

Tänk längre

skandia:

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The associated GRI index is available at skandia.se

About Skandia's 2016 sustainability report

This sustainability report is the sixth produced by the Skandia group (Skandia) in accordance with the Global Reporting Initiative (GRI) Guidelines.

Skandia's reporting for 2016 has been conducted in accordance with the requirements of version 4.0, Core level, and describes our work with our most material sustainability aspects.

Skandia Fastigheter, the group's wholly owned real estate company, is included in cases where references are made to that company. All countries of operation in 2016 are included. Monetary amounts in this sustainability report are stated in Swedish kronor (SEK), unless indicated otherwise. Figures for the preceding year are in parentheses. The sustainability report is prepared and published once a year and has not been reviewed by a third party.

Contact

If you have questions or would like to share comments on Skandia's sustainability work and sustainability reporting, please contact us at: kundinflytande@skandia.se



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Skandia creates value for customers, owners and society



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Digital innovations provide customer benefits



26

Stronger processes for responsible investments



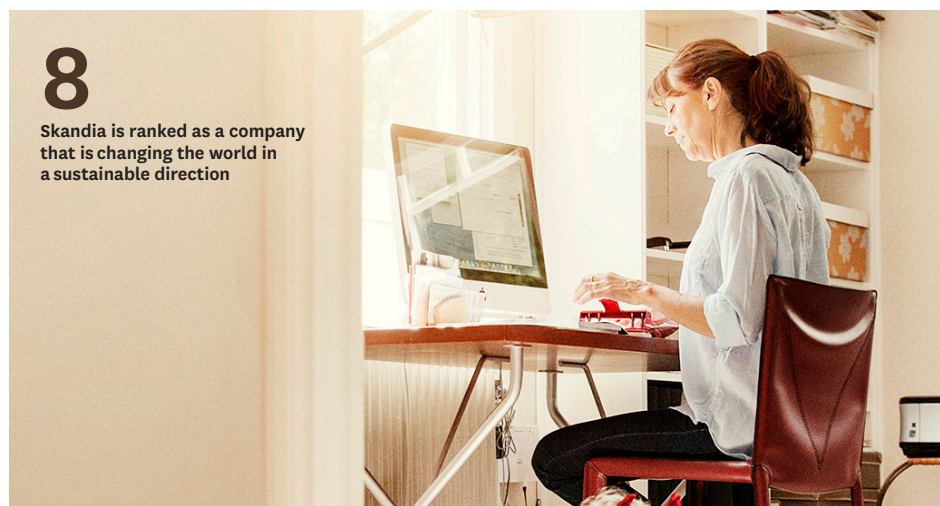
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Investments in solar cells for climate adaptation of Skandia's shopping centre in Helsingborg



27

Excluding companies whose turnover is 30% or more from the extraction of coal



8

Skandia is ranked as a company that is changing the world in a sustainable direction



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

About Skandia

Skandia is one of Sweden's leading life insurance companies. We offer savings with a guarantee, mutual funds, insurance for health and financial security, banking services and advice.

With a strong tradition of product development and community engagement, we have worked for more than 160 years to foresee and prevent risks. This way, we have been able to give people financial security in the various stages of life.

We have two million customers in Sweden and Denmark, more than SEK 600 billion in managed assets and around 2,500 employees.

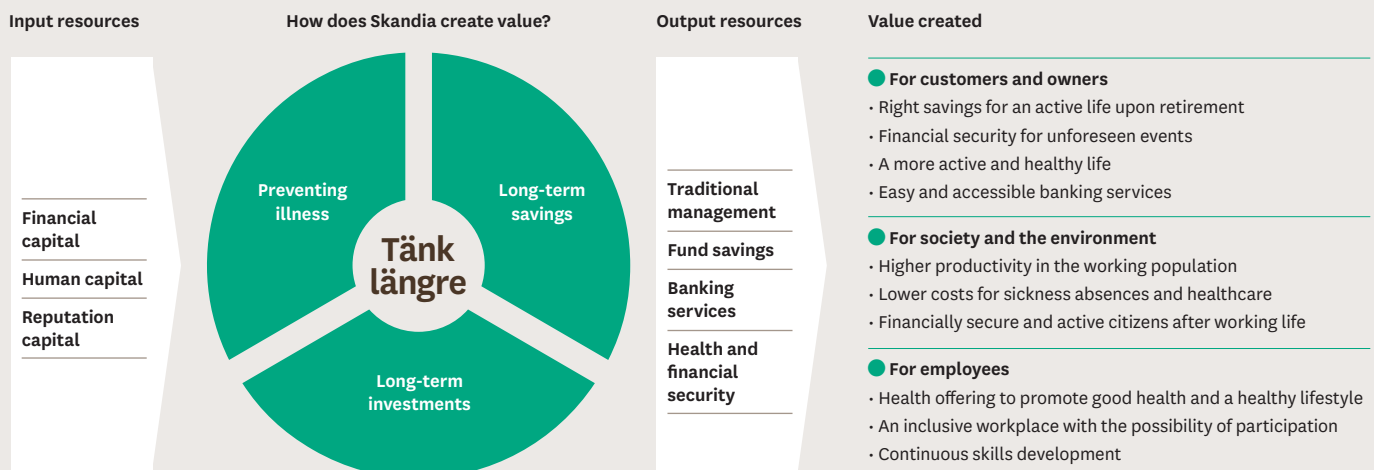
The concept of "Tänk Längre" [Think Ahead] permeates everything we do. For us, this means that we help our customers make decisions today for a rich and secure life in the future. We also have a broader perspective than that. By working in the intersection between business and society, we contribute to a more sustainable society at the same time that we create value for the customers.



Our offering

Skandia's offering gives people financial security in the various stages of life. With a stable life insurance company, a strong fund company and an award-winning bank, we create relevant services for your savings, your security and health.

How Skandia creates value



● **Customers and Owners:** The goal is for our customers to be able to live a healthy, active and secure life their entire lives. Through multiple services, we create financial security for unforeseen events and our health solutions create conditions for a more healthy life. Together with the management of the customers' assets and a strive for a good, long-term return, we give our customers the possibility to live an active life after retirement. As a mutual company, we want to be on the customer's side, with the mission of maximising the value for our owners.

● **Society:** Skandia plays an important role in society as a complement to the state social security systems. With our illness prevention efforts, we have been able to reduce ill health among our customers. Our health offering extends from prevention to rehabilitation and insurance for loss of income. Research and development conducted through Skandia's Ideas for Life foundation contribute innovative capacity and resource efficiency to the state and non-profit elements of the Swedish social security system. To-date, we have helped 133 municipalities in Sweden and Denmark create better conditions for measuring the effects and economic value of social investments. This contributes to more preventive measures, which is the foundation of insurance logic.

● **Environment:** For us, it is of the utmost importance to conduct our operations in a way that creates as little environmental impact as possible. Since 2012, we fully carbon offset our own operations and are climate neutral. We make it easier for our customers to find sustainability-related information and also report on the carbon dioxide footprints of the funds.

Our work also affects the environment outside our own operations. Our consideration of the environment and society is an important part of our asset management, fund business and real estate company.

● **Employees:** Our long-term work with health creates great value, not only for society, customers and owners, but also for our employees. At Skandia, we continuously work to prevent illness so that our employees enjoy a high level of well-being. We invest in enabling a healthy lifestyle for all of our employees, which is why our health offering is also made available to our employees. We also invest in regular skills development. Skandia's performance management process is used to drive and follow-up performance and development, which contributes to participation in the operations.

Value creation in figures

A selection of key performance indicators that represent the value creation that Skandia contributes to and can be used to follow up how well we meet our stakeholders' expectations. Comparative figures for 2015 are stated in parentheses.

Committed employees

[Read more on page 47](#)

73.2 (73.7)

Force for change in the employee survey (Target value 70)

Investments in infrastructure

[Read more on page 25](#)

18.6% (16.2%)

Total return on infrastructure in parent company's investment portfolio

Support for research

[Read more on page 24](#)

SEK 23.5 million (24.9)

Research and method development regarding illness and support for children and young people

Climate adaptation of the operations

[Read more on page 41](#)

90% (94%)

Renewable energy used at Skandia's own offices.

Satisfied customers

SKI Life insurance, retail **67.0** (63.8)

SKI Bank **70.3** (71.7)

[Read more on page 21](#)

Reduced ill-health

50%

Skandia's health offering has contributed to a halving of sickness rates among our customers during the last ten years.

[Read more on page 33](#)

Contributions to the financing of global environmental work in 2016

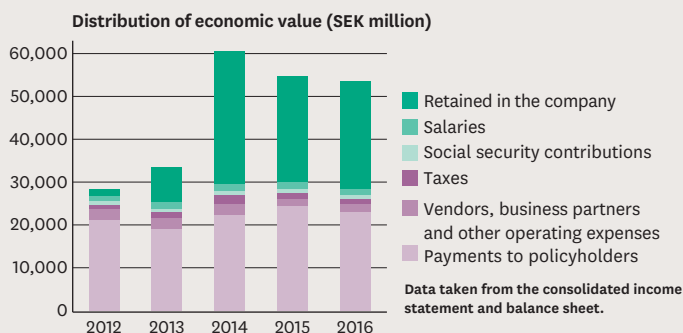
SEK 8.9 million

The Skandia Världsnaturfonden fund annually channels 2% of the fund's value to the World Wide Fund for Nature (WWF).

[Read more on pages 29 and 41](#)

Skandia's distribution of economic value

Skandia's operations distribute economic value that benefits several of the company's stakeholders. What is reported as "Retained in the company" also includes the preliminarily allocated insurance capital that is presented in the customers' annual statements.



Value of new business

When Skandia sells insurance, we not only meet a need for that particular customer, but we also create value for existing customers. Current customers benefit from new sales by more people being able to share common costs. New services, products and offerings that are developed benefit all customers – both new and existing customers.

It is important that the terms that apply to new business are structured so that they are good for both new and existing customers. The conditions may not, for example, be structured so that existing customers are subjected to major risks.

Skandia continuously works to follow up on the profitability in and risks of new business. During the year, several more in-depth analyses were done regarding new business, including a large analysis where Skandia's Board and Council of Delegates confirmed that the signing of new business is a better alternative for Skandia's customers than closing for new business. In the analysis, the importance of good cost control was identified and in the first half of 2017, a new improved profitability follow-up will also be introduced in the operations.

The year in brief

167 %

Solvency ratio at the end of 2016

SEK 60.7 billion

Assets under management

SEK 7.3 million¹ Cancerfonden 

To the Swedish Cancer Society, where Skandia is a chief partner

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municipalities in Sweden and Denmark received training from Skandia's Ideas for Life foundation to evaluate the effects and economic value of preventive social investments.

30 years

Skandia's Ideas for Life foundation was established in 1987 and since the beginning has supported research and 3,832 local community projects to give children and young people a safe childhood and a good start in life.

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A company that is changing the world in a sustainable direction:

Skandia was ranked number 20 out of 50 companies in the world according to Fortune Magazine and it is the only Swedish company on Fortune's "Change the World List".



Skandia has made the strongest results improvement in the Pension Sustainability Barometer.

Source: Survey of the Swedish public as a part of the research study Brand, Reputation and Sustainability, Stockholm University, February 2016.

Grade in 2016

Passed

- Sustainable pension company
- Sustainable unit linked insurance



Passed

Responsible ownership:

- Traditional management
- Unit linked insurance



¹) Included in the presentation of Research and method development on page 24.

Comment from the Chairman

As the Chairman of the Board of Skandia, it is important to ensure that the company has the right long-term prerequisites to meet the customer's expectations. One of our foremost strengths is that Skandia is a customer-owned company.

I believe that Skandia's mutual structure provides excellent conditions for a pension company with long-term commitments. By the customers also being our owners, we can maximise the long-term value creation and the surplus generated stays with the customers. This way, Skandia distinguishes itself from many other companies in the industry as we do not have any external shareholders who share in the profits or drive other, perhaps more short-term interests.

With our steering model, all of the customers in Skandia's life insurance company are also entitled to nominate candidates to the Council of Delegates, which is a transparent and democratic process that creates the possibility of exercising real customer influence. In connection with the 2016 election, the Council of Delegates is fully appointed with a total of 21 delegates. The Board and management had a well-functioning information exchange during the year with the Council and its officers, both in continuous dialogues and meetings and at the General Meeting in May. For a more detailed description of the owner governance in Skandia, refer to the corporate governance report on page 42.

The Board's main task is to decide on Skandia's strategic emphasis, to appoint the CEO and to ensure that the business is run efficiently and in compliance with the rules and laws that exist. We also have the overall responsibility for Skandia's organisation, management and regulatory compliance. In 2016, together with the management, we worked to clarify Skandia's strategy to focus even more on the core business in pensions and security, which are Skandia's strengths.

Working long term means that Skandia contributes to creating a good financial life and securing a good future for the company's customers. It is the Board's view that this at the same time creates opportunities to benefit society and make sustainable investments and I strongly believe that investments in



sustainable solutions are better in the long term, not only for society, but also for returns. For several years, Skandia has invested in infrastructure projects beneficial to society and I view continued investments in this area positively, such as in renewable energy. Greater possibility to invest in Swedish infrastructure would be welcome.

Pension savings in themselves are a long-term business with long-term goals. The pension system working as well as possible is an important issue for Skandia and our customers, but for society in general as well. However, we see that today's pension system is facing challenges, mainly in the combination of an ever later entrance into working life and a higher life expectancy, but also due to the low interest rates. It is therefore extra important to create an incentive structure for own long-term savings. Unfortunately, the recent development with the removal of the deduction right for private pension savings has gone in the opposite direction, which is extremely difficult to understand in light of the major challenges the national pension systems are facing.

Skandia plays an important role in society and contributes to good pension solutions and less illness. Those of us on the Board are convinced that these efforts will be important in the future and I consider it to be strategically important that the company continues to strengthen its offerings in long-term insurance and financial security services that provide good returns to the customers while showing consideration to society and the environment.

Stockholm, January 2017

A handwritten signature in black ink, appearing to read 'Hans-Erik Andersson'.

Hans-Erik Andersson
Chairman of the Board of Skandia

Statement by the CEO and Head of Sustainability

In 2016, Skandia received international recognition for our ability to combine business opportunities, profitability and benefit to society. Fortune Magazine ranked Skandia as number 20 out of 50 companies in the world in their annual ranking, Fortune's Change the World List, something we are very proud of. The ranking is for companies that are changing the world in a sustainable direction with a long-term and profitable approach; in our case, contributing to cutting sickness rates among our customers in half and thereby presenting a model for health that can benefit society as a whole.

The work of creating profitability and value generation is continuing. During the year, Skandia adopted a clearer strategic direction. As a customer-owned life insurance company, we are well positioned to create financial security for our customers. We also contribute to solutions in some of the greatest challenges facing society in our time: inadequate pension savings, higher costs for illness and greater need for investments in society. We see this work as a way to also promote the UN's global sustainable development goals and give our continued support to the UN Global Compact and its ten principles for financial, environmental and socially sustainable business.

A strong role in society

Skandia's core business is an integrated part of the welfare model in society. As a customer-owned company, it is therefore natural for Skandia to play a strong role in society in how we meet our customers' needs for pension, savings and financial security solutions. Our values and ability to handle relevant social challenges for our customers is also of significance to the surrounding world's and the customers' confidence in Skandia.

The fact that Skandia is a mutual company gives us especially good conditions to be able to act long term and sustainably. Our owner directives express

a clear expectation that we should be one of the leading companies in sustainability.

This entails a major responsibility to ensure long-term sustainable operations: among other efforts during the year, we built Sweden's largest solar cell installation through our real estate company and we were also first in Sweden to use the Morningstar sustainability rating for our funds.

Illness prevention work

Our unique model of prehab and rehab in health insurance has contributed to Skandia halving the sickness rate among our insured business customer in the past 10 years, which received recognition from Fortune Magazine. This increases quality of life at the same time that it saves money for our customers and for society at large. We therefore believe that Skandia is playing an important role as a complement to the welfare system. This does not mean that our private services compete with the public services, but the opposite. When we contribute to reducing illness, it also leads to less pressure on the resources in the public welfare system as well.

Creating value for the customer

As a mutual company, it is a given that the customer take a central position in the decisions and



investments made. The profits in our model can in many ways be compared with the sharing economy principles where the common investments lead to greater value. As an example of this, it can be mentioned that Skandia's customers this year were able to share SEK 13 billion.

Our success in delivering strong returns year after year has also made satisfied customers. Here, we are going against the flow compared with the other life insurance companies and according to a customer satisfaction measurement from November 2016, we were the only life insurance company that received better scores than in the previous survey.

We know that our ability to deliver value for money and at the same time contribute to society is crucial to increasing customer satisfaction.

Sustainable and long-term value creation

Working long term means that Skandia can contribute to creating a good financial life and securing a good future for our customers. At the same time, it creates the possibility as an investor to contribute to greater focus on sustainability in our investments. Through Skandia's Ideas for Life foundation, we also

continued to drive research initiatives during the year to develop tools and methods that aim to prevent social challenges and strengthen the welfare systems.

To-date, all of 133 municipalities in Sweden and Denmark have received training in using our research and tools, such as the Ideas for Life model to invest in prevention, which contributes to health and financial security.

With continued strength and innovation, we will take important steps in the future towards making long-term contributions to good health and sound finances. This creates value for our customers, owners and society at large – an effort we at Skandia are looking forward to continuing.

Stockholm, January 2017

Frans Lindelöw
President and CEO
of Skandia

Lena Hök
Head of Sustainability
at Skandia and Director
of the Skandia Ideas
for Life foundation

Our business environment

New regulations demand a proactive and adaptable operation. Digitalisation means that we more quickly and more cost-effectively can meet the customer's needs and expectations. We also work to meet the growing need for long-term savings.

Skandia's mutual corporate form and long-term ability to deliver customer benefit and business benefit, and also contribute to social benefit provides good conditions to meet future customer needs.

A digitalised customer experience

The demand for affordable, simple digital services and offerings is growing. Being able to buy goods and services whenever and wherever has become a natural part of everyday life.

Having a digital technology that works quickly and easily is an important part of having satisfied customers. During the year, Skandia expanded its digitalisation, now with a focus on the entire value chain, from advice, services and offers to internal tools and processes. This means that we have gradually increased our capacity to work with digital service development, which is central to remaining competitive. For example, in 2016, we launched a new website that gathers banking and insurance under the same name. The new website adapts to various mobile devices.

