

# Sustainability report 2010



Folksam

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Road traffic accidents entail heavy losses for public health and the economy but above all for the individual. Folksam has more than 30 years of experience of research in the area of road safety, with the emphasis on studies of accidents that have actually occurred. The knowledge provided by Folksam road safety research is applied to save lives on the roads. **Page 22**



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## Properties – a sustainability challenge

When I met my grandchildren at the weekend I thought, as I often do when I see them, about the world we are handing over. The development we are still seeing in the world today is, despite all the warnings, not particularly sustainable; growth and short-term profit are what receive most attention, at any rate in the media and unfortunately also far too often in boardrooms. According to the UN, sustainable development is defined as development that “meets the needs of the present without compromising the ability of future generations to meet their own needs.”

So, put simply, what we do today must not deprive our children of what we take for granted – clean air, clean water, security and health.

Folksam’s vision, that people should feel secure in a sustainable world, matches this definition well. And that is what guides into the future.

If we look at the short-term perspective, there are many good examples in this sustainability report of what we did in 2010. We make strict demands on our suppliers so that what we build and repair has as little adverse impact on the environment and the climate as possible. By using second-hand genuine parts in car repairs we saved a refuse mountain of more than 1,000 tonnes.

But sustainability is more than the environment. Sustainability can mean good health. A person who has been subjected to physical violence does not feel particularly well, either spiritually or physically. Our subsidiary Förenade Liv became the first insurance company in Sweden to offer a crisis insurance policy that also applies in the case of domestic violence, and others have since followed suit. Nor do we require a report to be made to the police for the insurance protection to be utilised in the form of counselling with a psychologist or psychotherapist – this is to ensure that more victims of violence are brave enough to take that step. Every year several hundred people are injured or killed in road traffic accidents. Our road safety research is continuing to make efforts to reduce this suffering.

We have more than SEK 270 billion under management for our customers. This is more than the total saved by all the households in Sweden last year. Folksam supports the UN's Principles for Responsible Investment and lays down requirements for the companies in which we invest our customers' pension contributions. As well as good environmental conduct, these requirements relate to sound remuneration schemes, the company taking active measures to counter corruption and ensuring that those who work there have good working conditions – even if the factories are located outside Europe. We have also decided that our customers' pension contributions should not be invested in certain things, for example nuclear weapons and tobacco.

Swedish winters are cold, and this winter was no exception. Homes and buildings account for a substantial proportion of energy consumption in the country. Folksam's greatest impact

on climate is within heat consumption, and during the year we have become even bigger in property. Our real estate form part of the pension portfolios of our savings investors. At the time of writing we have more than SEK 14 billion in real estate assets.

Real estate represents a real challenge from the point of view of sustainability. The environmental requirements are relatively easy to take into account in new construction. We build with good materials, in an energy-efficient way and on land that is close to public transport. But for properties that already exist it is not so easy. Our property portfolio contains everything from ancient buildings in Stockholm's old town district to buildings that are still under construction.

Here it is a matter of providing the buildings and their tenants with new smart technology. We replace oil with pellets, insulate windows and control staircase lighting with movement detectors. The people living in the building also have a responsibility, and we therefore install meters for electricity and water consumption so that they can see their consumption patterns for themselves.

We are now taking stock of last year's work on sustainability and note that we have done a great deal to ensure that what we do today does not compromise the ability of our children and grandchildren to meet their needs. Our vision ensures that we will continue this work for as long as Folksam remains as a company.



Anders Sundström, CEO of Folksam



# About the 2010 sustainability report

Folksam's vision is a sustainable world in which people feel secure. The sustainability report for the year is intended to provide a picture of what the company has accomplished to date in order to fulfil this vision.

This is Folksam's eighth sustainability report, and it is based as far as possible on the G3 guidelines of the Global Reporting Initiative (GRI) for sustainability reports. It is also being reviewed externally this year by the audit company KPMG.

The sustainability report for the year applies to the whole of Folksam, including subsidiaries. It is not printed and is only available by downloading from [folksam.se](http://folksam.se), [kpa.se](http://kpa.se) or [forenadeliv.se](http://forenadeliv.se).

Folksam's understanding is that the report meets application level B+ of GRI, which has also been confirmed by the external auditors.

The report also forms part of the reporting under the UN Principles for Responsible Investment (UNPRI).



# Customers and markets

## **Folksam is owned by its customers**

Folksam is a mutual company. This means that its customers are not just an invaluable and finite resource – they are also owners. Folksam's overarching goal is to have the most satisfied customers in the insurance and savings industry.

The fundamental objective of customer-owned Folksam is to provide services the owners benefit from – an objective that is greater than creating short-term profit. It is therefore very important for Folksam to work in a long-term and structured way to find as good a relationship as possible for both parties.

Folksam encounters a large number of customers daily, covering the spectrum from private individuals and companies as well as the large organisations in Sweden. The same customer may also have several different roles. A person may encounter Folksam through their car insurance, business insurance, savings in an endowment insurance scheme, homeowner's insurance, survivors' protection through the trade union, or through the accident insurance the children have through their sports club. How Folksam treats a customer in one role colours customers' experiences in all their roles. Folksam has a wide range of customers, a large number of customers and a broad offering. This makes great demands on Folksam as an organisation, but also makes for great opportunities.

## **Folksam constantly strives to achieve greater customer satisfaction**

Folksam has many different forms of collaboration with its customers, such as AGMs, committees and face-to-face encounters. To supplement this, many customer surveys are also performed with varying methods such as in-depth interviews and online surveys, depending on the customer relationship and the issue concerned. Folksam involves its customers in various phases of the development of new offer-

ings and improved products. We also engage in a constant dialogue with our customers in all segments on what we need to improve and what is appreciated. The results are analysed for each business area and subsidiary and are then passed on for action, where it is determined what needs to be changed.

## **Customised organisation and additional products**

The market for occupational pensions is governed by collective agreements between the social partners. During the year, Folksam's collectively agreed business area took many initiatives to acknowledge its customers: trade unions, employers and individual customers. Folksam LO Pension now communicates more frequently with individual customers. KPA Pension has integrated its communication efforts to create recognition in all channels and worked on customer segmentation and messages aimed at different target groups in order to confirm the choice of KPA Pension as a pensions company.

To support our partners better, organisational changes were made and the business area developed a policy that makes it easier to handle partner enquiries. Folksam increased contacts with the social partners and also expanded its information efforts, providing everything from seminars to improved website pages.

With regard to the pension administration and insurance solutions we offer to our employer customers, during the year we coordinated the organisation and processes in Folksam's collectively agreed business in order to continue to improve efficiency. For foundation customers, work began on simplifying communication, and this will continue in 2011.

Folksam's Partner business strengthened its skills, knowledge and level of service both in customer service and in claims and support.

Folksam's private customers wish to have more contact with the company and receive more information about different offerings in order to keep up to date. In order to meet this wish, all the employees of Folksam General and Life took part in an extensive campaign to offer additional products at low cost but with high customer benefit that reinforces security. During the year Folksam also introduced discounts for those customers who prevent claims from occurring, for example by installing security doors.

#### Targets and results for customer satisfaction in 2010

Measure	Target	Result
1. Increased customer satisfaction	77 per cent	74 per cent
2. Increased customer satisfaction compared with competitors	+ 2	+ 0,7
3. Increased attractiveness in the market	18 per cent	16,5 per cent

#### Comments on the result

1. The change of terms in pensioners' group life insurance introduced at the end of 2009 continued to be an issue in 2010 and adversely affected customer satisfaction. However, during 2010 we overcame the negative impact, and customer satisfaction is now back at the level it was at before the change in terms.

2. Here we compare our EPSI rating with that of our competitors in the Swedish Quality Index. Folksam raised its result by almost 3 units for Folksam General, Motor and Life and by almost 1 unit for the KPA occupational pension company. However, results for the industry in general have improved, and we have therefore not reached the target that was set.

3. Our appeal in the market depends on the media investments we make in the form of advertising. The autumn campaign, with a new communication concept, has shown the best campaign result to date.

#### What do the customers wish for themselves in the future?

Satisfaction with Folksam in general increased steadily throughout 2010, and when customers get to meet Folksam they are particularly satisfied. This applies to all types of Folksam customer encounters, for example claims handling, meetings with advisers or calls to customer service. What customers want is to have contact more often. They also wish to have simplified terms and improved information on offerings in the area of savings. The trade unions valued their contacts in the collectively agreed business area and customers on the employers' side were also very satisfied. There is room for improvement in information on products and services and in complaints handling, which needs to be more efficient. Folksam's partner customers were particularly satisfied with their contacts at Folksam, who were perceived as being available, competent and service-minded. The products, which were regarded as comprehensive and good value, also scored highly. The corporate customers were satisfied with Folksam's holistic approach and comprehensive insurance protection, but also thought that the way it treated its customers was a strength. Areas in which more is desired are customised solutions, increased proactivity towards members at partner organisations and more flexible system support.

#### New brand strategy based on the customer

In 2010 Folksam General and Folksam Life worked together with customers to develop a brand platform and strategy that better reflects our customers. On this basis we have started work on improving the content and appearance of customer documents. The long-term goal is also to reduce the number of customer documents sent out as hard copy.

#### Brand strategy for Folksam General and Folksam Life

##### Vision: What we wish to accomplish

People should feel secure in a sustainable world.

##### Business concept: What we do

We are the customers' company that offers popular insurance policies and pension investment schemes.

##### Core values: What we are like

Personal  
Committed  
Responsible

##### Position: What makes us unique

The insurance and pension company with a big heart.

##### Promise: What we promise our customers

We are committed on your behalf.

*The subsidiaries KPA Pension and Förenade Liv are own brands with their own strategies.*

#### The Customer Ombudsman

Folksam is a customer-owned company, and it is therefore a natural priority for the company to offer its customers extra service and security through the Customer Ombudsman. The Customer Ombudsman is completely impartial as the operation is independent of Folksam's Executive Management and is only answerable to the Folksam AGM. The overarching goal of the Customer Ombudsman is to contribute to the Folksam Group gaining the most satisfied customers in the insurance and savings industry. The Customer Ombudsman has existed for more than 40 years at Folksam and therefore has a well-established way of working.



### **Complaints are a gift from customers**

It is important that Folksam responds to complaints in a positive way and that they are received constructively in order for the operation to evolve. The Customer Ombudsman's motto is that complaints are so important that they should be seen as a gift from customers. In 2010 the Customer Ombudsman started working with an external consultant on this issue, and it is hoped that the work methodology will be further improved.

It is gratifying that the most customer surveys have shown that Folksam customers were significantly more satisfied in 2010 than previously with Folksam's handling of complaints.

### **The work of the Customer Ombudsman**

The principal task of the Customer Ombudsman is to offer those customers who are not satisfied with Folksam's decisions an impartial review of their case. In 2010, the Customer Ombudsman dealt with 1,117 cases, and 1,071 led to a substantial review, 22 per cent of which led to some form of change in the customer's favour. This fairly high rate of change shows that the Customer Ombudsman is independent and that the customers can have confidence in this activity. Around 10,000 customers contacted the Customer Ombudsman during the year. This activity is greatly appreciated by the customers, as they are able to put questions to an independent body. The Customer Ombudsman also feeds back vital experience from its activity to Folksam. This feedback is provided in many ways, for instance through participating in work on terms and policies and training Folksam personnel. The Customer Ombudsman modernised its case management system in 2010 to make day-to-day work even more efficient and un-bureaucratic. This leads to customers receiving even faster and higher-quality service.

### **Low number of disputes**

Folksam handled 650,000 claims in 2010. As the company prioritises solving problems at an early stage, only a few cases lead to disputes. A total of 106 cases were settled by the Swedish National Board for Consumer Disputes in 2010. Only 5 per cent of the cases were settled in the customer's favour. 141 cases went to court in 2010. Folksam won or reached an out-of-court settlement in the majority of the cases decided during the year. This shows that the level of quality in Folksam case handling is very high.

### **Diversity for customer benefit**

Folksam has been working actively on diversity for many years. Folksam's view is that a high degree of diversity leads to increased customer benefit and also attractiveness as an employer. One successful example is Folksam's multilingual national customer service.

In 2010 this offered information on insurance and pension investments in 18 different languages. 90,000 people from more than 100 different nations were in contact with our multilingual customer service.

To ensure that Folksam continues to be at the forefront with regard to diversity and integration issues, a position of Diversity Business Manager was established in 2010. The purpose of the DBM's work is to continue developing diversity in dealing with customers so that more people have an opportunity to learn about Folksam's offerings.

During the year, Folksam also started work on translating parts of the website [folksam.se](http://folksam.se) into Arabic and Serbian.

Förenade Liv offered its security package for companies in Arabic and Turkish.

Folksam is one of the partners in the municipal company Telge Tillväxt. By offering work placements and employing young people, Telge's seven owners

aim to halve youth unemployment in Södertälje within three years and therefore contribute to reducing social exclusion and vandalism.

Folksam will endeavour to employ young people who, like the multilingual customer service in Malmö, are to help spread knowledge and provide information to households, companies and organisations in Södertälje on insurance and activities to prevent damage.

During the year, Folksam conducted a dialogue with politicians, imams, property owners, the police and representatives of the largest immigrant organisations. The dialogue was aimed at illustrating how Folksam can contribute to making what are known as Million Programme housing areas safer. The dialogue led to Folksam supporting Mångfaldens hus (House of Diversity) in Rosengård, Malmö, which is used for business activity and is a gathering point for different organisations in the area. The multinational customer service regularly holds information meetings in Mångfaldens hus.

