number of factors.



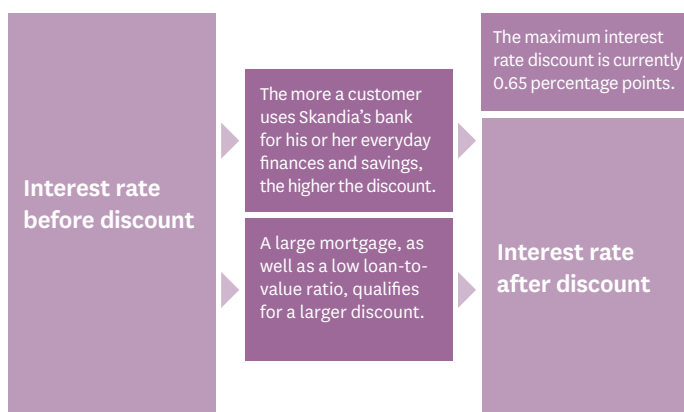
The chart on page 17 illustrates an example of a customer's premium broken down into savings, fees and taxes.

161 %
Skandia's solvency in 2014
 Skandia's solvency has been high for a long number of years. This has enabled us to invest a larger share of our customers' capital in equities, which in turn has resulted in a high, average return.

Transparent, individual discounts on home mortgage rates – here's how it works

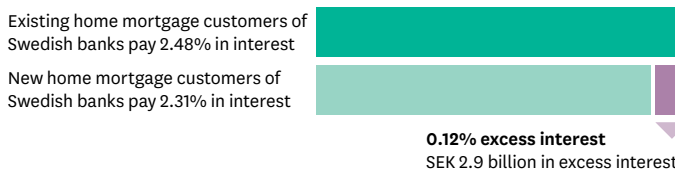
The interest rate that a customer of Skandia's bank pays on his or her home mortgage depends on how high the regular rate (the list rate) is and how much of an individual interest rate discount the customer qualifies for. The discount depends on the following factors:

- The home's value in relation to the amount of the loan
- The loan amount
- If the customer uses Skandia's bank for his/her everyday finances
- If the customer saves regularly with Skandia's bank



Swedish home mortgage customers pay too much in interest

Skandia has estimated that Swedish home mortgage customers pay approximately SEK 2.9 billion too much in interest every year to the banks. We feel it is important to show that this is a real problem that costs bank customers large amounts every year. If customers do not remain personally active, the interest rate discounts they were once promised disappear after a few years. Based on data from Statistics Sweden, Skandia's calculations show that during the period January–August 2014, new home mortgage customers of Swedish banks paid an average rate of 2.31%. During the same period, existing home mortgage customers paid the banks an average rate of 2.48%. A small portion of the difference can be attributed to timing effects, while the remaining 0.12 percentage points is due to the banks' removing the discounts for customers who tire of negotiating year after year. The aggregate value of home mortgages in Sweden was SEK 2,430 billion as per August 2014.

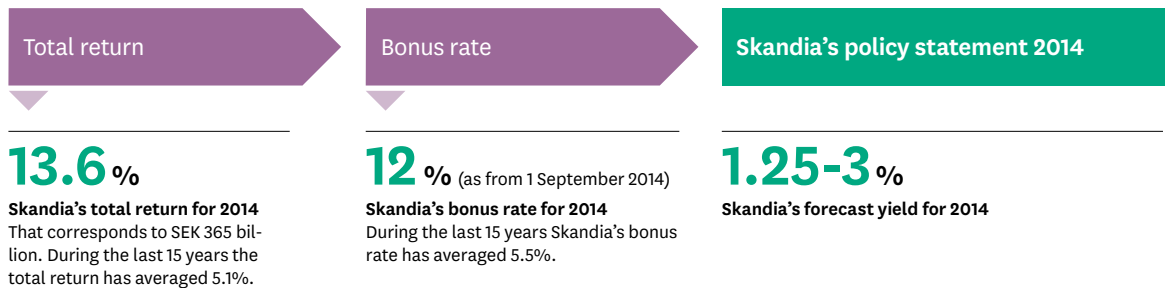


Total return: Describes the combined change in value of the assets that Skandia invests for the benefit of its customers (increase or decrease), typically over a period of one year.

Bonus rate: Bonuses are an estimation of how much more we can pay out to our policyholders. It represents a yield and is based on the company's assessment of how much the managed assets have increased in value during a given year. The bonus rate is a smoothing of the return over time.

Annual policy statement: The customer's annual statement of policy shows the performance of his or her savings during the year.

This also includes a **forecast yield**, which is a conservative assumption of the future return. The aim is to steer disbursements so that they are as even as possible. Adjustments are therefore made of the forecast yield on a regular basis to reflect the prevailing economic climate.



Individuals supporting each other – the keystone of insurance

All forms of insurance involve a mutual spread of risk among a sufficiently large group of individuals and over time, to jointly cover costs. The larger and more homogenous the collective body of policyholders is, the more certain we can calculate future benefits and the premium required. Every new risk that must be borne by the insurance collective must also be weighed into what the cost is to cover it.

Here's how Skandia works:

Favour existing savers

Owing to Skandia's exceptionally high bonus rate, towards the end of the year we decided to set a temporary cap on contributions to our traditional life assurance in order to counter speculation at the cost of the existing body of policyholders. We attach priority to long-term relationships and equitable treatment by making sure that growth in value accrues primarily to the existing policyholders who have jointly built up the capital over the years. The temporary cap on contributions was instituted in December 2014.

Transfer rights

For Skandia's pension insurance policies taken out by private individuals, full transfer rights apply. Each and everyone who has a private pension policy with Skandia can transfer it to another form of savings or to another insurance company. However, for people contributing to occupational pension plans with Skandia, there are limitations to the transfer right. This is because Skandia wants to protect the assets of the larger collective body of policyholders. Individual investors should not be able to profit at the cost of the insurance collective by transferring their insurance capital.

Sustainable value creation in our investments

Skandia has been entrusted by its 2.5 million customers to manage assets worth SEK 548 billion. We have a fiduciary duty to maximise the value of these holdings based on balanced risk assessment while at the same time taking ethical, environmental and corporate governance issues into consideration. Our ambition for responsible investment is to work for long-term value creation.

Skandia's corporate governance policies serve as the foundation for our conduct as a shareholder. The companies that Skandia invests in must follow a number of established international conventions, including:

- The UN Universal Declaration of Human Rights
- The UN Convention on the Rights of the Child
- Conventions against bribery and corruption
- The ILO Core Conventions
- International environmental conventions

With respect to certain controversial sectors, products or industries, Skandia has opted to refrain from investing. The group's ownership policy stipulates that no investments may be made in companies that produce tobacco or weapons such as cluster munitions or landmines, in accordance with the following conventions:

- The Convention on Cluster Munitions
- The Ottawa Convention (landmines)
- The Biological and Toxin Weapons Convention (1975)
- The Chemical Weapons Convention (1997)

Skandia also wants the companies we invest in to adhere to the principles of the following non-binding codes:

- The UN Global Compact
- The OECD Guidelines for Multinational Enterprises

We also expect the companies that we invest in to report on their sustainability work in accordance with an acceptable standard, such as the Global Reporting Initiative (GRI).

Strategy for investments intended to generate a favourable, stable return

In an operating environment that is anything but stable, success at continuously delivering a steady, favourable return for our savings products presents a constant challenge. Having a highly diversified portfolio is a key success factor in Skandia's strategy, which aims to create balance and generate a more stable return through a combination of traditional and alternative investment classes. In addition to equities, fixed-income securities and real estate, Skandia's life company invests in alternative asset classes such as unlisted shares, commodities and infrastructure. By diversifying investments – both across geographical areas and various asset classes – a spread of risk is achieved with the potential for higher returns.

Bonus rate smooths out customers' returns

The investment portfolio in Skandia's traditional life company is well-balanced and structured to pay a high return for the risk we take, and sufficiently robust to generate a steady, stable return regardless of the rate of inflation or fluctuations in markets or the economy. We see this as the absolute most important factor for long-term performance and as a prerequisite for our ability to meet our obligations to our customers. It has also made us one of the few life assurance companies to maintain a strong solvency level over a long period of years. The fact that we also smooth out the return using the bonus rate entails

O SEK

in reallocations
Skandia has never had to make a reallocation, i.e. reduce the value of customers' insurance capital.

Prioritised aspects

Responsible investment

- Sustainable, high and steady return to our owners
- Active ownership
- Sustainability integrated in ownership policy, with clear processes and routines
- Joint influence with other actors within the framework of the UN's PRI
- Investments in areas such as infrastructure, renewable energy, and cancer therapies



that short-term ups and downs in the financial markets are less noticeable for customers. One a few traditional life companies use this technique to smooth out returns using the bonus rate. The value for our customers is that Skandia's traditional life company has never made a so-called reallocation, i.e., lowered the value of the policyholders' insurance capital.

Integration of sustainability

When it comes to many of the world's listed companies included on the MSCI All Country World Index and the SIX General Index, Skandia assesses them based on the criteria of our ownership policy. All portfolios containing equities are screened on the basis of sustainability criteria. In companies in which Skandia is a shareholder, we work systematically with corporate governance. In cases where a company deviates from the guidelines of our ownership policy, Skandia's basic position is primarily to advocate for change and development through active ownership in the form of direct dialogue with the company's management and board nominating committees. For investments in certain foreign companies and companies in which we have a smaller holding or have indirect ownership, our opportunities to influence are more limited. In such cases our aim is to find other ways to drive change, for example through collaboration with other owners or organisations, such as our participation as a signatory to the UN's Principles for Responsible Investment (PRI).