Greater need for occupational pension and private long-term savings

The need for occupational pension and private long-term savings is growing. This trend is being driven in part by the transition from defined-benefit to defined-contribution pensions, and in part by us living ever longer and more active lives during retirement. Despite the need for advice and solutions for long-term savings being greater today and for earlier generations, many are acting too little or too late – something we as a customer-owned company feel a particular responsibility to change. This is why we work proactively to simplify and encourage long-term savings and work to create greater awareness about the need for occupational pensions. We also see that there is more discussion about private welfare alternatives and a growing demand for qualitative, effective solutions that meet the needs of customers and society.

Sustainability is high on the agenda

In recent years, focus on sustainability has steadily grown in society since the climate agreement in Paris and the UN's new global sustainable development goals that were adopted in 2015 have increased expectations on companies. There is more pressure from customers, consumers, politicians and NGOs, at the same time that more and more companies are putting sustainability on the agenda and beginning to deliver concrete results. The view of the companies' task and role in society has changed and sustainability is increasingly being integrated into the companies' core business. We also see a growing need for social investments. This is a matter of investments in properties, infrastructure and renewable energy, for example. Skandia works proactively to benefit society's long-term stability. By applying our strength as an insurance company and investing in preventive measures and research, we can contribute innovative capacity and development in the Swedish insurance systems of which Skandia is a part.



Changed regulations provide new conditions and possibilities

At Skandia, we want to be in the forefront in terms of integrating new agreements, guidelines and laws into our operations. We consider it to be valuable that the consumer perspective is strengthened, both with regard to matters concerning our existing customers and our stakeholders in general. Smoothly incorporating new regulations into Skandia's processes and procedures will be very important to retain a strong position and competitiveness. This places high demands on cost-effectiveness and flexibility in the operating activities.

Skandia monitors developments of new regulations and actively participates through industry organisations and the public debate. At the same time, we continuously work to prepare the operations for a heavier regulatory burden to also continue to be able to focus on customer benefit and value creation. Here, we describe some of the laws and voluntary commitments in sustainability that we consider to be especially important and relevant to Skandia.

➔ *Read about more regulations in the annual report.*

The Paris Agreement

In December 2015, many of the world's countries reached a new climate agreement. At present, nearly two thirds of the parties have ratified the agreement and the goal is that the global temperature increase should not extend beyond 1.5 degrees on average.

General Data Protection Regulation

The new General Data Protection Regulation enters into effect in May 2018 and aims to strengthen and create more uniform data protection for people in the EU. Skandia will analyse the regulation's impact and ensure that Skandia handles personal data and informs customers in accordance with the requirements prescribed by the regulation.

Sustainability Reporting Act

Since 2016, all large companies are required to prepare a sustainability report with information on the environment, social responsibility, working conditions, respect for human rights and counteracting corruption. The reporting requirements are based on an EU directive and the aim is to make the information on how companies work with sustainability issues more transparent and comparable. At Skandia, we have issued sustainability reports in accordance with the GRI standard since 2011.

Act on Energy Audits

According to the Swedish Energy Agency's criteria, Skandia is covered by the Act on Energy Audits. The aim is to ensure that all operations improve energy efficiency to meet the EU target of 20% more efficient energy consumption by 2020. Skandia prepared for the reporting in 2016 and will implement reporting from 2017 in accordance with the authority's requirements.

Sustainable development goals (SDGs)

On 25 November 2015, the UN's sustainable development goals were adopted by the world's leaders at a UN summit. They are 17 global goals that summarise the sustainability challenges in the world. The goals concern health, infrastructure, sustainable cities and communities and how we resolve the climate crisis.



➔ *Read more about Skandia's work with the global goals on page 60*

Country-by-country reporting

Tax issues have become an increasingly important issue for responsible enterprise. In October 2016, the Swedish government turned over legislation for consideration to the Council on Legislation regarding the implementation of the OECD standard for documentation of internal pricing and country-by-country reporting. The law entails new regulations on country-by-country reports in the tax field and automatic exchange of country-by-country reports between the EU's Member States. The change enters into effect on 1 April 2017.

Materiality analysis

Skandia's materiality analysis is a total appraisal of the sustainability issues that are of the greatest importance for us and that we focus on to create the greatest possible value.

The materiality analysis aims to identify the most important sustainability aspects for our operations. The process focuses on our stakeholders' expectations together with the development in the industry and society.

Stakeholder dialogues

Well-functioning stakeholder dialogue plays a central role in understanding what is expected of us. Our primary stakeholders can be divided into six different groups. We collaborate with them through dialogues that are adapted based on needs and target group; both continuously in the daily activities and at a strategic Group level.

The stakeholder group with the greatest impact on our priorities is our customers, the majority of whom are also our owners. The owners exercise their insight and influence through their ability to nominate and vote for members of the Council of Delegates. The Annual General Meeting provides an opportunity for dialogue with the owners. The owner association ProSkandia also contributes to the dialogue.

Most of the customer dialogue takes place on a daily basis through advisory meetings, customer service and digitally over websites and social media. In this communication, a number of additional expectations of Skandia have come forth during the year. It generally involves an expectation that Skandia acts as a role model in sustainability.

More specifically, this means demonstrating transparency and openness through insight and influence, and standing up for our commitments.

The customers emphasise the need that that industry stand for "fair deals" that ensure customer benefit. Skandia's owner instructions also emphasise the importance of the long-term perspective, good returns, focus on customer benefits, sound openness and sustainable business.

Analysis

Skandia's role in society conveys a responsibility for us to carry on a dialogue about and advocate for issues related to insurance, savings, investments, financial security systems and health issues. In addition to the stakeholder dialogues, we monitor issues that are relevant to the finance industry and the development of the political agenda, and other issues that affect us and how we work.

We do this by taking initiatives to research and conducting an active dialogue with political decision makers and experts in civil society. We also get involved in these issues through collaboration with various associations. Read more about these on page 59.

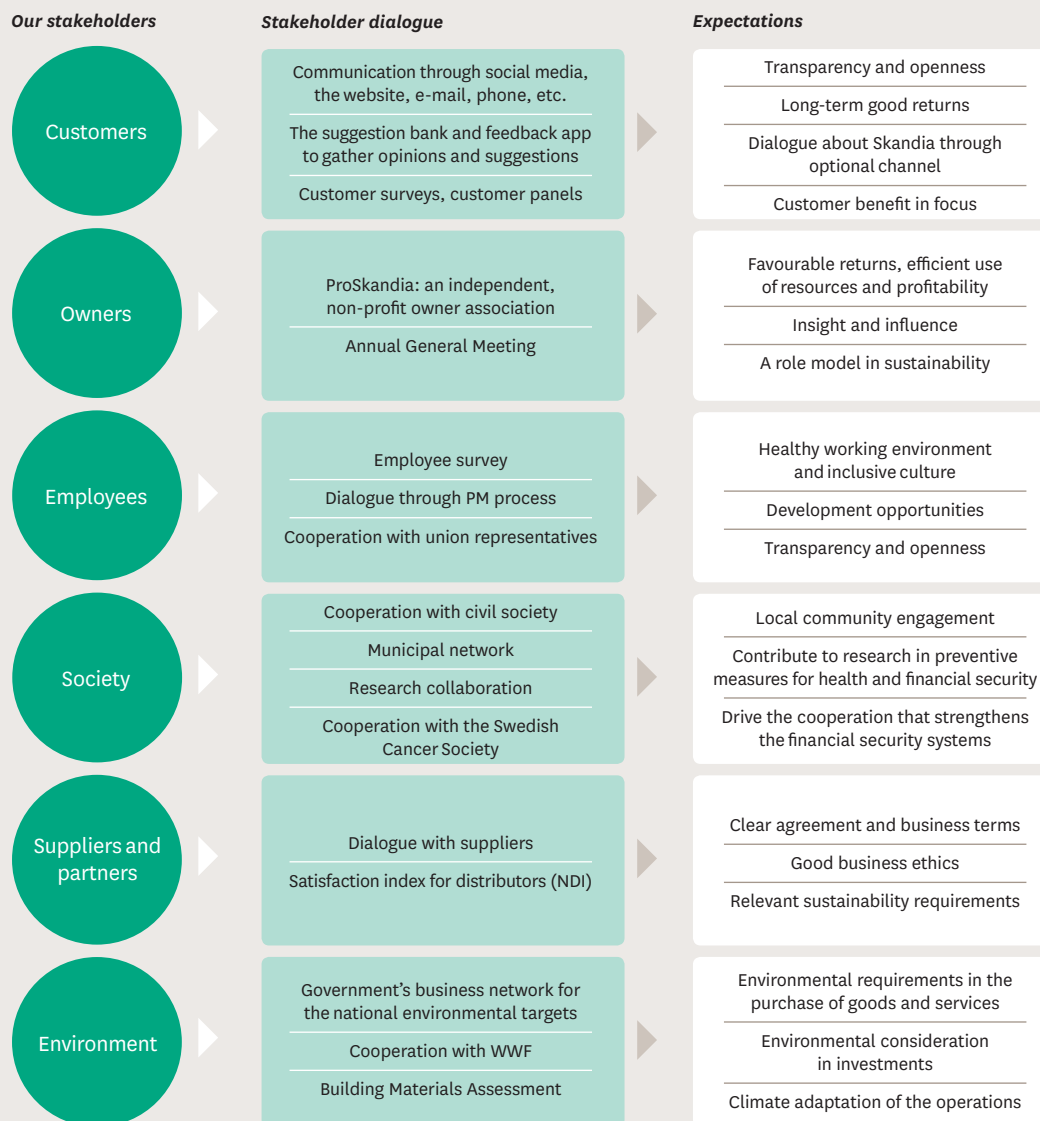
Added to this is extensive internal work at Skandia to continuously test and confirm the analysis of the most significant aspects for Skandia. Expectations and relevant issues are evaluated from a business perspective to understand their ability to create value for Skandia. The result in the materiality analysis is a prioritisation of a number of issues that provide guidance in Skandia's strategic work. This is a continuous effort that creates opportunities to adjust and add current sustainability issues.

Dialogue about Skandia's customer, business and social benefit

In connection with the shared value study of Skandia that was done in 2015, dialogues were conducted with a number of stakeholders, such as owners, customers, politicians, researchers and experts in various parts of the Swedish social welfare system.

A summation of their views of Skandia's role in society shows that, as a mutually-owned company, in many ways we are perceived as being in a strong position to lead the way in strengthening Sweden's social welfare system. We are also perceived to be in an optimal position to combine business benefit with societal benefit, owing in large part to the natural coupling to our core business. Skandia has unique opportunities to meet critical customer needs, which in extension also contributes to addressing critical societal challenges. A recurring challenge is to continue driving work on devising innovative solutions to address various societal challenges, such as ill-health, secure finances or the need for investments in society. The end goal is to add business value for our owners and customers while at the same time creating value for society at large.

Stakeholder dialogues 2016 – a few examples



Skandia's strategy

We create a richer life by simplifying and encouraging a financially secure and healthy life. Skandia's goal is to maximise the value to the owners over the lifetime of their insurance policies. The value is a combination of returns and security – we call it financial security.



Skandia offers a broad range of products and services to meet our customers' needs for savings and financial security solutions. Traditional management forms the basis of Skandia's operations and is the dominant form of savings at Skandia, both in the corporate and private business. We see savings with traditional management as one of our major competitive advantages. With savings products for those who want to create returns on their own, both with and without insurance, we offer a complete savings offering. Together with risk and health insurance, this means that we can focus on complete offerings for greater financial security.

Long-term customer benefit

At Skandia, we focus on creating long-term customer benefit and satisfied customers. The long-term perspective is an important basis of our entire approach and characterises our core business – savings for pension and insurance. We also see that there are clear gains associated with a long-term perspective, not least with regard to the possibility of alternative and sustainable investments and good returns over time. The goal is to maximise the value to the owners over the lifetime of their insurance policies.

Pension and savings

During the year, we adopted a clearer strategic focus where we leverage our core competencies. For Skandia, this means a focus on the pension offering, especially in the occupational pensions.

The corporate business is an important driver of new business. It is often the starting point for the relationship between Skandia and our private customers. At Skandia, we have a strength and credibility with regard to advice and solutions for pension structures. We see that this best suits the companies and employees who are outside collec-

tive bargaining agreements. Today, we have a strong position towards these companies that we want to keep through continued strong relationships both directly and through our brokers.

The individual, both in his or her capacity as an employee and a private person, is becoming increasingly important. We see that we should deepen the relationship with the individual, based on our knowledge of the complex pension issue and planning of life after retirement.

Societal benefit

By meeting our customers' needs, our business also creates value for society. Through our operations, we can contribute to solutions to some of our time's major societal challenges. With our size, stability and long-term approach, we have the possibility to improve the returns to our savers by investing in the development of necessary societal functions.

Today's pension system with greater individual responsibility, combined with the fact that we are living longer, leads to many having inadequate savings for their retirement. By guiding our corporate and private customers to wise decisions regarding savings, investments, insurance and pensions, we also create value for society in the form of less pressure on social welfare systems.

Skandia's focus on illness prevention, of which industrial injuries insurance is a large part, makes us unique in the Swedish market. With this work as a foundation, we have contributed to halving the sickness rate among Skandia's policyholders over ten years. In 2016, Fortune Magazine recognised Skandia's long-term work to combine business value and societal value and named Skandia, the only Swedish company on the list, as one of 50 companies globally that is contributing to changing the world.

Vision

We create a richer life – by encouraging a financially secure and healthy life.

Objective

Our mission is to maximise the value to the owners – the Parent Company's customers – over the lifetime of their insurance policies.

Examples of various forms of value creation

	Long-term savings	Life-long health and financial security	Structural investments in society
For the individual	Support planning for an active life after retirement	Provide security, health and support for a healthy and active life	Good returns on pensions and savings
For companies	Secure the right pension solutions for the employees	Prevent illness and provide support for healthy and productive employees	Investments in infrastructure and property development provide sustainable growth opportunities for companies
For society	Complement to the national pension system for greater financial security	Contribute innovation and reduce the costs of healthcare	Support the development of a more sustainable and secure society

Sustainability – part of our strategy

It is becoming increasingly important to clarify a company's purpose and its values. This means that Skandia's ability to handle relevant societal challenges becomes more important to our strategy, our reputation and our attractiveness.

The sustainability strategy is a part of the overall strategy. Based on social, environmental and financial sustainability, Skandia works with six significant sustainability aspects.



Skandia's sustainability work builds on the Council of Delegates' owner instructions that establish that the business is to be conducted in accordance with the following values:

- **Long-term perspective** Skandia takes on long-term insurance commitments and has the goal of maximising the value for the owners, Skandia's customers, over the lifetime of their insurance policies by combining good returns with sound risk taking.
- **Focus on customer benefit** All of the companies in the Skandia group that offer services shall strive to meet reasonable expectations among their customers and to create strong, long-term relationships with them.
- **Sound openness** The operation in Skandia shall be characterised by a healthy openness towards customers and other stakeholders.
- **Sustainable business** The Skandia group shall be a role model in the work on sustainability. Skandia shall demonstrate social responsibility and drive the business with clear ethical values.

Our risk strategy – an important tool

Risk management is based on Skandia's risk strategy through which the Board sets general limits for our risk taking. The risk strategy should agree with Skandia's business strategy and is reviewed when the business strategy is updated. As a part of the risk strategy, the Board decides on restrictions that limit which risks and how much risk Skandia exposes the policyholders to. One of the most central restrictions relates to the risk of insolvency, meaning the risk that we cannot meet our guaranteed commitments to the policyholders. By deciding on a restriction of this risk, the Board sets an overall limit to how much market risk, insurance risk, credit and counterparty risk and operational risk we can take in our daily operations. The restriction limits Skandia's total risk level both in the short and the long term.

Within the limits stated by the risk strategy, we make business decisions on a daily bases that have the most positive impact on the policyholder value. In traditional management, we invest, for example, in equities and other assets to generate high returns

for our customers at the same time that we strive for controlled risk taking. We do this by the restrictions that follow the risk strategy being supplemented with limits to how much of the customers' money may be invested in various classes of assets and in various markets.

Skandia's operations give rise to various kinds of risks, such as market risk, in the traditional management, but also other significant risks, such as insurance risks and operational risks. In order for us to be able to maximise the value to the customers over the lifetime of their insurance policies at the same time that they are not exposed to excessively large risks, Skandia needs to manage the risks in a suitable and effective manner.

In our business, events can also trigger unexpected losses as a result of e.g. failed IT systems or human error. We continuously work to identify, manage and control the risks in the operations so that the losses and damage from such events are minimised.



Skandia strives to create customer, business and societal benefit

The concept of "Shared Value" has been developed by Professors Michael Porter and Mark Kramer at Harvard Business School. It involves creating business benefit and competitiveness by developing new business solutions and offerings for the customer needs that arise due to social problems and sustainability challenges. The concept of "Shared Value" is in line with Skandia's ambition to create value for the poli-

cyholders where our offering is a complement to the national social security systems. Our way of creating sustainable value for customers, owners and society garnered recognition in 2015 when a case study of Skandia was carried out to exemplify how companies can achieve Shared Value. Today, this study is used at universities internationally to teach business strategies that integrate sustainability.

Skandia's offering creates value

Skandia is one of Sweden's largest banking and insurance groups. We offer traditional management, fund savings, insurance for health and financial security, banking services and advice.

Our most important objective is to maximise the value to our customers, who are also our owners. We do so by taking consideration of sustainability and risk. By offering products and services that create security and financial returns, we increase the value for our customers.

For more than 160 years, we have been able to give people financial security in the various stages of life. The following sections on Skandia's sustainability aspects also briefly describe our offerings and what results and value they have created for the customers in 2016.

Traditional management



Saving with a guarantee is a secure and easy alternative that means that Skandia manages the money and provides a guarantee of future disbursements. Skandia's parent company is a mutual company, which means among other things that we are owned by our customers, who save in the collective savings form of traditional management. All of the savers' money is placed in the same portfolio and the policyholders share the surplus. The saver is guaranteed a certain amount when the insurance is paid out.

Health and financial security



Skandia offers financial security in the event of accident, illness or death through health, accident or life insurance. For our corporate customers and their employees, we also have tools to identify illness early. This way, we can contribute to avoiding sickness absences and costs that arise.

Fund savings



Skandia offers fund and deposit management in both banking and insurance solutions. The fund offering is based on the premise that it should be easy to invest in a wide range of high quality funds, adapted to our customers' different needs. Customers can save in funds with or without insurance, both for the occupational pension and private savings.