# Governance and organisation

Folksam's operations – our claims activity, our investments of assets, our consumption of goods and services, our business travel, and heating and providing water for our properties – have a direct impact on the world around us..

Our indirect impact, road safety research, sport cooperation, consumer education, work to counter violence in society and mine-clearing projects are described in the section headed More than insurance and savings.

## How our boards operate

Folksam consists of a life assurance and pension savings group and a general insurance group. Folksam has two mutual parent companies, Folksam ömsesidig livförsäkring –Folksam Life – and Folksam ömsesidig sakförsäkring – Folksam General. Both Folksam Life and Folksam General also operate through subsidiaries. The boards of the parent companies are made up of customer representatives from the Swedish popular movements (the cooperative movement, the trade union movements, the sports movement and the senior citizens movement).

The nominations committee proposes to the annual general meetings who should sit on the boards. This committee is to aim for the boards to have a suitable composition with regard to skills, age and gender.

The boards of the parent companies held seven board meetings during the year. Ahead of each meeting the boards received a written report from the CEO on important events in Folksam, but also in the industry in general. The Board has followed up the strategic goals in accordance with Folksam's strategic agenda. They also reviewed the subsidiaries' activities, financial and business situation analysis and the internal audit reports.

The boards held a two-day seminar to prepare the documentation for a revised strategic plan. This was also adopted at the boards' August meetings.

There are around 80 internal rules classified as overarching in Folksam Life and Folksam General. The rules are examined annually and revised if necessary. Around forty have been adopted by the boards. Others are adopted by the parent companies' AGMs or by Group management.

## A vision that involves obligations

All work that takes place at Folksam must be targeted and geared towards the vision that "people should feel secure in a sustainable world" and the overarching goal of "having the most satisfied customers in the insurance and savings industry".

The vision sheds light on Folksam's role as a customer-owned company – security is the core of all insurance and savings activity. Working for a sustainable world creates security. Sustainability is also important for us with regard to our claims activity and our investments. In addition to human suffering, an insecure, unsustainable world leads to high claims costs and high premiums, which are not compatible with customer benefit.

## Internal rules and organisation for governance and control

The boards of Folksam Life and Folksam General each adopt strategic plans that convey the focus and requirements each board has for these companies.

The focus and requirements described in the strategic plan cover:

- Operations
- Organisational structure
- Financial targets
- Corporate governance of subsidiaries
- Internal governance and control

## We wish to exert an influence responsibly

The strategic plans also establish areas that each board wants Folksam to steer towards and focus on: perceived customer benefit, organic growth, being better than the competition, being an attractive employer and responsible influence.

'Responsible Influence' establishes that Folksam must distinguish its operation from that of competitors by taking active responsibility for the world around us and our future, and by designing its offerings with responsible influence in mind. The boards adopt targets for all focal areas every year. The strategic plans must then govern Folksam's operations planning on a more detailed level.

The goals for Responsible Influence are concerned with our customers being aware of and thinking that it is good that we work on road safety research, the environment and corporate governance. The Communications Unit is responsible for measuring and following up these goals.

## Goals and results for Responsible Influence 2010

Measure	Target	Result
Increased awareness of our work on sustainability	28 per cent	39 per cent
More of a positive attitude among customers towards us working in an effective way on sustainability	53 per cent	59 per cent
More of a positive attitude among the public towards working on sustainability	79 per cent	68 per cent

## Comments

The outcome of work on sustainability was communicated with the aid of activities in the media and the Sustainability Report. It was also communicated in conjunction with certificates of insurance being sent out and through the message played when customers are in a telephone queue, for example.

More information on this work has been added to the website and the information has been improved with regard to linking our sustainability work to our products.

During the year, Folksam abandoned the Spelar Roll (Makes a difference) communication concept. Spelar Roll has been used to communicate sustainability. The target of creating more of a positive attitude among the public towards Folksam's work on sustainability was therefore set too high.

### **Our risks and how we tackle them**

Folksam's systems for internal control are to be a natural part of the various activities and an integral part of the governance of the organisation. In terms of the functions working to achieve this, some of the most important are the boards' audit and remuneration committees, the internal audit and the lay auditors. To further strengthen internal governance and control, there is additionally a function for Group-wide governance, risk and compliance. This function is independent and separate from other operational activity in Folksam and reports directly to the Group CEO and President, Its principal task is to ensure, with reasonable assurance, effective governance and control throughout Folksam.

Folksam operates in the insurance and savings industry. It is therefore natural that our risk management is principally concerned with financial risks, risks relating to corruption and fraud, and risks relating as well as IT systems.

Risk is defined at Folksam as the probability of an event occurring that negatively impacts on the whole or parts of Folksam's goal attainment or deviates from assumptions made. Folksam's activities give rise to exposure to various risks, which affect financial position, results and goal fulfilment. These risks are divided into three principal areas: risks in all business, risks in insurance business and risks in financial business.

### **Bribery and money laundering**

All financial companies in the EU are obliged to prevent money laundering and the financing of terrorism. Folksam follows sanctions issued against persons suspected of criminal activities and also takes action to prevent bribery and corruption. The work on preventing bribery and corruption is associated with Folksam's work on preventing money laundering, in which we investigate whether our customers are persons in politically at-risk positions, that is to say persons who hold high political offices and who through their positions are at greater risk of being bribed or becoming involved in corruption.

In 2010 Folksam personnel underwent e-learning training on measures to prevent money laundering and the financing of terrorism.

Folksam adopted a new Information Security Policy in 2010 and also offers an e-learning training programme in information security.

### **Ethical rules – always a current issue**

Folksam's ethical rules contain the ethical rules applicable to all activities and how staff should act in various situations.

Ethics are based on society's set of values, and are concerned with good practice and sound judgement. Folksam's values reflect an ethical approach. Safeguarding human rights and rejecting all forms of discrimination are two examples.

When the staff represent the company externally, it is not solely their own business how they act. How they are perceived affects how the customer views us. Our values must permeate everything we do, and everyone who works for any company in Folksam must follow the ethical rules and other instructions that exist for how the work is to be carried out,

The ethical rules are distributed to all employees, and staff are encouraged to contact their superior or any of our legal specialists if they feel unsure.

### **Solvency 2**

Operations in Folksam are being adapted to the new European rules on solvency for insurance companies,

Solvency 2. Risk management in Folksam is greatly influenced by these new rules. As part of the adaptation process, principles and processes for risk management, risk control, capital position and capital planning will be successively developed and improved. The aim is to ensure more effective risk and asset management and increase the understanding of risks and their consequences in the organisation. The changes will take place gradually over the next few years.

### **Swedish Code of Corporate Governance**

Folksam's parent company and the subsidiary KPA Pension follow applicable parts of the Swedish Code of Corporate Governance. The Code is primarily written for listed limited companies, but it is also relevant for companies such as Folksam with widespread ownership and public interest. The Code is based on the principle of comply or explain. It emphasises the role of the annual general meeting and a clearer distribution of roles between AGM, board and senior management. There are also requirements for the boards to be efficient and take responsibility.

Folksam's application of the Code is presented in corporate governance reports, which are produced when the annual accounts are prepared. There are reports on the Folksam website for Folksam General and Folksam Life. There are also corporate governance reports on the KPA website for KPA AB and KPA Pensionsförsäkring AB (publ).

#### **Examples of overarching sets of rules**

- Ethical rules
- External corporate governance policy
- Actuarial guidelines
- Internal control
- Handling of claims relating to financial services
- Competition issues – action programme
- Management organisation
- Environmental policy
- Security policy
- Purchasing policy
- Remuneration policy

# Operational organisation

Folksam is organised into three business areas: Private, Partner and Collectively Agreed business and subsidiaries. In addition there are eight central units.

The Private business area is responsible for Folksam's business in the private market for individual insurance and savings. This responsibility applies to both life and general insurance under the Folksam brand.

The Partner business area is responsible for Folksam's business with partner and organisational customers. It includes the group insurance business and business insurance. The business relates to both general insurance and to personal insurance and savings.

Collectively agreed business is responsible for Folksam's business with the parties to collective bargaining agreements in the Swedish labour market. This includes both pensions and risk insurance, for example occupational group life insurance and sickness insurance, as well as administrative service for employers.

Folksam's road safety research, corporate governance and environmental manager belong organisationally to CEO staff units.

A large number of activities have been initiated to develop and improve the efficiency of the organisation and processes in order to achieve business and cost synergies.

Work on coordinating joint functions to ensure that resources continue to be used efficiently continued in 2010. The IT, actuary, communication and legal functions were transferred from KPA Pension to the joint functions. In addition, large parts of the insurance administration were coordinated in a joint function.

As part of this concentration of resources, the operation and maintenance of IT in workplaces was outsourced to Logica.

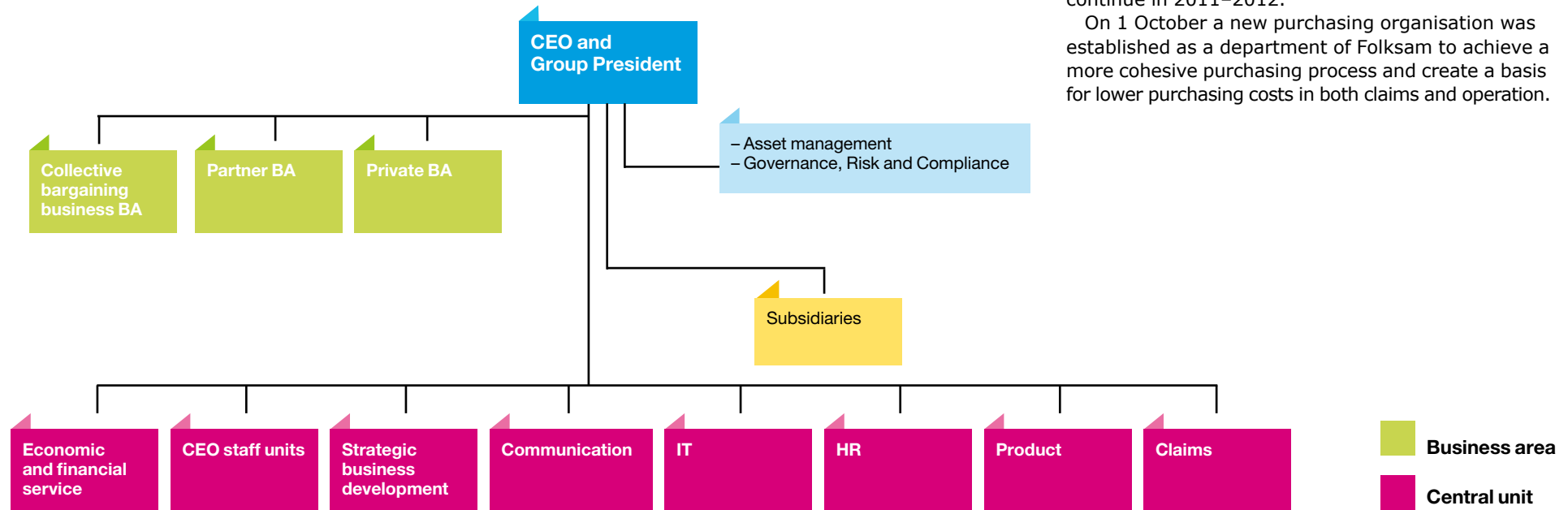
During the year, KP and KPA Pension were also integrated. The purpose was to coordinate the operation

to create an efficient service for customers.

A change project covering office workplaces was launched with the aim of allowing the work to be organised more efficiently and of lowering the costs of premises; this will continue in 2011.

The sales and claims customer organisation underwent extensive change during the year, from a geographical to a channel-guided organisation with a total of eleven channels. Five of these are sales channels: customer service, life and investment, telemarketing, online and group insurance, and six of them are claims channels: general, motor, personal injury compensation, personal injury terms, investigation and other. The change is being made to achieve greater efficiency through shorter decision paths, and reflects the fact that 95% of customers are in contact with Folksam by telephone or on the internet. Around 2,000 people were covered by the reorganisation. Work on the new organisation will continue in 2011–2012.

On 1 October a new purchasing organisation was established as a department of Folksam to achieve a more cohesive purchasing process and create a basis for lower purchasing costs in both claims and operation.





## Our staff

### An attractive employer with committed staff

Folksam aims to be an attractive employer with committed staff who create customer benefit. In order to achieve this, Folksam works strategically and purposefully in several areas, for example terms of employment, recruitment, skills development, leadership, management by output, the working environment and health. The unit responsible for this work is HR (Human Resources). The Head of HR is part of Group management and is responsible for HR activity in Folksam and its subsidiaries. For example, during the year, Folksam developed an insurance offering for all employees who among other things hold medical insurance. The insurance applies from 2011 and creates reassurance by providing rapid access to advice and medical care.

Some of the most important results achieved during the year are that both long-term and short-term sickness absence have decreased, and a number of important organisational changes have been implemented. Important milestones have also been reached in work towards a more systematic management provision, clearer corporate identity and new system support for personnel and payroll administration.

Staff turnover was low during the year due to few new recruitments. The total number of employees has also fallen since 2009. The principal explanation is the ongoing reorganisation process and coordination between the companies. Changes are in progress in particular in claims management, pensions administration, sales and IT. The increase in the proportion of managers is temporary and is related to changes that have not been fully implemented. The proportion of female managers has decreased slightly, and this is also regarded as a temporary variation. The level in the Group management is the same as in 2009, but the proportion of women has increased somewhat on the Board of Folksam Liv. Folksam is constantly striving to achieve an equal distribution between women and men in different positions.