Ethical investment council

Skandia's corporate governance regarding responsible investment is coordinated primarily by our ethical investment council. The council consists of representatives from the subsidiaries, representatives from Skandia's investment areas, Skandia's Head of Sustainability, and external sustainability experts. The council meets quarterly to discuss current events and companies which in our sustainability review have deviated from the criteria in Skandia's ownership

policy. Such companies may subsequently be put on a special watch list. The work of the ethical investment council is reported on a regular basis to Skandia's sustainability council.

Skandia's fund company also refrains from investing in certain companies for ethical and environmental reasons as a fundamental principle. This principle applies for all direct investments in Swedish and foreign equities and in corporate bonds, but not for indirect investments such as in fund units and derivatives.

People in our operating environment helping us to be better

During the year, Skandia received criticism for a deficiency of advocacy work and for the absence of sustainability reviews for the entire equities portfolio, given the breadth of our holdings. We take this criticism with the utmost seriousness and believe it is urgent to remedy. As a result, Skandia has changed its review routines, which now cover the life company's entire equities portfolio, including indirect ownership. We also plan to increase our level of advocacy work. An important step in this work is to clarify our positions regarding responsible investment and transparency surrounding how sustainability is integrated in investment decisions.

In addition, in 2014 a sustainability review was begun of the group's externally managed funds, and this work is continuing in 2015. We have clarified our expectations on our external asset managers regarding sustainability issues and our view of how environmental considerations, social responsibility and corporate governance issues should be integrated into asset management. Skandia's fund company also plans to step up its advocacy work in more companies.

Partnership for sustainable value creation

Since 2009 Skandia has been partnering with some of Sweden's biggest investors in the cross-sectoral Sustainable Value Creation Initiative. The initiative-takers behind Sustainable Value Creation represent some SEK 5 trillion in assets, of which SEK 650 billion are represented on Nasdaq Stockholm.

Retirement savings with sustainability profile

Skandia, in collaboration with a number of financial actors, has been a driver in SWESIF's work on developing a sustainability profile that is making sustainability information about mutual funds more uniform and easily accessible for investors. The profile includes sustainability criteria that are used for fund management, which facilitates comparisons between funds. This gives investors a quick and convenient means of seeing how funds that use environmental/ethical scorecards perform in comparison with international norms, whether they exclude sectors or industries, and what steps the fund manager is taking

to influence and monitor companies with respect to their work with the environment, social aspects and business ethics.

In Norway, Skandia offers a special ethical scorecard to help customers make conscious choices with specific focus on ethics, the environment and social responsibility. Based on Skandia's Norwegian ethical scorecard, no funds with a negative score are included in the fund packages that we actively recommend to customers.

Examples from our operations

An investment philosophy that endures

Having a high share of alternative investments is a unique feature of Skandia's portfolio – something which, together with traditional asset classes, is a strength in a volatile financial market.

Skandia's asset managers can rely on a clear philosophy that not only provides scope for flexible and swift action in response to events in the external operating environment, but also stipulates the parameters for the managers' risk-taking. In brief, Skandia's investment philosophy focuses on a long-term approach as the path to higher returns. The same applies for high-risk assets, where the aim instead is on having a diversified but balanced portfolio. The ability to assess assets ourselves when the market is not always right is also important. Last, but not least, active strategies are required for ensuring that our investments generate the highest possible return for our customers.



Ideas for Life fund

By saving in Skandia's Ideas for Life fund, our customers can contribute to concrete initiatives for children. Every year 2% of the fund's value is donated to the Skandia Ideas for Life foundation, which in turn supports research and non-profit projects focusing on children and youth.

One of the projects to receive a grant is Berättarministeriet ("the Story-telling ministry"), which conducts writing workshops for children aged 8 to 12 in areas with high unemployment with the aim of inspiring them to express themselves and make their voices heard by conquering the written word. Berättarministeriet is just one example of a positive non-profit force that can support schools and teachers in their work.

Skandia excludes tobacco

Skandia's ownership policy stipulates, among other things, that Skandia does not invest in companies that produce tobacco or tobacco-related products. Our position is grounded in scientific research into the health risks associated with smoking. In the light of Skandia's insurance background, we are acutely aware of the health risks posed by smoking and the large, related costs for society. We have therefore chosen to exclude tobacco from our investments. This is also in line with Skandia's support of research on prevention of illness in collaboration with the Swedish Cancer Society.

Skandia's non-profit funds

Every year Skandia's three non-profit funds donate 2% of their net asset value to international environmental work (Skandia Världsnaturfonden), cancer research (Skandia Cancerfonden), and prevention of illness and social exclusion for children and youth (Skandia Ideas for Life fund). To date, the Ideas for Life fund has contributed SEK 63 million to the Skandia Ideas for Life foundation. Through their investments in Cancerfonden, Skandia's customers have contributed SEK 123 million to research via the Swedish Cancer Foundation. Skandia's Världsnaturfonden ("WWF fund") is one of the few fossil-free funds on the market and to date has donated approximately SEK 143 million to WWF.



The Sveavägen 44 building in Stockholm – environmentally certified by BREEAM.

Real estate as long-term investment

Our real estate in the form of commercial properties, public properties and residential buildings are gathered in Skandia's wholly owned real estate company, Diligentia. Real estate is a prime example of a long-term investment that has been a good deal for savers in Skandia's life company – for the sixth year in a row Diligentia's total return was higher than the industry average. For 2014 the return was 10.8%, which is slightly more than 2 percentage points better than the industry average.

Skandionkliniken – investment in pioneering cancer care

Skandionkliniken in Uppsala is the first clinic in the Nordic countries to offer proton radiation therapy. Proton therapy, a treatment method for cancer that previously was not available in Sweden, is both more effective and gentler than traditional radiation therapy.

The method offers decisive advantages for treatment near radiation-sensitive tissue and reduces the risk for damaging healthy organs. Skandia stepped in as the sole financier in 2012 by lending SEK 750 million to Kommunalförbundet Avancerad Strålbehandling (KAS) via a long-term social bond with a 20-year term. KAS was established to build up and run Skandionkliniken, which will serve cancer patients from throughout Sweden regardless of their place of residence. For KAS, Skandia's long-term funding solution was instrumental for its ability to build and run the clinic. Patient treatments will begin in 2015. KAS runs Skandionkliniken under contract from seven county councils. Long-term investments of this kind are a central part of Skandia's investment philosophy. As an investment

in a vital treatment method, the value creation benefits not only Skandia's customers in the form of a return, but contributes important social value to society, Swedish medical care, and afflicted cancer patients. Both the financial and social value creation were factored into the investment decision.



The cyclotron was hoisted into the Skandionklinik in spring 2013 – an important milestone on the journey to the first treatment in 2015.

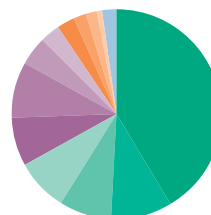
Infrastructure investments for sustainable value creation

Skandia is now directly funding the construction of new, Swedish wind power together with Vattenfall, in a joint investment of SEK 2 billion aimed at generating economic and environmental value. Infrastructure investments such as this generate a stable, long-term return that Skandia's savers benefit from when the time comes to lift their pensions. They also create value here and now by enabling a faster expansion of renewable energy systems.

Other examples of infrastructure investments by Skandia with a distinct sustainability focus include a solar power plant in Spain and investments in high-speed rail in France.

To date Skandia has invested a total of approximately SEK 3.5 billion in infrastructure assets. The ambition is to grow this sum gradually to around SEK 15 billion, i.e., roughly 4% of our portfolio (current valuation).

Skandia's life company's portfolio as per 31 December 2014



Swedish nominal bonds, 41.4%
Real estate (Diligentia), 9.7%
Swedish equities, 8.0%
Emerging market equities, 8.1%
Business strategic assets, 7.3%
Unlisted companies, 8.6%
North American equities, 4.5%
European equities, 3.2%
Pacific equities, 2.7%
Commodities, 1.8%
Inflation-linked bonds, 1.7%
Infrastructure, 1.1%
Other credit investments, 2.0%

Performance 2014

Parent company's investment portfolio

	2014	2013
Assets under management, SEK million	365,883	323,804
Share of assets with sustainability criteria	85% ²	77% ¹
Sustainability-assessed companies	>2,400	>2,400
Excluded companies	31	33

Active ownership

	2014	2013	2012
Skandia's participation in AGMs, number	51	58	61
Skandia's participation in nominating committees, number	12	16	28

¹ In 2013, sustainability criteria were reported only for equities. For 2014 we have broadened our reporting, and for the sake of comparison we have applied the same calculation method for 2013.

² In 2014 the reporting of sustainability criteria was broadened to include more asset classes. However, there are still no sufficiently adequate methods for e.g., unlisted equities and indexed derivatives. However, like all other assets, these are covered by Skandia's ownership policy.

³ In 2014 the reporting of sustainability criteria was broadened to include more asset classes.

Skandia's fund company

	2014	2013
Assets under management, SEK million	68,064	57,361
Share of assets with sustainability criteria	98% ³	93% ¹
Number of excluded companies	63	67
Number of non-profit funds	3	3
Managed assets in non-profit funds, SEK million	1,163	1,076

Exclusion list Skandia's fund company 2014

	No. companies
Environment	12
Human rights	10
Labour law	1
Controversial weapons	17
Tobacco	23
Total	63

Social involvement in combating ill-health and social exclusion

The most constructive and cost effective way to avoid risks or problems is to prevent them from arising in the first place. This is not only the basic idea behind insurance, but also Skandia's approach to working for positive social development. Regardless of whether it concerns our customers' health or initiatives within the framework of the Skandia Ideas for Life foundation, we strive to think ahead.

