

Sustainability report 2018

A sustainable Movestic for a sustainable society



Corporate responsibility is a cornerstone in both our operation and our values. By helping our customers to build up a good pension and feel protected, we generate benefits for society as a whole by complementing the public protection for private finances.

We also have a responsibility to contribute to a long-term sustainable society. This manifests itself in different ways. We should be a sustainable employer, we should provide insurance products that are sustainable over the longer term, and not least, as managers of our customers' assets, we have a big responsibility for contributing to the long-term development of our society by making responsible investments.

FOCUS ON STAFF – OUR COMPANY CULTURE

The changing world we live in, where we continuously have to adapt to new regulations, new market conditions, and changing customer needs, places high demands both on our employees, and on us as a business. Our belief is that a long-term sustainable workplace, where the workers are happy, develop and have a sense of wellbeing, is necessary to the company's long-term success as well. To achieve this, Movestic works proactively with matters like the environment, health, ethics and governance.

The main aim of our occupational health policy is to prevent work-related ill-health, but also to monitor instances of this if and when they occur. To improve the balance between work and personal time, we offer flexible working hours, summer and winter hours,

as well as opportunities to work remotely and from home. Movestic wants to promote the health of its employees, including by offering fitness vouchers. Other benefits include occupational pension, parental pay, employee insurance, free healthcare insurance, and luncheon vouchers.

Our work environment is also characterised by a high level of integrity when it comes to both internal and external governance. We place high demands on integrity when new regulations are implemented, and have clear guidelines in place to minimise the risks associated with corruption, conflicts of interest, gifts and representation.

Movestic's aim is to reduce its environmental impact, not least by encouraging employees to act in an environmentally responsible manner. All staff members must take an active part in our environmental efforts, for example by suggesting improvements or reporting breaches of the Company's environmental policies. We strive to reduce our consumption of energy and consumables, as well as the amount of waste we produce. We do this by, as far as possible, using electronic means of communication, avoiding paper mailings, and minimising the use of consumables. Equipment that is no longer in use is sent for resale or recycling. Whenever possible we replace travel with telephone or video conferences; where this is not possible, we use climate compensation for all necessary travel.

SUSTAINABILITY RISKS

Movestic operates in an industry based on confidence, where security and value-generation for our customers, both today and in the future, are vitally important. Everything we do has an impact on the trust of our customers and partners, which is why we continuously

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make sure that our actions are in line with both relevant regulations and the interests of our customers.

In Movestic's sustainability work, the areas of personal and occupational environments are important components. This is why we keep working to ensure we that offer sustainable human resources policies and good working conditions, supported by clear policies and guidelines. Other matters that are important to Movestic include being conscious of our impact on the climate, and what we can do to mitigate this.

Despite our high ambitions for sustainability, there is a risk that we are unable to meet our customers' demands for responsible and environmentally sustainable products, which must always be taken into account. Other important risk areas for Movestic include compliance and corruption. This is why we work ceaselessly to ensure compliance with all legal requirements, and to prevent all instances of corruption. Compliance also involves a sustainability risk, which relates to the way in which we manage personal data. This issue is particularly important to Movestic, as we are convinced that secure and correct management of personal data is vital to retaining the trust of our customers. To safeguard the personal integrity of our customers by managing the data they have entrusted us with in a responsible way is a natural part of Movestic's administrative work, and something that will always be a priority.

RESPONSIBLE INVESTMENTS

Movestic's way of looking at sustainable investments is that a focus on sustainability issues, such as the environment, ethics, human rights and good business ethics, bring long-term added value to savers. Sustainability is an integrated part of Movestic's investment analysis, and permeates our development of new products and services.

As active owners on the fund market, we keep monitoring and influencing the funds included in our offering. Movestic is mainly trying to influence the fund companies to:

- ▶ Ensure that their board of directors, management team, and the company as a whole are characterised by diversity,
- ▶ Be active at AGMs and vote for their ownership,
- ▶ Hold a proactive sustainability dialogue with the companies in which they invest,
- ▶ Follow international norms relating to environmental protection, human rights, working conditions and anti-corruption, and
- ▶ Sign the UN's Principles for Responsible Investments, UNPRI.