### Staff survey shows continued commitment

A response rate of 91 per cent was achieved in the annual staff survey, Fokus. A more restricted survey containing fewer questions is conducted in even years (such as 2010). The outcome showed continued excellent values, among other things for leadership, management by objectives and results, and commitment, and was utilised in the form of dialogue, action plans and development activities at all levels of the company. The plans will be followed up in future Fokus surveys and in individual goal interviews and performance appraisals. Work on Fokus forms an important part of Folksam's corporate governance, business development and the development of managers and staff.

### Long-term commitment to skills provision

In order to be an attractive employer and ensure the long-term provision of skills, Folksam continued implementing the recruitment strategy developed in 2009. This work included a systematic review of universities, university colleges and vocational colleges, and cooperation was initiated with those that best support Folksam's supply of skills.

In 2010, Folksam developed its profile as an employer, for instance in job advertising and at recruitment fairs. A new careers website was developed to communicate with potential recruits – [folksam.se/jobba](http://folksam.se/jobba). Our work on sustainability and the opportunities for development offered through the subsidiaries are some of the elements that are highlighted. A varied and responsible career is the promise Folksam wishes to make as an employer.

A web-based service for training, learning and management by output was introduced during the year. Folksam and its subsidiaries thus have a common tool that supports professional development and learning, both internally and for external partners and customers. It contributes to improving efficiency

and creating synergies within the companies and opens up new opportunities in Folksam's work on strategic skills supply. This service additionally makes it easier to invest in e-learning, which leads to fewer journeys and therefore less environmental impact.

Several parts of Folksam's organisation worked during the year on systematic skills analyses in order to plan and ensure that the right skills are in place for the future. The analyses were conducted in cooperation with the central HR function. This work will continue in 2011.

### Changing face of leadership

The pace of change is steadily increasing, and change today is part of everyday reality. Folksam is therefore equipping its managers to lead change. Efforts were made in 2010 to support managers in adapting the organisation to new customer meeting places, for instance. The managers received tools to lead the work on change in lectures and workshops that addressed areas such as management by targets and output, labour law and recruitment.

One of Folksam's goals is to have a systematic management provision process that identifies, evaluates and develops the right managers for the right remit. The pilot scheme launched in 2009 when, on the basis of their performance in their current position and their potential, 60 managers were deemed to be capable of coping with more extensive managerial remits, was concluded during the year. The individual development plans drafted resulted in various activities to strengthen leadership skills.

In order to deal with customers in a personal and committed way, Folksam needs managers who develop staff and reward the right level of performance. Courses during the year in coaching leadership provided Folksam managers with an opportunity for practical training that increases their ability to provide honest feedback, which is crucial if staff are to be aware of what is expected of them. The prospects for motivation and commitment increase with clear expectations.

### Right skills through diversity

Folksam has been working actively on diversity issues for many years. The company's view is that a high level of diversity leads to greater customer benefit and attractiveness as an employer. Read more about Folksam's external work on diversity on page 9.

Internal group dialogues were developed in 2010 with the aim of coordinating the action plans for diversity with annual activity planning. The aim is for the diversity perspective to form a natural part of daily work.

### Health promotion to reduce sickness absence

Folksam has made determined efforts to reduce sickness absence for several years. The focus in 2010 was on early rehabilitation to prevent longer periods of sick leave. Two health-related pilot projects were started. One was to facilitate assistance with early rehabilitation, and the other was to strengthen health through health profile assessments and individual measures. In addition, Folksam signed a new

contract on nationwide occupational health care for all its staff. The new supplier is a strategic health partner that in various ways supports Folksam's long-term goals for improving the working environment. The focus is on improving good-health ratios through greater commitment to health-promoting and sickness prevention efforts.

### Donations through pay to the Swedish Cooperative Centre

Folksam has been cooperating with the Swedish Cooperative Centre for several years. Read more about this cooperation on page 36.

Staff have the option of donating part of their pay to the organisation through deductions from salary.

Commitment to this initiative is continuing to grow. Staff donations to the Swedish Cooperative Centre totalled SEK 666,130 in 2010, a sum which is matched by Folksam to produce a total contribution of SEK 1,332,259.

In 2010 a third of our donors chose to increase their monthly contributions, so that contributions rose from SEK 103,000 to 117,000 per month.

### Folksam staff in figures

Staff	2010	2009	2008	2007	2006	2005	2004
Number of staff	3,637	3,863**	3,510	3,127	3,300	3,563	3,655
- women	50%	50%	49%	49%	49%	49%	48%
- men	50%	50%	51%	51%	51%	51%	52%
Average age	45.5	45.3	44.8	45.3	45.7	45.5	45.1
Number of managers	360	347	311	262	282	308	294
- women	43%	44%	44%	43%	41%	41%	40%
- men	57%	56%	56%	57%	59%	59%	60%
Staff turnover	4.7%	5.6%**	8.0%*	7.4%	1.7%	2.6%	2.4%

\* With effect from 2008 the key indicators also include staff on fixed-term contracts, and the figures are therefore not fully comparable with previous years.

\*\* With effect from 2009 the key indicators also include the subsidiaries KPA and Gyllenforsen, and the figures are therefore not fully comparable with previous years.

The number of managers is calculated in accordance with the definition "managers with responsibility for personnel and operations". Staff turnover is defined as the lower of the number of new employees or employees who have left during the year as a percentage of the number of employees in December.

Age distribution	2010	2009	2008	2007	2006	2005
under 30	8.5%	9.1%	9.8%	8%	7%	8%
30-39	21.9%	22.1%	23.1%	24%	24%	24%
40-49	30.4%	30.2%	29.4%	30%	29%	28%
50-59	28.0%	27.7%	28.3%	29%	30%	30%
60+	11.2%	11.0%	9.4%	9%	10%	10%

Form of employment of staff	2010	2009	2008	2007	2006
Employees on permanent contracts	97%	98%	97%	96%	92%
Employees on fixed-term contracts	3%	2%	3%	4%	8%
Full-time employees	91%	92%	91%	90%	86%
Part-time employees	9%	8%	9%	10%	14%

#### Total sick leave, 2010 (2009)

Age	Men	Women	Total
under 30	1.8 (1.8)%	3.8 (4.8)%	2.9 (3.4)%
30-49	2.1 (1.9)%	4.2 (4.6)%	3.2 (3.3)%
50+	2.5 (3.3)%	4.9 (6.0)%	3.6 (4.6)%
Total	2.2 (2.5)%	4.5 (5.2)%	3.4 (3.9)%

#### Of which long-term sick leave in 2010 (2009)

Age	Men	Women	Total
under 29	7.6 (0.0)%	20.8 (29.2)%	17.1 (22.0)%
30-49	24.7 (32.3)%	40.2 (49.0)%	35.5 (44.3)%
50+	41.4 (57.2)%	45.3 (57.7)%	44.0 (57.5)%
Total	32.0 (44.7)%	41.4 (51.6)%	38.4 (49.4)%

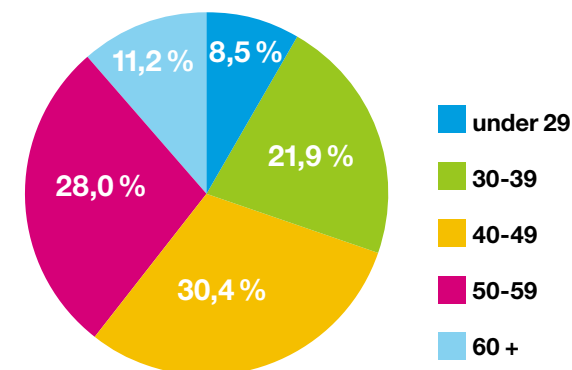
#### Women – Gender distribution in management teams

	2010	2009	2008	2007	2006	2005	2004
Board of Folksam Life	50%	42%	42%	45%	46%	55%	40%
Board of Folksam General	58%	58%	50%	50%	42%	42%	42%
Group management	33%	33%	25%	33%	33%	22%	22%

#### Men – Gender distribution in management teams

	2010	2009	2008	2007	2006	2005	2004
Board of Folksam Life	50%	58%	58%	55%	54%	45%	60%
Board of Folksam General	42%	42%	50%	50%	58%	58%	58%
Group management	67%	67%	75%	67%	67%	78%	78%

Age distribution, 2010







# The impact of our operation

## Our direct impact on the environment and climate

The environment is a very important issue for Folksam, both that within the company and in the world at large. Our size presents us with a great opportunity to exert influence. The demands we make on ourselves and on our suppliers, for example with regard to repairs to the buildings and vehicles our customers have insured with us, can therefore make a great difference. Folksam's strict environmental requirements have contributed to a higher environmental standard at several large subcontractors.

Those parts of the Folksam organisation with the greatest potential to make a difference have been environmentally certified under ISO 14001, the recognised international standard for environmental management systems.

Both car and building insurance activities have environmental certification. We only use wind power of specified origin in our properties. Folksam intends to be at the forefront of efforts relating to the environment and climate change in the industry. It is important that we practise what we preach. Some of the most important measures taken to reduce our impact on climate in 2010 are outlined below.

## Environmental certification of our external property management

Folksam engages the services of Newsec for managing around half its property stock. Newsec gained environmental certification under ISO 14001 in November. This is a step in the right direction and elucidates our joint work on the environment.

During the year, Folksam started work on classifying its buildings under a system known as Environmental Building (Miljöbyggnad).

The Environmental Building system is designed for Swedish conditions as a simple and cost-effective method of classifying buildings without compromising on quality.

The system can be used for both new and existing buildings, regardless of size.

Environmental Building is administered by Sweden Green Building Council, and the indicators that dictate the classification are energy use, indoor environment (sound, light, radon, moisture etc.) and the presence of particularly harmful substances. In 2010, Folksam began conducting an inventory of a property in Stockholm according to Environmental Building indicators. The application has been submitted and classification is expected in the first quarter of 2011. When this process is complete, the system will be evaluated internally, and if it proves to be positive for Folksam and our customers, more properties will be classified.

## Weather forecast-based control

In traditional systems property heating is controlled solely on the basis of the current outdoor temperature, which is a somewhat blunt instrument. In weather forecast-based control, the heating is governed not just by the outdoor temperature but also by an equivalent temperature that takes account of several factors such as wind, sun and the ability of the building to store energy when there is a surplus. Folksam has been testing weather forecast-based control for some time, with good results. This was installed in six of our properties in 2010.

## Reduced environmental impact in vehicle repairs

Car repairs are among the activities at Folksam with the greatest impact on the environment. To reduce

the environmental impact in vehicle repairs, Folksam re-uses genuine parts and repairs plastic parts and windscreens rather than using new replacement parts. This practice contributed to avoiding a waste mountain of 1,138,204 kg during the year.

### Carbon dioxide measurements in buildings and cars

To further reduce our carbon dioxide emissions on the claims side, Folksam carried out two studies during the year to obtain a better picture of how much carbon dioxide is released when we repair damage.

The studies were conducted together with two of our partners on the construction side and one on the vehicle repair side.

The intention is to obtain a picture of the current situation, and on this basis be able to choose better materials and set more precise requirements for our supplies.

### Good Environmental Choice

During the year, Folksam contacted the Swedish Society for Nature Conservation to establish whether it is possible to ecolabel products in the financial and insurance industries with the Good Environmental Choice label.

### Business travel

An important element in Folksam's efforts to reduce climate impact is to reduce emissions from business travel. Travel is an important part of the company's operations, but if emissions are to be reduced, each journey must be planned and justified on commercial and customer benefit grounds. To ensure that we travel in the best possible way in economic, environmental and safety terms, Folksam has a travel policy containing clear requirements on what modes of transport are to be used on different routes.

### Coffee – an important symbolic issue

Folksam started replacing the coffee drunk at its head office with organic and Fairtrade coffee in 2009. Altogether, Folksam purchased 11,082 kilos of coffee in 2010 for the restaurant and the property on

Bohusgatan in Stockholm. This means that employees and guests of Folksam in Stockholm drink around 1.5 million cups of coffee in a year. Around a quarter of the coffee was organic. If all the coffee was organic it would entail a price increase. But it would also mean less fertiliser spread on the land and dispersed into the ecosystems where coffee is grown, and less commercial fertiliser would be used, which would contribute to reduced eutrophication.

There is no collective picture of which coffee the local offices purchased in 2010. Coffee is an important symbolic issue, and Folksam has started work on this, but much remains to be done.

#### Organic coffee

The amount of organic coffee purchased for the head office in 2010 is equivalent to:

353,847 cups

44,653 litres

2,688 kilos of consumer-packaged organic coffee

3,161 kilos of green unroasted coffee

3.1 hectares of conventional coffee cultivation

has been converted to 4.0 hectares of organic coffee

#### Conventional coffee

The amount of conventional coffee purchased for the head office in 2010 is equivalent to:

1,104,981 cups

139,441 litres

8,394 kilos of consumer-packaged conventional coffee

9,871 kilos of green unroasted coffee

9.8 hectares of conventional coffee

### Computers and servers also have an environmental impact

Folksam has been working on IT from various environmental perspectives for a long time. The company's ambition is to be highly advanced in what is known as virtualisation of the server farm. As a re-

sult, we have eliminated the need for a large number of servers in our data centre, which among other things has reduced the energy requirement. All the workstations are also ecolabelled – computers, monitors, printers and mobile phones.

Folksam also has contracts that enable us to dispose of old machines for recycling in an environmentally correct way.