As a provider of pension and insurance solutions, aside from our efforts to prevent ill-health and social exclusion we are contributing to lower societal and insurance costs as well as to more financially secure and healthier individuals. This gives us an important role in society as a complement to the state social security system. We have the conditions to contribute the greater prosperity and welfare by conducting research and development on social issues that affect our operations.

Insurance logic also applies for our commitment to conducting socially sustainable development and countering social exclusion and ill-health. We believe that favourable effects can be achieved by preventing risks and problems. The greatest effects, we believe, can be achieved through collaborations between business, civil society and the public sector. In this respect we are working actively via the Skandia Ideas for Life foundation in an effort to boost cross-sectoral collaboration. In 2014 we supported more than 235 local, non-profit projects, and one in three Swedish municipalities have gained access to our research and calculation tool for social investments, free of charge. These are also offered to non-profit organisations that we collaborate with.

Skandia Ideas for Life foundation

The research and development work conducted by Skandia's foundations is handled through the sustainability department. The Skandia Ideas for Life foundation

serves as a hub for research and development on societal problems that affect our business. The Skandia Ideas for Life foundation has the following focuses:

- Promote innovation through research and methods development aimed at countering ill-health and social exclusion
- Support non-profit projects through grants, voluntary work, tools and networks
- Develop methods that strengthen children and youths' self esteem

Methods for calculating the value of preventive work

The consequences of social exclusion and dependence on public assistance, such as due to ill-health that leads to long-term sick leave, unemployment or substance abuse, are painful for the individual. They also have an enormous cost for society. Prevention is often possible, which creates both human and economic gains. This insight is the starting point for the research and methods development that the Skandia Ideas for Life foundation has been a driver of for nearly 30 years. In addition to methodically analysing which social initiatives generate social and economic effects, additional steps have been taken by quantifying what this means in terms of costs as well as the gains achieved by social investments.

Social investments as a way of lowering societal costs

We adhere to an investment logic in which it is important to show the effect of every invested penny.

90

municipalities use the Skandia Ideas for Life foundation's tool for calculating social investments.

Prioritised aspects

Social responsibility

- Health promotion – individuals, organisations, communities
- Contribute to socially sustainable development through research, methodology and tools for calculating the economic value of social investments
- Counter social exclusion and ill-health through social investments
- Support local non-profit projects



The ambition is to get more decision-makers in the public sector to realise that the most cost effective way of addressing ill-health and social exclusion is to make sure they don't occur. A basic idea behind preventive measures for at-risk children and youth is to change the approach and perspective by regarding these measures not as costs, but as social investments. We do this by showing the costs for various forms of social exclusion. Parallel with this, we highlight the value and gains generated by preventive measures.

Research that shows the price of social exclusion

As a result of research and methodology development, today we know more about what its costs to fail to rescue people from ill-health and social exclusion and the gains that can be made from preventive work. Through research we are also building a base of knowledge about measures that are most effective for countering social exclusion and the about various measures' degree of cost effectiveness. We have thereby created a model for working in a structured manner with methods and calculations for social initiatives, and above all for sharing this knowledge with key actors in society. We are especially proud about the keen interest in the socioeconomic training programmes that have been developed for municipalities and public sector actors.

Training for municipalities and county councils

During the year, the Skandia Ideas for Life foundation – together with the Swedish Association of Local Authorities and Regions (SKL) – arranged a number of training courses with municipalities regarding social investments. Since the foundation first launched the training courses in 2008, more than 90 municipalities, county councils, and regional and municipal agencies have participated and gained access to our calculation tool. Together with various specialists, Skandia has developed methods, calculation tools, and instructional and study material. Using these tools they can perform their own socioeconomic assessments using key inputs such as their own actual costs and key ratios to come up with results that are applicable in their specific situations.

Municipal network for social investments in Sweden and Denmark

The foundation runs a municipal network for social investments in Sweden and Denmark, dedicated to continuing education, reflection and the sharing of experience through regional and national meetings.

In 2014, a calculation tool for social investments was also launched in Denmark. The Skandia Ideas for Life foundation is now also conducting a pilot project for social investments in a number of Danish municipalities.

Forward-looking real estate company for community service

Yet another side of Skandia's contribution to social development is represented by Diligentia, Skandia's real estate company, which owns and manages properties used by the public sector for healthcare, education and nursing. Diligentia performs sustainability certifications of all major renovations and contributes to a more sustainable society through close collaboration with numerous stakeholders.

The Skandia Ideas for Life foundation also supports local, non-profit projects focusing on preventive measures for children and youth. This includes the personal involvement of Skandia's employees during both their free time and at work, as they can dedicate two working hours a month for volunteer work for the Skandia Ideas for Life foundation. In all, some 190 employees in Sweden and Denmark serve as ambassadors and support local non-profit projects through their volunteer work.

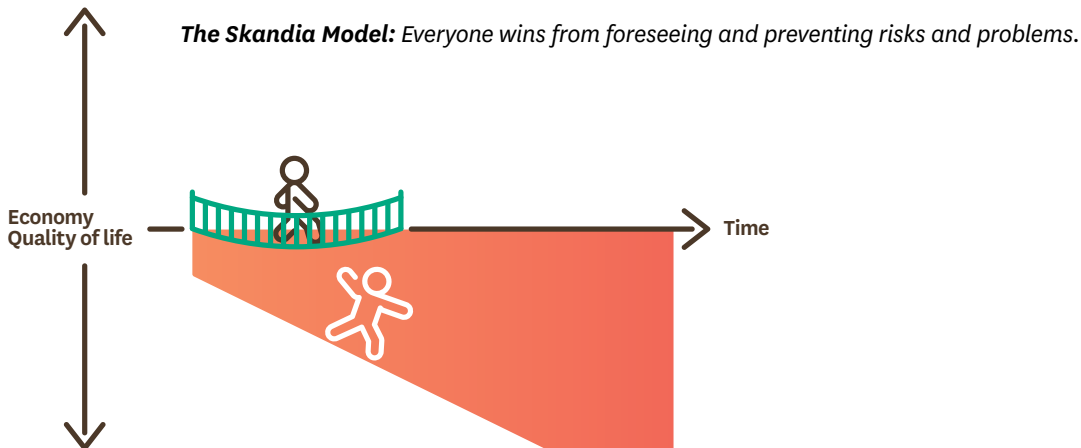
Volunteer Portal

To build strong communities it is important that we take care of each other. More and more people are willing to contribute their time, skills and competencies – including Skandia's customers. Our customers are offered the opportunity to become involved as volunteers in local, non-profit projects via our digital Volunteer Portal meeting place.

Volunteer Portal – here's how it works



Examples from our operations



The price of ill-health – the importance of preventive measures that keep customers healthy

The most effective way to address problems is to prevent them from arising or growing too large. Early initiatives that promote wellness and counter social exclusion can generate enormous gains – for people and for the economy. It is for this reason that Skandia is developing methods to facilitate preventive action. This preventive approach is used by the Skandia Ideas for Life foundation as well as in our business and insurance solutions, such as Bolagshälsa (“Company health”).

Failing to take action – or even taking too little or the wrong actions – increases the risks for ill-health and social exclusion. The impact on individuals is clear. Added to this are the extensive costs for employers, insurance companies and society. The foundation’s focus on the costs of ill-health and social exclusion shows that a single person’s social exclusion over a lifetime can cost society up to SEK 10–15 million.

Our customers have become healthier

Bolagshälsa (“Company health”) is a concept based on research in social medicine, our extensive experience with preventive health work, and cooperation with specialists. The concept is based on a holistic approach of measures at both the individual and organisational

levels to better handle balance in life – between work, private life and other demands. What distinguishes Skandia’s concept is that we offer a cost-free preventive wellness insurance coupled to our business health insurance. As a result, as many as 87% of our customers turn to us before sick leave becomes necessary. This has resulted in as much as 57% lower sickness-related absences. And as our customers have become increasingly healthier, we have lowered future premiums for companies as well as for private individuals by 25% to 75%.

The importance of active wellness work

The morbidity rate among our customers is an average of 0.6% over a three-year period, which is low compared with Swedish society in general. This can be traced primarily to the fact that many customers have taken advantage of our preventive wellness insurance and quite simply prevented their own ill-health. Data that further underscores this can be seen in customers’ assessments of their own health. Their perceived health when the insurance was first launched scored as average of 47.6 on a scale of 100. After completing the wellness programme, that same self-assessment had climbed to an average of 70.9.

Skandia supports Swedish schools

Star for Life is a school programme focused on strengthening students' self-esteem, motivation and health. As part of the programme, which was started in South Africa, students learn about the UN's Declaration on the Rights of the Child and on children's rights in general. To date the Star for Life methodology has been used by more than 250,000 students, resulting in improved health and stronger school results. The organisation has won awards from the UN for its unique pedagogy and success at giving young people hope for the future, better health and motivation to study.



Strong interest from Swedish schools

Star for Life has a unique pedagogy in which music and culture are the media for inspiring students to think long-term about their future and development. Skandia and Star for Life are currently adapting the organisation's programme for Swedish schools. The goals of the method are to build self-esteem and encourage students to take greater responsibility for their school work. Another key goal is to prevent ill-

health, substance abuse and self-destructive behaviours. To date Skandia and Star for Life have established the method at five Swedish schools. Quality assurance for the programme is provided via the University of Gothenburg, which conducts training (worth 7.5 university points) for teachers and pre-school personnel to become for Star for Life coaches.