Banking



Skandia's bank is a full-range bank directed at the retail market. Our Internet bank works just like a regular bank – the only difference is that we do not have any banking offices. Our customers manage their everyday finances using our Internet services or our award-winning app.



Skandia's sustainability aspects

Transparency and long-term customer relationships



Building long-term customer relationships and being transparent towards our customers and owners is highly prioritised. This is apparent in our corporate form where the majority of the customers are also our owners. As a customer-owned company, the customer and owner interests coincide in that they share the goal of creating good long-term returns.

➤ [Read more on pages 20-24](#)

Responsible investments



We are convinced that responsible investments are a wise way to create value. Creating value and at the same time taking consideration of society and the environment forms the basis of our investments and we continuously evaluate our investments based on criteria for the environment, human rights, working conditions and other significant sustainability aspects.

➤ [Read more on pages 25-31](#)

Social responsibility



Skandia plays an important role as a complement to the national insurance systems in society. We do so by offering services in health and financial security across generations. We also contribute by investing long-term in research and development and in local projects with a focus on preventing illness and creating more secure local communities.

➤ [Read more on pages 33-39](#)

Environmental responsibility



We want to limit our ecological footprint in our asset management, our fund business and our real estate company, among others. We set requirements on our suppliers and choose to carbon offset for the emissions that our own operations give rise to. We also work to be open and report our environmental impact, such as the funds' carbon dioxide footprints.

➤ [Read more on pages 41-46](#)

Long-term employer



For us at Skandia, it is important that we offer an inclusive workplace that provides opportunities for individuals to grow and develop. It is thanks to our employees' commitment and drive that we create business and customer benefit.

➤ [Read more on pages 47-50](#)

Business ethics



Good business ethics is about using good judgement in business relationships and working to prevent risks. For Skandia, this means that we work responsibly and with integrity to secure long-term customer benefit and protect assets and our reputation. In all of our operations, we shall take responsibility and we require our suppliers and business partners to do so as well.

➤ [Read more on pages 51-54](#)

Transparency and long-term customer relationships

Building long-term customer relationships and being transparent towards our customers and owners is highly prioritised. This is apparent in our corporate form where the majority of the customers are also our owners. Our customers, who are also our owners, have the goal of creating good long-term returns.

Our overriding objective is to maximise the value for the customers. Openness and customer benefit are therefore guide words for our business and our customers' insight and influence are of the utmost importance. There is a clear demand for comprehensible and relevant information that couples customer benefit to our offerings. For example, clarifying what the customer pays for and how the fees are tied to the benefit or the customer.

More customer influence

To meet our customers' expectations, we have conducted a number of different initiatives for several years. For example, we removed commissions to external distributors that risk leading to short-term customer care. We also introduced transparency on mortgage discounts. Working with customer influence in practice involves ensuring that customers' views are taken in and brought to the attention of the right people in the organisation for action.

In 2016, we continued the work of making it easier for our customers to contact us and providing proposals on improvements. We are doing so by developing internal procedures to gather and act on comments and requests from customers from several parts of the business, such as banking, fund savings and insurance.

Ensuring customer influence in practice

The customers' proposals, questions and opinions are crucial to our continued development as a customer-driven company. The 1.2 million customers in Skandia's life insurance company, who are also our owners, have several opportunities to influence Skandia's governance and direction.

➤ *Read more about the Council of Delegates' work during the year on page 42 of the annual report.*

About our banking services



Skandia's bank is a digital full-range bank that addresses the retail market and has transparency and customer benefit as guide words for the business. We offer services for the various needs that arise during life, which is a broad spectrum of services and products in both mortgages and savings, and tools to simplify everyday financial needs.

In 2016, lending in mortgages increased by SEK 10 billion, which corresponds to around 22%. The positive volume growth is a result of the bank's attractive offering in combination with a transparent mortgage model.

➤ *Read more about Skandia's banking offering in the annual report.*

22%

Growth in mortgage lending

57

billion SEK. Lending to the public including the Swedish National Debt Office

Skandia's customers increasingly satisfied

According to customer satisfaction surveys ("Svenskt Kvalitets Index, SKI") for 2016, Skandia's customer satisfaction increased in almost every area compared with 2015. SKI builds on a total appraisal of several factors, such as image, expectation, product and service, with the help of an index between 0 and 100. In 2016, Skandia participated in four surveys: Banking, Retail customers (2nd place), Life insurance, Private (2nd place), Life insurance, Corporate (4th place) and Mortgages (2nd place). The results for Skandia's bank were well over the industry average, even if all banks in the survey declined in customer satisfaction due to negative publicity for the major banks spilling over to the industry in general, according to SKI's analysis. Skandia's results for Life insurance, Retail is above the industry average (66.2) and we were one of only two companies that had a positive development.

Three measurements of customer satisfaction for phone advice were done in 2016 and the result was 4.3 on a 5-point scale. In terms of in-office advice, the outcome of the customer satisfaction survey was 5.7 on a 6-point scale.

Customer suggestions make a difference

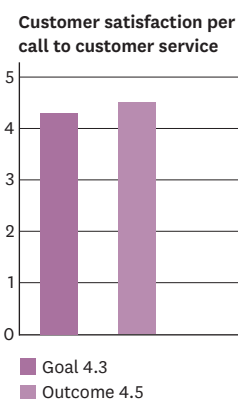
We value our customers' opinions. They are gathered from various channels, such as Customer Service, social media, advisers, complaints, the feedback function in the mobile app and customer surveys.

Suggestion bank

The customers' requests are gathered in the Suggestion Bank, a system support for the collection of customer feedback at our customer units in Linköping, Gothenburg and Sundsvall. During the year, we received a total of 565 submissions from our customers to the Suggestion Bank and the feedback app.

Of them, we implemented the following in 2016:

- App for mobile and Internet bank, and Swish for children and young people under the age of 18
- Search function and printout of the detailed information of a transaction on the account statement
- Seeing the recipient account on a transfer made in the Internet bank
- Possibility for an extra card holder to administer and activate extra cards
- Improvements to the interactive voice response system over the phone in English
- Search function on the account statement
- Possibility of making a transfer to and from deposit accounts in the app.



Our routines for handling suggestions and complaints

Customer contacts Skandia

A customer contacts Skandia with a suggestion or a request to address a complaint.

Skandia registers and addresses the customer's suggestions and/or complaints.

If a customer is not satisfied with a decision or a service, he or she is instructed to initially contact the person or office that handled the matter or made the decision. The person who is in contact with the customer registers the case in our system for suggestions and complaints. In certain cases, the matter may be handled by a complaints specialist at Skandia.

The customer can appeal Skandia's decision and contact the Customer Ombudsman.

If the customer is not satisfied with Skandia's decision, he or she can turn to Skandia's Customer Ombudsman for an impartial, cost-free review of the case.

35 years

Since 1981, Skandia's customers have been able to turn to Skandia's Customer Ombudsman for an impartial review.

Skandia's customer-elected Council of Delegates

The General Meeting is Skandia's highest decision-making body and is formed by a Council of Delegates that is nominated and voted into office by Skandia's 1.2 million owners. Every year, Skandia's customers elect seven Council delegates who sit on the Council for a three-year period. Once the three years have passed, re-election is possible. In 2016, the Council of Delegates was full in number with a total of 21 delegates.

The Council of Delegates has three main tasks:

- To appoint Skandia's Board
- To adopt the Articles of Association and the owner instructions
- To pass resolutions at the General Meeting

The Council of Delegates is also responsible for the owners' dialogue with the Board, where the owner instructions are the most important governance document. It sets out what values should permeate the operations and clarifies that Skandia is to be operated according to values such as sustainable business, a long-term approach with the goal of maximising value for the owners, a focus on customer benefit and a healthy openness. More on the Council's role and work is available in the corporate governance report in the annual report.

► [Read the Council of Delegates' owner instructions at skandia.se](#)



“There is a special strength in a company for long-term savings being a mutual company. The fact that we are customer owned means that there is no risk of a conflict of interest as the owners' and the customers' interests are the same thing.”

Bo Källstrand, Chairman of the Council of Delegates

Mutuality – a guide word for Skandia

The Chairman of the Council of Delegates is Bo Källstrand and together with the delegates, he has a close dialogue with Skandia's Board and monitors the decisions Skandia makes.

“From the Council of Delegates, we know that it is valuable for both the employees and the Board to know what the owners think. We are therefore clear in our owner instructions as to what expectations we have of Skandia. Something we emphasise in particular is the importance of working long term. When one opens pensions savings as a customer, it is a relationship that should last for many years and contribute to securing one's retirement. It is

therefore also in our interest that Skandia is a good member of society that contributes to resolving various social problems,” says Bo Källstrand.

Skandia adopts a clear customer perspective at an industry level by being a driving party in several joint initiatives, such as the Min Pension pension portal and the Ersättningskollen benefits calculator. Both aim to make it easier for the customer to get an overview of his or her long-term savings to be able to plan his or her finances, such as by evaluating the future income after retirement and taking possible action for greater savings.

ProSkandia

Our owners also have the possibility of influence through the independent non-profit owner association ProSkandia. With its 10,000 members, they work to safeguard the customers' interest in Skandia's life insurance company. The members represent retail customers who want to monitor and influence how Skandia is run and developed.

► [Read more at proskandia.se](#)

Digital solutions for our customers

Our investment in greater digitalisation resulted in several new functions during the year. Focus was on meeting customer expectations in terms of simplicity and greater customer benefit, as well as

internal efforts to ensure efficient work across various departments. Here are a few examples of what we developed in 2016.

New website

A new website that gathers banking and insurance under the same name – skandia.se. The website adapts to all mobile devices.

Better pages on savings

Better pages on savings on the Internet with access to digital offers that are less expensive for the customer.

A thousand questions. One number.

A new, free-of-charge phone service for employees and co-insured in our group insurance policies with a focus on advice for preventing illness and promoting early intervention for the individual. The service is also available as a mobile app.

Automated support

Automated support for administrators to be able to give the customers a better service.

Portal for the corporate customers' employees

A selection portal for employees at our corporate customers to allow them to make their own choice of management type for their occupational pensions.

Online care

Through the digital healthcare service “Min Doktor”, Skandia provides the possibility of online care within the scope of the private healthcare insurance – an example of both how we work with preventive measures to unburden the healthcare system and how digitalisation can be used to meet the customers' and society's needs.

In 2016, the waiting time to get an answer from a doctor was 36 minutes (median value).

According to Min Doktor's customer questionnaire, 92% find the service easy to use.



Transparent mortgage model

Skandia's mortgage model that was introduced in 2014 means that the customer gains full insight into the conditions for his or her mortgage discounts. The model also means that the discounts do not disappear as long as the conditions for the discount are met, which contributes to financial security for the customer. Skandia also does not apply a repayment requirement to mortgages moved to Skandia from other banks in accordance with the repayment regulations introduced in spring 2016, the aim of which was to prevent the lock-in of Swedish mortgage customers.

In 2014, Skandia was also the first in the industry in Sweden to publish the average interest rate to make it easier for the customer to compare interest rates and discounts with other lenders.

Greater transparency regarding our funds

Skandia is working to be open and make it easier for the customers to make informed choices. For customers who are interested in knowing how a fund takes sustainability issues into consideration in its management, we provide Swesif's sustainability profile and Morningstar's sustainability rating on our fund portal.

Funds' sustainability rating

Skandia was the first company in Sweden to introduce the independent analyst firm Morningstar's comparable rating of the funds: Sustainability Rating™. All funds receive a rating between 1-5.

Through the new sustainability rating, we increase our transparency and the possibility for our savers to take into account available sustainability information in their investment decisions. The funds' ratings are shown on Morningstar's and Skandia's websites.

Sustainability profile for funds

In the sustainability profile, the fund management company presents which sustainability criteria are included in the management of a fund. The sustain-

ability profile states how a fund relates to international norms, exclusion of industries and products, and how the fund manager goes about influencing a company when it comes to its work with the environment, social aspects and business ethics. The sustainability profile shall be seen as a complement to the fund prospectus.

Together with other financial actors, Skandia has been a driving factor in SWESIF's work on developing the sustainability profile, which was updated during the year. At the end of 2016, 18 out of 27 fund management companies used the sustainability profile for their funds on Skandia's fund platform.

Transparency on climate impact

At Skandia, we also regularly measure the funds' carbon footprints, which shows the funds' climate impact. To make the information readily available and to make it easier for comparisons, we publish all measurements on skandia.se.

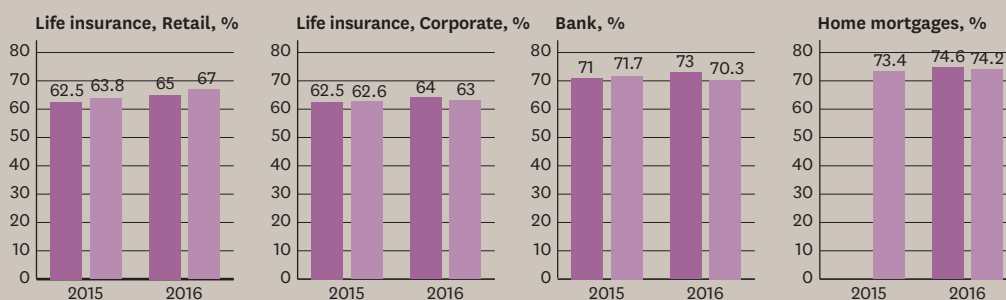
➤ Read more under the section *Consideration of the environment* on page 42.

Outcome 2016

Customer satisfaction 2016

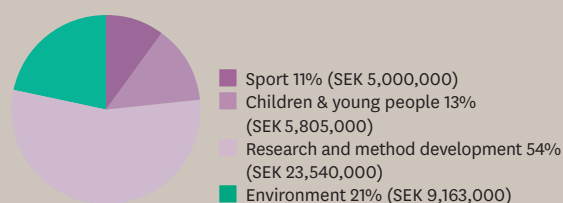
During 2016, customer satisfaction generally increased compared with 2015. Customer satisfaction decreased in relation to Skandia's targets, but was well over the industry average. There was no target for mortgages in 2015. Beginning in 2015, Skandia measures customer satisfaction using the SKI.

■ Target ■ Outcome



Skandia's financial contributions to partners in 2016

Reported amounts originate from Skandia, Skandia's foundations and Skandia's non-profit funds (where investors have actively agreed that a share of the assets is to be reinvested in social causes for the benefit of children and young people, the environment and cancer research).



Identified G4 GRI aspects:

Product and service labelling, Marketing communications, Customer privacy, Labour practices and human rights grievance mechanisms, Active ownership

G4 GRI indicators:

PR5, PR7, PR8, LA16, HR12, FS11

Responsible investments

We strive to invest responsibly and, at the same time, create long-term value for our customers. We also believe that this provides a positive impact on the environment and society.

Skandia has one of the largest management assignments in Sweden, with around SEK 500 billion in assets under management on behalf of the customers. The assets under management mostly consist of Skandia's life insurance portfolio, but also includes management of part of Skandia's fund offering. Skandia's traditional management is the core of our business and means that we invest the money for the customer in a joint, well-diversified portfolio and guarantee a future pay-out. This gives Skandia financial strength; we can invest more money at a higher risk and thereby create the possibility of higher returns without risking the guaranteed amount.

In addition to Skandia's traditional management, there is an opportunity to save in funds, shares and other securities through fund and custody account insurance, directly in funds with Skandia's fund company and through savings in the bank. The fund offering also includes alternative investment funds targeted at institutional investors.

A responsible strategy that creates value

Our goal is to maximise the value for the customers, Skandia's owners, over the lifetime of their policies. We do so by combining a good long-term return with sound risk taking. It is becoming increasingly clear

that sustainability aspects in the investments can constitute both financial risks and opportunities, which makes the consideration of sustainability factors in investment decisions an increasingly large part of the analysis.

Environmental and social responsibility forms the basis of all investments made by Skandia. We have signed the UN Principles for Responsible Investment (PRI) and review the companies from a sustainability perspective. We also try to influence the companies where we have a participating interest – on our own initiative or in cooperation with others.

The long-term element of our investments also creates the possibility for investments important to society. Around one fourth of our life insurance portfolio is comprised of so-called alternative investments (properties, infrastructure and unlisted companies), which creates diversification and spreads the risks. These kinds of investments demand a long-term perspective, which has been a key factor for our success both during the financial crisis and in today's low-interest environment. For example, our investments in infrastructure have been very profitable. In 2016, the return on infrastructure in the life insurance portfolio was 18.2% and the return for alternative investments as a whole was 13.3%.

8.2%

Total return in Skandia's traditional life insurance portfolio in 2016.

750

million SEK in a long-term bond to the Skandionkliniken for cancer treatment.



”Ten years ago, we began to build a portfolio with unlisted equities, credits and infrastructure, such as wind power. These are assets that are less liquid, but that consequently provide better returns. It is easier to find such infrastructure projects abroad than in Sweden, but I hope that this changes since I believe that pension capital can help finance the building of society that Sweden is facing.

Hans Sterte, Head of Skandia's Asset Management

Our process for sustainable investments

Skandia's ambition is to be a role model in the work on sustainability. We continuously develop the work of integrating sustainability in asset management and the fund business through a process that aims to work for sustainable value creation in the entire chain. The process to take into account sustainability in the investments takes place in several steps in the asset management.

To create good and stable returns in the long term, we invest in many different kinds of assets and instruments, including equities and interest-bearing securities, as well as unlisted companies, properties, commodities and infrastructure assets.

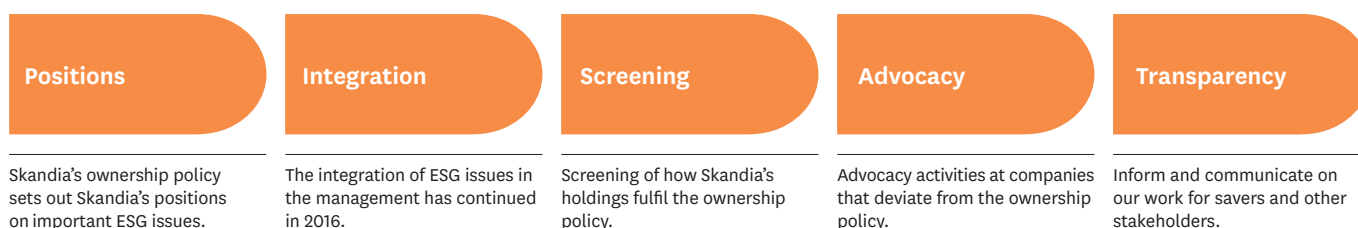
Skandia's environmental, social and corporate governance (ESG) work comprises Skandia's entire asset portfolio and our funds. The conditions for conducting this work vary depending on the type of asset. We are therefore appropriately adapting the ESG work to the conditions, but the foundation is the same.