The principal activity in 2010 was to compare the environmental work of the IT operation with that of others, which took place during the spring. This comparison showed that the basic idea underpinning our environmental efforts in IT, to improve a number of areas in IT on the basis of ideas in the organisation, is a good initial approach.

Folksam should, however, also have internal rules and work more systematically on environmental aspects of ordinary work processes in IT.

The next stage will therefore be efforts to clarify the need for governing documentation on Green IT through clear guidelines in our ordinary work processes for how a greener IT environment could be achieved.

The plan is to make a formal decision on this issue in March 2011. We will then start work on drawing up rules for introduction into the work processes.

### Purchase policy with requirements for suppliers

Folksam is a major purchaser whose largest purchase volumes are in its claims activity, as described in previous sections.

Inköp AB, which was a wholly owned subsidiary, did most of the purchasing in 2010. Purchasing is based on the vision, and the purchaser is to develop, organise and manage Folksam's supplier relations in an efficient and business-like way. It should also be responsible for all purchases in Folksam being made coherently and efficiently at the lowest cost possible. But it is not only the price that is important.

Our purchasing policy is concerned among other things with business ethics and what we require of our suppliers.

Before we sign a contract with a supplier, this supplier must be able to demonstrate a documented environmental policy and environmental plan. Folksam also takes a positive view of companies that have ISO certification and are covered by collective agreements.

In 2010 the Board of Inköp AB reviewed the purchasing process, aiming to create the necessary conditions for lower purchasing costs in both claims and operation. The investigation showed that there are many strengths to build on. The purchasers make clear demands on suppliers, and contracts in the Group are well organised. To take the next step and ensure a more cohesive purchasing operation, actively pursuing more strategic purchasing with coherent follow-up at management level, a new purchasing organisation started to be established under Economic and Financial Service. At the same time work started on phasing out Folksam Inköp AB.

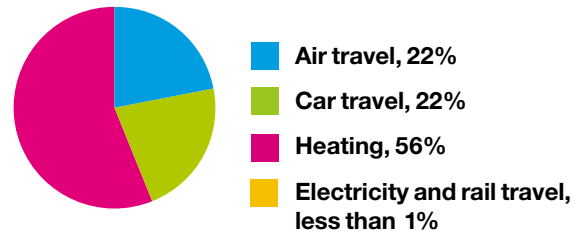
The 20 purchasing services spread around the organisation, partly under Folksam Inköp AB but also in IT and the claims operation, have been gathered together under the Economic and Financial Services support unit since 1 October 2010. The new organisation provides a good foundation on which to set sustainability requirements for suppliers in a more systematic way.

### Folksam's total carbon dioxide emissions Our carbon offsetting and footprint

Folksam has carbon-offset all emissions related to energy use and business travel by road, rail, and air since 2006. KPA Pension also carbon-offsets travel to and from work. The intention next year is also to offset paper consumption for the whole of Folksam, which would mean that the whole operation is carbon-offset.

The carbon footprint for 2010 was measured at 3,853 tonnes of CO<sub>2</sub>, which is a decrease of 926 tonnes in comparison with the previous year. Heat consumption accounts for more than half of total emissions, while air and car travel each account for a little less than a quarter. Despite Folksam managing a large number of properties, the climate impact of total electricity consumption is marginal in the greater context as Folksam uses wind power of specified origin. The climate impact of electricity and rail travel accounts for less than 1 per cent and is therefore not shown in the diagram.

#### Folksam's total climate impact classified by activity



All carbon offsetting takes place through tree planting in the Vi Agroforestry Programme. This is a very important contribution to counteracting deforestation, an issue that is attracting increasing international attention and that globally accounts for around 18 per cent of international emissions. This is more than the emissions from transport, agriculture and the construction sector combined. To this day, more trees are being felled than are growing to replace them. As well as trees capturing and storing carbon dioxide from the atmosphere, tree planting contributes to other major positive added values for people in areas greatly at risk.

#### Number of kilometres driven

In 2010, Folksam personnel drove 5,187,440 km on official business. This is 10 per cent less than in previous years.

See the appendix on page 40 for calculation models and data and page 45 for methods of data collection and calculations.



”Car makers **obviously** ought to sell their cars with **autobraking systems** fitted as standard, just as anti-skid control is standard today.”



Anders Kullgren,  
Head of Road Safety  
Research

## Everyone’s a winner when roads are made safer

Road traffic accidents signify great losses for public health and the economy, but above all for the individual. Folksam has more than 30 years of experience in research into road safety, with the emphasis on studies of road traffic accidents that have actually happened. The knowledge provided by Folksam road safety research is applied to save lives on the roads. Fewer road traffic injuries also mean lower costs of claims and therefore lower premiums for motor insurance, which benefits Folksam’s customers.

### Research contributes to fewer injuries

A large part of Folksam’s research is focused on surveying the level of safety of different cars and their protection systems. The results are used among other things to inform and influence the public, businesses and the public sector regarding the importance of prioritising safety when buying vehicles. The number of people killed on Swedish roads has fallen sharply in recent years, to between 300 and 400 people annually. Preliminary figures for 2010 indicate a total of less than 300 people, which is the lowest proportion of road traffic fatalities in the world. A significant factor behind the decline is the enhanced level of car safety.

### In-depth studies of crashes lead to greater knowledge

Folksam conducts in-depth studies of crashes to gain increased knowledge of how and why injuries occur in road traffic accidents. The results of the in-depth studies make it possible to analyse how injuries in road traffic accidents could be avoided in the future. Folksam’s crash data have formed the basis for developing the crash test programmes used to evaluate the protective capability of cars against whiplash injuries, and they have been used by several car makers to develop such protection.

The in-depth studies examine data from black boxes, which register the impact forces in a collision, combined with detailed information about injuries, the course of events in the crash and the deformations suffered by the vehicle. The emphasis is on injuries that lead to death or incapacity. These are the only studies of their kind in the world.

Between 1992 and 2010 Folksam installed around 240,000\* black boxes in four different makes of vehicles in Sweden. In May 2008 the company launched a new black box that measures impact forces in several directions with greater accuracy. By 2011 the new box had been installed in around 30,000\* vehicles.

\*The figures are based on the number of units ordered.

### Steady improvement in whiplash protection in cars

Since 2003, Folksam has presented crash test results showing how well different car models protect against whiplash injuries in rear-end collisions. In just five years, the proportion of car models obtaining the best test results (and therefore approved by Folksam) has risen from 16 to over 50 per cent. The 2010 tests took place under Folksam’s cooperation with IIWPG (International Insurance Prevention Group). A total of 237 car models on the Swedish market were covered, of which 78 were new models tested for the 2010 list.

### Autobrake reduces serious road traffic accident injuries

In October a press seminar was held to show the great potential offered by many new car safety systems in reducing injuries in road traffic accidents. The purpose was to increase the demand for these systems so that they would become widespread more quickly. Autobrake was emphasised in particular as a system that can be just as effective as

airbags and anti-skid systems. If all cars in Sweden had autobrake, up to 65 lives would be saved annually. The models that have these systems fitted as standard and available as options were also identified at the seminar. Folksam reduces its premiums for car models with autobrake fitted as standard in order to speed up the introduction of these systems.

### **Can financial incentives persuade car drivers to drive more safely and in a more eco-friendly way?**

Folksam, MHF, SalusAnsvar and the Swedish Transport Administration initiated a research project aimed at creating a safer traffic environment. The project is to evaluate the possibility of persuading drivers to alter their behaviour and drive in a safer and more eco-friendly way, with the aid of a financial incentive – lower premiums.

The project will initially cover a test group of around 300 private motorists.

The drivers in the test group were offered discounts of up to 30 per cent on their ordinary insurance premium with SalusAnsvar if they drove safely. The idea is that it should pay to drive responsibly – the greater the distance driven within applicable speed limits, the higher the discount on the insurance premium. Driving is assessed using GPS technology fitted in the test drivers' cars. The test will continue for a year, and Folksam is responsible for its evaluation.

#### *New car survey*

### **Crash safety and good reliability – not a given**

In September, for the first time, the Swedish vehicle inspection company Bilprovingen and Folksam drew up a joint list showing the extent to which used cars are safe on the roads, that is to say are both safe in crashes and obtain good inspection results. The list shows that car buyers cannot assume that a car with good crash safety will automatically pass the vehicle inspection or vice versa. The survey nevertheless shows that there are cars that fulfil both criteria.

### **Folksam lowers insurance premium with the aim of reducing the number of serious and fatal motorcycle accidents**

Anti-lock braking system (ABS) brakes would halve the proportion of serious and fatal injuries in motorcycle accidents. But despite the fact that many accidents could be prevented, 93 per cent of motorcycles in Sweden do not have ABS. As a means of persuading more riders to choose safer motorcycles, Folksam reduced the insurance premium by 15 per cent for two-wheeled motorcycles with ABS brakes. The discount began to apply on 1 May 2010.

**”A knee injury for a teenage girl can lead to life-long problems – not just on the football pitch but in every-day life too, We at Folksam are therefore proud of our Knee Control initiative – practical action to prevent knee injuries for a new generation of teenage female footballers.”**



Lars-Inge Svensson,  
Head of Folksam Sport

## **Results of research project on teenage female footballers**

A simple training programme lasting a quarter of an hour greatly reduces the risk of serious knee injuries in female footballers, a unique study performed by Markus Waldén and Martin Hägglund at Linköping University shows. The Knee Control project, which was developed on the initiative of Folksam and the Swedish Football Association, is now to be introduced in as many Swedish football clubs as possible. Knee injuries are common in football, and teenage girls are particularly at risk. One of the worst nightmares in football, anterior cruciate ligament damage, forces some players to give up football, and many have knee problems later in life. Previous studies in the area have shown that it is very difficult to reduce the number of knee injuries in football.

The Knee Control Study, the largest scientific study to date in the world aimed at preventing injuries in sport, was therefore carried out in 2009. Around 500 out of just over 700 possible teams of girls born between 1992 and 1996 in eight of Sweden's 24 football districts agreed to take part in the study. Half the clubs were chosen at random to train according to the SISU warm-up programme Knee Control, while the other half acted as a control group. Altogether 341 teams with more than 4,500 players completed the study.

The results show that the group that trained knee control were at significantly lower risk (two-thirds) of being affected by future cruciate ligament damage than the control group. Players who used the programme at least once a week during the season were additionally only affected by half as many acute knee injuries in total, including knee injuries that occurred without contact with another player and serious knee injuries causing more than four weeks' absence from playing.

The Knee Control project was initiated in 2008 by the Swedish Football Association and Folksam. The aim is to train football coaches, leaders, parents and players in how to practise knee control and to pre-

vent knee injuries among female players aged 12 and over. More than 100 physiotherapists from all parts of Sweden have already been trained in knee control.

Folksam has insured all football players in Sweden since 1964, and every year around 800 knee injuries are reported from ladies' and girls' football. Just over 100 female footballers aged between 13 and 17 are compensated annually for incapacity (permanent problems) related to knee damage. Serious knee injuries are three times more common among young women than among men of the same age. This is due in part to anatomical factors.

### **Folksam's research foundation**

The purpose of the foundation is to promote prevention of accidents and disease, rehabilitation and health-promoting scientific research through its own activity. It is primarily intended to make research grants in the areas of Road Safety, Health and the Environment.

Twelve applications for research grants were received in 2010. Four grants were made to a knee project at Umeå University in which it is evaluated whether surgical reconstruction of the anterior cruciate ligament protects against osteoarthritis of the knee in later life. Around 6,000 cruciate ligament ruptures occur every year, and nearly 80 per cent lead to osteoarthritis (joint problems). Consequently, it is essential to evaluate various acute methods of treatment.

Another research project to receive a grant relates to surveying risk factors in order to prevent problems in the mandibular (jaw) joint after whiplash injuries. 30–50 per cent of people injured in road accidents with chronic whiplash problems also suffer pain in the mandibular joint. These problems rarely occur initially, but increase with time. This research project is also based at Umeå University, in the Department of Odontology.



”It is of the utmost importance that **we practise what we preach.** We have great responsibility as one of Sweden’s largest purchasers for example of flooring, paints and vehicle repairs.”



Jan Snaar  
Environmental  
Manager, Folksam

## Environmental efforts

### New heating guide

In 2010 we updated the Heating Guide. Folksam discovered early on that many of our customers’ heat pumps disintegrated far too often and too early. In addition to the high number of episodes of damage to heat pumps, many home owners change to a system that does not pay for itself in their particular case. The investment is not offset by reduced consumption.

Our knowledge is collated in the Folksam heating guide, so that all our customers and Swedish homeowners can obtain impartial support on heating issues.

The long-term aim is for as many households as possible to be able to replace electricity and oil with other sources of heat.

### For those who need to redecorate

Just before the summer, when many of our customers need to buy paint to redecorate during the summer, Folksam released the results of its paint test. The paint test is a scientific study in which various paints are tested for durability, and particularly how they counteract mould. The result showed that only seven out of a total of 45 tested paints were of sufficiently high quality to be recommended for use in redecorating the house.

### DIY – a better choice for the environment

To help both businesses and do-it-yourselfers to carry out eco-friendly repairs, Folksam released the eighth version of Folksams Byggmiljöguide (the Folksam Environmental Guide to Construction) in 2010. The guide has been produced by independent experts and scrutinises materials to establish which are preferable from the point of view of the environment and health.

A new feature this year is that the manufacturers have also been asked to state whether they have operations in low-wage countries. The question also

covers purchases of goods through wholesalers, agents or suppliers, and also applies to purchases of input materials and raw materials.