Knowledge bank of social initiatives

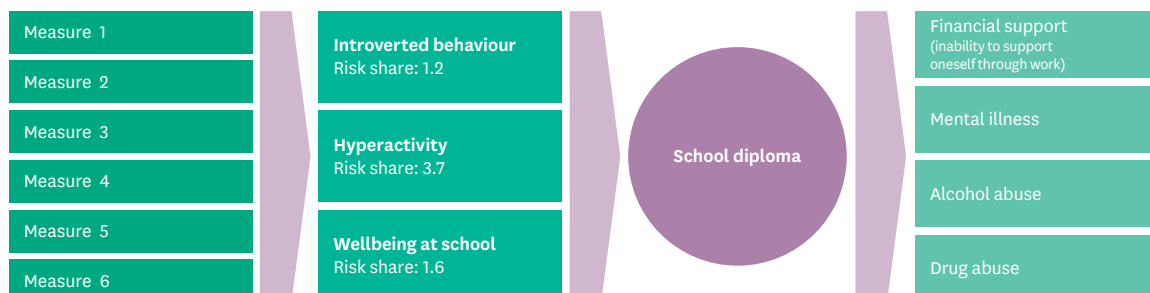
Poor performance in school is a strong contributing factor to future social exclusion. Failing to earn a grade 9 diploma results in a poorer future outlook for young people and puts them at major risk for various types of social exclusion. Taking early action for children and youths who exhibit various social problems such as introverted behaviour, hyperactivity or difficulty in getting along at school mitigates their risk of

dependence on public assistance, mental illness and other forms of social exclusion. Skandia is developing an evidence-based model for calculating the effects and financial value of preventive measures. The model is being developed by a team of researchers at Uppsala University under the lead of Associate Professor and specialist physician Anna Sarkadi.

Various research-based measures have varying effects on risk factors.

Risk factors for failure to obtain a grade 9 diploma are reduced through various measures.

Without a diploma, the risk for social exclusion is elevated in these areas.



Research-based knowledge base illustrates the value of social investments

Skandia's role as a complement to the state welfare systems entails that we contribute with research and concrete development aimed at preventing ill-health and social exclusion. We work together with municipalities and non-profit organisations to find various kinds of solutions. Based on such research, the Skandia Ideas for Life foundation has looked at social exclusion from a socioeconomic perspective and in such way viewed preventive measures as social investments. We are currently working with a team of researchers at Uppsala University to systematically map out the effect of municipalities' and county councils' social investments in relation to their cost. Our calculation tool

devised by the research team makes it possible to calculate the economic effects of various measures. During the year a research report was presented that studied how the effects of a certain preventive measure can be assessed in relation to their cost. The research study focused on hyperactivity among children and youths, and the results were presented during the autumn in a preliminary study (*Med många bäckar att stämma i – hur ska vi prioritera och hur beräknar vi kostnaden?*). An example of the price of ill-health and social exclusion is presented in the following table excerpted from the report.

Calculating the effects and savings of social investments

Social exclusion	Annual cost to society	Cost over five years	Payer	
Psychosocial work impediments	SEK 100,000	SEK 490,000	Labour market	SEK 24,000
			Försäkringskassan	SEK 81,000
			Municipality	SEK 84,000
			County Council	SEK 299,000
Mental illness	SEK 350,000	SEK 1,800,000	Labour market	SEK 68,000
			Municipality	SEK 824,000
Alcohol abuse	SEK 620,000	SEK 3,100,000	County Council	SEK 862,000
			Municipality	SEK 702,000
			County Council	SEK 320,000
			Legal system	SEK 727,000
			Other	SEK 1,353,000

The table shows the societal cost of various forms of social exclusion. The examples illustrate the long-term consequences of early behavioural problems. The compilation was put together by the research team at Uppsala University under assignment by the Skandia Ideas for Life foundation and was included in a research report published in 2014.

“What many have said in theory is also true in practice. It is possible to calculate the gains in a municipality's budget if you make wise social investments,” writes Lars Stjernkvist, Municipal Commissioner in Norrköping, in the book *Utanförskapets pris* (“The Cost of Social Exclusion”).

Results 2014

90 municipalities

use the Skandia Ideas for Life foundation's calculation tool for social investments in Sweden and Denmark.

235 grants

In 2014 the Skandia Ideas for Life foundation awarded 214 grants in Sweden worth SEK 4.1 million. In Denmark the foundation awarded 21 grants worth slightly more than DKK 185,000.

190 ambassadors

In 2014, 150 employees in Sweden and 40 in Denmark served as Skandia ambassadors within the framework of the Skandia Ideas for Life foundation's activities.

Environmental concerns that pertain to all parts of operations

Skandia has impacts on the environment directly through its business activities and indirectly through purchases and investments. Our largest direct environmental impact is made by Skandia's real estate company. We have a responsibility to take every opportunity and occasion to reduce our environmental impact to the best of our ability in an effort to minimise our ecological footprint.

Large and small initiatives for gradual reduction

At Skandia we strive to conserve our shared resources in all parts of operations and to limit our climate impact. The largest direct environmental impacts are made within our real estate portfolio, which is managed by Skandia's real estate company, Diligentia. The real estate portfolio accounts for approximately 10% of Skandia's life assurance investment portfolio.

The direct environmental impact made by our offices pertain mainly to the use of energy for heating and cooling of offices as well as for IT operations. Added to this are the emissions created by our business travel. We can gradually lower our environmental impact through small and large internal improvements. We see potential environmental gains by driving development toward greater digitalisation and the overall goal of using less paper through postal mailings. This includes, among other things, our preparations in 2015 for the future digitalisation of customers' annual statements of policy.

One opportunity to reduce our direct environmental impact lies in the construction and renovation of office buildings, where we put demands on the property's environmental standard while also requiring environmental alternatives in purchases of furnishings and services. During the year we moved in to new offices in two major locations in Sweden – Linköping and Jönköping – while at the same time making improvements to the offices' environmental standards, especially with regard to energy efficiency. To contribute to lower greenhouse gas emissions we buy electricity from renewable sources as far as possible and prioritise alternatives to business travel where possible, in accordance with the

group's travel policy. As for the emissions from our office activities that we give rise to, despite all, we compensate for these by contributing to a carbon offset forestation project that is Gold Standard-certified. This is a quality seal with demands for social responsibility on top of environmental and climate considerations.

Important tools for indirect impacts

Integrating environmental considerations into our investments and setting environmental standards in our procurement of goods and services are important tools for lowering our indirect environmental impacts. How we manage our assets has the potential to make a difference over the long term. As in all cases, our baseline is to take a long-term approach and be an active owner, and ethical, social and environmental concerns are fully integrated in our ownership policy. Our main strategy is to have a constructive influence over the companies we choose to invest in. The entails staying on as an owner and driving demands for improvements when defects are discovered in the companies' environmental work.

A purchasing process that sets clear demands

To environmentally adapt our purchasing, Skandia's policy is to take suppliers' sustainability work into account as far as possible in decisions to procure products and services. This also entails making demands and monitoring their environmental efforts and other sustainability aspects. On top of this, we give priority to ecolabelled products and apply the precautionary principle in our purchasing processes to mitigate environmental risks in our selection of suppliers, services and products. To signify our position, Skandia is a member of the Nordic Ecolabel business network.

92 %

of the group's electricity consumption comes from renewable energy.

Prioritised aspects

Environmental responsibility

- Limit our adverse climate impact
- Sustainable use of resources
- Environmental considerations in our offerings and processes
- Sustainable buildings and city districts through our real estate investments



Examples from our operations



A real estate company with active environmental work

Skandia's real estate company Diligentia is certified according to ISO 14001, an Environmental Management System that focuses on improvements of significant environmental aspects such as energy, material, waste and transports. Reducing energy consumption in buildings has high priority and is conducted among other things through an energy analysis system that provides an energy blueprint for each individual property. During the year Diligentia installed geoenery systems at buildings in both Stockholm and Malmö, which are complemented by solar energy. Diligentia has also opted to use BREEAM and the Sweden Green Building Council to assess and sustainability-certify buildings and city districts. The goal is to perform environmental assessments of all properties by 2017. This work is being conducted in accordance with the Sweden Green Building Council's criteria, which encompass the areas of energy, indoor climate and materials in an effort to create a clear picture of a building's environmental status. At year-end 2014, 50% of the property holdings had been assessed.

Environmental work together with customers

One way of forging sustainability partnerships is to sign green leases with tenants in the aim of jointly reducing the environmental impact that the property and the operations conducted there give rise to. Another key goal is to drive sustainability issues in partnership with others in the real estate business. As a board member of the Sweden Green Building Council, Skandia's real estate company participates in work

groups focusing on developing environmental and sustainability certification systems. We also participate in the City of Stockholm's forum for sustainable buildings, which is dedicated to raising awareness about sustainability work in existing buildings. To contribute to a more sustainable construction industry, Diligentia is a member of *Byggvarubedömningen*, a business association that sets standards and takes responsibility for sustainable construction and maintains a database of environmental assessments of building products. In 2014 the assessment criteria were updated to include social aspects of construction products, where we played an active role in formulating a code of conduct as support for this initiative.

134

Total number of green leases signed by Diligentia with its tenants.

Masthusen – first city district in the Nordic region to receive BREEAM Communities certification

Masthusen, in Malmö's Western Harbour area, achieved a BREEAM Communities sustainability certification in May 2014. The city district was assessed with respect to its contribution to combating future climate change and ability to adapt to new conditions. Masthusen was been assessed with respect to its ecologically valuable parklands as well as how the buildings contribute to renewable energy generated on-site.

Carbon offsetting generates sustainable value

Skandia works to reduce energy consumption and greenhouse gas emissions. We compensate for the emissions from our office activities through the carbon offset forestation project in Uganda, the Kikonda Forest Reserve. This project is Gold Standard-certified, which is a quality seal with requirements for social responsibility on top of environmental and climate considerations. Since 2002 more than three million trees have been planted in an area spanning 120 square kilometres. The Kikonda Forest Reserve also provides numerous benefits for people in the local communities, including healthcare, jobs and training, and encompasses a valuable nature preserve.