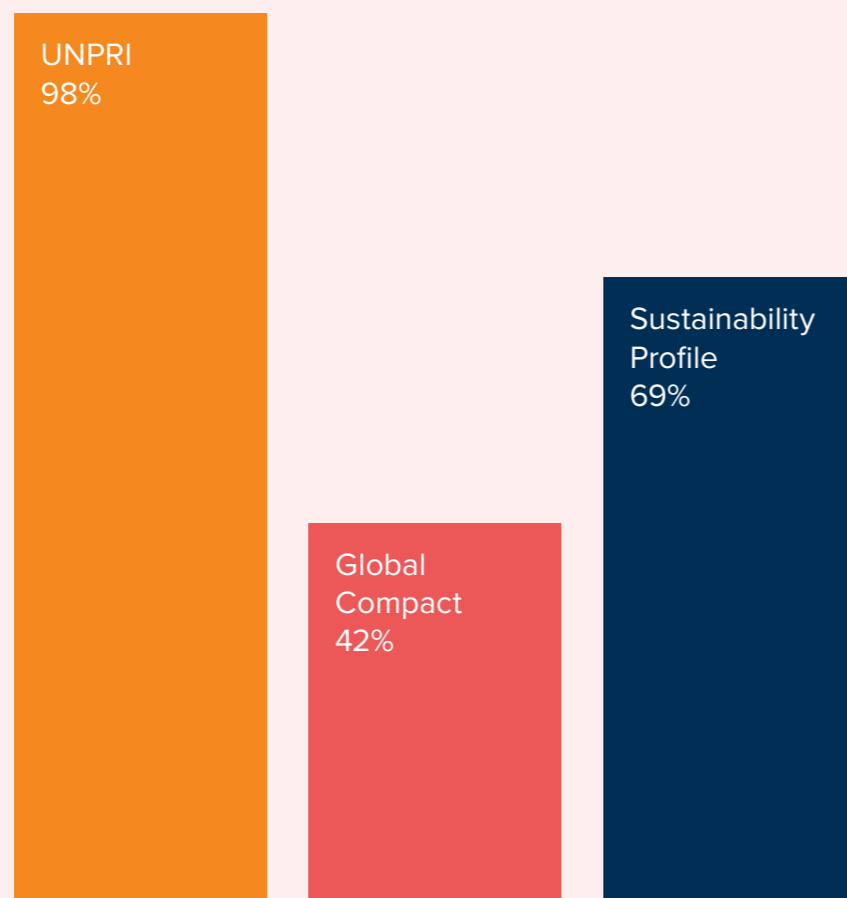


We also aim to increase the interest in and awareness of sustainable investments. For this reason, we are pleased that the year brought new legal requirements that information relating to sustainability must be included in the fact sheets for all funds. As this legal requirement only covers funds registered in Sweden, we have put extra effort into encouraging foreign funds to complete the Sustainability Profile produced by Swesif. The Sustainability Profile is a standardised fact sheet that describes a fund's approach to integration of responsible investments.