### Policy for new cars

In 2010 Folksam published a policy on the purchase of new cars for the thirteenth year in a row. The policy is aimed at influencing the standard of new cars sold in Sweden. It is principally applied to the company’s purchasing of company and staff vehicles, but also to hire cars. This policy is of great significance, as Folksam customers drive nearly ten million kilometres in hire cars every year.

### Safe and sustainable

In order to influence the safety standard and environmental impact of new cars sold on the Swedish market, Folksam annually publishes a list of cars that meet stringent requirements for safety and environmental impact. In 2010 a further follow-up of the list was published, which is also a result of Folksam’s policy for purchasing company and staff cars and for car hire. The requirements for both safety and the environment were tightened up in comparison with the policy in 2009. To meet 2010 requirements, cars had to have 0.1 litres lower fuel consumption per 100 kilometres than previous requirements. Altogether 12 per cent of car models met Folksam requirements. Folksam continuously informs other car buyers, such as municipalities, county councils and large companies, about which vehicles are approved and the requirements laid down in the policy.



”On this basis, it cannot in any way be regarded as controversial to argue that private industry is a man’s world. **Women make up half the population, but in the boardroom it’s a completely different story. There, the traditional gentleman’s club culture is as entrenched as it ever was.**”



Carina Lundberg Markow,  
Head of  
Responsible Ownership

## Responsible Ownership

Folksam has around SEK 270 billion under management on behalf of just over four million customers. This gives us power to exert influence and bring about long-term change in society. All the assets Folksam manages, regardless of whether they are funds, insurance portfolios or personal savings, are covered by ethical investment criteria.

We at Folksam firmly believe that companies that take responsibility for the environment and human rights are more profitable in the longer term. Therefore, through our criteria – environment, human rights and anti-corruption – we influence the companies we invest in. However, there are companies we have deliberately chosen not to invest in, regardless of how small their environmental impact is or how good a working environment they have. The exclusion criteria are tobacco and illegal weapons such as cluster munitions, anti-personnel mines and nuclear weapons. The subsidiary KPA Pension has decided on even tougher exclusion criteria: it does not invest in the tobacco industry, the weapons industry, the alcohol industry or the commercial gambling industry.

Folksam’s work to persuade companies to take social responsibility is very much a public affair, because we believe that knowledge contributes to positive change. Folksam annually publishes reports and indices in which we present information on the companies’ performance in areas such as the environment, human rights and gender equality.

The UN Principles for Responsible Investment (PRI) are a UN initiative launched in 2006 and aimed at introducing sustainability issues into the investment process for institutional investors and pensions managers. Folksam was the only Swedish investor to take part in drawing up the guidelines, which apply to the environment, social issues and corporate governance (ESG issues).

In this year’s sustainability report we have chosen for the second year in a row to report the year’s events based on these principles to clarify how Folksam fulfils its commitment as a signatory to PRI.

### *Principle 1*

#### **We will incorporate ESG issues into investment analysis and decision-making processes Ethics influences all investments**

Folksam engages Swedbank Robur as asset manager for large parts of the assets under management and for ethical screening of all investments. Folksam also engages independent consultancies for various analyst services. This analysis forms the basis for decisions on which companies Folksam invests in and which companies Folksam chooses to conduct a more in-depth dialogue with.

#### **Folksam votes both for and against share-related reward systems**

During the year’s Swedish AGMs, Folksam made use of its right to vote against four companies’ proposals for variable remuneration. In addition, a dialogue was conducted with further companies who intended to introduce this type of system. The information on remuneration systems supplied to shareholders has been substantially improved in recent years. It is now the exception rather than the rule for companies not to include relevant information in their annual reports on share programmes, fixed and variable pay, and pensions to senior executives. This is largely a result of the debate conducted by Folksam, among others.

#### **Focus on cash bonuses – again**

In 2010, many listed companies recovered from the deep crisis. Bonues and variable pay continued to

dominate shareholder issues during the year, as they remained high in many cases despite the crisis. Questions were also asked about this type of remuneration at several company AGMs. The Swedish Financial Supervisory Authority introduced new rules for these systems with regard to financial companies. These rules are based on consensus within the EU. Folksam has emphasised in the debate the importance of variable remuneration schemes being designed in a way that principally benefits shareholders and of being reported in a clear and unambiguous way.

### **Dialogue helps companies to see the business potential in sustainability issues**

Folksam's efforts to influence companies on sustainability issues are focused firstly on reducing the risks associated with environmental crime, contraventions of human rights and corruption, and secondly on making more people see the business potential of corporate social responsibility. This is done in part through active corporate governance.

In 2010 the operations of 2,600 companies were reviewed, focusing on their performance in relation to the environment and human rights. The 20 Swedish companies at greatest risk of being involved in incidents in these areas were identified, and Folksam offered to review the risk situations of the 11 in which it had holdings. This led to meetings with a total of seven companies. The review has resulted in several companies restructuring and improving their environmental activities or the way in which they work on human rights following a dialogue with Folksam. Several companies have previously found that a focus on sustainability issues had meant cost savings for example in the form of energy efficiency improvements. One company experienced quality improvements in production when demands were made with regard to working conditions at subcontractors.

In 2010 we concluded the cooperation project with KPA Pension that was focused on the largest energy and oil companies. The aim of the project was to identify areas for improvement and communicate these to representatives of the companies. Special attention

was given to the companies' targets for carbon dioxide emissions and activities aimed at increasing the share of alternative energy sources. Nineteen teleconferences were held in 2010 with energy companies from Australia and Japan in the east to Brazil and California in the west. Three companies were keen to answer our questions but could not find time for a teleconference and chose to e-mail their replies to us instead. During the project 63 projects were contacted and a total of 33 meetings, teleconferences and e-mail dialogues took place.

### *Principle 2*

### **We will be active owners and incorporate ESG issues into our corporate governance policy and practices**

Folksam's boards have established a corporate governance policy and ethical investment criteria for the companies' holdings. This activity is followed by an internal corporate governance committee. The outcome is reported to the boards and presented in an annual public report.

### **Folksam acts on specific incidents**

Folksam had a number of contacts with companies during the year on specific incidents. Some examples follow.

#### **BP**

BP's oil spill in the Gulf of Mexico, which started when the Deepwater Horizon oil platform exploded and sank on 20 April 2010, has been called the worst environmental disaster in US history. Eleven employees lost their lives and 17 were injured in the explosion. It is still uncertain how much oil leaked out into the sea during the ensuing months before BP managed to seal the leak. But it is a matter of millions of tonnes of crude oil.

Folksam visited the Louisiana coast in June 2010 and was also to see with its own eyes how the oil had affected animal life and nature in the area, as well as what it meant for the people who had previously made a living from fishing and fishing tourism.

Since the accident Folksam has conducted a dialogue with BP to make sure that the company is doing everything possible to improve its procedures for the safety and environmental risks it encounters in its operations. Folksam has also been in contact with Anadarko, which was a partner in the oil platform.

### **Folksam in dialogue with foreign companies**

Folksam tries as far as possible to influence the companies it invests in, but the dialogue sometimes reaches a point where it is difficult to imagine any progress being made with regard to the way the companies deal with the environment or human rights. We did not need to go so far as to sell a holding in 2010, except for the nuclear weapons companies mentioned below. Folksam has taken part in dialogue with seven companies where we consider there is still an opportunity to exert an influence. Examples of these companies are as follows (reason stated in brackets):

- Exxon (allegations that the company's oil and gas projects in Russia have reduced the population of grey whales in the area)
- Eutelsat (allegations of having interrupted television broadcasts critical of the regime in China)
- AES (allegations of violations of human rights during dam construction in Panama)

### **Exclusion of nuclear weapons companies**

In 2010 Folksam decided, in accordance with the strong trend towards nuclear disarmament and because nuclear weapons are regarded as contravening international law, to phase out its holdings in those companies that still produce this type of weapon. In September 2009 the UN Security Council unanimously adopted a resolution that emphasised the goal of a world free from nuclear weapons and demands for action from the world's nations. The United States and Russia recently resumed disarmament negotiations, and in May 2010 the five-year review of the non-proliferation treaty (NPT) took place.

### Folksam votes at AGMs abroad

Folksam has also used its influence to vote at AGMs abroad since 2005. This takes place through electronic voting. In 2010 Folksam voted at 97 company AGMs. To make correct use of its influence, it is important to ascertain what issues are of significance with regard to Folksam's corporate governance policy and ethical principles. Folksam has therefore chosen to limit the number of companies in which we vote to those that have relevant proposals on which to comment. These may relate to inappropriately designed salary systems, contributions to political organisations or proposals from shareholders.

At AGMs held in 2010, Folksam supported a proposal from Greenpeace in the Norwegian company Statoil concerning discontinuation of oil extraction from oil shale, for example. Folksam also voted for resolutions that demanded greater investigation of the consequences of oil shale extraction at the AGMs of BP and Royal Dutch Shell. At the AGM of the Ford Motor Company, Folksam supported a shareholder proposal to introduce a policy that solely permits energy projects clearly focused on carbon dioxide reductions. At the AGM of Coca Cola, Folksam supported a shareholder proposal to publish a report on the endocrine disrupter bisphenol.

### Class actions

In 2008 the Department of Responsible Ownership took over work on Folksam's American class actions. In 2010 Folksam received a total of nearly SEK 6 million. One of the companies that has now been obliged to pay compensation to their shareholders is Royal Dutch Shell Transport, which in 2004 published incorrect and misleading financial information in several reports to the US Securities and Exchange Commission.

### Principle 3

#### **We will seek appropriate disclosure on ESG issues by the entities in which we invest**

##### **Sustainable value creation**

Since 2009, Folksam has been one of 15 Swedish investors to take part in the Sustainable Value Creation

project, with a view to putting pressure on Swedish listed companies to achieve sustainable development and create long-term value. The group together represents assets under management of SEK 4,000 billion, of which 550 billion is invested on the NASDAQ OMX Stockholm stock exchange. In the autumn of 2009 the group conducted a survey among the 100 companies with the highest stock market capitalisation on the NASDAQ OMX Stockholm stock exchange with the aim of ensuring that the companies have adequate frameworks to manage and follow up on sustainability issues. In the spring of 2010 the results of the survey were presented, which Folksam also used as a basis at the AGMs of the listed companies. In the autumn of 2010 Sustainable Value Creation organised a seminar for those companies that responded to the survey to discuss the problems and opportunities presented by work on sustainability. The keynote speaker at the seminar was the Chairman of BP, Carl-Henric Svanberg.

### Folksam takes part in the debate

Folksam has emphasised sustainability issues in a number of opinion pieces in the Swedish media. Among other things, an article was published that emphasised the risks involved in most of world production taking place in post-colonial states to meet the consumption needs of the West. Folksam pointed out that the world depicted in the film "Avatar" exists right now in reality in a number of places, including Ecuador, Colombia, Papua New Guinea, Brazil, Peru, Ethiopia and Canada, and warned about indigenous populations being displaced and poisoned.

Folksam supported the launch of the global standard for social responsibility, ISO 26000, by highlighting the benefits of a common global standard. KPA Pension has also had a seat on the working group that has drawn up the standard.

Folksam also published a comment piece together with WWF and Greenpeace in which the risks of oil shale extraction were described.

### Principle 4

#### **We will promote acceptance and implementation of the Principles for Responsible Investment within the investment industry**

##### **Folksam lays down requirements for external funds**

Folksam distributes the funds of several different fund management companies. It informs its customers which of the companies offered have signed up to the UN Principles for Responsible Investment (PRI). Folksam's Group management adopted a policy for externally managed funds in 2010. In the case of all funds, the fund management companies engaged by Folksam must be encouraged to sign up to the Principles for Responsible Investment. Folksam will continuously inform external companies about the exclusions that have been made on the basis of Folksam's ethical investment criteria and ask for information on how the company has acted on the basis of this information. An additional requirement in the case of ethical funds is that they meet the conditions laid down by ENF (the Ethical Board for the Marketing of Funds). Ethical funds must have a well-defined selection process and clearly presented ethical criteria.

### Principle 5

#### **We will work together with other investors to enhance our effectiveness in implementing the Principles**

##### **Nordic cooperation for corporate social responsibility**

Folksam has cooperated since 2008 with the Norwegian company KLP and the Finnish company Ilmarinen in Nordic Engagement Cooperation (NEC). The purpose of NEC is to coordinate corporate governance activities relating to the environment, human rights and anti-corruption. The focus is on some twenty companies where contraventions of international guidelines and conventions have been observed. In 2010 NEC was in dialogue with a total of twelve different companies, eleven of which are based outside the Nordic region.

**Folksam takes part in international investor cooperation for gender equality**

Nine investors around the world, with total assets under management of SEK 480 billion, joined forces in 2010 in a new gender equality initiative. The group of investors, which includes Folksam, has identified gender equality as a strategic issue and has asked for more information about gender equality efforts in 65 selected listed companies. These companies are based in those countries in which the investors are domiciled, in other words Sweden, the United States, Canada, the United Kingdom, Brazil and Italy. During the autumn, dialogues were initiated to ensure that the companies utilise the potential business benefit that a more even gender distribution would entail. All the investors in the group have signed the UN Principles for Responsible Investment (PRI), and cooperation takes place under the PRI Clearinghouse.