1,500 tonnes

In 2014 Skandia offset for 1,534 of carbon dioxide generated by the group's office operations.

Save for the environment in our WWF fund

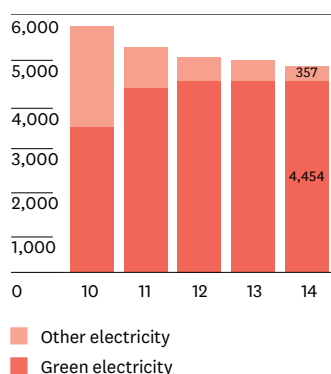
By saving in Skandia's fund *Skandia Världsnaturfonden*, customers can take part in the international environmental organisation WWF's important work for biodiversity and lowering climate impact. Every year 2% of the fund's net asset value is donated to WWF.

In addition to WWF's guidelines and the fund company's rules for sustainability and corporate governance issues, the fund excludes investments in companies engaged in the extraction of fossil fuels, uranium, primary extraction of minerals and metals (i.e., mining), fossil-based energy production, and alcohol production. The fund has a broad focus and invests primarily in companies listed on the Stockholm Stock Exchange. Since the fund's inception, Skandia's customers have donated a total of approximately SEK 143 million to WWF through the fund.

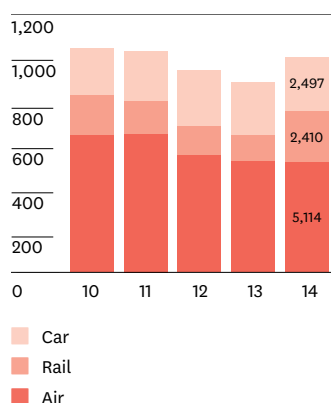
Results 2014

Skandia's environmental data

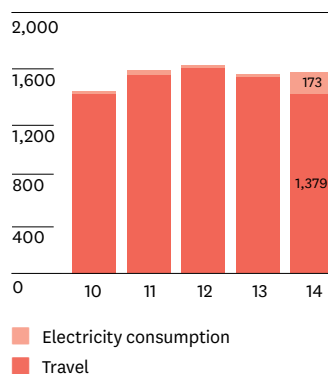
Electricity consumption, MWh



Travel, million kilometres²⁾



CO₂ emissions, tonnes¹⁾



¹⁾ Starting in 2014, calculation of emissions from non-renewable energy is based on the Swedish Energy Markets Inspectorate's average emissions figure for the Nordic electricity grid. This method differs from the one we used previously and results in a figure indicating higher emissions from our electricity consumption, even through our electricity consumption decreased in 2014 compared with 2013.

²⁾ The statistics include Norway as from 2012.

Employees motivated by their willingness to think ahead

At Skandia we can make a big difference for our customers' lives by helping them achieve financial security and by being accessible in difficult situations. Important qualities among our employees are therefore a high level of competence, good judgement, and a commitment to creating long-term customer benefit in every way. To give every employee the right conditions we strive to create a culture and workplace that fosters development, participation and health.

We attach a premium to keen customer insight, value-creating processes, responsibility, innovative strength and achieving success together. Skandia has some 2,600 employees in Sweden, Norway and Denmark, many with long careers in banking and insurance. But we also have a wide diversity of competencies – including economists, mathematicians, lawyers, civil engineers, communicators and system analysts, to name a few.

A competence-driven business for the best customer experience

We work in an industry where competence is a key competitive strength. We also work in a highly regulated market that requires a high level of current knowledge among our employees. In other words, our ambition to be a leading player requires continuous development of managers and employees. In 2014 we continued our leadership focus, such as through development and implementation of a 360 degree feedback instrument based on Skandia's manager profile. Numerous management and leadership programmes have been developed and carried out, in addition to a development programme for young talents.

Our culture is built upon involvement and a willingness to develop and take responsibility for achieving the company's and one's own personal goals. All employees participate in a yearly review of their performance and career development. To ensure that employees

are given the right prospects, various forms of internal and external competence development are conducted – both obligatory and through targeted training. We adhere to a clear structure for determining if competence development activities are to be conducted in connection with new employee orientation, within employees' current roles, or when they are seeking to move into a new role. An example of a training initiative conducted during the past year is the "Skandia's business and products" introduction programme, which a large number of employees participated in, and a customised training course based on a company game designed to broaden employees' knowledge of banking. In addition, learning and development are promoted in employees' day-to-day work and through internal recruitment as well as through mentoring, coaching and networks. The work on mapping out critical competencies, which was initiated in 2013, was intensified in 2014. Identified personal dependencies have been reduced, plans have been drawn up and measures are in place for the most highly prioritised strategic competency gaps. A status dialogue is conducted every six months within the executive management, with subsequent reporting to Skandia's board of directors.

Employee well-being is a key success factor

We are convinced that our success rests on ensuring that our employees are healthy, motivated and feel like they are participant in Skandia's vision and

80 %

of Skandia's employees feel involved and able to participate, according to this year's survey.

Prioritised aspects Long-term employer

- Continue cultural journey – Tänk längre – in everything we do
- Healthy employees with a high level of engagement
- Participation and influence in efficiency improvement work
- Right competence for Skandia's strategic transformation



objectives. Our employees' health, but also our organisation's ability to generate results and develop, are dependent on a good work environment. This is characterised by good leadership, participation, clearly communicated goals and proactive wellness initiatives. One example of preventive measures is the wellness insurance that Skandia offers all employees, which gives employees an opportunity to constructively deal with stress-related problems, regardless of whether they are private or work-related. Another initiative is the lifestyle survey that is offered to all employees when they turn 60 years of age, aimed at inspiring them to continued well-being during their remaining active years at work. As an effect of these initiatives, we have seen a near halving in employees over 60 going on sick leave during the year. One aspect that strengthens our culture is the opportunity for employees during working hours to contribute to a better society by serving as an ambassador within the framework of the Skandia Ideas for Life foundation – something our employees have been doing since the late 1990s.

Continuous dialogue with employees to identify important issues

One important tool we rely on is our employee survey, which we have been using since 2003 to monitor dynamism within the group. Owing to the long-term approach of using the same tool over time, both our employees and managers have become highly familiar with the survey, which increases the ability of the organisation to carry out concrete improvements from year to year. The results from 2014 show improvements from an already high level. As a whole, Skandia's score of 75.4 (74.9) – indicates that we have a high level of performance. This means that we are above the target value (70) that characterises a company with a high level of performance and dynamism. Another positive movement is that the number of respondent categories with critical (red) scores continues to decrease and is now down to 5 (8) of a total of 222. All in all the scores give us valuable information about areas that work well and about those in which we have challenges. The scores are followed up quarterly using a dialogue tool in which teams decide on the focus for continuous dialogue during the year. This helps us to focus on performance both at the team and individual levels. It also confirms for us that, also going forward, Skandia has the ability to deal with challenges and changes.

Union involvement and collaboration

Formal influence at the workplace is channelled primarily via union consultations or codetermination negotiations. Skandia carries on a close dialogue with the organisations that represent the employees, with meetings at both the local and central levels.

All Skandia employees are covered by collective agreements. Most are included in agreements at the industry level between the Swedish Insurance Employers' Association (FAO) and the Trade Union for Insurance and Finance (FTF), or between FAO and the Swedish Confederation of Professional Associations (SACO).

Employees in the Danish operations are covered by collective agreements between the Danish Employers' Association for the Financial Sector (FA) and the Association of Insurance Employees in Denmark (DFL). Managers and specialists are covered by the rules of the Danish Salaried Employees Act instead of by collective agreements. In Norway, most of Skandia's employees are covered via the Finance Sector Union of Norway.

Shift towards more cost effective organisation

In an operating environment characterised by financial uncertainty, rapid changes and growing regulation, high demands are put on working more cost effectively. We are doing this among other ways by resorting to an increased degree of automation and digitalisation. As Skandia is a competence- and personnel-intensive business, improving cost effectiveness will affect the company's personnel costs, which need to be lowered in relation to our business volumes. In 2014 we gave priority to explaining the background to why we need to become more cost effective. We have openly communicated internally how the market is changing, what our costs look like, and how these must change if Skandia is to remain competitive. Over time, this will result in Skandia having fewer employees. A transformation programme has been started to identify and initiate structural changes, and decisions are communicated on a regular basis. We have done this at local employee and manager meetings where management representatives meet with people from Skandia's various operations, and have followed this up with local meetings and in-depth articles on the company's intranet.

Examples from our operations

Ambassadorships and Math Centre

The Skandia Ideas for Life foundation is dedicated to creating a more secure society also for future generations. Our aim is to work preventively, which is why the foundation focuses on initiatives for children and youths. Since its start the foundation has awarded grants to more than 3,000 projects across Sweden. All Skandia employees have the opportunity during working hours to serve as ambassadors for projects funded by Ideas for Life. As an ambassador, employees can spend two hours a month at work on behalf of organisations that support children and youth development.



Help studying math

One of the projects supported by the foundation is Mattecentrum (“The Math Centre”), a non-profit association that provides tutoring for children and youths in mathematics. In 2014 Skandia hosted one of the association’s math labs near Skandia’s head offices in Stockholm. Skandia’s pensions economist Mattias Munter is a senior ambassador for Mattecentrum, which currently has 87 math labs (“räknestugor”) in 27 cities and towns in Sweden. The math labs are open during the school year and are staffed by volunteers who use math in their professions, such as engineers,

statisticians and scientists. Every month some 5,000 youths seek help at one of Mattecentrum’s labs. In addition, they have access to Mattecentrum’s online tutorial tool, Matteboken.se, for help 24 hours a day.