Skandia conducts integrated work in the entire group on sustainability issues based on our ownership policy. We have structured an ESG organisation where those responsible are involved to ensure that ESG issues are captured in the relevant context.

ESG

ESG stands for environment, social and corporate governance aspects.

Process for sustainable investments



● Positions

Skandia's policy for owner governance forms the basis for how we act as owners. We strive for the companies in which Skandia has a participating interest to be able to manage risks and utilise opportunities with responsible business to thereby create good returns.

In 2016, Skandia clarified the ownership policy in a number of areas by deciding on positions that serve as guides in the dialogue with the companies and in our internal discussions.

We specified our positions in nine general areas:

- gambling
- alcohol
- tobacco
- fossil fuels and coal
- controversial weapons
- business ethics
- working conditions
- human rights
- the environment and climate

➤ [Read about all of our positions at skandia.se](http://skandia.se)

The clarification of our positions on issues is an important part of our work to increase transparency and present Skandia's attitude in important issues from a sustainability perspective. In each area, we identify what expectations Skandia has of companies we invest in, and what norms and conventions our position is based on.

● Integration

Skandia integrating ESG factors means that we take into account ESG risks and opportunities in a systematic process. In 2016, Skandia worked intensively to increase the integration of sustainability factors into every part of our management. For example, all of our managers have access to company specific sustainability analyses from Sustainalytics. We also continuously go through the respective portfolios from a sustainability perspective.

At Skandia, we also always evaluate external managers yearly with regard to their ability to take into account sustainability aspects in the management. This applies to both external managers for Skandia's own funds and traditional management (equities, credits and unlisted holdings) as well as external funds in our unit-linked insurance platform.

● Screening and analysis

By analysing the holdings' sustainability work, we investigate if the companies' long-term financial interests are in line with resource efficiency, proactive health work and responsible management. In addition to continuous investment analysis, Skandia has two leading suppliers in ESG analysis (GES and ISS-Ethix) screen all holdings in listed equities and corporate bonds. The quarterly screening pertains to violations of international norms and conventions, controversial weapons and tobacco.

● Advocacy and exclusion

If we identify deficiencies in a company's sustainability work or if the company does not follow international norms and conventions in the sustainability area, advocacy work is begun. The advocacy dialogue is conducted either by Skandia itself, or by our cooperative partners GES and/or ISS-Ethix. Advocacy work can also take place together with other owners and asset managers in the scope of e.g. PRI. The efforts are adjusted based on how large an owner we are, how serious the incidents are and how we assess the possibility to exercise influence.

Advocacy dialogues are a long-term process and if the activities do not lead to an acceptable solution, the holding is sold. Most companies are open to dialogue with investors, but it can take time before concrete changes are made. Skandia also participates in nominating committees in Swedish companies and votes at general meetings in issues that are addressed in the convening notices to the general meetings. On skandia.se, we present which companies we had contact with in corporate governance matters or due to the companies' sustainability work.

● Transparency

We strive to provide sustainability information on the investments so that the customer will be able to make informed choices. For customers who are interested in knowing how a fund takes sustainability issues into consideration in its management, we provide Swesif's sustainability profile and Morningstar's sustainability rating. To contribute to transparency in the industry, we annually report to PRI in accordance with our commitment.

➤ *Read more about the sustainability profile and sustainability rating for funds on page 24*

214

Number of companies that Skandia had contact with in our advocacy work in 2016.

132

Number of companies that Skandia's fund company excluded from investment.



We strive to make the funds' sustainability information comparable and accessible.

Exclusion of companies

In total, around 130 companies were excluded from investment by Skandia due to the companies' activities not agreeing with Skandia's positions. This may either be due to the companies not following the norms and conventions that serve as guides for our ESG analysis, or they are companies involved in industries and businesses that Skandia excludes, such as tobacco, controversial weapons or coal mining. A list of the companies excluded by Skandia's fund management companies is publicly available at skandia.se.

No investments in tobacco

Skandia's ownership policy establishes that Skandia will not invest in companies that produce tobacco or tobacco-related products. Our position is based on the scientifically established research on the health risks associated with smoking. Based on Skandia's insurance background, we are aware of the health risks that smoking entails for the individual, in addition to the costs to the social welfare systems. We therefore choose to exclude tobacco from our investments. This is also in line with Skandia's support for research on the prevention of illness and our partnership with the Swedish Cancer Society.

Exclusion of coal

In 2016, we took a clear position regarding fossil fuels and coal when we chose to exclude companies 30% or more of whose turnover comes from the extraction of coal for energy purposes. These companies' business idea is not in line with a sustainable development since the combustion of fossil fuels contributes to climate changes and coal is the fossil fuel that gives rise to the largest carbon dioxide emissions per energy unit.

Advocacy dialogues

Our work in 2016

In 2016, Skandia and our analysis suppliers had contact with around 200 companies in corporate governance issues or due to the companies' sustainability work. Advocacy work can be conducted either reactively, i.e., after an incident has occurred, proactively in a preventive capacity, or thematically, in which case a specific theme is addressed for several companies at the same time.

A few recurring issues in our work in 2016 revolved around palm oil, environmental and safety issues among commodities companies, responsibility in the supply chain, and anti-corruption and human rights issues in complex markets. Among others, we were in contact with Royal Dutch Shell, Wal-Mart, Rio Tinto, Phillips 66, Lundin Petroleum, Norilsk Nickel, Enbridge, Alstom and BHP Billiton. We also cooperated with other investors, mainly in the scope of the UN Principles for Responsible Investments (PRI) initiative, in thematic projects concerning supplier issues in the IT and textile industry, oil extraction in the Arctic, palm oil, human rights in extraction industries and reporting of climate-related information.

Field visit to cocoa plantations

Together with other investors, Skandia works in an advocacy project that aims to improve the working conditions and reduce child labour in the cocoa sector. Within the scope of the project, one of Skandia's ESG analysts visited the Ivory Coast.

The Ivory Coast is the fastest growing economy in Africa and 40% of the world's cocoa comes from there. Child labour is common in small-scale farming the world over, and the Ivory Coast is no exception. Around two million children are estimated to work at cocoa plantations in the region. One of the reasons is poverty, which means that every family member is forced to work to be able to support the family. Other reasons for the wide-spread child labour include ignorance that

children are hurt by, for example, carrying heavy loads, and simply a shortage of schools. Moreover, many children do not have birth certificates, which are required to go to school.

During the trip, we met companies such as Nestlé, Barry Callebaut and Hershey, and multiple NGOs to obtain on-site a perception of how the companies meet the challenges in the cocoa industry. It is clear that the companies are working actively to address the problems. The situation is developing in a positive direction, but major challenges still remain. Skandia is continuing the dialogue with the companies and also with companies in other sectors that are facing similar challenges.



Together with other investors, Skandia works in an advocacy project that aims to improve the working conditions and reduce child labour in the cocoa sector. Within the scope of the project, Skandia visited the Ivory Coast.

Structure of the ESG work



Funds that contribute to environmental and societal benefit

Skandia's three non-profit funds annually channel 2% of their fund value to organisations that work in different ways with social and environmental advocacy. The funds are managed by Skandia and thereby follow the sustainability criteria established in the fund company's ownership policy. Two of our non-profit funds have special investment criteria in addition to the sustainability criteria that apply to all of Skandia's funds and are described below.

● **Skandia Världsnaturfonden:**

Since the beginning, Skandia's customers have contributed a total of around SEK 162 million to the World Wide Fund for Nature (WWF) and thereby support WWF in its global environmental efforts. The fund does not invest in companies that extract fossil fuels (oil, gas and coal) and in mining companies, in accordance with WWF's guidelines.

● **Skandia Cancerfonden:**

Since 1988, our savers in Skandia Cancerfonden have contributed more than SEK 138 million to Swedish cancer research. The Swedish Cancer Society's vision is to defeat cancer and here, we as a main partner and insurance company have an important role to play.

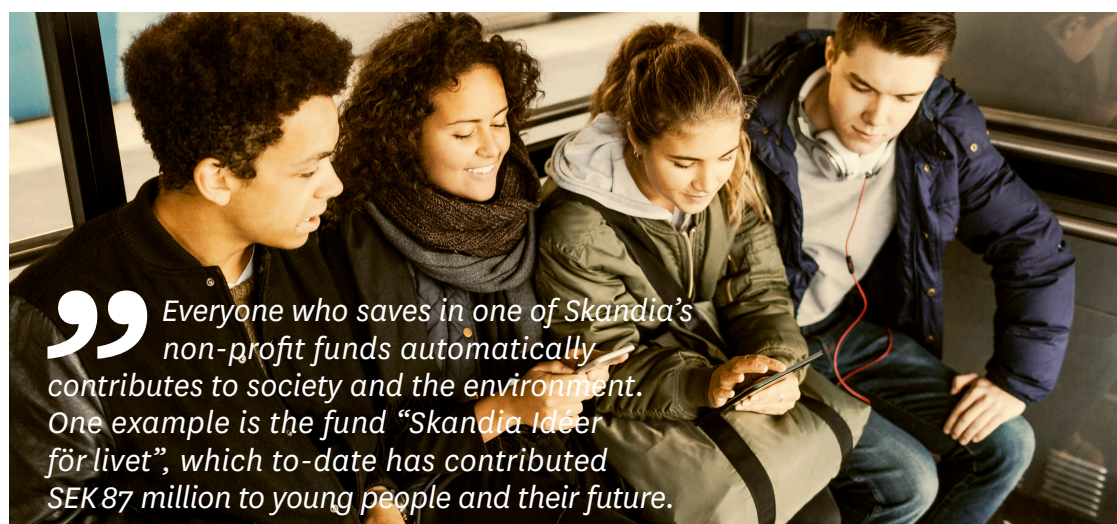
● **Skandia Idéer för livet:**

Supports Skandia's Ideas for Life foundation, which contributes to a more socially sustainable society through research and local project for children and young people. The fund has no management fee and Skandia covers the foundation's costs. The fund does not invest in companies that produce alcohol, weapons or war materials. Since the fund's founding in 1995, nearly SEK 87 million has gone to the foundation's activities.

➔ *Read more about Ideas for Life on page 35.*

24.8

million SEK The total amount channelled from Skandia's three non-profit funds in 2016 to create value for society and the environment.



“Everyone who saves in one of Skandia's non-profit funds automatically contributes to society and the environment. One example is the fund “Skandia Idéer för livet”, which to-date has contributed SEK 87 million to young people and their future.

Conventions and non-binding codes

Skandia's policy for owner governance forms the basis for how we act as owners. Skandia wants the companies we invest in to follow a number of established international conventions. In the cases where a company deviates from the guidelines in our ownership policy, Skandia's basic attitude is to first work for change and development through active ownership in the form of direct dialogues with the companies.

The owner governance policies for Skandia's life insurance company and fund management company with detailed information on our guiding conventions are available at skandia.se.

Skandia wants the companies we invest in to comply with the principles for the following codes:

- The UN Global Compact
- The OECD Guidelines for Multinational Enterprises
- The UN Guiding Principles on Business and Human Rights

These codes build on the following conventions:

- 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

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).

About Skandia's traditional management and fund savings



Traditional management means that Skandia invests the money for the customer and guarantees future payments. The total return in our traditional life insurance portfolio amounted to 8.2% in 2016. The return in the past five years on average was 8.2% per year. The bonus rate was adjusted several times in 2016 to amount to 5% at year-end, which is the same level as at the end of 2015. Beginning 1 January 2017, the bonus rate will be raised to 7%.

Skandia offers fund and custody account management both through our bank and together with insurance. We strive to make it easy for the customer to save in funds of good quality and with an offering that is adapted to the customers' various needs. At the beginning of 2016, new sales for fund and custody account insurance were on a lower level than 2015 to recover at the end of the year and amounted to SEK 1,502 million (1,576).

Traditional management

SEK million	2016	2015
Assets under management	407,655	384,724
Total return	8.2%	5.3%
Total return, 5-year	8.2%	7.2%

Fund savings

SEK million	2016	2015
Assets under management	214,883	191,988
Unit-linked and custody account insurance	186,406	175,801
Unit-linked savings, bank	12,801	12,089
Unit-linked savings, fund management company	15,676	10,975
Average value increase, unit-linked and custody account insurance in Sweden	7.5%	4.2%



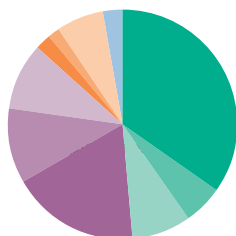
Skandia Time Global named Best Industry Fund of the Year 2016.

+7.5%

Average value increase in unit-linked and custody account insurance in Sweden.

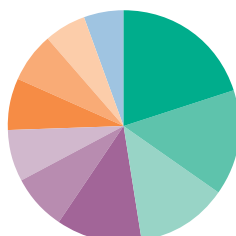
[Read more about our offers in traditional management and fund savings in the annual report.](#)

Asset distribution in life management portfolio



Nominal bonds	36.3%
Swedish inflation-linked bonds	6.0%
Swedish equities	7.4%
Foreign equities	17.0%
Real estate	10.9%
Unlisted companies	10.0%
Commodities	2.5%
Infrastructure	2.0%
Business strategic assets	5.4%
Other	2.5%

10 largest Swedish holdings



Hennes & Mauritz	SEK 2,630 million
Atlas Copco	SEK 1,944 million
Volvo	SEK 1,692 million
Investor	SEK 1,563 million
Sandvik	SEK 1,013 million
SEB	SEK 956 million
Hexagon	SEK 950 million
Nordea	SEK 897 million
Ericsson	SEK 787 million
SCA	SEK 697 million

10 largest foreign holdings

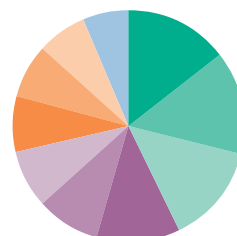


ABB	SEK 702 million
Pandora	SEK 695 million
Kindred group	SEK 675 million
Apple	SEK 561 million
AstraZeneca	SEK 437 million
Microsoft	SEK 388 million
Toyota Motor	SEK 367 million
Royal Dutch Shell	SEK 361 million
Alphabet	SEK 335 million
Novartis	SEK 308 million

Outcome 2016



Skandia's fund company

	2016	2015
Assets under management, SEK million	15,676	10,975
Share of assets with sustainability criteria	100%	97%
Number of excluded companies	132	60
Number of non-profit funds	3	3
Assets under management in non-profit funds, SEK million	1,247	1,274

Exclusion list, Skandia's fund company

Number of companies	2016	2015
Environment	8	14
Human rights	7	5
Labour law	–	1
Controversial weapons	22	17
Tobacco	24	23
Coal	71	–
Total	132	60

 The entire exclusion list is available at Skandia.se

Advocacy activities 2016

	Skandia Life	Skandia Fund
Human rights	58	58
Environment & climate	57	57
Working conditions	32	32
Business ethics	20	20

Governance

	Life insurance company	Fund company
Participation in general meetings, number	62	29
Participation in nominating committees, number	3	0

Parent company's investment portfolio

	2016	2015
Assets under management, SEK million	407,655	384,724
Share of assets with sustainability criteria	95%	85%
Number of excluded companies	127	35

Identified G4 GRI aspects:
Product portfolio, Active ownership

G4 GRI indicators:
FS6, FS11



Social responsibility – health, safety and sustainable insurance systems

Skandia plays an important role as a complement to the national insurance systems in Swedish society. We do so by offering services in health and financial security over generations, as well as investing long term in socially important projects and research with a focus on preventing illness and creating more secure local communities.

The long-term perspective permeates our entire business. For us, this means working with preventive measures and acting as early as possible. Through our business operations, our insurance policies, research and foundation work, we develop new resource-efficient solutions for greater health and financial security. The starting point is the insurance logic where preventive investments create both human and financial value. Our calculations show that there are major societal gains to be made through early efforts. Our Ideas for Life foundation actively works to increase cross-sectional cooperation in the prevention of illness and creation of more secure local communities. We achieve the greatest social benefit by cooperating with enterprise, civil society and the public sector.

We also have close cooperation with academia to be able to research what value is created by preventive measures for society, the employer and the individual.

Focus on health and financial security

Our vision is to create richer lives. By focusing on health and financial security, through the foundation's research and work, we have the opportunity to influence a number of risk factors that can lead to future dependence on the social welfare and insurance systems. Sustainable insurance systems are good for our customers and owners, but also for society's stability and ability to support individuals.



“The earlier we can act on a risk, the greater the effect of the efforts. With its services, Skandia is an important complement to the public insurance systems and through our preventive efforts, we create value for our customers and for society at large.

Lena Hök, Head of Sustainability at Skandia and Director of the Skandia Ideas for Life foundation

Preventive health work that makes customers healthier

Skandia's preventive health work is based on our concept Skandia's Health Chain, which builds on research in social medicine and our own experience of preventive health efforts. The concept is based on a comprehensive mindset with measures at both the individual and organisational level and as a part of this, Skandia works to create the right measures to achieve healthier customers. With a

lower sickness rate, we can lower the premiums and increase the value for our customers and owners, at the same time that everyone feels better.

We therefore offer a cost-free preventive health insurance linked to our company disability insurance plans. This has led to eight out of ten turning to us to get preventive help before a sickness-related absence.

50%

A halving of sickness rates among our customers during the past ten years.

Methods and tools for health

Annual health forum

In 2016, Skandia's annual health forum brought up the importance of prevention, research and new method development. At the seminar, researchers, experts, politicians and representatives from business met. Studies were presented on stress and lifestyle factors and how costs to society, employers and insurance systems can be avoided through prevention.

Skandia's Health Calculator

In 2015, in cooperation with a research team at Uppsala University, Skandia launched Skandia's Health Calculator, which calculates the effect and

value of preventive health efforts. It is a web-based calculation tool that helps work out how lifestyle factors, such as sedentary habits, overweight, alcohol and smoking affect the individual's health and the costs to society and the employer over time. The purpose of this work is to spread knowledge of the value of early, preventive measures.