*Principle 6*

**We will each report on our activities and progress towards implementing the Guidelines  
A cat among the pigeons**

**– a blog on corporate governance**

A cat among the pigeons? Well, that’s what we sometimes feel like. Like a questioning cat among a flock of pigeons doing exactly what they have always done. Sometimes we miaow, sometimes we purr, but sometimes we are not in the least satisfied and then we scratch angrily at those around us! In 2010 we wrote some entries in our blog on corporate governance and responsible investments. We wrote, for example, about companies’ responsibilities, about responsible investments and CSR, about the environment and human rights, about working conditions and corruption, about bonuses and other remuneration, and about gender equality. Altogether we published 77 blog entries during the year, a total we aim to surpass in 2011.

**Shopping guide helped consumers to exert influence**

In 2010, for the third time, Folksam presented the Shopping Guide, which scores how Swedish listed companies focused on the consumer market work on

environmental and human rights issues. As a shareholder in these companies, Folksam requires them to improve on both these fronts. The Guide now provides further opportunities for individual consumers to make a difference and shop responsibly with the aid of the Guide. In the Shopping Guide consumers can also put questions to the listed companies, which Folksam subsequently forwards. The replies from the companies are then published together with the Shopping Guide.

**Continued low proportion of women on the boards of listed companies**

The Folksam Gender Equality Index was presented for the seventh time in 2010. The proportion of female Board members in companies listed on the NASDAQ OMX Stockholm stock exchange was 20 per cent. In other words one in five Board members are women. Only nine out of 255 Board Chairs are women. If we look at senior management, the proportion of women is only 14 per cent. Four companies

have a woman CEO, namely Diamyd Medical, Kinnevik, SEB and Venue Retail Group.

The report also shows that women in senior positions in the companies generally fulfil what is referred to as a support function and work on either personnel issues or communication. These functions altogether account for more than half the women who fulfil a support function.

**Swedbank**

Folksam is today one of the largest shareholders in Swedbank. Its objective as a shareholder is for Swedbank to be an independent Swedish bank built on the values that have contributed to building the economic values that exist today in Swedbank and Swedish savings banks, namely healthy everyday economics for private individuals and companies, along with local endorsement. Folksam’s view is that these values should continue to be reflected in the bank’s operations. Folksam’s holding is 9.3 per cent of the number of shares and voting rights in Swedbank.

**Folksam’s work on Corporate Governance**

	2010	2009	2008	2007	2006	2005	2004
Number of companies with which Folksam has engaged in active dialogue	77	45	38	41	7	14	13
Number of Swedish AGMs attended by Folksam	39	35	28	21	18	15	15
Number of companies with which Folksam has been in contact over corporate social responsibility	255	294	256	273	269	270	230
Number of companies in which Folksam has assisted in the work of nomination committees	3	4	2	1			

**Folksam’s Gender Equality Index**

	2010	2009*	2008*	2007	2006	2005	2004
Number of listed companies examined	255	24	24	240	238	242	248
Proportion of women among employees	30%	36.4%	35.6%	32.8%	33.2%	32.5%	32%
Proportion of women in management teams	14%	15.2%	14.2%	11.7%	10.9%	10.5%	9.5%
Proportion of women on Boards	19.7%	25.3%	23.9%	19.3%	18.9%	17%	13.5%
Highest ranked	Karo Bio	Swedbank	Swedbank	Uniflex	Poolia	Poolia	Poolia

\* The Folksam Gender Equality Index for 2009 and 2008 was based on an in-depth analysis of the largest companies, unlike previous years when all listed companies were surveyed. The aim was to study those companies that performed best in terms of gender equality. The breakdown between men and women on Folksam’s own boards is shown in the table on page 16.

”After 25 years with mines, life can finally return to normal. This is evidence that a **long-term approach and perseverance** are required in both KPA Pension’s work in Sweden and in our support for work against inhumane weapons around the world.”



Sofia Hagman, CSR officer,  
KPA Pension

## KPA Pension – pension funds for a better future

### How KPA Pension takes active social responsibility

Since 1998, KPA Pension has been working for a sustainable future by taking active social responsibility. Corporate Social Responsibility (CSR) is not just a matter of managing capital according to ethical investment criteria. It also makes demands on the company, and KPA Pension obviously has to set a good example and practise what it preaches. In other words, work on KPA Pension’s CSR must permeate the whole organisation.

Corporate Social Responsibility is a key element in our business concept and is firmly endorsed throughout the organisation. We make conscious efforts to minimise our own environmental impact, create a good working environment for our employees and support various forms of social commitment. Security, competence and social responsibility are our core values.

### CSR strategy

KPA Pension will be the leading ethical pensions provider.

- Our strategic focus is on meeting the wishes of labour market partners and customers by taking active social responsibility
- CSR will be a natural part of our offering and contribute to business benefit
- We will be clearly heard and seen in public debate on CSR issues
- KPA Pension’s CSR efforts will be credible; we will practise what we preach

### Investments

Pension funds have enormous power. Power to change the future and power to influence global sustainable development. It is therefore important how the pension funds are invested. KPA Pension has actively chosen to manage its pension funds according to clearly defined ethical investment criteria.

KPA Pension invests its customers’ pension funds according to clear investment criteria, which are presented below. The pension funds consequently work for a better future for people and the environment. KPA Pension applies the principles of influence and exclude.

### Influencing rules

In these areas KPA Pension aims to influence companies so that they take responsibility for people and the environment:

#### *Human rights*

Customers’ funds are invested in companies in which human rights are respected. By conducting a dialogue with the companies, we influence them to take greater responsibility for issues that affect human rights.

#### *Environment*

KPA Pension invests its customers’ pension funds in companies that make active efforts to reduce their negative impact on the environment. We take an active role in developing greener energy by only investing in a small number of carefully selected energy companies that work on the development of sustainable energy.

#### *Corruption*

KPA Pension will influence the companies we invest in by preventing corruption in business relations. Corruption is a great problem in many countries, as competition is eliminated, growth is inhibited and social development is curbed.



### Excluding rules

In these areas, KPA Pension does not invest at all in:

#### *Weapons*

KPA Pension does not invest in activities that harm people and the environment. One such area is weapons.

We have defined weapons as products with the purpose of killing, maiming or destroying that are sold to military users.

#### *Tobacco*

KPA Pension does not invest in companies that produce tobacco products. By production of tobacco we mean ownership of tobacco plantations and production of cigarettes, cigars, pipe tobacco, snuff, chewing tobacco and other tobacco products.

#### *Alcohol*

KPA Pension does not invest in companies that produce alcohol. Alcoholic beverages are understood to mean beverages with an alcohol content of more than 2.25 per cent by volume.

#### *Gambling*

KPA Pension does not invest in companies involved in commercial gambling. We understand commercial gambling to mean casinos and gambling clubs.

### Importance of change through influence

One of the most important aspects of our work is actively influencing the companies we invest in to continuously improve their work and become better at taking their responsibility, in particular for human rights and the environment and for promoting anti-corruption. This work on influence is done in cooperation with Folksam and is reported on pages 27–30.

An example of our work to influence companies to take responsibility for the environment, people and the future is our involvement in the issue of oil shale.

### Oil shale

The extraction of oil from oil shale is an energy-intensive method and produces between two and four times as much carbon dioxide as conventional oil extraction. Few oil companies make use of the method today, but virtually all of them have advanced plans to begin doing so shortly. At present there are opportunities for extraction in Alberta, Canada, and in 2010 KPA Pension and Folksam visited Alberta and met representatives of the province, some of the oil companies, environmental organisations and the indigenous population. Oil shale extraction will continue to be monitored very closely in view of the risks associated with it.

In 2010 KPA Pension completed a review of all its investments in energy companies. We did so by arranging meetings and teleconferences between us and the companies, in which we closely examined the work of the companies and the prerequisites for responsibility in sustainability issues. KPA Pension also uses its right to vote at AGMs and votes for resolutions that support our ethical investment criteria. In 2010 we voted, for example, for resolutions concerning oil shale at the AGMs of BP, Royal Dutch Shell and Statoil.

### New standard for social responsibility

KPA Pension has been a member of the working group responsible for preparing a new ISO standard for social responsibility, ISO 26000, since 2004. By actively participating in both national and international meetings, KPA Pension has contributed to the outcome. At the end of 2010 the standard was ready, and it will now serve as guidelines for companies, organisations, authorities etc. wishing to take active social responsibility. ISO 26000 states seven clear principles of social responsibility, and there are seven clear main areas. This classification makes it easier for everyone wishing to take active social responsibility and increases user-friendliness.



### Continued cooperation with UNA Sweden

During the year, KPA Pension continued its cooperation with UNA Sweden in the battle against landmines, particularly in areas at risk in Cambodia.

After having contributed to clearing the village of O'Ampil in Cambodia of mines, KPA Pension has decided to continue to support UNA Sweden in providing help for mine victims. Responsibility and a long-term approach are two concepts that unite KPA Pension and UNA Sweden in the common work towards a better world. For the past three years we have been working jointly in the Association's Adopt-A-Minefield campaign, which supports mine clearing and rehabilitation of mine victims.

As a consequence of the devastation caused by the Khmer Rouge in the 1970s, Cambodia is one of the countries in the world most affected by anti-personnel mines. KPA Pension has contributed towards 40,000 square metres of land being cleared of mines and becoming safe for children and adults to walk on. This is of great significance to the impoverished village, where people depend on being able to grow rice and vegetables for their survival.

Cambodia has the world's highest proportion of amputees in the population, and the mines are one of the main reasons. Care and rehabilitation are necessary to enable mine victims to return to a life of dignity.

During the year KPA Pension took a new step in its work against mines by offering rehabilitation for people who have been injured.

The customers value the work against weapons, with eight in ten KPA Pension customers valuing this work highest among the exclusion criteria. KPA Pension therefore does not have any assets in companies that invest in weapons. Support for the UN's humanitarian efforts and work against weapons are a natural consequence of KPA Pension's investment strategy.

Linda Nordin Thorslund, Secretary-General of UNA Sweden, welcomes the continued cooperation with KPA Pension.

*– UNA Sweden has worked both politically and practically over a long period to get rid of cluster munitions and anti-personnel mines that injure civilians in particular. This work and KPA Pension's clear opposition to weapons form a natural basis for our cooperation," says Linda Nordin Thorslund, Secretary-General of UNA Sweden.*

### KPA Pension and Folksam support research on age-related depression

In ten years' time one in five people living in Sweden will be between the ages of 65 and 74. Around a tenth of these, or 80 000 people, are expected to have problems with depression. KPA Pension and Folksam are therefore funding a research project on age-related depression at Karolinska Institutet.

The purpose of the commitment to research on age-related depression is to improve quality of life among young pensioners. Just over ten per cent are affected by depression, which in turn can lead to physical illness.





## International cooperation

The following economic, environmental and social declarations, principles or other initiatives are supported by Folksam

- The UN's Universal Declaration of Human Rights
- The UN Convention on the Rights of the Child
- The fundamental ILO conventions on labour rights
- OECD Guidelines for Multinational Enterprises
- Oslo Convention on Cluster Munitions
- Ottawa Anti-Personnel Mine Ban Convention
- UN Global Compact (UN framework for sustainable and socially responsible enterprise)
- UN PRI (UN Principles for Responsible Investment)
- UNEP FI (United Nations Environment Programme Finance Initiative)
- UNEP Statement of Environmental Commitment by the Insurance Industry

Folksam is currently engaged and involved in the following organisations:

### ICMIF

ICMIF (International Cooperative and Mutual Insurance Federation). Folksam has a seat on the ICMIF Board and on the Executive Committee, Development Committee, Intelligence Committee and a number of working groups. At the end of the year, Folksam became the European representative on the steering group of ICMIF's Disaster Relief Network (DRN). Read more at [www.icmif.org](http://www.icmif.org)

### Allnations

Allnations is a limited company founded by six members of ICMIF in 1996. The goal of Allnations is to support development in member companies experiencing financial difficulty, assist in forming new mutual and/or cooperative insurance companies through

investments, and ensure that the owners obtain a reasonable return on invested capital. Folksam has a seat on the Board of Allnations and on the Investment Panel.

### AMICE

AMICE (Association of Mutual Insurers and Insurance Cooperatives in Europe). AMICE's primary aim is to act as a united voice for the mutual and cooperative insurance industry in Europe and ensure that its members' interests are respected, in order to ensure equal competitive terms for all insurance companies in Europe, regardless of legal form. Folksam has a seat on the AMICE Board and Executive Committee and chairs the Economics and Finance working group. Folksam is also active in those working groups that are relevant to Folksam's operation. Read more at: <http://www.amice-eu.org/>

### EAPSPI

EAPSPI (European Association of Public Sector Pension Institutions), a European cooperative organisation between pension institutions with responsibility for public-sector pensions.

### Other international cooperation In the area of road safety research

- ETSC (European Transport Safety Council) – a lobbying organisation aimed at influencing the European Commission in the area of road safety.
- EEVC (European Enhanced Vehicle Safety Committee) – an organisation that develops a scientific basis for legislation in Europe.
- Working groups in ISO (International Standardisation Organisation) concerned with child safety in cars and methods for analysis of road traffic accidents.
- RCAR (Research Council for Automobile Repairs) – a form of cooperation in the insurance industry throughout the world relating to road safety and car repair techniques.

- ADSEAT – an EU-funded research project aimed at clarifying differences in risk of whiplash injury between women and men. The result is intended to provide the basis for developing a female crash dummy. The project will take three years and started in the autumn of 2009.
- IRAP/EuroRAP – an organisation aimed at contributing to safer roads through risk-assessing the safety of roads based on established criteria that cover the areas of central reservations, verges, crossings and unprotected road users. EuroRAP can be regarded as a sister organisation of Euro NCAP that assesses the safety level of cars.