“As a pensions economist I cannot overstate the importance of having math skills after compulsory and secondary school. Unfortunately, today we see more and more young people falling into debt, and clearly parallels can be drawn to deficient, fundamental grasp of mathematics. Investing in math skills therefore truly feels like an idea for life!”
 Mattias Munter, Senior Ambassador

Profit-sharing foundation that values everyone’s efforts equally

Skandianen is Skandia’s profit-sharing programme for all employees (excluding management). Key ratios that the profit-sharing is based on – and which everyone is awarded an equal share of regardless of their position and salary – are:

- Satisfied customers
- Total return
- Number of new, active total customers
- Net customer cash flow
- Administrative expenses

These key ratios are meant to reflect long-term factors that ensure good and long-term customer care in every way. The five ratios carry equal weight, entailing that a full allocation will be made for the respective key ratios if the set business objectives are met, or the opposite – that no allocation will be made if the set business objectives are not met.

Values that help us think ahead

- Customer first
- Value creation
- Responsibility
- Innovativeness
- Success together



Results 2014

Area	Goal	Outcome 2014
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Gender balance

A balance between women and men employees of between 40% and 60% in all professional categories and levels.

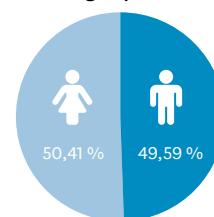
Skandia has almost as many women employees as men – 50% (51%) and 50% (49%), respectively.

37% (33%) of members of the executive management are women. Achieving an even gender balance at the group management level has yet to be achieved.

Of the 15 members of Skandia’s board in 2014, 7 were women.

In 2014 Skandia’s Council of Delegates had a total of 10 members, of whom 4 were women.

Gender balance – Skandia group 2014



Group management



Skandia’s Board



Skandia’s council of delegates



Diversity and equal opportunity

Skandia’s goal is to be the industry’s most attractive place to work, where everyone is treated with respect and where women and men have equal rights, opportunities and obligations. Skandia’s equal opportunity and diversity plan includes measures for each of these objectives.

Work with diversity and equal opportunity is monitored primarily via equal opportunities for development and career advancement regardless of gender. See the outcomes for “Gender balance” and “Development” for 2014.

Sickness-related absenteeism

Max. 3% sickness-related absenteeism for the group.

Sickness-related absenteeism at Skandia in Denmark and Norway is stable and declining. However, in Sweden the sickness rate has risen slightly.

Sickness-related absenteeism, %	2104	2013	2012	2011	2010
Sweden	3.36	2.94	2.91	3.03	3.44
Norway	2.22	3.00	1.55	1.63	1.70
Denmark	3.02	2.26	2.28	2.78	2.78

Remuneration


Skandia works actively to ensure that there are no unreasonable salary differences.

A comprehensive salary mapping process was conducted in 2013 to study and adjust salary levels where needed. The result showed that on the whole Skandia has effective methods for promoting reasonable pay, and that only about 20 specific adjustments needed to be made.

Area	Goal	Outcome 2014
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Development	All employees should have equal opportunities for competence development and career advancement.	The year's employee survey showed that 89.1% (88.1%) of employees agree completely or in part that women and men have equal conditions and opportunities at Skandia.	89.1% agree that men and women have equal conditions and opportunities.
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2014 employee survey	A total index score of at least 74. In Sweden Skandia continues to move in a positive direction – the year's total index score in the employee survey was 75.4 (74.9).		2104	2013	Target value
		Target quality	69.4	69.3	70
		Leadership	78.1	77.0	70
		Participation	80.0	79.5	80
		Feedback	80.4	79.3	65
		Effectiveness	71.3	70.5	65

Work/life balance	All employees should have equal opportunities to balance their work with their family and leisure time.	The year's employee survey shows that 69.6% (70.6%) of employees agree completely or in part that it is possible to maintain balance between work and parenthood. This is an important issue, which is why Skandia offers parents the opportunity to work part-time until their children turn 12. Skandia also tops up the state parental benefit to 90% of employees' salaries.	
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Conduct	No one should be discriminated against.	3.1% (3.8%) of employees indicated that they have been subjected to bullying or harassment, and 0.6% (0.6%) said that they have experienced sexual harassment. Work is continuing towards the absolute goal of getting these figures down to zero.
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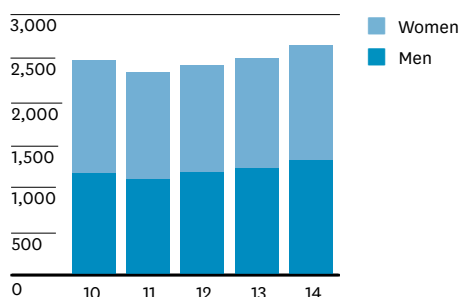
Culture survey

The year's company culture survey showed a setback as our so-called energy leakage increased from 16% to 18%. The ideal level is around 10%, which is Skandia's long-term target.

190

Number of employees in Sweden and Denmark who served as ambassadors within the framework of the Skandia Ideas for Life foundation.

Number of employees, group



Responsible business is the core of our business culture

Skandia's business is built upon trust, which is also a prerequisite for building and fostering long-term relationships and customer loyalty. Important building blocks are that we adhere to applicable laws and regulations in all assignments and situations, and act with good judgement, honesty and fairness. Good business ethics affect Skandia's own organisation as well as people in the company's operating environment and also encompasses risk management, anti-corruption and demands on suppliers and other business partners.

Skandia works in a highly regulated industry, where the Insurance Business Act and the Banking and Finance Business Act are the most central. Laws governing capital adequacy, consumer credits, insurance contracts, the securities market and money laundering lay out other important regulations. Internally we are guided by Skandia's values, which defines the values and conduct that should characterise our actions and our policies. Skandia's principles for business ethics, which are included in the sustainability policy, focus on ensuring the following, in brief:

- That operations are conducted in compliance with laws as well as internal and external rules and regulations
- That no employees or others acting under Skandia's name act in a corrupt manner
- That no contributions are paid to political parties or other political representatives

Active work against money laundering, fraud, bribery and corruption

All employees are trained and informed on a regular basis via internal channels on how to recognise and report suspected deviations as well as about Skandia's crime-prevention measures. We also inform our customers about what they should be aware of and provide them with recommendations about suitable security measures they can take, such as to protect themselves against debit/credit card fraud. External

information is provided on Skandia's website and Facebook page, as well as by Skandia's customer service representatives. Skandia's policy against bribery and corruption is adapted to applicable legislation and the Swedish Anti-Corruption Institute's Business Code. In addition, Skandia's employees are instructed to report suspicious behaviour. Employees can also report anonymously through our whistleblower system. Skandia's central security function is responsible for preventive processes and routines, and investigates, monitors and reports risks and incidents. Group management receives quarterly status reports from the security function about current risks and threats as well as about incidents that have occurred and how they have been handled.

Training for all employees

Skandia strives to ensure that every employee has the right conditions to be able to act in the customers' best interests and safeguard their assets. Skandia has an extensive set of rules and regulations that it must adhere to. Obligatory training for all employees covers our policies and measures against money laundering, fraud, bribery, conflicts of interest, physical security and information security. In 2014 we put special focus on requesting existing customers to provide personal information for greater customer knowledge in order to meet the requirements of applicable laws governing money laundering.

62%

Share of suppliers in relation to our procurement volume that has responded to our sustainability self-assessment criteria.

Prioritised aspects

Business ethics

- Sustainability in our supply chain
- Clear requirements and follow-up
- Fair business conditions and anti-corruption initiatives
- Structured risk prevention and management



Continuous work on managing and controlling risks at Skandia

Skandia's operations give rise to a broad spectrum of risks that affect the group's earnings and financial position. As a mutual company, it is Skandia's policyholders who benefit from all value that is generated, but who also bear the risks. Our risk management system covers all risks and is based on the following components:

- Risk strategy – specifies Skandia's risk philosophy, risk appetite and risk governance
- Risk framework – contains governance documents and defines the organisation and division of responsibilities for risk management within Skandia
- Risk management processes – consist of processes for identifying, measuring or assessing, managing, monitoring and reporting risks, and for capital planning

Skandia's risk appetite indicates which risks and how much risk we are willing to accept. One important risk metric is solvency risk, i.e., the risk of Skandia not being able to meet its obligations to its customers. Read more in the risk section in Skandia's 2014 Annual Report, pages 41–42.

Compliance with tax rules

In an effort to improve international compliance with tax rules and thereby reduce opportunities for tax evasion, countries around the globe have signed tax treaties to share information about individuals' and companies' assets. As a result of these agreements, Skandia provides information to the Swedish Tax Agency on primarily American citizens' assets in Skandia.

Clear demands on our business partners to ensure good business ethics

Skandia's business partners are required to adhere to the same requirements for ethics, quality and efficiency that we put on ourselves, and which apply in all long-term relations with business partners for our asset management, advice and distribution. We check to ensure that intermediaries have a licence from the Financial Supervisory Authority to operate as an insurance intermediary and that they have met the requisite knowledge requirements. To ensure a continuous dialogue and high quality, every external intermediary has a contact person at Skandia. For support, routines are in place for monitoring externally brokered business and internal collaboration in order to identify any deviations. In 2014 Skandia adopted the requirement that all external intermediaries of Skandia's products be licensed by SwedSec or InsureSec.