In 2016, the Health Calculator was supplemented with Swedish statistics from four industries so the employer can more easily see which gains preventive health efforts can provide in the respective industry. This was also addressed in a new report "Unhealthy living habits – expensive bill for employers" where examples from these industries were addressed.

A new CBT method for trauma treatment

During the year, Skandia's Ideas for Life foundation financed research on an evidence-based method that aims to treat post-traumatic stress disorder. The foundation's support is making it possible to adapt the treatment method to Swedish conditions and translate the method descriptions to various needs. This way, the method can be used for the trauma caused, for example, by sexual violence, experiences of war, physical abuse or substance abuse. The support is a part of the foundation's research and development work in mental illness. In 2016, through the foundation, researchers at Uppsala University trained 22 managers who in their professional roles meet children and young people who suffer from depression and post-traumatic stress disorder, mainly unaccompanied refugee minors.


Spreading knowledge about health

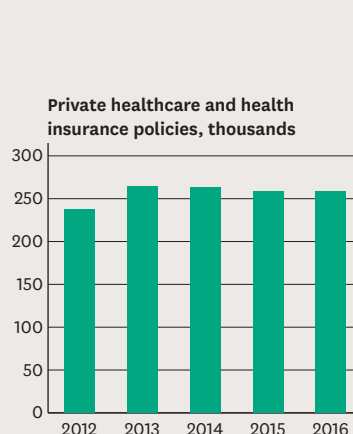
In 2016, Skandia participated in several activities to spread knowledge about our active work and our research for a more secure and healthier Sweden.

At the political event week in Almedalen, several seminars were held in Skandia's exhibit garden. Skandia also arranged the Almedal health run for the second consecutive year. We also conducted 1,176 health check-ups where visitors could measure their blood pressure, have moles checked and check their vision.

Health and financial security

Skandia offers financial security in the event of accidents, illness or death through health, accident and life insurance. We work preventively for healthier organisation by packaging health insurance together with disability insurance and other services to prevent illness. We offer targeted efforts to companies that want to work with their sickness rate by creating incentive to address health issues at an early stage. The surplus created earlier makes it possible to keep competitive premiums for our customers.

 Read more about our health and financial security offering in the annual report.



+10%

More new sales in private care and group insurance

SEK 194

million (79).
Result for the non-life insurance business.
The increase is due to higher premiums earned and lower claims costs.

Skandia's Ideas for Life foundation

The Ideas for Life foundation works as a catalyst for development and to spread knowledge about social sustainability. The starting point in the foundation's work is the insight from insurance logic that it is profitable in both human and financial terms to foresee risks and prevent problems instead of reacting only when they have arisen. The objective is to contribute to a safer and more sustainable society.

Ideas for Life supports work that focuses on prevention and early efforts for children and young people. This means higher quality and resource efficiency in social welfare systems and health efforts. The work takes place in three areas: research, development and local non-profit projects. The financing of the foundation takes place through annual returns from the starting capital that Skandia contributed at the start of the foundation and the capital provided by the fund Skandia Idéer för livet, where 2% of the fund's value is contributed to the foundation annually.

Skandia finances the foundation's administration and office.

Ideas for Life cooperates with several universities to develop evidence-based models for preventive measures and calculations of their financial value. Around 133 municipalities and several non-profit organisations in Sweden and Denmark received training in the foundation's tools. For this purpose, in 2016, Ideas for Life cooperated with researchers at Uppsala University, Umeå University, University of Gothenburg, the Stockholm School of Economics, Karolinska Institutet and the Copenhagen Business School. Ideas for Life works close to non-profit organisations, which promote children's and young people's development with preventive activities. Some of the foundation's cooperative partners are BRIS, Star for Life, Nattvandring.nu and Save the Children.

How socially sustainable value creation is measured

The need to measure and evaluate sustainable value creation is growing. At the same time, there is often a lack of tools to follow up and measure the resource efficiency of various sustainability efforts. This is the reason why Idea for Life's Director Lena Hök together with the sustainability expert Gordon Hahn and researcher Erik Jannesson wrote the method book "How to measure socially sustainable value creation" which was published in November 2016.

The method book provides tools for follow-up and evaluation of sustainability investments and has been prepared to meet the demand from

non-profit, public and social entrepreneurs. The book builds on the so-called Social Return on Investment (SROI) method, which step by step calculates and evaluates how operations create concrete value – socially, environmentally and financially. Through the method book, Ideas for Life can spread knowledge and at the same time use the method in the foundation's activities. Ideas for Life also arranges training sessions to calculate SROI and use the Ideas for Life model for municipalities, companies and non-profit actors.



The foundation's development of scalable models and tools for prevention

Local projects

In 2016, Ideas for Life financed 129 non-profit projects throughout Sweden that work with preventive efforts to give children and young people a good start in life and a secure childhood.

Research

Ideas for Life initiates and finances research on preventive efforts for children and young people. By highlighting preventive social investments' effects and financial value, we contribute innovative capacity and development to the Swedish social welfare systems.

Tools

Ideas for Life supports a number of development projects on important challenges, such as health and secure local communities. The goal is to develop effective prevention methods and tools for a socially sustainable society.

The Ideas for Life model estimates social effects and financial value

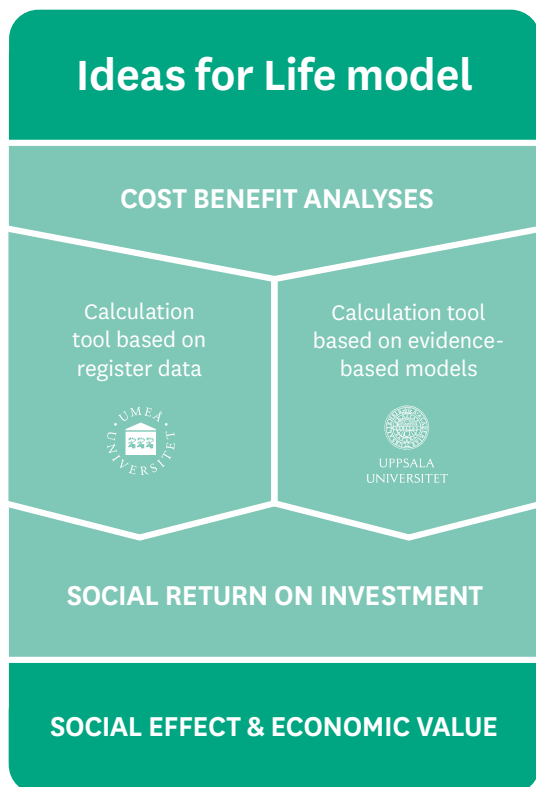
To know if social investments lead to positive effects, tools are needed to evaluate the outcomes. The Ideas for Life model is a unique tool that provides the possibility of better calculations and decision documentation for preventive social interventions and social investments. It can be used by municipalities, non-profit organisations and companies. The foundation has developed the tool together with researchers at Uppsala and Umeå universities. The evidence-based component of the calculation tool comprises programme-oriented supportive efforts for children and young people, such as social-emotional learning, school programmes, programmes for handling anxiety and depression, parental support programmes and methods for suicide prevention.

In another part of the calculation tool, municipalities can make calculations of efforts and pro-

grammes that lack evidence and where updated data and statistics are needed as a basis for calculation. This is to prevent risk factors that lead to mental illness, substance abuse, unemployment, etc.

The other part of the model is based on Social Return On Investment (SROI), an internationally established concept for planning, measuring, following up and evaluating the value creation contributed by efforts and operations - socially, environmentally and financially.

In 2016, 16 municipalities participated in pilot training in the Ideas for Life model. The Ideas for Life model shows future savings both in human health gains and financial gains as well as the size of the effect of the effort, which gives decision makers better decision input for future preventive investments.



What is the Ideas for Life model?

The model is a tool to be able to measure quality and resource efficiency for preventive social investments (such as preventing illness) – with the aim of facilitating the right efforts already at an early and preventive stage.

With the model, municipalities, county councils, companies and non-profit organisations get decision input for planning, governance and evaluation of the social efforts of operations. This way, the Ideas for Life foundation contributes research, development and educational efforts with innovative capacity to the Swedish and Danish social welfare systems.



Research and development that prevents illness and benefits our customers

Skandia initiates and finances research projects in cooperation with researchers at several leading universities. The aim is to develop solutions that will benefit our customers and society in the form of preventive methods that contribute to health, financial security and sustainable welfare systems.

We want to support research that affects people's health positively and prevention of disease in the insurance collective or among future customers. At Skandia, we work to create customer benefit and business benefit with innovation that also develops society and provides greater health and well-being.

A selection of research projects that received financial support* and were under way in 2016:

- **A healthy generation:** Professor Mai-Lis Hellenius, Karolinska Institutet, Stockholm (SEK 2,208,000). A method to promote physical activity and a healthy lifestyle among children and their families.
- **The role of carbohydrates in IBS:** Licensed Dietician Dr. Stine Storsrud, Sahlgrenska University, Kostfonden (SEK 970,000). The objective of the research is to find more and more efficient dietary treatments for IBS.
- **Sesbic study:** Professor Gunilla Sydsjö, Linköping University (SEK 4,332,000). How children's mental health is affected by hereditary and environmental factors and what preventive measures are applied.
- **The eye as a tool to study/treat diabetes:** Professor Per-Olof Berggren, Karolinska Institutet, Stockholm (SEK 4,789,000).
- **Development of the compassionate mind:** Licensed Psychologist Christina Andersson Karolinska Institutet, Stockholm (SEK 2,170,159). A randomised study in psychological training programmes for university students with stress-related problems.
- **A healthy school start:** Docent Liselotte-Schäfer Elinder, Department of Public Health Sciences, Karolinska Institutet, (SEK 508,000). This project is a follow-up of earlier projects from 2012-2013. For children and parents in disadvantaged areas for prevention of overweight and diabetes, in cooperation with primary health care. The project promotes healthy eating habits, physical activity and diabetes prevention among parents.
- **When you and your job (no longer fit together), sickness absence prevention effects of professional life planning:** Docent Claudia Bernhard-Oettel, Stockholm University, Department of Psychology (SEK 1,911,000).

*Amounts reported (rounded to the nearest SEK 000s) refer to the full financing for the respective research project, which may extend over several years.



A selection of projects that received support from Skandia's Ideas for Life foundation in 2016:

- **DysseAppen** is a digital app that helps children with dyslexia with technical support to give them the possibility to increase their learning and thereby strengthen their self-esteem. DysseAppen is developed by young people and the Parental Association for Dyslexic Children with support from Ideas for Life. The app was launched in spring 2016 and has been downloaded 16,500 times, of which 70% were downloaded by children and young people.
- **Friluftsförbundet** offers children and families at asylum housing units activities that can contribute to creating a meaningful wait for processing. This way, they contribute to greater health and enjoyment of life. In the first three months, 500 children participated in the "Meaningful wait" project.
- **Sports for all** is Save the Children's work for sporting activities free from bullying, insults and discrimination to which Ideas for Life has contributed since 2010. In 2016, 47 sports associations worked to prepare action plans for a more secure sporting life where everyone can participate. 36 courses were held and the documentary film "Idrottens himmel och helvete" portrayed the work.
- **A healthy generation** contributes to children and their families acquiring an active lifestyle with the aim of reducing the health gaps in society. In 2016, 658 activity sessions were arranged, which is 16,450 activity hours. The activities involved 676 participants distributed over 171 families.
- **Tilia** is a non-profit organisation that supports young people with mental illness. They conduct support services over chat and e-mail and arrange camp activities and support groups. In 2016, the organisation had around 400 contacts in the chat line every month. In these dialogues, 97% felt listened to. At the end of 2016, Tilia had 75 volunteers who supported 1,570 young people.
- **Star for Life's training programmes** contribute to strengthening school core value efforts and young people's motivation and drive. Today, the Star for Life method "Motivation improvement" is being conducted at 13 schools in Sweden. The work is led by teachers trained in the method at the University of Gothenburg.
- **Synsholmen camp** is held every summer on the island of Synsholmen on the east coast of Sweden. Ideas for Life owns the camp property while the camp activities have been conducted by a non-profit association since 2000. Children from the City of Stockholm are given the opportunity to meet, develop and have fun. In summer 2016, 120 children participated. In a survey after the summer, 92% of the children gave their camp stay high marks.
- **Nattvandring.nu** is a foundation that was formed by Skandia and E.ON and works to develop, support and promote night time adult patrols throughout Sweden. In 2016, the activities had 300 night patrol groups that conducted a total of 15,800 night patrols. 42,500 adults are involved in Nattvandring.nu.

Security online

Our world is becoming increasingly digitalised and Skandia is also using new technology to make it easier for our customers and to meet the expectations on us. At the same time that we contribute to digitalisation, it is important for us to do what we can to ensure security on the Internet, especially for children and young people. This is a natural part of our social responsibility that also has a clear connection to our operations.

An example of this is that Skandia applies technology to block access to digital abuse materials on our work computers. Having such materials on Skandia's computers is grounds for dismissal.

Financial Coalition against Commercial Sexual Exploitation of Children

In 2007, Skandia together with ECPAT founded the Financial Coalition against Commercial Sexual Exploitation of Children. Today, the Coalition gathers a large number of banks that cooperate to block payment transactions for trade in images of child abuse, which makes it harder for criminal actors to spread and make money on such images. The initiative has met with extensive support in the industry and the majority of the Swedish banks are currently a part of the Coalition.

Knowledge-sharing and information

Since 2010, Skandia has supported Caroline Engvall in her work to prevent the victimisation of children online. The website safeselfie.se, about involuntary distribution of images and videos on the Internet, has been developed with support from Skandia's Ideas for Life foundation and aims to provide support to young people and parents who have been affected or want more information to help those around them.

Today, Caroline Engvall holds lectures for both young people and adults on sex as a self-destructive behaviour, children in the Swedish sex trade, domestic human trafficking with children and the consequences of involuntarily spread sexual images and videos online. In 2016, Caroline Engvall and expert guest lecturers held five well-attended seminars on the consequences of the spread of sexual images and videos online. The seminars were held at Skandia's offices in Stockholm, Linköping and Gothenburg.



Outcome 2016

61 municipalities

in Sweden and Denmark received training from Skandia's Ideas for Life foundation to evaluate the effects and economic value of preventive social investments.

129 projects

for children and young people who received grants for preventive efforts in the categories Anti-bullying, Drug-free, Health, Culture, Diversity and Meeting Places.

Identified G4 GRI aspects:

Indirect economic impacts, Product portfolio, Local Communities

G4 GRI indicators:

EC8, FS7, FS13, FS16

70,000 children

were reached by the projects and organisations that received support from Ideas for Life in 2016.

SEK 9.9 million

Granted by the Ideas for Life foundation for research, method and local projects.

(This amount is included in the report of "Research and method development" and "Children and young people" on page 24.)

Investment in more secure local communities and social sustainability at Frölunda Torg

The design of the public spaces in cities and city districts has an important impact on the social and financial development. Research also shows that well-maintained and clean environments reduce the tendency to break the law, i.e. the risk of burglary or vandalism.

Skandia's real estate company has an important role to play to build city districts that are characterised by security, favourable social development and diversity.

One example comes from Frölunda Torg in Gothenburg where Skandia Fastigheter has worked long term to create a more secure local community, as part of the local area has socioeconomic challenges. The important hub for public transport with the tram stop at Frölunda Torg was previously perceived as an unsafe place with poor lighting that was not often frequented by people after sun-down. The architecture led to the public having a deficient view into the stop, which was considered to contribute to a rowdy atmosphere and criminal behaviour at the location.

In 2011, the area was re-inaugurated after extensive renovations. The tram stop was rebuilt, better walkways with more lighting were created and housing was planned around the square. A new modern shopping centre was built that is open to

its surroundings with a large glass façade. Cafés and restaurants were placed along the outside of the shopping centre to encourage the public to spend time there during more hours of the day and create natural meeting places that increase security in the area.

An interview questionnaire that was conducted in 2016 shows that both visitors and those who work at Frölunda Torg and the local business operators feel that the renovation has led to an improvement for the square. Of those asked, 38% said that the square and its surrounding environment became more secure after the renovation. At the same time, several said that they experienced insecurity in the evenings due to more gang crime. Skandia is still working to increase the security in the local community and is collaborating with the municipality, Save the Children, local civic groups and the business community. Among other things, an extensive stakeholder dialogue together with Save the Children was conducted with residents in a neighbouring and socioeconomically disadvantaged area. This is a long-term investment that both benefits the local residents and society at large, but also our customers as a socially sustainable and more secure local community increases the value of the area as a whole.



Environmental responsibility

Skandia impacts the environment both directly and indirectly. We want to conduct operations that reduce our ecological footprint in all areas and influence others in our business environment to take greater consideration of the environment.

Skandia's owner instructions provide clear directives that we shall be a role model when it comes to sustainability. With that as the starting point, we work continuously to incorporate long-term environmental consideration into all parts of our operations. We strive for sound management of resources to minimise our climate impact. This section describes how Skandia works to reduce the total burden on the climate and the environment. Our subsidiary Skandia Fastigheter plays an especially important role here. Read more on page 44.

Less environmental impact at Skandia's own offices

Skandia's own offices have a direct impact on the environment mainly in the form of energy consumption. In addition to this are the emissions that our business travel gives rise to.

To limit our direct environmental impact, we make several active choices. For example, we have an overall objective of less paper consumption through greater digitalisation. Our travel policy encourages all employees to reduce travel by air and car and to use alternatives to physical meetings as much as possible, such as video and phone meetings, with the aim of reducing the negative impact on the environment.

Energy and travel have most impact

We strive to only use renewable energy for our office operations. Today, 90% (94%) comes from renewable sources. The decrease from 94% in the previous year is due to the sale of Skandia's operations in Norway where the office used green electricity. Upon establishment and renovation of offices, we set requirements on the property's environmental standard and environmental requirements on the purchase of furnishings and services. For example, our main office is environmentally classed and 71% of Skandia's own offices in Sweden have green rental leases.

Carbon offset

We offset the emissions that Skandia's own operations give rise to by contributing to carbon-offset projects that are quality-certified by Gold Standard. We will offset emissions for 2016 through the Prony Windfarm wind power project in the island group New Caledonia. The project utilises innovative technology to replace fossil fuels without having a negative impact on the local community or the local biological diversity.

90%

Renewable energy used at Skandia's own offices.

71%

Share of office space at Skandia's own offices in Sweden that have green rental leases.