#### **The mine project**

KPA Pension's support for rehabilitation is channelled through the organisation Opérations Enfants du Cambodge (OEC), which in cooperation with the UN and the Cambodian Mine Action Centre (CMAC) helps mine victims back to a functioning and dignified life.

#### **The micro-insurance project in Kenya**

Together with the Cooperative Insurance Company of Kenya (CIC), Folksam and the Swedish Cooperative Centre have developed the micro-insurance scheme "Bima ya Jamii" – "Insurance for the Family". The scheme is aimed at those who are usually too poor to take out insurance. More than 95,000 people are now insured in more than 19,000 households through Bima ya Jamii. Folksam has also had reflective strips and reflective jackets made for members of the Bima project so that they become more visible in darkness and to prevent accidents on roads where there is no street lighting and no pedestrian crossings. As a consequence of this close cooperation between Folksam and CIC, Folksam offers regular assistance through its experience in the area and in training suitable staff in CIC where necessary.

It is hoped that this initiative, which is also a pilot project, can be launched in more African countries that are in great need of assistance.

#### **Folksam's involvement in the Swedish Cooperative Centre**

Folksam is a member of the Swedish Cooperative Centre, a non-profit aid organisation whose work is based on the fundamental principle of "help to self-help". We support positive change through financial support, advice and cooperation. But we are not the ones who change the lives of poor men and women. They do this work themselves through study circles, microfinance projects, cooperatives and so on.

Our long-term goal is to continue to be involved in the work of the Swedish Cooperative Centre in order to support sustainable development. We believe in help to self-help, where poor people are supported in taking responsibility themselves for improving their lives and their futures.

In 2010 Folksam decided to become a sponsor of the "Toughest Job in the World" campaign, where the Swedish Cooperative Centre highlights the situation for the hundreds of millions of women who are smallholders in developing countries – they are the world's poorest people, with the toughest job in the world.

## Awards and distinctions

### **Sustainable Value Creation won award for best cooperation**

The Sustainable Value Creation initiative, of which Folksam is one of the founders, received the Teamwork of the Year award when Financial Hearings held its FH Awards for the 17th consecutive year.

Sustainable Value Creation conducted a survey among the 100 largest listed companies in 2009 and 2010. The questions related to sustainability, such as environment and climate, human rights and working conditions, anti-corruption and the linking of sustainability work to remuneration and reward systems.

The investors behind Sustainable Value Creation – who together represent 20 per cent of the capital on NASDAQ OMX Stockholm – shared the prize with the Capital Markets Day in Shanghai.

### **KPA Pension chosen as best pensions company**

KPA Pension received a prestigious international award during the year. The British magazine Pension & Life Risk named the company “Best Pension Company of 2010” for its successful management of risk during the two extreme years of 2008 and 2009.

### **Folksam’s work on diversity won the prize**

At the 2010 industry day in Malmö, Folksam’s Diversity Business Manager, Mikael Petersson, won the City of Malmö Industry Prize in Diversity.

The citation reads: “When circumstances change and new needs require new solutions, either new companies arise or existing players modernise themselves. The 2010 award winners may have been around for a long time, but they have the characteristics an award winner must have: will, perseverance and the courage to find new ways of working.”

The award was made for the seventh year, and the aim is to highlight and reward companies that utilise the opportunities offered by Malmö’s ethnic diversity.

### **Folksam prize for American professor**

The Folksam Prize in Epidemiological Research was awarded at the Karolinska Institutet professorial installation ceremony in Berwaldshallen, Stockholm on 3 November. The award for the year was won by one of the world’s leading researchers in the area of the effects of physical training on health, Professor Steven N. Blair of the University of South Carolina, USA. Professor Blair is an internationally acknowledged expert in his field. His research is focused on correlations between lifestyle and health, with a clear focus on training, physical capacity, physical constitution and chronic disease.

#### *Background to the prize*

Folksam finances the annual Prize in Epidemiological Research through the Folksam Research Foundation. Karolinska Institutet nominates the winners. The value of the prize is SEK 100,000.

### **Förenade Liv nominated as Innovator of the Year**

The Risk & Försäkring Insurance Awards are made in five categories, and Förenade Liv has been nominated in the category of Innovator of the Year, with the title of Saving Money through Simplification.

The jury’s citation reads: “*Förenade Liv has developed a successful web-based insurance product that allows users to make their health declarations electronically using e-identification.*”

## Förenade Liv

### Social commitment to victims of crime

The subsidiary Förenade Liv continued to make active efforts to reduce violence in society in 2010. Violence leads to personal suffering, problems for society and increased costs for insurance policyholders. The goal of the effort is to increase awareness, reduce risks and create security for customers in the society we live in.

Based on the wishes of our customers, in 2010, Förenade Liv took the following initiatives:

- Refined communication efforts to make our anti-violence work clearer to our customers
- Held seminars to provide customers and staff with further training in anti-violence issues
- Continued to develop work with cooperating partners

### Insurance services for victims of violence

Förenade Liv has had a crisis insurance scheme since 2005, which also applies in the case of violence in the family and without a requirement for reporting to the police. The number of people applying for support from the crisis insurance scheme due to violence in close relationships increased in 2010. It has additionally been found that some people have been the victims of long-term abuse, according to treating psychologists and psychotherapists at the Crisis and Trauma Centre. Increased demand shows that Förenade Liv should continue to develop anti-violence services and more clearly show its commitment to counteracting violence through education and information.

### Partners in cooperation

In 2010 Förenade Liv continued to develop its cooperation with the Safer Sweden Foundation, a politically and religiously unaligned NGO (Non-Governmental Organisation). The purpose is to improve the situation of victims of crime, without a profit motive. The overall aim is to reduce crime and improve security in Sweden by ensuring that the victims of crime receive relevant help, support and protection.

### Publications

Since 2007, Förenade Liv has issued the publication *Bryt*, with various themed issues that shed light on violence in society, its consequences and solutions. The aim is to improve knowledge of, and consequently reduce, violence in society. *Bryt* has been highly appreciated among Swedish teachers and students for its content and its potential as educational material. The first issue in 2007 was concerned with domestic violence. The second issue in 2008 focused on youth violence in Sweden. In 2009 the third issue was published on the theme of victims of crime, and illustrated how Sweden contravenes human rights in jurisdiction.

### Lectures and seminars

To create customer benefit and increase the level of knowledge and involvement among staff and customers, Förenade Liv continuously holds seminars and lectures on anti-violence. Seminars were held in cooperation with Foundation Safer Sweden in Almedalen in 2010. During the year, staff and Förenade Liv's contracting parties also attended a highly appreciated lecture on the effects of violence, where the speaker was Sören Carlsson Sanz, director of the accident and emergency unit of Stockholm South General Hospital.

Förenade Liv's goal is to raise the level of knowledge of our social commitment within Förenade Liv in 2011. The objective is for all staff and a larger proportion of customers to have a good understanding of our social commitment and work on anti-violence issues.



## Appendix (Environmental data)

### Travel

#### Air

Number of flights	2010	2009	2008	2007	2006	2005	2004	2003
Stockholm–Gothenburg	490	620	626	563	660	904	627	663
Stockholm–Sundsvall	272	195	338	257	210	217	250	236
Stockholm–Malmö	557	607	756	660	940	821	808	856
Stockholm–Växjö	53	66	67	59	110	120	100	117
Stockholm–Jönköping	21	16	23	20	21	40	66	94
Total*	1,393	1,504	1,810	1,559	1,941	2,102	1,851	1,966

\* The "Total" item only comprises reported routes.

#### Rail

Number of rail journeys	2010	2009	2008	2007	2006
Stockholm–Gothenburg	927	1,256	1,137	1,333	977
Stockholm–Sundsvall	583	679	774	799	526
Stockholm–Malmö	84	87	204	246	185
Stockholm–Växjö	69	96	126	106	95
Stockholm–Jönköping	66	206	210	147	164
Total*	1,729	2,324	2,451	2,631	1,947

\* The "Total" item only comprises reported rail routes.  
The figures include journeys to and from nearby locations.

#### Road

Car journeys in Folksam	2010	2009	2008	2007	2006
Distance in km (x 10) driven on official business	518,744	574,697	567,428	565,838	558,929
Of which distance in km (x 10) driven with cars meeting Folksam's environmental and safety requirements	184,179	185,355	214,306	216,717	207,635
Total carbon dioxide emissions from car travel in tonnes	843	944	916		
Increase/decrease in carbon dioxide emission due to more/fewer km driven, in tonnes	101	28	2,	2	-247

### Energy and water

Energy use	2010			Total 2010
	Folksam	Gyllenforsen (71%)	KPA Pension (60%)	
Heat consumption (MWh)	23,524	21,096	2,187	46,807
Electricity consumption (MWh)*	20,577	5,081	0,21	25,658
Total energy use (MWh)				72,465

\* Electricity consumption for Folksam consists of both building electricity and office electricity.

Energy use	2009		Total 2009**
	Folksam	Gyllenforsen 71%	
Heating consumption (MWh)	21,569	19,248	40,817
Electricity consumption (MWh)*	22,602	5,081	27,683
Total energy use (MWh)			68,500

\* Electricity consumption for Folksam consists of both building electricity and office electricity.

\*\* The figures for 2009 have been adjusted to be equivalent to Folksam's share (i.e. 71%) and therefore do not coincide with data in the previous year's sustainability report.

Water consumption	2010			Total 2010	Total 2009**
	Folksam	Gyllenforsen (71%)	KPA Pension (60%)		
Water consumption m3	169,124	172,362	0	341,486	360,918

\*\* The figures for 2009 have been adjusted to be equivalent to Folksam's share (i.e. 71%) and therefore do not coincide with data in the previous year's sustainability report.

### Folksam's total climate impact (tonnes of CO2)

Tonnes CO2	Air travel	Road travel	Rail travel	Electricity	Heating	Total
	838	843	0.22	19.4	2,152	3,853



## Subcontractors

<b>Vehicle workshops</b>	<b>2010</b>	<b>2009</b>
Number of partners	1,161	1,204
Number of environmental requirements	44	64
Number of partners totally fulfilling requirements	579	480
Proportion of partners totally fulfilling requirements	50%	40%
<b>Vehicle disassembly plants</b>	<b>2010</b>	<b>2009</b>
Number of partners	15	15
Number of environmental requirements	60	60
Number of partners totally fulfilling requirements	13	13
Proportion of partners totally fulfilling requirements	87%	87%
<b>Building contractors</b>	<b>2010</b>	<b>2009</b>
Number of partners	153	149
Number of environmental requirements	30	30
Number of partners totally fulfilling requirements	95	77
Proportion of partners totally fulfilling requirements	62%	52%
<b>Washing and clean-up companies</b>	<b>2010</b>	<b>2009</b>
Number of partners	47	42
Number of environmental requirements, washing	25	25
Number of environmental requirements, clean-up	20	20
Number of partners totally fulfilling requirements	38	33
Proportion of partners totally fulfilling requirements	80%	79%

# About the report and general facts about Folksam

## Frequency of the report

The Folksam Sustainability Report is published once a year. The most recent report was published in April 2010.

## Changes since the previous year's report

This year's report also includes all subsidiaries.

## Text

Folksam

## Design and production

Monica Jälmevik, graphic designer  
Erika Mayer, art director  
Catarina Sörensen, production manager

## Photography

Kate Gabor, page 3  
Andreas Lind, pages 1, 5, 13, 17, 21, 26, 32, 34, 39, 48  
Lars Nyman, pages 7, 14, 18, 35.

## Fonts

Folksam Helvetica, Times Folksam, Verdana

## For further information about the report

Contact Hanna Godani on +46 (0)771-960 960 or at hanna.godani@folksam.se; see also the GRI register at folksam.se

## Folksam

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Tel: +46 (0)771-960 960  
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E-mail: kundservice@folksam.se

## Full company name

Folksam consists of two insurance groups, in which Folksam ömsesidig livförsäkring (Folksam Life) and Folksam ömsesidig sakförsäkring (Folksam General) are parent companies. The head office of Folksam is located in Stockholm. Folksam only operates in Sweden.

## State aid

Folksam does not receive any State aid.

## Organisation

For principal companies, see page 43

## Folksam ömsesidig livförsäkring

Financial value generated	Amount, SEK m
Revenues*	16,382
<b>Financial value distributed</b>	
Operating expenses**	-6,343
Salaries and remuneration	-466
Payments to capital providers	
Payments to central government	-829
Community investments	
<b>Financial value retained</b>	8,744

## Folksam ömsesidig sakförsäkring

Financial value generated	Amount, SEK m
Revenues*	10,659
<b>Financial value distributed</b>	
Operating expenses**	-7,315
Salaries and remuneration	-1,567
Payments to capital providers	-64
Payments to central government	
Community investments	
<b>Financial value retained</b>	1,713

## KPA Pension

Financial value generated	Amount, SEK m
Revenues*	11,436
<b>Financial value distributed</b>	
Operating expenses**	-3,830
Salaries and remuneration	-121
Payments to capital providers	
Payments to central government	-267
Community investments	
<b>Financial value retained</b>	7,218

\* This item also covers unrealised gains and losses.

\*\* This item also covers changes in the value of investment assets and technical provisions.