Examples from our operations

Code of Conduct and assessments for a sustainable chain

Skandia's sustainability requirements on its suppliers are defined in the group's Code of Conduct. To analyse and assess risk associated with suppliers' influence and capacity with respect to sustainability, we have developed a model in which a self-declaration and risk analysis are central features. The self-declaration that all suppliers are requested to provide is based on the content of the Code of Conduct and lays out the supplier's guidelines, processes, goals and monitoring

in areas such as working conditions and anti-corruption. The next step is to perform a risk assessment of the supplier based on the sector the supplier works in and where its operations are conducted, as well as the supplier's ability to handle sustainability issues in its own operations. Thereafter, the results are analysed and a decision is made on how any identified sustainability risks are to be managed.

Procurement



Transparency surrounding how we are working to be better

Skandia has well established routines for monitoring externally brokered business aimed at ensuring that external intermediaries maintain a high standard of quality and satisfactory customer documentation. The fact that this work must be conducted on a continuous basis was underscored when the Financial Supervisory Authority in June 2014 issued Skandia's bank a citation and a fine of SEK 10 million for deficiencies related to information and fees in connection with its advisory activities.

A number of improvements had already been initiated prior to the Financial Supervisory Authority's citation, including a changed fee structure, clearer customer information and an increase in training. The Financial Supervisory Authority did not find that any individual customer had been harmed.

About SwedSec

Purpose: to provide licensing for actors in the Swedish securities market.

Goal: that a significant majority of all employees with qualified tasks in companies under the supervision of the Financial Supervisory Authority shall be licensed.

SwedSec was established in 2001 and is owned by the Swedish Securities Dealers Association. The 185 affiliated companies together have more than 23,000 active licence holders.

About InsureSec

Purpose: to contribute to greater transparency, effectiveness and customer benefit in the intermediation of insurance services.

Goal: that customers will obtain competent advice and have the conditions to make well informed choices and secure investments.

InsureSec was established in 2012 at the initiative of the Swedish Insurance Brokers' Association and a number of Swedish insurance companies, including Skandia, and complements the SwedSec licence through its focus on insurance intermediation.

Financial actors combating child pornography

Skandia's initiative from 2007 to combat child pornography and a method it devised for blocking financial transactions associated with this crime have now been embraced of a large number of Swedish banks. According to the Swedish Police's National Bureau of Investigation, we and other financial actors in the Financial Coalition Against Child Pornography have

made a strong contribution to impeding sales of child pornography and shutting down illegal websites. In 2014 The Swedish Financial Coalition joined the European Financial Coalition Against Commercial Sexual Exploitation of Children Online to strengthen its work on obstructing and stopping the commercial sexual exploitation of children.

Results 2014

A sustainable chain of suppliers

At year-end 2014 a total of 134 of Skandia's suppliers had submitted assessments, corresponding to roughly 62% of our purchasing volume. The responses are documented in Skandia's supplier database.

100%

All external intermediaries of Skandia's products are to be licensed by SwedSec or InsureSec.

Governance of Skandia's sustainability work

Governance of Skandia's sustainability work is based on the group's vision, business strategy, sustainability strategy, sustainability policy, and overall objectives. Skandia's values foundation and the UN Global Compact also serve as platforms for sustainability governance. The aim is to ensure the group's various obligations and develop Skandia's relationships with its stakeholders.

Skandia became a mutual company at the start of 2014. This means that Skandia is now owned by the traditional life company's approximately 1.4 million voting customers. In practice the company is governed by the delegates elected by the owners through their insight and influence over the company. Operating as a mutual company entails an alignment of the customers' and owners interests – the customers of Skandia's traditional life company, who are also the owners, have long-term value creation as their primary objective. The ownership role includes benefiting from operating surpluses as well as bearing any losses. For Skandia's part, it represents a unique opportunity to work for the customers' best interests.

Customers' influence via Council of Delegates

The first election to the Council of Delegates, which is Skandia's highest decision-making body, was carried out in spring 2014, and the company's first Annual General Meeting as a mutual company was held on 12 June. A new nomination period followed during the autumn for nomination of candidates for election in 2015. Once the new governance model is fully implemented in 2016, the customer-elected Council of Delegates will comprise 21 representatives. In addition to exercising formal influence by nominating and voting for candidates, Skandia's voting customers can also participate at Annual General Meetings.

Sustainability organisation

Skandia's board of directors has ultimate responsibility for the company's governance, and the group CEO is responsible for application of the sustainability policy. Strategic and operational responsibility rests with the group's Head of Sustainability and Sustainability function. Since 2013 the Head of Sustainability reports to the Head of Communications, who in turn reports to the group CEO. The Head of Sustainability is also responsible for directing the work of the Skandia Ideas for Life foundation and reports to the foundation's board. The Sustainability function directs, develops, coordinates and monitors Skandia's sustainability activities, while the line organisation is

responsible for implementation and execution. The Sustainability function is also responsible for the group's sustainability strategy and policy, as well as for Skandia's sustainability reporting.

Sustainability council responsible for integration of sustainability issues

Skandia's sustainability council, established in 2013, is responsible for supporting the integration of sustainability in Skandia's business activities. In addition to the group CEO and Head of Sustainability, the sustainability council consists of the persons responsible for the group functions sales, asset management, communication, products, risks and offerings. The sustainability function has been gradually delegated greater responsibility for directing and developing Skandia's interaction with its customers. Thus the Sustainability department is responsible for customer influence, including the handling of voting for the Council of Delegates and coordination of general meetings. Responsibility for the overall handling of customer complaints also rests with the Sustainability function, whose assignment in this respect primarily involves further strengthening the structure and strategic processes for complaints. However, operational responsibility for customer contacts continues to rest with the respective functions. The research and development work conducted by Skandia's foundations is also conducted under the auspices of the Sustainability department. An important part of the foundations' work entails contributing innovation through research and methodology development aimed at countering and preventing ill-health and social exclusion. A large part of this work is conducted within the framework of the Skandia Ideas for Life foundation.

Governance of Skandia's sustainability work

Sustainability governance at Skandia entails setting overarching goals, overseeing the achievement of goals, and regularly monitoring objectives and related activities.

Governance of financial aspects

Skandia aspires to serve as a model in the industry by

acting honestly and fairly in relation to its customers, partners and other stakeholders. The goal of the group's financial governance is to maximise value for the owners-/ customers of the traditional life company over time. Read more about Skandia's financial position and risk management in Skandia's 2014 Annual Report.

Governance of social aspects

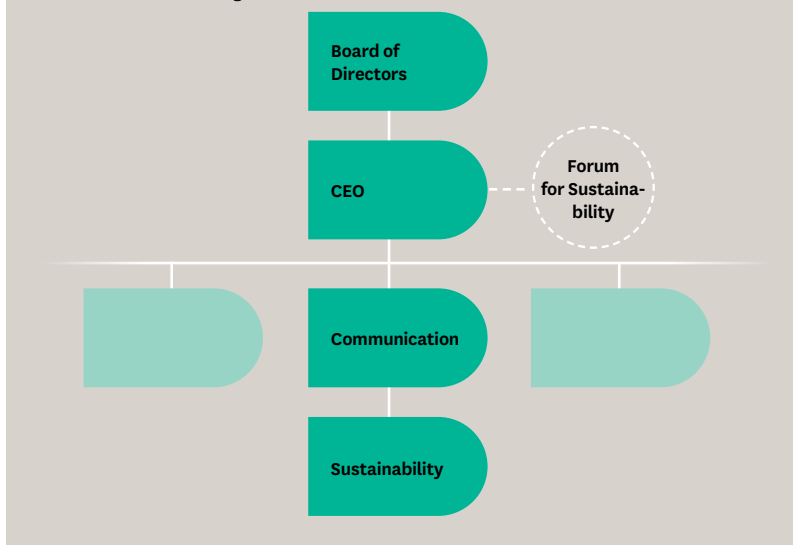
Skandia's Head of Human Resources is responsible for the group's strategic HR work. The assignment includes motivating all Skandia employees to do their best for the customers, which is an important part in our shift towards a savings company. Key success factors are Skandia's culture and values, leadership, and ability to recruit and retain people with the right attitude and competence. HR work is governed by a number of equal opportunity and diversity guidelines, among others, with clear targets whose achievement is followed up on a continuous basis. Skandia's community relations are handled primarily by the Sustainability function, including the Skandia Ideas for Life foundation, and the Investments function.

Governance of environmental aspects

Skandia's environmental responsibility is defined in the group's sustainability policy. Developing environmental governance and incorporating environmental concerns into the entire organisation continues to be a priority area in which Skandia's business planning process plays a central role. Environmental aspects of operations are a standing item on the sustainability agenda as are aspects that the Ethical Investment Council addresses in its investment decisions. Skandia's biggest direct environmental impacts are made by the group's real estate holdings, which are managed by Skandia's real estate company, Diligentia. Diligentia's company-adapted sustainability policy is aligned with the Skandia group's sustainability policy, and the company is certified according to ISO 14001. Continuous improvement work is conducted of the real estate company's most significant environmental aspects: energy, material, waste and transports. In the aim of gaining a clear picture of an individual property's environmental status and to see how this can be improved, Diligentia is performing environmental assessments of all its properties in accordance with the Sweden Green Building Council's system. This work is planned to be completed by 2017. The project is an important part of the real estate company's overarching sustainability work and is directed by Diligentia's sustainability department.

Governance of Skandia's sustainability issues

The Board of Directors and the CEO have the ultimate responsibility for the governance of sustainability issues at Skandia. Sustainability is included in the group function for communication and Skandia's Head of Sustainability and responsible of the Skandia Ideas for Life Foundation reports to the Head of Communication. Skandia's forum for sustainability comprises of the respective Heads of the group functions Sales, Asset Management, Communication, Product, Risk and Offerings.