Collaboration with WWF

Skandia's non-profit fund, Skandia Världsnaturfonden, contributes to the global environmental efforts of the Worldwide Fund for Nature (WWF) by channelling 2% of the fund's value to WWF every year. The fund is entirely fossil free and does not invest in mining operations. For 2016, the fund contributed SEK 8.9 million to WWF and to-date, SEK 161.8 million has gone from the fund to support WWF's important work to protect threatened species and habitats around the world.



” Skandia has successfully increased the investments in infrastructure and our wind power investment is important for us. By investing in wind power, the pension capital can do good two times over. Through returns as well as by contributing to a more sustainable energy system.

Frans Lindelöw, President and CEO of Skandia

Carbon footprint of Skandia's equity funds

The climate issue is one of our time's most important sustainability issues. Skandia has therefore signed the UN Montreal Carbon Pledge initiative, and pledged to measure and report the carbon footprint of our equity funds at least annually.

The purpose of measuring and reporting the funds' climate footprint is to increase transparency towards the savers with regard to the investments' environmental impact and to be able to contribute to its reduction in the long term.

Method for calculation of the carbon footprints

We report carbon dioxide emissions in Skandia's own equity funds in relation to the underlying companies' revenues, weighted to how large the fund's holdings are. The key performance indicator shows how carbon efficient the companies in the fund are. The difference between different funds' carbon footprints may be due to various factors. For example, companies in industries such as power supply, steel and cement usually emit more carbon dioxide than companies active in IT and the pharmaceuticals industry. The difference may also be due to where in the world

the funds are active and what the energy mix in that particular country looks like.

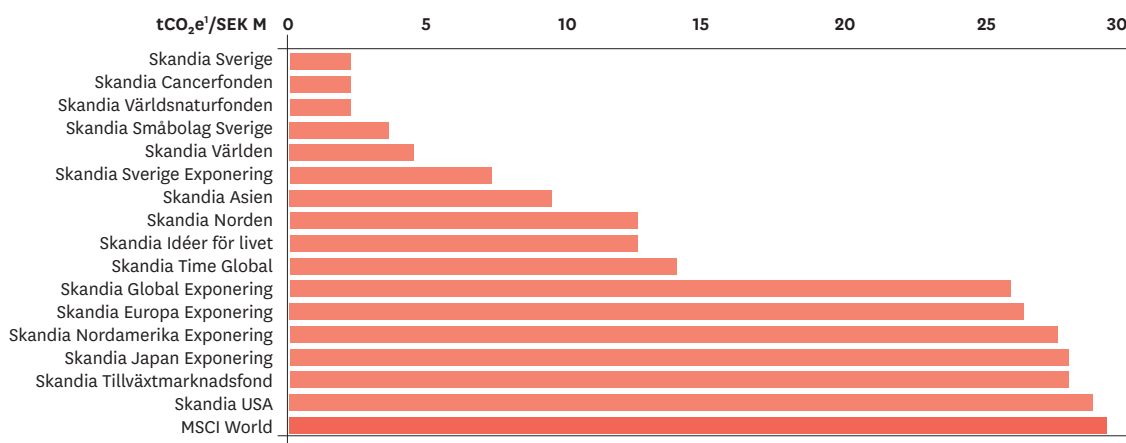
Skandia has engaged the South Pole Group to calculate the funds' carbon footprints. The calculations are thereby based on the information that South Pole has about the companies. For some funds, there has been no information on the emissions on all of the holdings. For all calculated and reported funds, we have had emission data for at least 85% of the market value of the respective fund's shareholdings.

Carbon footprint of Skandia's 16 equity funds

The reporting is based on a snapshot of the equity funds' holdings and market value as per 31 December 2016. The values will vary over time in pace with the companies' reported emissions changing, but also through the fund's composition changing when the companies' market value goes up or down and when the manager buys or sells shares in the fund.

➤ [Read more about how the carbon footprint is measured at skandia.se/Hallbarhet](http://skandia.se/Hallbarhet)

Carbon emissions in relation to the portfolio companies' revenues, tonnes CO₂e* per SEK million



1) CO₂e (carbon dioxide equivalent) is a measurement unit that makes it possible to compare the climate impact from different greenhouse gases. By expressing emissions of a certain greenhouse gas in terms of CO₂ equivalents, a measure is obtained of how much carbon dioxide would have the same climate impact.

Indirect environmental impact

Our indirect environmental impact comes from our purchases of products and services as well as investments. To reduce our ecological footprint in terms of indirect impact and to contribute to influencing others in a more sustainable direction, we integrate consideration of the environment into our processes and exert influence through dialogue and cooperation with others.

Investments' environmental impact

At Skandia, we actively work to integrate sustainability into our investments. In collaboration with organisations and other actors, we work to influence business in a more sustainable direction. More about our internal processes to take consideration of sustainability issues in Skandia's investments is described in the section on Responsible investments on page 25.

Investments in renewable energy

In November 2016, we inaugurated together with Vattenfall the wind farm Höge Våg in Kristianstad

Municipality. This is the fourth wind farm that is a part of Skandia's joint venture with Vattenfall that was begun in 2014 and which has an investment period of 25 years.

Exclusion of coal

To further contribute to the transition to renewable energy in society, in 2016 we excluded investments in companies 30% or more of the turnover of which comes from the extraction of coal for energy purposes.

Environmental impact in the supply chain

Our purchases of goods and services for the operations such as cleaning, office supplies, food and drink and IT services affect the environment in several ways. We evaluate the suppliers' environmental work in procurements and include the sustainability perspective in dialogues with them in various ways during the contract period.

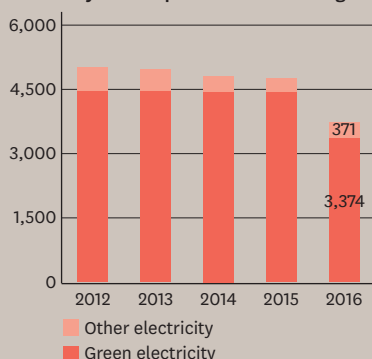
➔ [Read more about this on page 31](#)

Outcome 2016

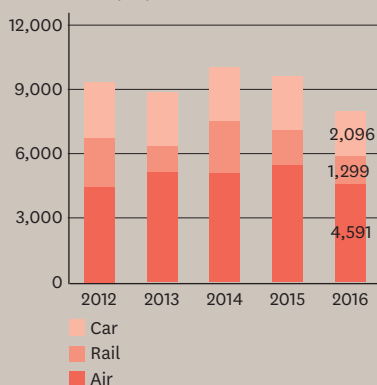


Skandia's environmental key performance indicators

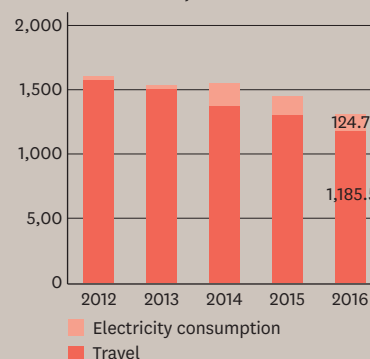
Electricity consumption total Nordic region



Travel, 10,000 km



CO₂ emissions, tonnes



The reduction of energy, travel and carbon emissions in 2016 compared with 2015 is largely due to the sale of Skandia's operations in Norway.

Identified G4 GRI aspects:
Energy, Emissions

G4 GRI indicators:
EN3, EN16, EN17

Our environmental work in Skandia Fastigheter

The real estate company has a major impact on our environment, not least through the use of energy and materials. It is therefore especially important for Skandia Fastigheter to reduce the company's ecological footprint, cooperate with customers and suppliers so that they can reduce their impact, and to actively contribute to a sustainable development in the industry.

Skandia's largest direct environmental impact is within our property portfolio, which is in our wholly owned real estate company Skandia Fastigheter. The company owns, manages and develops office buildings, shopping centres, residential buildings and community service properties. The property holding accounts for around 10% of Skandia's investment portfolio and at year-end 2016, the company managed 121 properties with a combined value of approximately SEK 49.2 billion and leasable area of approximately 1.2 million square metres.

Properties use a large amount of energy and materials. From a sustainability perspective, it is important to ensure that the ecological footprint is as small as possible. Skandia Fastigheter has long been certified according to the ISO 14001 management system and continuously works to reduce the environmental impact in the areas: energy, materials, chemicals and waste.

Properties with a green profile

Based on the management system, continuous work is conducted to improve the energy efficiency of the property portfolio. All electricity that Skandia Fastigheter buys for its properties is produced from

renewable energy sources in the form of wind and water. This is an active choice that for 2016 entailed a saving of around 20,000 tCO₂e. With the help of green leases, a joint effort is also pursued with tenants in initiating measures to reduce energy consumption.

One of Skandia Fastigheter's goals is to limit the use of environmentally hazardous substances and non-renewable materials and resources. This is why the Building Materials Assessment is used, the assessments of which are based on the products' chemical contents together with a number of life-cycle criteria. Skandia's real estate company has also been involved in the development of the social criteria of the Building Materials Assessment.

As a part of our sustainability work, we participate in and cooperate with trade associations, such as the Sweden Green Building Council, the Building Materials Assessment, the Swedish Property Federation, Belok, the Swedish Construction Clients and the City of Stockholm's forum for sustainable properties.

➔ [Read more about Cooperation and initiatives on page 59](#)

+400

green rental leases.

50/50

All electricity is generated in equal parts by hydro and wind power.



”Sustainability is a given part of our operations and a prerequisite for our success. As a property owner, we have an extensive possibility to influence both the local community around our buildings and society in general. We do so by using resources in a more efficient manner and limiting our climate impact as much as we can.

Anders Kupsu, CEO Skandia Fastigheter

Skandia Fastigheter in local cooperation

For us, good relationships and long-term cooperation in the municipalities in which we operate are important to achieve success. We are an important function in terms of urban planning for a socially sustainable society. We are careful to take our responsibility from beginning to end

in both the urban planning process and in the property or city district. We also conduct a dialogue with our tenants who live, work, shop and receive care in our properties with the aim of safeguarding various interests and developing a good social environment.

Sweden's largest solar cell installation

For the past three years, Skandia Fastigheter has invested in reducing the energy consumption in the Väla Centrum shopping centre in Helsingborg. The result has been an energy reduction of 25% over three years.

In April 2016, we took the next step to climate adapt the shopping centre by installing Sweden's largest solar cell installation on the property's roof. The solar cells take up an area equivalent to around two football pitches and annually produce as much energy as is required to operate the shopping centre's cooling system. Between July and December 2016, the installation produced 454 MWh, which is just over the target of 450 MWh.



Solar cells on Väla

25%

Reduction of energy consumption over three years in Skandia Fastigheter's shopping centre Väla in Helsingborg.

Environmental certifications

Skandia Fastigheter certifies all new construction, extensions and renovations according to BREEAM or the Sweden Green Building Council (SGBC) – regardless of whether it involves housing, offices, shopping centres or community service properties. In addition, existing properties are environmentally inventoried according to the requirements of the SGBC's environmental certification system.

After the inventory and/or certification, work continues to reduce the buildings' negative envi-

ronmental impact and by the inventory generating knowledge about how the property's environmental impact can be improved. The inventory also provides evidence of important qualities in a building in terms of energy, the indoor environment and materials. At year-end 2016-2017, nearly 90% of Skandia Fastigheter's property portfolio had been material inventoried and more than 80% had been inventoried according to all of the SGBC indicators. In total, 58 buildings were environmentally certified.

32%

Percentage of the property portfolio that is environmentally certified.

The Nordic region's first sustainability certified city district

An example of one of Skandia Fastigheter's investments is the Masthusen city district in Malmö. This is the first of its kind in the Nordic region that has been sustainability certified according to the BREEAM Communities system. BREEAM (BRE Environmental Assessment Method) is world leading in terms of assessing how well a new housing or business area succeeds in creating a good overall environment for its users and whether one has created a sustainable relationship to the surroundings.

An important part of the work of developing Masthusen into a sustainable city district is to create a mixed urban environment. Therefore, the area received a mix of offices, community service, rental units, elderly housing, a gym and shopping. A dense, environmentally efficient and functionally mixed

environment like this is both environmental efficient and provides a good basis for environmentally friendly transportation, at the same time that it contributes to a richer social life. In 2016, new steps were taken in this direction, not least through the city's establishment of a library in the area, which further strengthens Masthusen's role as a meeting place for all ages and needs.

At the end of the year, the detailed development plan was approved for the final part of Masthusen, including for example hundreds of homes, a pre-school with an outdoor environment on the ground and roof and commercial spaces.

Masthusen generates nearly its entire energy needs locally through bedrock heat and solar cells. In 2015 and 2016, the installation supplied a total of 71,300 kWh.

Circular economy for a more efficient resource consumption

Within the property operations, a methodical effort is under way to reduce the amounts of waste and coordinate resources. To gain inspiration for new approaches, Skandia Fastigheter is participating as one of three companies in the annual competition Sustainergies Cup that provides students the opportunity to solve actual challenges in sustainability. We see major potential in Sustainergies Cup, where the students who get to shape the properties of tomorrow today, can contribute creative new insights.

Since September 2016, Skandia Fastigheter has also been a member of Cradlenet, a network that works for a societal transition to a circular economy.

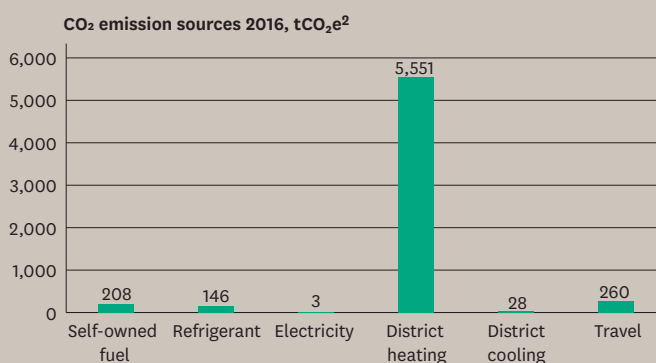
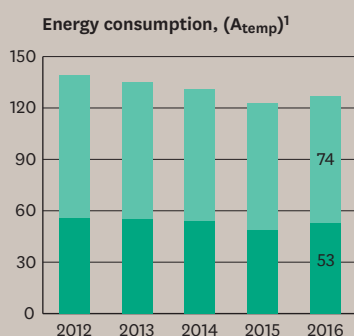
Our cooperation with Myrorna is an example of how we contribute to a circular perspective in our local environment. During the year, several collection events for textile recycling took place at Skandia Fastigheter's shopping centre and we also placed out clothing boxes in the areas where Skandia owns housing.

Outcome 2016



Skandia Fastigheter key performance indicators

Skandia's real estate company works to reduce energy consumption and climate emissions. The long-term goal is to reduce energy consumption by 3% annually until 2020 and thereafter by 1.5% annually until 2050. Every year, the real estate company calculates carbon emissions that the operation gives rise to. In parallel with emission reducing measures, carbon offsetting is applied for the emissions that arise as a result of the combustion of fuels, refilling of refrigerants and travel.



1) A_{temp} is the area the building's specific energy use should be calculated according to, in accordance with the building rules of the Swedish National Board of Housing, Building and Planning. The information for energy consumption in 2016 is preliminary.

2) CO₂e (carbon dioxide equivalent) is a measurement unit that makes it possible to compare the climate impact from different greenhouse gases. By expressing emissions of a certain greenhouse gas in terms of CO₂ equivalents, a measure is obtained of how much carbon dioxide would have the same climate impact. Information for carbon dioxide emissions regarding 2016 is preliminary.

Long-term employer

Thanks to our employees' competence, commitment and drive, we create business and customer benefit at the same time that our services have a positive impact on society.

The corporate culture at Skandia is built on commitment by managers and employees, a desire to learn new things and an ability to be able to take responsibility to achieve one's own individual goals. We want to make a difference, both for our customers and for society.

Skandia works in a structured manner to offer an inclusive workplace where everyone can feel secure and the possibility of participation and development. For many years, we have worked with a dialogue arrangement on various themes concerning the working environment, such as values and team contracts, zero tolerance to discrimination, results from employee surveys and team development, based for example on the DiSC tool linked to cooperation and communication styles.

At Skandia, we want to enable a healthy lifestyle for all employees and the health offering that exists for our customers is also offered to our employees. Employees at Skandia have access to a health insurance that functions proactively in addition to the disability and private healthcare insurance. We also offer special resources to provide managers support in the work to prevent illness and support rehabilitation. In 2016, the work of preventing sickness absence continued and the total sickness absence in Sweden was 3.47%.

Skandia works with continuous follow-up

Feeling well at one's workplace is important to us. We therefore continuously follow-up results and satisfaction through continuous Performance Management (PM) dialogues between managers and employees. Another example of how we capture how the employees perceive their work situation is through the annual employee survey. Several departments also introduced brief pulse readings during the year. 2016 was a year that entailed changes in many operating areas, but despite this, the year's employee survey indicated a stable result and a continued good level with a total index of 73.2 compared with the previous year's result of 73.7. The response rate in the employee survey is also high this year (86%) which is an expression of a high level of commitment.

Especially distinctive is that there was an increase in the confidence in Skandia's management, from 67.3% in 2015 to 78% in 2016, and likewise a clear

improvement in the pride of working at Skandia, from 89.6 to 90.9.

Skandia's strategy affects our employees

An excessively low share of the employees assess that we have a clear strategy, which indicates that work has yet to be done to communicate and clarify our strategy internally. At the end of 2016, Skandia adopted a clearer strategy direction, which we will implement in 2017 and integrate into the various parts of the operations.

Based on the new strategy, we are working to simplify the organisation and clarify decision mandates in the operations. Among other things, in the autumn we streamlined the operational model by adjusting the organisation by taking away overlapping mandates linked to the business and offering development. The purpose is to increase efficiency and minimise the need for support through forums and committees and thereby clarify the responsibility in existing line roles.

During the year, we also continued active efforts on team development in the operations to contribute to efficiency and culture shift.

90.9%

Skandia's employees that partly or fully agree with the statement "I am proud to tell others that I work at Skandia".





” Skandia is undergoing rapid change. By participating in and driving change processes, room is created for both personal and professional development.

Marie Ågren, HR Director

Continuous skills development

Skandia is in an industry in rapid change, mainly driven by new customer behaviours and greater digitalisation. By being involved and driving major change processes and monitoring the development, we create space for our employees to develop their individual and professional competencies.