# Organisation

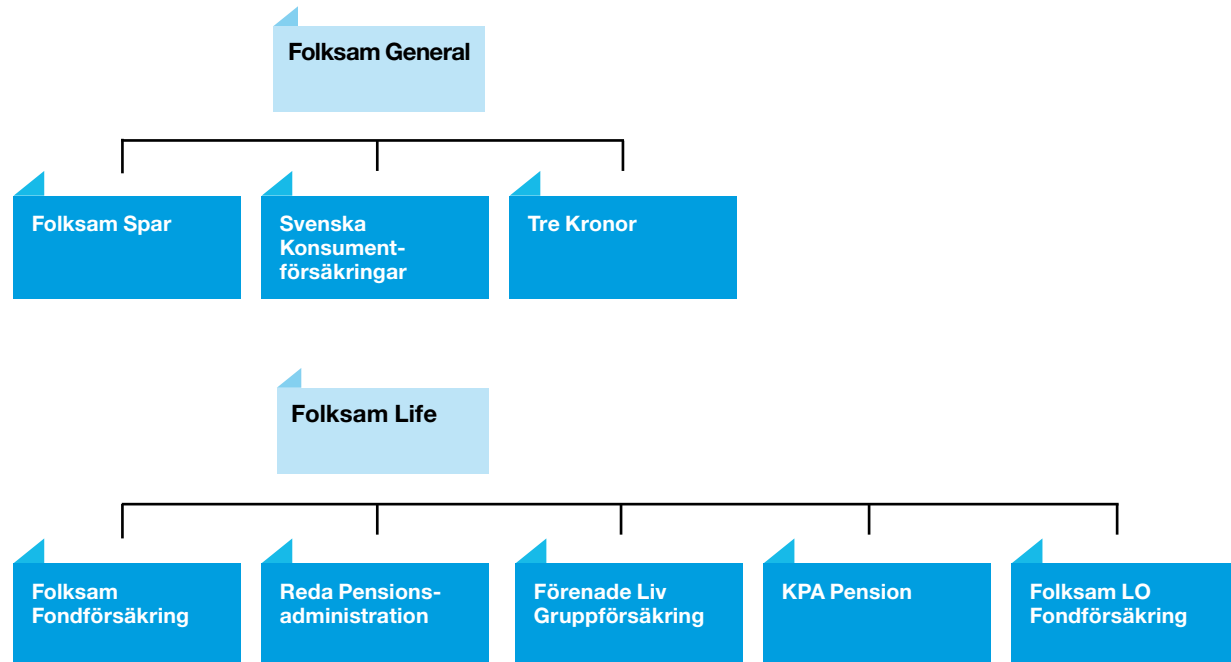
## Group structure – simplified

Folksam comprises the two parent companies Folksam General and Folksam Life with subsidiaries. Two of the subsidiaries in the insurance operation in Folksam Life are part-owned. Folksam LO Fondförsäkring is 51 per cent owned and companies in KPA Pension are 60 per cent owned.

Of the Group companies in Folksam Liv, the companies in KPA Pension and Förenade Liv are not consolidated into the Group accounts, as the surplus in these companies accrues to the policyholders.

Collaboration takes place in distribution, administration and asset management in order to achieve economies of scale to the benefit of customers.

## Legal organisation



## The Folksam General Group

**Folksam General** (mutual) undertakes general insurance activity principally focused on the Swedish household market. The company offers a full range of insurance policies to households and private individuals based on motor and household insurance supplemented by commercial insurance in selected areas.

**Folksam Spar** acts as direct intermediary for unit-linked pension investments and offers individual pension saving (IPS), that is to say investment in pension plans without an insurance element.

**Svenska Konsumentförsäkringar** operations cover individual and group general insurance for private individuals and for small and medium-sized enterprises. The policies are brokered by SalusAnsvar for their customer groups.

**Tre Kronor** undertakes general insurance activity in Sweden, and its business concept is to offer general insurance to companies and organisations wishing to sell and market insurance under their own trade names. Tre Kronor today collaborates with Swedbank and 38 independent savings banks and in so doing reaches out to a broad market with general insurance products.

## The Folksam Life Group

**Folksam Life** (mutual) undertakes life insurance operations. The company offers occupational pensions and pension investments to private individuals, directly or through cooperations, as well as group life insurance and other risk insurance.

**Folksam Fondförsäkring** undertakes unit-linked insurance business related to securities funds. Customers can choose among a large number of selected funds, for example ethical funds, funds with low charges and award-winning top-performing funds.

**Reda Pensionsadministration** is tasked with providing life insurance and pension administration.

**Folksam LO Fondförsäkring** is focused on collectively agreed occupational pensions and principally covers administration and management of pension allocations made under the pensions agreement between the employer and trade union organisations the Confederation of Swedish Enterprise and LO (the Swedish Trade Union Confederation). The company is owned 51 per cent by Folksam Life and 49 per cent by LO.

**Folksam LO Fond** (wholly owned subsidiary of Folksam LO Fondförsäkring) is a fund management company that manages four funds.

## Group companies in Folksam Liv

**– not consolidated because the surplus accrues to the policyholders**

**Förenade Liv Gruppförsäkring** offers voluntary group life, group sickness, critical illness, waiver of premium and group pension insurance, as well as group accident insurance.

**KPA Pensionsförsäkring** is a pension company focused on the municipal sector and is owned 60 per cent by Folksam and 40 per cent by the Swedish Association of Local Authorities and Regions (SALAR).

**KPA Liv** is an insurance provider for the occupational group life insurance covered by collective agreements.

## Methods of collection and calculations

This document presents methods of collection and calculations that form the basis for the tables and texts contained in the Folksam Sustainability Report 2010.

### Social perspective (pages 14-16)

#### Subsidiaries

Both Gyllenforsen and KPA Pension are fully included in the tables of key staff indicators with effect from 2009. Gyllenforsen is 71 per cent owned by Folksam and KPA Pension is 60 per cent owned by Folksam.

**Limitations** Staff paid by the hour and on the basis of fees are not included in the tables of key staff indicators.

<b>Staff</b>		
<b>Heading</b>	<b>Definition/Comprises</b>	<b>Source</b>
<b>Number of staff</b> - women - men	<i>Includes</i> all staff on permanent contracts and on probation, as well as staff on fixed-term contracts. <i>Excludes</i> staff paid by the hour and on the basis of fees.	The payroll system PA, extracted via Cognos HR, December
<b>Average age</b>	Same as number of staff (see above)	Same as number of staff (see above)
<b>Number of managers</b> - women - men	Same as number of staff (see above)	Same as number of staff (see above)
<b>Staff turnover</b>	<i>Includes</i> staff on permanent contracts, staff on probation, staff on fixed-term contracts, sales personnel and FOF (Folksam ömsesidig sakförsäkring (företag)). <i>Excludes</i> all agent categories, staff paid on the basis of fees and staff paid by the hour. Calculated as the lower of the number of externally recruited new employees or staff leaving during the year as a percentage of the number of employees in December.	The payroll system PA, extracted via Cognos HR

#### Age distribution

<b>Heading</b>	<b>Definition/Comprises</b>	<b>Source</b>
<b>All age ranges</b>	Same as number of staff (see above)	Same as number of staff (see above)

#### Form of employment of staff

<b>Heading</b>	<b>Definition/Comprises</b>	<b>Source</b>
<b>All forms of employment</b>	Same as number of staff (see above)	The payroll system PA, extracted via Cognos HR

#### Sickness absence

<b>Heading</b>	<b>Definition/Comprises</b>	<b>Source</b>
<b>Sickness absence</b>	Reported sickness absence in relation to budgeted time. Proportion calculated on same population as number of staff (see above). Calculated over full calendar year.	The payroll system PA

## Ecological perspective (pages 18-20)

### Folksam's total carbon dioxide emissions for carbon offsetting in 2010

The total sum of CO<sub>2</sub> emissions includes the following: emissions from flights + emissions from road vehicles + emissions from trains, as well as emissions from heating and electricity in Folksam properties (the properties owned by Folksam General and Life, Gyllenforsen and parts of properties owned by KPA Pension) = Total tonnes of CO<sub>2</sub> from Folksam's own operations.

### Road vehicles

The figures for Folksam's road vehicle emissions are based on statistics from the accounting system/mileage allowance, including 100 per cent of the business travel of Gyllenforsen, Förenade Liv and KPA Pension. (Car A) km driven using cars approved by Folksam (i.e. fuel-efficient petrol and diesel cars, ethanol cars, gas cars and hybrids).

(Car B) km driven using other cars:

- We assume that Folksam-approved cars (Car A) emit 129 grams/km<sup>1</sup>.

This is a solidly based estimate of the average emissions of this group of cars; see more about the car group above.

- We assume that (Car B) emits 181 grams/km<sup>2</sup> (according to the figures from the Swedish Environmental Protection Agency).

<sup>1</sup> Based on average carbon dioxide emissions from Folksam-approved cars

<sup>2</sup> Based on average carbon dioxide emissions from new cars in Sweden 2006–2008, Swedish Environmental Protection Agency Report 5946

### Calculation of emissions from cars:

(Car A) km x 129 grams = (CO<sub>2</sub> Car A)

(Car B) km x 181 grams = (CO<sub>2</sub> Car B)

Total: CO<sub>2</sub> Car A + CO<sub>2</sub> Car B = Tot. CO<sub>2</sub> Car

### Air travel

The business travel of Gyllenforsen, Förenade Liv and KPA Pension is fully included in these figures. Folksam's carbon dioxide emissions from air travel in 2010 are based on statistics from our travel agency, Ticket. The emissions figures from the travel agency have been multiplied by a factor of two, taking account of water vapour formed by aviation (based on distance and altitude, which is in line with standard practice among practitioners of climate calculations).

### Rail travel

Folksam's carbon dioxide emissions from rail travel are based on statistics from SJ for domestic travel and from our travel agency with regard to rail travel outside Sweden. The emission figures for rail travel outside Sweden have been calculated on the basis of distance multiplied by an emission factor for trains in Europe. The emission factor has been obtained from DEFRA (the Department for Environment, Food and Rural Affairs in the UK).

### Heating of premises

The data on carbon dioxide emissions from properties in 2010 are based on heat consumption statistics in MWh from our property managers and the conversion factor for the property concerned from the heating/energy supplier. Gyllenforsen is 71% owned by Folksam. The carbon dioxide emissions are equivalent to Folksam's share, i.e. 71% of Gyllenforsen's total carbon dioxide emissions. KPA Pension is 60% owned by Folksam. The reported carbon dioxide emissions are equivalent to Folksam's share, that is to say 60 per cent of the total emissions of KPA properties.

### Electricity consumption in properties

The carbon dioxide emissions from electricity consumption in Folksam-owned properties in 2010 are low, as Folksam uses wind-power electricity of specified origin. The figure for 2010 is based on a comparison with consumption in previous years and a percentage change in carbon dioxide emissions. Gyllenforsen is 71% owned by Folksam. The carbon dioxide emissions are equivalent to Folksam's share, i.e. 71% of Gyllenforsen's total carbon dioxide emissions. KPA Pension is 60% owned by Folksam. The reported carbon dioxide emissions are equivalent to Folksam's share, that is to say 60 per cent of the total emissions of KPA properties.

## Auditor's report on review of the Folksam Sustainability Report 2010

### To the readers of Folksam Sustainability Report 2010

#### Introduction

We have been engaged by the Boards of Directors and Executive Management of Folksam to conduct a review of the contents of the Folksam Sustainability Report 2010 and the associated GRI Register on the Folksam website (www.folksam.se). The Board of Directors and the Executive Management are responsible for ongoing sustainability activity and for preparing and presenting the sustainability report in accordance with applicable criteria. Our responsibility is to express a conclusion on the Sustainability Report based on our review.

#### Orientation and scope of the review

We have conducted our review in accordance with RevR 6 Assurance of sustainability reports, issued by Far. A review consists in making enquiries, primarily among persons responsible for preparing the sustainability report, and in performing analytical and other review procedures. A review is different in nature and considerably more limited in scope than an audit in accordance with IAASB standards for audit and quality control and generally accepted auditing principles. The review procedures undertaken in a review do not enable us to reach a level of assurance such that we are aware of all the material matters that might have been identified had an audit been performed. A conclusion stated on the basis of a review thus does not provide the assurance of a conclusion stated on the basis of an audit.

The criteria on which our review is based consist of applicable parts of the Sustainability Reporting Guidelines, G3, issued by the Global Reporting Initiative (GRI), and the accounting and calculation principles developed for the purpose and disclosed by the company. We are of the view that these criteria are appropriate for preparation of the sustainability report.

Our review, based on considerations of materiality and risk, included the following:

- Updating our knowledge and understanding of Folksam's organisation and operation
- Assessing the suitability and application of the criteria in relation to the needs of internal and external stakeholders for information

- Reviewing the outcome of Folksam's dialogue with stakeholders
- Interviewing responsible officers in order to assess whether the qualitative and quantitative information in the sustainability report is complete, correct and sufficient
- Examining internal and external documents in order to assess whether the reported information is complete, correct and sufficient
- Assessing procedures for reporting and presenting sustainability information and data
- Reviewing on a random sample basis the documents underlying the information and data in the sustainability report
- Evaluating the model used to calculate Folksam's climate offsetting
- Reviewing the qualitative information and statements contained in the sustainability report
- Reconciling financial information with Folksam's Annual Report for 2010
- Assessing Folksam's stated level of application of the GRI Guidelines
- Considering the overall impression of the Sustainability Report and its format, including considering the mutual consistency of the information with the criteria applied.

#### Conclusion

Our review has not brought to light any circumstances that give us reason to believe that the Sustainability Report is not in all material respects prepared in conformity with the above-mentioned criteria.

Stockholm, 8 April 2011  
KPMG AB

Thomas Thiel  
Authorised public accountant

Åse Bäckström  
Specialist member of Far





# Folksam