Governance of Skandia

Skandia's highest decision-making body, the Council of Delegates, specifically emphasises sustainability in its ownership instructions and stipulates that the Skandia group shall conduct its operations with distinct ethical values and with high standards regarding sustainability. The Council of Delegates is elected by the customers and appoints Skandia's board of directors. Customers of Skandia's traditional life company have voting rights. Customers have the right to nominate candidates to the Council of Delegates and vote for the candidates selected by the Nominating Committee. The Nominating Committee reviews proposed candidates and presents a selection to the voting customers. The Nominating Committee is appointed by the Council of Delegates and consists of business and private customers, and during a transitional phase also of representatives of the Thule foundation. Direct elections are held yearly, where one-third of the seats on the Council of Delegates are open for election. Every person with savings in Skandia's traditional life company has ten votes, regardless of the level of savings, while customers who only have risk insurance with the company have one vote. Customers can vote via Skandia's website, by calling Customer Service, at any Skandia advisory office, or by post.

For further information about the Skandia group, please refer to the corporate governance report in Skandia's Annual Report, pages 24–36.

GRI-Index

Our ambition with this annual sustainability report is to provide an open and balanced reporting of our positions, activities and results in areas that we have identified as being material. The process of determining the material areas is described on page 9. We believe that Skandia's sustainability report and annual report for the 2014 calendar year provide an opportunity to make a fair assessment of the company's sustainability work.

The most recent sustainability report was published on 22 May 2014. This year's sustainability report has been prepared with a view to, in all essential respects, meet the requirements of the GRI Guidelines, version 4, "Core" level, including the Financial Services (FS) sector supplement. The Sustainability Report has not been reviewed by a third party. The GRI Index below provides references to where the indicators and disclosures can be found in this report and in Skandia's 2014 Annual Report (AR).

		Page reference and comments			Page reference and comments
STANDARD DISCLOSURES					
Strategy and analysis					
G4-1	Statement from the CEO	2-3	G4-26	Approaches to stakeholder engagement	6-7
G4-2	Description of key impacts, risks and opportunities	2-3, 6; AR 4-7, 71	G4-27	Key topics and concerns that have been raised through stakeholder engagement	6-7
Organisational profile					
G4-3	Name of the organisation	Cover	Report profile		
G4-4	Primary brands, products and services	Inside flap, 17	G4-28	Reporting period	Cover
G4-5	Location of the organisation's headquarters	Outside flap	G4-29	Date of most recent previous report	43
G4-6	Countries where the organisation operates	Outside flap	G4-30	Reporting cycle	Outside flap
G4-7	Nature of ownership and legal form	Outside flap, 8, 41; AR 23	G4-31	Contact point for questions regarding the report or its contents	Outside flap
G4-8	Markets served	Outside flap	G4-32	GRI content index, reporting level, external audit	Outside flap, 43-44; Skandia currently does not provide any external audit of the sustainability report
G4-9	Scale of the organisation	Outside/inside flap	G4-33	Policy and current practice with regard to seeking external audit for the report	Outside flap, 43-44; Skandia currently does not provide any external audit of the sustainability report
G4-10	Employee data	36-37	Governance		
G4-11	Percentage of total employees covered by collective bargaining agreements	34	G4-34	Governance structure of the organisation	41-42; AR 24-36
G4-12	The organisation's supply chain	39	Ethics and integrity		
G4-13	Significant changes during the reporting period	41-42; AR 23	G4-56	Code of conduct	39
G4-14	Application of the precautionary principle	3, 39, 41-42	MATERIAL ASPECTS: GOVERNANCE AND INDICATORS		
G4-15	Externally developed standards, principles and initiatives	3, 20	DMA-a-c	Sustainability governance of material aspects	9, 41-42
G4-16	Membership in organisations	21, 40	Sustainability governance - financial sector		
Identified material aspects and boundaries					
G4-17	Entities included in the organisation's consolidated financial statements	Outside flap	DMA-FS1	Policies with specific environmental and social components applied to business lines	9, 41-42
G4-18	Process for defining report content	9	DMA-FS2	Routines for assessing and reviewing environmental or social risks in the business lines	14-15, 20-21, 30, 38-39, 41-42
G4-19	Identified material aspects	9, 45	DMA-FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	15-16, 20-26, 30-31, 38-39
G4-20	Aspect boundary within the organisation	45	DMA-FS15	Guidelines and policies for sound design and advice surrounding financial services	14-15, 38-39
G4-21	Aspect boundary outside the organisation	45			
G4-22	Explanation of the effect of any restatements of information proved in previous reports	24; no other restatements of information in previous reports			
G4-23	Significant changes from previous reporting periods in the scope, aspect boundaries or measurement methods applied in the report	Outside flap, 24, 41-42			
Stakeholder engagement					
G4-24	List of stakeholder groups	6-7			
G4-25	Basis for identification and selection of stakeholders	6			

- Fully reported
- ◐ Partly reported

		Reporting level	Page reference and comments
ECONOMIC INDICATORS			
Economic performance			
G4-EC1	Direct economic value generated and distributed	●	1
Indirect economic impacts			
G4-EC8	Understanding and describing significant indirect economic impacts, including the extent of impacts	●	1, 12–13, 27–29
ENVIRONMENTAL INDICATORS			
Energy			
G4-EN3	Direct and indirect energy consumption by primary energy source	●	30–32
Emissions			
G4-EN16	Energy-related indirect emissions of greenhouse gases (Scope 2)	●	30–32
G4-EN17	Other relevant indirect greenhouse gas emissions (Scope 3)	●	32
Supplier environmental assessment			
G4-EN32	Percentage of new suppliers assessed according to environmental criteria	◐	40
SOCIAL INDICATORS			
Labour practices and decent work			
Working environment, health and safety			
G4-LA5	Percentage of total workforce represented in worker health and safety committees	◐	33–34
G4-LA6	Type and rates of injury, occupational diseases, and absenteeism, and total number of work-related fatalities	◐	36; what is relevant for Skandia is to report absenteeism per country
Training and development			
G4-LA11	Percentage of employees receiving regular performance and career development reviews	●	33
Diversity and equal opportunity			
G4-LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	●	36
Equal remuneration for women and men			
G4-LA13	Ratio of basis salary and remuneration of women to men by employee category	●	36
Supplier assessment for labour practices			
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	●	40
Labour practices grievance mechanisms			
G4-LA16	Total number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	●	No grievances filed in 2014
Human rights			
Human rights grievance mechanisms			
G4-HR12	Total number of grievances about human rights impacts filed through formal grievance mechanism	●	No grievances filed in 2014

		Reporting level	Page reference and comments
Society			
Corruption			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption	●	38–40
G4-SO4	Percentage of employees that the organisation's anti-corruption policies and procedures have been communicated to	●	38
G4-SO5	Actions taken in response to incidents of corruption	●	No reported cases of corruption in 2014
G4-SO9	Percentage of new suppliers screened using criteria for impacts on society	●	40
Local communities			
FS13	Access points in low-populated or economically disadvantaged areas	●	4, 7–8, 17, 25, 28
FS16	Initiatives to enhance financial literacy by type of beneficiary	●	14, 16, 18–19
Product responsibility			
Product and service labelling			
G4-PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	Inside flap, 8, 14, 17
Marketing communications			
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	●	40
Customer privacy			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	No complaints were filed in 2014
Product portfolio			
FS6	Breakdown of portfolio per region, scope and sector	●	24
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line	●	13, 22
Active ownership			
FS11	Percentage of assets subject to positive and negative environmental or social screening	●	20–21, 24

Reporting in accordance with GRI G4-20 and G4-21

The following overview is part of the materiality analysis. The aim is to complement this analysis with a report on Skandia's significant impacts per material aspect and stakeholder group, together with references to our views and how we are working to take our responsibility.

Aspects	Significant impacts					Our responsibility; read more
	Customers/owners	Employees	Society	Suppliers/partners	Environment	
Transparency and long-term approach to relationships						p. 14-19
Customer influence	✓					
Responsibility for our products and services		✓		✓		
Relevant offerings that offer value for money	✓		✓	✓		
Clear information and communication	✓		✓	✓		
Transparency surrounding matters of relevance for customers	✓		✓	✓		
Accessibility based on the customers' needs	✓		✓	✓		
Responsible investments						p. 20-24
Sustainable, high and steady bonus for owners	✓		✓	✓		
Active ownership	✓		✓	✓	✓	
Sustainability integrated in ownership policy, with clear processes and routines	✓	✓	✓	✓	✓	
Joint influence with other actors within the framework of the UN's PRI			✓			
Investments in areas such as infrastructure, renewable energy and cancer therapies			✓		✓	
Community responsibility						p. 25-29
Health promotion – individuals, organisations, communities	✓	✓	✓			
Contribute to socially sustainable development through research, methodologies and tools for calculating the economic value of social investments			✓			
Counter social exclusion and ill-health through social investments			✓			
Support local non-profit projects			✓			
Environmental responsibility						p. 30-32
Limit our adverse climate impact			✓		✓	
Sustainable use of resources			✓		✓	
Environmental considerations in our offerings and processes	✓		✓	✓	✓	
Sustainable buildings and city districts through our real estate investments			✓		✓	
Employer with long-term perspective						p. 33-37
Continue cultural journey – Tänk Längre – in everything we do		✓				
Healthy employees with a high level of engagement	✓	✓		✓		
Participation and influence in efficiency improvement work		✓		✓		
Right competence for Skandia's strategic transformation		✓				
Business ethics						p. 38-40
Sustainability in the supply chain				✓	✓	
Clear demands and follow-up				✓		
Fair business terms and conditions, and anti-corruption	✓	✓		✓		
Structured risk management	✓	✓		✓	✓	