Skandia's culture builds on commitment and the desire to develop and take responsibility to achieve both the company's and their own personal goals. At Skandia, the employees are given the opportunity to grow in several ways, for example through daily learning through colleagues, participation in change projects, mentorship or participation in networks. Our ambition is that 70% of the learning takes place in everyday life – through ordinary assignments or projects – 20% takes place in interaction with others through, for example, mentorship and various kinds of networking while around 10% is more pure educational efforts, such as e-learning, courses and reading literature.

Skandia provides internal training, programmes and seminars and actively work to digitalise them to a high degree to increase availability and flexibility. For example, in 2016, we digitalised large parts of the adviser training for the advisers who already worked in the role at another employer, which has streamlined our introduction process.



A new health app helps our employees improve their health.

Skandia offers all employees the app “Virgin Pulse”, which helps keep track of exercise, food, sleep and stress. It provides suggestions and advice on which initiatives can be taken to feel better. We do this because we believe in the prevention and long-term work to counteract illness and disease.

Skandia's employee profile

Our employee profile is an important tool in Skandia's culture shift. The profile describes which expectations Skandia has of its employees by concretising Skandia's core values into behaviour. Through the profile, behaviours are clarified that Skandia values highly and are deemed to support our strategic shift.

This is a matter of everything from putting the customer first to showing efficiency, innovation and a willingness to cooperate as employees. Since 2013, we also have a management profile for the same purpose – to concretise and show the importance of how we act.

Union commitment and collaboration

At a local level, we conduct a close dialogue with the organisations that represent the employees. In purely formal terms, this takes place through co-determination negotiations (MBL) according to the cooperation agreements that exist with local union parties.

All Skandia employees in Sweden are covered by collective agreements. At a central industry level, there are two agreements: between the Swedish Insurance Employers' Association (FAO) and the Trade Union for Insurance and Finance (FTF), and

between FAO and the Swedish Confederation of Professional Associations (SACO).

In Denmark, there are 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 collective agreements, however. In Lithuania, our employees' terms of employment are regulated by law instead of by collective agreements.

Outcome 2016



Gender distribution

%	2016	2015
Employees		
Women	51%	51%
Men	49%	49%
Managers		
Women	42%	42%
Men	58%	58%
Company management		
Women	45%	40%
Men	55%	60%
Group management		
Women	50%	33%
Men	50%	67%
Board including employee representatives		
Women	42%	33%
Men	58%	67%
Council of Delegates		
Women	52%	47%
Men	48%	53%

Country	2016	2015
Sweden		
Average number of employees	2,139	2,244
Sickness absence	3.47	3.45
Denmark		
Average number of employees	253	228
Sickness absence	3.0	1.74
Lithuania		
Average number of employees	95	52
Sickness absence	2.2	-

73.2

Force for change according to employee survey 2016 (target value 70)

Identified G4 GRI aspects:

Work environment, health and safety, Training and development, Diversity and equal opportunity

G4 GRI indicators:

LA5, LA6, LA11, LA12

Outcome 2016



Area	Objective	Outcome 2016																														
Diversity and equal opportunity	Skandia wants to be the industry’s most attractive workplace where everyone is treated with dignity and respect and where men and women have equal rights, opportunities and obligations. Skandia’s equal opportunity and diversity plan contains measures for each of these objectives.	The work with diversity and equal opportunity is mainly followed up through possibilities for equal opportunities to development and career opportunities regardless of gender. See the outcome for “Gender distribution” and “Development” for 2016.																														
Development	All employees shall have equal conditions with regard to skills development and career opportunities.	This year’s employee survey showed that 86.8% (88.1%) of the employees believe in part or in full that women and men have equal conditions and opportunities in Skandia.																														
The year’s employee survey	A total index of at least 70 is desirable in the survey (QWC) that is used. Skandia in Sweden shows a stable result on a high level – the year’s total index in the employee survey was at 73.2 (73.7).	<table><tr><td></td><td>2016</td><td>2015</td><td>2014</td><td>Target value</td></tr><tr><td>Target quality</td><td>65.7</td><td>67.2</td><td>69.4</td><td>70</td></tr><tr><td>Leadership</td><td>74.7</td><td>76.3</td><td>78.1</td><td>70</td></tr><tr><td>Participation</td><td>78.4</td><td>78.4</td><td>80</td><td>80</td></tr><tr><td>Feedback</td><td>79</td><td>79.1</td><td>80.4</td><td>65</td></tr><tr><td>Effectiveness</td><td>69.7</td><td>70.2</td><td>71.3</td><td>65</td></tr></table>		2016	2015	2014	Target value	Target quality	65.7	67.2	69.4	70	Leadership	74.7	76.3	78.1	70	Participation	78.4	78.4	80	80	Feedback	79	79.1	80.4	65	Effectiveness	69.7	70.2	71.3	65
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Feedback	79	79.1	80.4	65																												
Effectiveness	69.7	70.2	71.3	65																												
Work/life balance	All employees shall be able to combine work with family and leisure time on equal terms.	This year’s employee survey shows that 71.4% (70.2%) of the employees believe in part or in full that it is possible to combine work with parenthood. This is an issue that is important and Skandia therefore offers the opportunity for part-time work until the children turn 12 years of age. The employees are also offered the possibility of filling out the parental insurance up to 90% of the salary.																														
Conduct	Nobody should be discriminated against.	2.8% (2.9%) of the employees said that they were subjected to bullying or harassment and 0.5% (0.4%) experienced sexual harassment. The work is continuing toward the absolute goal of these figures dropping down to zero.																														

Business ethics

The banking and insurance industry is a regulated industry that requires permits, demanding proper order and clear processes to be able to conduct operations and, by extension, earn the customers' trust.

Good business ethics is about using good judgement in business relationships and working to prevent risks.

For Skandia, this means that we always work responsibly and with integrity to protect assets and our reputation. In all of our operations, we shall take responsibility and we require our suppliers and business partners to do so as well.

Internally, we are guided by Skandia's core values that define the values and behaviours that should characterise our actions and are reflected in our policies. The core values are a building block in our corporate culture that helps all employees make well-founded decisions.

Skandia's business ethics principles, which include the sustainability policy, are briefly about monitoring that:

- Operations are conducted in compliance with rules and laws
- Skandia maintains an open and trust-based culture, where undue benefits and influence are not accepted
- Business relationships are managed in an ethical, lawful and correct manner.
- No employees or others acting under Skandia's name act in a corrupt or unethical manner
- No contributions are made to political parties or other political representatives
- Skandia adheres to the Swedish Anti-Corruption Institute's Business Code

Sustainability in the supply chain

At Skandia, we set high standards on ourselves when it comes to sustainability, quality and efficiency and we therefore expect business partners and suppliers of goods and services to strive to comply with the same standards. Our requirements on subcontractors are defined in Skandia's Code of Conduct. To analyse and risk assess how sustainable our suppliers are, we have developed a model that primarily concerns self declaration and risk analysis. The self declaration is based on the Code of Conduct and covers the supplier's guidelines, processes, targets and follow-up in, for example, working conditions and anti-corruption. Skandia

then conducts a risk assessment based on three factors: the industry the supplier works in, where the operations take place and the supplier's ability to handle sustainability issues. Our risk analysis is a total appraisal of these factors, which also contribute to the overall risk analysis of the supplier and the delivery. If a current issue gives us reason to actively handle a sustainability risk in the supply chain, this takes place in dialogue with the supplier and in consultation with Skandia's sustainability department. The method for sustainability analysis of the supply chain is integrated in Skandia's purchasing process.

59%

Percentage of suppliers (by purchase volume) that conducted a self-declaration for sustainability.

Process for the sustainability analysis



High quality among Skandia's advisors

We actively work to ensure a high level of quality among our external advisors. We also conduct continuous dialogues where every individual advisor has a contact person at Skandia. In addition, we always ensure that the broker has the permission of the Swedish Financial Supervisory Authority to conduct insurance brokerage business and that knowledge requirements are met, such as through Swedsec's certification for advice.

We believe that advice has a high value for our customers and shall be compensated, but the structure of the compensation must promote customer benefit, not quick wins. We have therefore chosen to remove short-term commissions.

➤ *More on commissions and their regulations is available in the section Our business environment in the annual report.*



Discontinued cooperation with Cerberus

At Skandia, we have a responsibility to only work with the actors in the market that we believe meet our requirements and agreements and take care of our customers in a manner that creates profitability and sustainability in our business. In 2016, Skandia ended the cooperation with the advisory firm Cerberus as we felt that their operations did not live up to our requirements of quality and customer care. It became clear when the advice firm bought back insurance policies for other solutions, which led to our customers being debited buyback fees.

Security for colleagues and customers

Skandia has a systematic recruitment process with the aim of proactively minimising the risks in the operations, such as the risk of fraud. Our recruitment process comprises a selection based on expertise, experience and references, and formal background checks through external suppliers. We have established a well-tried process for the assessment of possible deviations where the recruiting manager receives assistance from HR, corporate security, legal affairs and risks.

Quality Committee

Since 2014, Skandia has had a Quality Committee consisting of three members: Director of Sales, Chief Legal Counsel and the Head of Labour Law and Negotiations. The work in the Quality Committee aims to ensure a customer perspective and customer protection in connection with deviations in advice, documentation requirements or other central customer protection rules. The Committee decides if a matter is to be reported to Swedsec.

About taxes

In Skandia, there is a centralised function for the management of taxes and tax risks. Tax management in Skandia is governed by a tax instruction that is updated annually and describes our ethical approach and the management of taxes in the group.

Skandia's overall objective with the operation is to provide the customers a good return with controlled risk taking on their capital. As a general principle, Skandia shall therefore have a business attitude towards the tax cost. For us, it is also important that we always strive to maintain high ethical standards in the entire business, which also applies to the tax area.

The goal for tax management is to pay the right tax at the right time. Skandia's actions in tax issues shall always be in good faith and within the scope of current law. Aggressive tax planning through proceedings that can touch on the limit for tax evasion may not occur. The group's contacts with tax authorities and tax courts shall be marked by honesty and respect.

The tax Skandia pays is a part of our combined contribution to society. Large parts of our operations are subject to so-called tax on returns and other parts are subject to conventional corporation tax. Skandia largely conducts activities that are not subject to VAT. This means that the

VAT that Skandia pays upon the purchase of goods and services is not deductible, but remains an expense in the group (non-deductible input VAT).

Skandia conducts operations in Sweden and Denmark. In the group, there is also an administrative operation in Lithuania and a Luxembourg-based company that functions as an alternative investment fund. In the Luxembourg-based company, Skandia has a so-called founding share and thereby the controlling influence in the company.

Tax report 2016

In 2016, the Skandia group's tax expense amounted to SEK 2,031 million (2,300). See the annual report page 105 Note 19 for the breakdown of the tax expense and type of tax as well as the breakdown by country.

In 2016, the Skandia group also paid social security contributions and special employer's contributions at a value of SEK 519 million (504) and property tax and energy tax of SEK 202 million (172).

The group's cost for paid, but not deductible VAT in 2016 amounted to around SEK 320 million (350).

Preventive training and whistle-blower function

Training is an important preventive measure to ensure that our employees have the right conditions to maintain Skandia's business ethics principles and act in line with the regulations that surround our business. All employees are also given training in other important issues, such as combating money laundering, preventing conflicts of interest, fraud and bribery, and how to contribute to physical security and information security.

Handling of deficiencies

Skandia has an established process for the handling of deficiencies and incidents that occur in our operations. All employees receive obligatory training in incident reporting to enable swift action. Our customers are informed about incidents that affect them directly via our external channels, such

as customer service, the website and social media. We always provide information about what they should be observant of along with recommendations for suitable protective measures.

Whistle-blower function

Skandia's employees have the possibility to anonymously report events that can be considered to violate our business ethics principles. The employees are informed of how they should call attention to and report such violations. Any violations go directly to Skandia's central security function, which then investigates them systematically. If violations occur that may be considered to affect our customers, we always strive for a high level of transparency.

Bribes, money laundering and fraud

Prior to the implementation of the EU's fourth money laundering directive in 2017, Skandia has focused on improving the organisation in the area. We have among other things strengthened the operations with further resources with the aim of preventing and combating crime, such as fraud,

money laundering and the financing of terrorism. In 2016, Skandia also adopted a new, more restrictive instruction on bribes, adapted to the Swedish Anti-Corruption Institute's revised code of business conduct regarding gifts, rewards and other benefits.



Outcome 2016

157 suppliers

At year-end 2016, a total of 157 suppliers had been risk assessed according to Skandia's process for sustainability in the supply chain. This is around 59% of our purchasing volume. The responses are documented in Skandia's supplier database.

-19.5%

In 2016, Skandia received 3,090 complaint cases. This is a decrease of 19.5% compared with 2015 and on a par with 2014. The previous year's level was due mainly to technical problems in the bank, which have largely been corrected.

Identified G4 GRI aspects:

Supplier environmental assessment, Supplier assessment for labour practices, Human rights grievance mechanisms, Corruption

G4 GRI indicators:

EN32, LA14, HR12, SO4, SO5, SO9



Governance of Skandia's sustainability work

The Council of Delegates' owner instructions, Skandia's ownership policy, ethics policy and sustainability policy form the basis of the governance of our sustainability work. The group's overall business strategy and sustainability strategy concretise these governance documents and form the base of our operating activities.

Governance of the Skandia group

Skandia is a customer-owned life insurance company and is ultimately governed by the General Meeting, which is formed by a Council of Delegates that the customers choose and elect. The General Meeting decides on owner instructions, which among other things say that Skandia shall conduct the operations with clear ethical values and be a role model with regard to sustainability.

Sustainability governance at Skandia

Skandia's sustainability governance is about establishing strategies, guidelines and overall objectives for the sustainability work in the entire operation. In addition, Skandia regularly works on follow-up and compliance to guidelines and objectives.

The utmost responsibility for the governance of Skandia's sustainability efforts rests with the Board and CEO. In addition, the sustainability manager is responsible for Skandia's sustainability policy. It forms the basis of the strategic work and how the group integrates sustainability into the operations.

Organisation and sustainability responsibility

Sustainability is a part of the group function for strategic communication. Skandia's sustainability manager reports to the Director of Communications, who in turn is a member of the management group and reports directly to the CEO. During the year, the sustainability council dissolved as a forum and strategic sustainability issues have instead been rooted directly in the group management team and with the CEO.

The sustainability department is responsible for:

- driving, developing, coordinating and following up Skandia's sustainability initiatives, while the line organisation is responsible for implementation and execution
- driving and developing the interaction with customers in sustainability-related issues, where the operational responsibility for customer contacts rest with the respective functions
- driving processes and internal culture for customer influence, which includes handling the election to the Council of Delegates and arranging the General Meeting

- the Head of Customer Complaints function, with a mandate to further strengthen the structure and strategic processes for dealing with complaints.

All parts of the operation are responsible for:

- integrating sustainability perspectives into the business strategy and operational execution
- being responsive to and fielding customers' views and expectations for sustainable business
- Following rules and minimising risk

Functions for coordination and integration

Skandia works with responsible investments in the areas: asset management, banking and fund operations. To ensure that the work takes place effectively and that sustainability is integrated into the operating activities, Skandia has an ESG forum and an ESG committee.

The ESG forum handles and decides on strategic issues related to ESG. This includes Skandia's asset management director, operational managers in asset management and the sustainability manager.

The ESG committee is the operating component and reports to the ESG forum. It includes sustainability analysts, the ESG coordinator, the Head of Asset Manager Selection, the CEO of Skandia Fonder, senior portfolio managers and sustainability specialists.

Governance of financial aspects

The focus of the group's financial governance is the business objective of maximising value for our customers in the life insurance company over time.

Governance of social aspects

Skandia's HR Director is responsible for the strategic HR work and all managers in Skandia have a clear mission to motivate all employees to do their best to create the best possible customer benefit. Skandia's culture and values, leadership and ability to recruit and retain skilled employees are central success factors in the work. Recruitment takes place with clear guidelines where equality and diversity are equal parts.

The sustainability manager is responsible for the research and development work in Skandia's foundations. An important part of the work in the foundations is innovation through research. The foundations also focus on method development for preventing illness and creating more secure local communities. A large part of their work takes place in the scope of Ideas for Life, which has a board with external, expert members.

Governance of environmental aspects

Skandia impacts the environment both directly and indirectly. Directly through the business operations, including our property company and indirectly in above all the purchase of goods and services and investments. The goal is to conduct activities that

limit the operations' ecological footprint and to affect others in Skandia's surroundings to take consideration of the environment. Skandia's environmental responsibility is defined in the sustainability policy and the environmental aspects of Skandia's operations are prioritised in investment decisions and in the property operations, such as new construction and renovations.

- *Read more about governance of the Skandia group in the corporate governance report in the 2016 Annual Report, pages 42-51.*
- *Read more about Skandia's financial position and risk management in Skandia's 2016 Annual Report.*




Overarching objectives and outcome 2016

Transparency and long-term customer relationships

Offering the industry's most modern and most transparent customer influence to create a growing base of loyal, committed customers. Building further on offers that are based on the customers' needs and show that we are on the customer's side.


- Procedures and processes are further developed for the customers' improvement proposals
- 1.3% of customers entitled to vote voted for the Council of Delegates in 2015/2016
- Greater transparency on sustainability in Skandia's offerings
- Possibility to start savings with a guarantee digitally
- Begun the possibility for the customer to rate meetings with Skandia

 [Read more on page 20](#)

Responsible investments

Working for a sustainable value creation in all of our investments and promoting good returns to our customers.

- The first company in Sweden to implement Morningstar's rating for sustainability
- Advocacy dialogues with around 200 companies due to shortcomings in their sustainability work
- Adopted and published positions on topics with special sustainability aspects
- Greater screening of the investments
- Greater integration of ESG factors in the administration

 [Read more on page 25](#)

Social responsibility

Actively influencing social issues that concern our operations, with the aim of society's development, preventing illness and building secure local communities.


- 61 Swedish and Danish municipalities were trained in using the Ideas for Life model to calculate the value of preventive measures for children and young people
- Began cooperation with private, public and non-profit sector in and around Frölunda Torg in Gothenburg for a more secure local community
- Further developed the Ideas for Life model: a calculation tool for social benefit, built on evidence-based research
- Advocacy work for health, e.g. at Almedalen and at Skandia's annual Health Forum

 [Read more on page 33](#)

Environmental responsibility

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

- Discontinued investment in companies whose revenues from carbon production exceed 30% of total turnover
- Environmental inventory taken of almost 90% of existing properties held by Skandia's real estate company
- SEK 8.9 million donated to the environmental organisation WWF by Skandia Världsnaturfonden (Skandia WWF fund)


 [Read more on page 41](#)

Long-term employer

Committed and healthy employees who have the possibility to perform and develop, with a foundation in our core values.

- Unchanged level of the number of people on long-term sickness leave between 2015 and 2016 (51 persons)¹
- Implementation of a new process for Performance Management dialogues
- Further training of all managers in the Swedish operations in preventive health based on new labour market laws


1) New, industry-wide calculation method in 2016, which excluded people with long-term sickness benefits, which reduces the number of long-term sickness absences from 60 people to 51 between 2015 and 2016.

 [Read more on page 47](#)

Business ethics

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

- Greater resources for preventing fraud and money laundering
- Faster handling of customer complaint matters
- Code of Conduct for suppliers in the real estate company

 [Read more on page 51](#)

Cooperation and initiatives

Skandia cooperates with a number of different organisations and operations. We are convinced that the greatest effect is achieved through cooperation over the boundaries between enterprise, civil society and the public sector.

Skandia is active in the majority of organizations and studies. Some of them are described below.

BRIS (Barnens Rätt i Samhället) Skandia is a corporate partner and shares knowledge of the effects of prevention work and mental illness. BRIS provides Skandia knowledge and greater understanding of children and young people's fundamental rights in society.

CSR Sweden is one of Sweden's leading corporate networks that focus on the companies' social responsibility and social commitment. Skandia's Head of Sustainability Lena Hök sits on the Board.

Fondbolagens Förening a trade organisation that works to safeguard the unit-linked saver's and the fund companies interests. Skandia's fund company is represented in several work groups that work with various issues concerning regulatory compliance, marketing, operational issues and tax and reporting.

Building Materials Assessment works to assess and provide information on environmentally assessed goods in the construction industry and contributes to a toxin-free and sound built environment. Skandia's property company is an active member.

Save the Children Cooperation in the project "On equal terms" with the aim of increasing security in the local communities in Sweden. Cooperation between Skandia, Save the Children, Accenture, IKEA and Apoteket.

Swesif Sweden's forum for sustainable investments that among other things has been a driver of development of the sustainability profiles. This is an independent trade association for organisations that work for or with sustainable investments (SRI) in Sweden. Skandia is an active member.

SNS (Studieförbundet Näringsliv och Samhälle) Skandia is a member of SNS. An independent organisation that builds bridges between social researchers and decision makers in enterprise and the public sector.

Swedish Cancer Society Skandia is a main partner for the Swedish Cancer Society. Together, we can contribute to more research and knowledge about vital issues for e.g. preventing illness and for more people to get healthy.

Sustainable Value Creation is a cooperation project that began in 2009 between 17 of Sweden's largest institutional investors. Skandia is a founding partner of the organisation.

KK-foundation's projects to increase transparency and enable the integration with regard to sustainability aspects in alternative investments. The project is a co-production between the KK foundation, experts and stakeholders. Skandia is a partner and co-finances the project.

PRI stands for the Principles for Responsible Investment and is an initiative under the UN flag to contribute to investors integrating sustainability into their investment strategies and decisions. Skandia signed the initiative on 7 November 2014.

Swedish Insurance Federation is the insurance industry's trade association that drives issues, such as good operating conditions for insurance companies, work for a high confidence in the insurance sector, and for knowledge of the significance of private insurance in society. In 2016, Skandia participated in the work to develop the association's guidelines for the reporting of carbon footprints.

Sweden Green Building Council is one of Sweden's leading organisations for sustainable building that strives for green building and a sustainable urban development and civil engineering industry. Skandia's property company is an active member.

World Wide Fund for Nature (WWF) Skandia supports through our fund Skandia Världsnaturfonden and thereby contributes to WWF's work to protect threatened and unique species and for the earth's resources to be distributed fairly and sustainably.

Financial Coalition against Commercial Sexual Exploitation of Children Skandia's cooperation with ECPAT and the Police from 2007 led to the formation of a Swedish Financial Coalition that was founded in 2008. The initiative has contributed to making it harder for criminal forces to earn money on images of abuse of children.

Global Compact is a UN initiative for business with ten principles in human rights, labour law, the environment and corruption. Skandia is a member and commits to comply with Global Compact's principles and to report annually.

Nattvandring Skandia contributes to support, promote and develop the night patrols in Sweden, with the aim of a more secure local community.

ICC Skandia has a member in the reference group for Corporate Responsibility and is involved in the work on "Financial services and Insurance".

Star for Life is a non-profit organisation with a unique school method that is used in Swedish schools with the aim of strengthening students' self-esteem, drive and study motivation. Skandia is a main partner and supports the organisation's method development.

City of Stockholm's forum for sustainable properties is a forum with the City of Stockholm and a number of other property owners to exchange experiences and develop sustainability.

CDP (Carbon Disclosure Project) Skandia signed CDP, which is an initiative for conducting the work with identifying the risks and handling and prevention around climate, water and forest issues.

NMC (Network for sustainable business) is an independent, non-profit association for companies and organisations that want to improve and stimulate work for a sustainable development. Skandia is an active member.

➔ *Read more about more cooperation and memberships in the annual report.*

Skandia's work towards UN's Sustainable Development Goals

In 2015, the UN adopted 17 global sustainable development goals with a clear expectation that states, the public sector and enterprise shall contribute to solutions to common challenges. Skandia strives to integrate the global goals into our business activities and sustainability work.



When the global goals were adopted by the UN member countries in 2015, it meant the opportunity to concretely tackle the sustainability challenges that the world is facing. Business, and especially the financial industry, has an important role to play in developing scalable solutions and driving them

to a transformation that is necessary to achieve the goals by 2030. Skandia has a unique position to contribute to several of these goals in our capacity as a mutual company with a long-term perspective in our operations.

” *Fortune's Change the World List shows that companies can be involved and change the world for the better and at the same time be profitable. It is crucial that enterprise contributes to the UN sustainability goals.*

Lena Hök, Head of Sustainability at Skandia
and Director of the Skandia Ideas for Life foundation

Swedish Investors for Sustainable Development

As part of the work to integrate the global goals, we cooperate with other managers and investors, including under SIDA's direction. Under the umbrella name Swedish Investors for Sustainable Development, we work to inspire each other and discuss which indicators can show how our investments contribute to the UN's global objects for a sustainable development.

This cooperation includes: SIDA, Skandia, Alecia, Folksam, Seventh AP Fund, SPP and the Church of Sweden.

Example of Skandia's contributions to the UN sustainability goals

Global goals	Skandia's role	Social value	UN's KPIs
 3 HEALTH AND WELL-BEING	<ul style="list-style-type: none"> • Skandia's health offering • R&D connected to health and prevention (Ideas for Life) • Skandia's Health Calculator • Investments in Skandionkliniken • Cooperation with the Swedish Cancer Society • No investments in tobacco 	<ul style="list-style-type: none"> • Reduced illness and sickness rates • Lower costs for public sector and employers • Indicating the value of preventive health work • Better cancer treatment 	<p>3.5 Through preventive efforts and treatment, reducing the number of people who die early from non-infectious diseases by a third and promoting mental health and well-being.</p> <p>3.c Significantly strengthen the financing of healthcare.</p>
 4 GOOD EDUCATION FOR ALL	<ul style="list-style-type: none"> • The foundation Ideas for Life with R&D and projects focused on children • Star for Life (school method) • R&D on CBT method to manage post-traumatic stress disorder among unaccompanied refugee minors 	<ul style="list-style-type: none"> • Promoting young people in work • R&D in preventive social efforts for children and young people • More students complete schooling 	<p>4.4 Increase the number of young people and adults that have relevant skills for occupation, decent work and entrepreneurship.</p> <p>4.6 That all young people learn to read, write and count.</p>
 5 GENDER EQUALITY	<ul style="list-style-type: none"> • Founded Financial Coalition against Commercial Sexual Exploitation of Children • Equal-opportunity workplace • Policy on travel and computer use that prohibits all forms of sexual exploitation 	<ul style="list-style-type: none"> • Preventing child sex trade and sexually abuse of children • Giving everyone the same career opportunities regardless of gender 	<p>5.2 Doing away with all kinds of violence against women and girls in the public and private space, including human trafficking, sexual exploitation and other kinds of exploitation.</p> <p>5.5 Ensuring women full and actual participation and equal opportunities to leadership at all decision making levels in the political, financial and public life.</p>
 7 SUSTAINABLE ENERGY FOR ALL	<ul style="list-style-type: none"> • Investments in renewable energy and green infrastructure, e.g. solar cell installations and wind power in Sweden • Excluding coal >30% from our investments • Sustainability rating and sustainability profiles for funds 	<ul style="list-style-type: none"> • Accelerated transition to sustainable infrastructure with lower CO₂ emissions • Greater transparency in financial products enable well-informed choices among consumers 	<p>7.2 Significantly increase the share of renewable energy in the global energy mix.</p> <p>7.a. Strengthening international cooperation to facilitate access to research and technology within clean energy, and promoting investments in energy infrastructure and clean energy technology.</p>
 11 SUSTAINABLE CITIES AND COMMUNITIES	<ul style="list-style-type: none"> • Environmental and social sustainability in the scope of Skandia Fastigheter's portfolios • Cooperation with Save the Children for equal childhood conditions and an inclusive society • Founded Nattvandring.nu 	<ul style="list-style-type: none"> • More secure local communities • Greater access to the public space • Reduced crime 	<p>11.7 Providing universal access to safe, inclusive and accessible green spaces and public spaces, especially for women and children, the elderly and those with disabilities.</p>
 17 IMPLEMENTATION AND GLOBAL PARTNERSHIP	<ul style="list-style-type: none"> • Cooperation with various actors in the health chain • Training of 133 municipalities in the value of prevention • Knowledge distribution • Partnership and research with universities, e.g. Uppsala, Umeå, KI, Gothenburg, Stockholm School of Economics, Harvard 	<ul style="list-style-type: none"> • Long-term partnerships that enable preventive work and new, effective solutions to societal problems 	<p>17.17 Encouraging and promoting effective public and public-private partnerships and partnerships in the civil society that build on experiences from other partnerships and their financing strategies.</p>

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 are how we are working to take our responsibility.

Aspects	Significant impacts:					Our responsibility:
	Customers/ Owners	Employees	Society	Suppliers/ cooperative partners	Environment	Read more
 Transparency and long-term approach to customer relationships						pages 20-24
Customer's role	✓					
Works to obtain satisfied customers	✓	✓		✓		
Responsibility for our products and services		✓		✓		
Relevant offerings that offer value for money	✓		✓	✓		
Clear information and communication	✓		✓	✓		
Transparency surrounding matters of relevance to customers	✓		✓	✓		
 Responsible investments						pages 25-31
Active ownership	✓		✓	✓	✓	
Sustainability integrated in ownership policy, with clear processes and routines	✓	✓	✓	✓	✓	
Joint influence with other actors within the framework of PRI			✓	✓		
Value creation for the environment and society			✓		✓	
 Social responsibility						pages 33-40
Health promotion - individuals, organisations, communities	✓	✓	✓			
Contribute to socially sustainable development through research, methodologies and tools for calculating the economic value of social investments			✓			
Support local community projects for children and young people			✓			
Contribute to creating secure local communities			✓			
 Environmental responsibility						pages 41-46
Limit our adverse climate impact			✓		✓	
Sustainable resource use			✓		✓	
Environmental consideration in our offerings and processes	✓		✓	✓	✓	
Sustainable buildings and city districts through our real estate investments			✓		✓	
 Long-term employer						pages 47-50
Healthy employees with a high level of engagement	✓	✓		✓		
Participation and influence		✓		✓		
Right competence for Skandia's strategic transformation		✓				
 Business ethics						pages 51-54
Sustainability in the supply chain				✓	✓	
Reporting of tax			✓			
Fair business terms and conditions, and anti-corruption	✓	✓	✓	✓		
Measures against bribery, money laundering, fraud	✓	✓	✓	✓		
Clear demands and follow-up				✓		

Tänk längre

skandia:

GRI index

Skandia's ambition in publishing an 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 for sustainable business.

The process of determining the material areas is described on pages 12-13 of Skandia's 2016 Sustainability Report. We believe that Skandia's sustainability report and annual report for the 2016 calendar year enable the reader to make a fair assessment of the company's sustainability work. The latest sustainability report

was issued in April 2016. This year's sustainability report, which is the sixth produced by the Skandia group, has been prepared in accordance with the requirements of the GRI Guidelines, version 4.0, Core level, including the Financial Services (FS) sector supplement. The sustainability report has not been reviewed by a third party.

This GRI index provides references to where the indicators and disclosures can be found in Skandia's 2016 Sustainability Report (SR) and in Skandia's 2016 Annual Report (AR).

- Fully reported
- Partly reported

Page references		
STANDARD DISCLOSURES		
Strategy and analysis		
G4-1	Statement from the CEO	SR: 8-9
G4-2	Description of key impacts, risks and opportunities	SR: 8-9, 10-11, 16; AR 10-12, 93-100
Organisational profile		
G4-3	Name of the organisation	SR: Cover
G4-4	Primary brands, products and services	SR: 17
G4-5	Location of the organisation's headquarters	AR: 84
G4-6	Countries where the organisation operates	SR: 53
G4-7	Nature of ownership and legal form	SR: 56; AR 42-45
G4-8	Markets served	SR: 3
G4-9	Scale of the organisation	SR: 3
G4-10	Employee data	SR: 49-50
G4-11	Percentage of total employees covered by collective bargaining agreements	SR: 49
G4-12	The organisation's supply chain	SR: 51
G4-13	Significant changes during the reporting period	SR: 8-9; AR: 63-64
G4-14	Application of the precautionary principle	Skandia complies with the precautionary principle in part by following the UN Global Compact's ten principles that include the precautionary principle and through the real estate company's environmental management systems, which is certified according to ISO 14001.
G4-15	Externally developed standards, principles and initiatives	SR: 30, 59
G4-16	Membership in organisations	SR: 59
Identified material aspects and boundaries		
G4-17	Entities included in the organisation's consolidated financial statements	SR: 2
G4-18	Process for defining report contents	SR: 12-13
G4-19	Identified material aspects	SR: 12-13
G4-20	Aspect boundary within the organisation	SR: 62
G4-21	Aspect boundary outside the organisation	SR: 62
G4-22	Explanation of the effect of any restatements of information provided in previous reports	No restatements of information for previous reports
G4-23	Significant changes from previous reporting periods in the scope, aspect boundaries or measurement methods applied in the report	SR: 2

Page references		
Stakeholder engagement		
G4-24	List of stakeholder groups	SR: 12-13
G4-25	Basis for identification and selection of stakeholders	SR: 12-13
G4-26	Approaches to stakeholder engagement	SR: 12-13
G4-27	Key topics and concerns that have been raised through stakeholder engagement	SR: 12-13
Report profile		
G4-28	Reporting period	SR: 2
G4-29	Date of most recent previous report	GRI index; 1
G4-30	Reporting cycle	SR: 2
G4-31	Contact point for questions regarding the report or its contents	SR: 2
G4-32	GRI index, reporting level, review	SR: 2; GRI index
G4-33	Policy and current practice with regard to seeking external assurance for the report	SR: 2; GRI index
Governance		
G4-34	Governance structure of the organisation	SR: 22, 56-57; AR: 42-51
Ethics and integrity		
G4-56	Code of conduct	SR: 51; www.skandia.se
MATERIAL ASPECTS: GOVERNANCE AND INDICATORS		
DMA-a-c	Sustainability governance of material aspects	SR: 8-9, 14-15, 56-57
DMA-FS Sustainability governance – financial sector		
DMA-FS1	Policies with specific environmental and social components applied to business lines	SR: 51-54, 56-58
DMA-FS2	Routines for assessing and reviewing environmental or social risks in the business lines	SR: 21, 24, 26-28, 51, 54
DMA-FS5	Interaction with clients/investees/business partners regarding environmental and social risks and opportunities	SR: 24, 28, 51
DMA-FS15	Guidelines and policies for sound design and advice surrounding financial services	SR: 20-21, 29, 51
ECONOMIC INDICATORS		
Economic performance		
G4-EC1	Direct economic value generated and distributed	● SR: 5
Indirect economic impacts		
G4-EC8	Understanding and describing significant indirect economic impacts, including the extent of impacts	● SR: 4, 16, 37

Page references			
ENVIRONMENTAL INDICATORS			
Energy			
G4-EN3	Direct and indirect energy consumption per primary energy source	●	SR: 41-43
Emissions			
G4-EN16	Energy-related indirect emissions of greenhouse gases (Scope 2)	●	SR: 41-43
G4-EN17	Other relevant indirect greenhouse gas emissions (Scope 3)	●	SR: 41-43
Supplier environmental assessment			
G4-EN32	Percentage of new suppliers assessed according to environmental criteria	■	SR: 51
SOCIAL INDICATORS			
Labour practices and decent work			
Work environment, health and safety			
G4-LA5	Percentage of total workforce represented in worker health and safety committees	■	SR: 47-49
G4-LA6	Type and rates of injury, occupational diseases, and absenteeism, and total number or work-related fatalities	■	SR: 47, 49 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	●	SR: 47, 50
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	●	SR: 49
Supplier assessment for labour practices			
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	●	SR: 51
Labour practices grievance mechanisms			
G4-LA16	Total number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	●	SR: 21. No grievances filed in 2016.
Human rights			
Human rights grievance mechanisms			

Page references			
G4-HR12	Total number of grievances about human rights impacts filed through formal grievance mechanisms	●	SR: 21. No grievances filed in 2016.
Society			
Corruption			
G4-SO4	Percentage of employees that the organisation's anti-corruption policies and procedures have been communicated to	●	SR: 51, 54
G4-SO5	Actions taken in response to incidents of corruption	●	No reported cases of corruption in 2016
G4-SO9	Percentage of new suppliers screened using criteria for impacts on society	●	SR: 51
Local communities			
FS13	Access points in low-populated or economically disadvantaged areas	●	SR: 35-36
FS16	Initiatives to enhance financial literacy by type of beneficiary	●	SR: 33-34, 37
Product responsibility			
Product and service labelling			
G4-PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	SR: 21, 24
Marketing communications			
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	●	SR: 21
Customer privacy			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	1 complaint 2016, which was handled by parties affected.
Product portfolio			
FS6	Breakdown of portfolio per region, scope and sector	●	SR: 31
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line	●	SR: 5, 39
Active ownership			
FS11	Percentage of assets subject to positive and negative environmental or social screening	●	SR: 24, 27