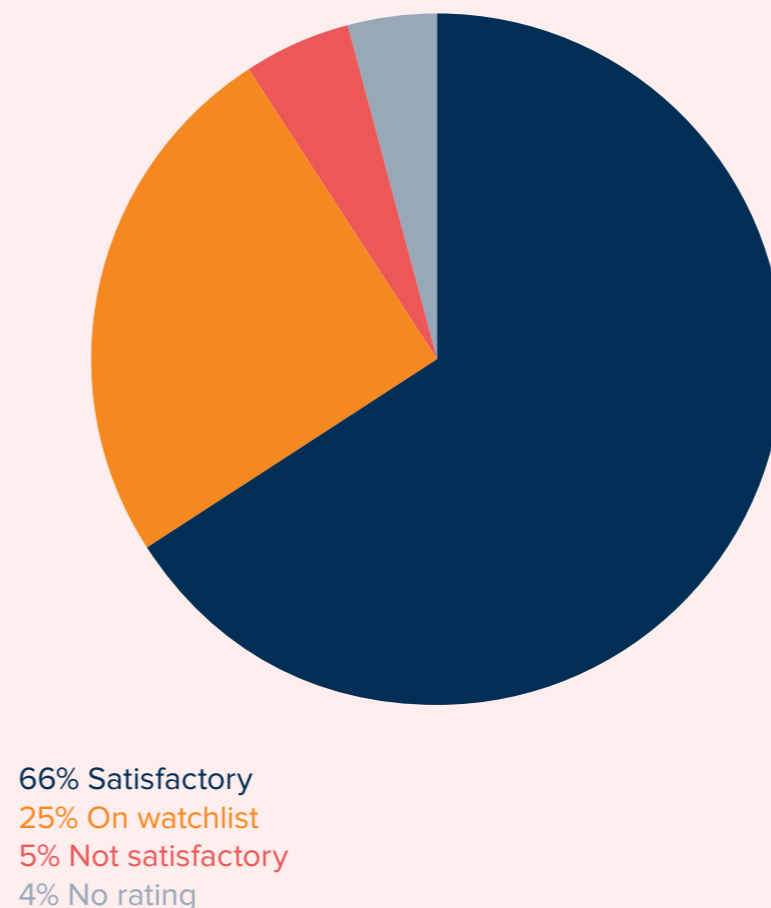
MOVESTIC'S SUSTAINABILITY RATINGS

Since 2015, Movestic has assessed and rated funds and fund companies on their efforts in relation to responsible investments. Movestic's sustainability rating is a qualitative overall assessment of how the fund companies integrate sustainability into their management operation. Funds that do not work with sustainability in a satisfactory manner may be excluded from our offering. In 2018 we decided to remove one fund due to shortcomings in their sustainability policies, and we have added new funds with more focus on sustainability.

Proportion of the funds in Movestic's offering that have signed the UNPRI, the Global Compact, and the Sustainability Profile (Hållbarhetsprofilen), respectively



Movestic's Sustainability Ratings



FOCUS ON GUIDANCE AND INFORMATION

Last autumn we published a sustainability overview designed to be used as a guide by customers wishing to invest sustainably. The guide includes Movestic's sustainability rating and information about whether the funds have signed the UNPRI, Global Compact and completed the Sustainability Profile (Hållbarhetsprofilen). It also includes the Morningstar Sustainability Rating and whether the fund chooses not to invest in certain sectors. The aim of the overview is to make it easier for savers to make well-informed choices, thereby combining their savings activities with a positive effect on our society and the environment.

The 2018 Sustainability Overview was the second edition of this report. During the assessment a general trend towards an increase in the number of funds and fund companies working actively with sustainability in their daily management processes was noted. Almost all the funds in Movestic's fund offering now have company-wide sustainability policies in place, and many also have specific approaches at fund level. Attitudes to sustainability have changed – from simply being regarded as a risk, it is now also seen as an opportunity to achieve higher yields. The traditional boundaries between including, excluding and influencing companies are gradually blurring, and fund managers take greater overall responsibility and use a greater number of approaches.

Many fund managers are actively using both reactive and proactive ways to influence, and the larger fund companies in particular have improved the way they report and measure the outcomes of their interactions. This is a positive development, as it puts pressure on the companies to act and increases transparency for savers.

Movestic regularly publishes information about sustainability-related activities on the Company's website, for the purpose of informing and educating. Examples from 2018 include that a number of funds introduced climate-related measures, that we took part in discussions about new sustainable options in the passive investment area, and that we held dialogues with fund companies about increasing the transparency in the sustainable investment segment.

As a result of its work with sustainability, Movestic was awarded the highest rating in Söderberg & Partners' report 'Sustainable Unit-Link Insurance' (Hållbara Fondförsäkringar). In Max Matthiessen's report 'Responsible Ownership', Movestic was given the rating "VG" (passed with distinction) for the 'Information and Guidance' component. During the year we were also reassessed by UNPRI, the UN Initiative for

Responsible Investments. Movestic received a rating above, or on par with, the median rating for its peer group in all areas.

NEW INVESTMENT APPROACH FOR THE MOVESTIC FUNDS

Every six months, Movestic carries out a norm-based review of the holdings of the funds it manages in-house (the Movestic Funds), and checks that the funds do not invest in companies involved with controversial weapons. Any holdings in the funds under our own managements that contravene international standards, such as the UN Global Compact, are reported to the respective managers and a dialogue is initiated. If this dialogue is not deemed to have the desired outcome, the holdings may be sold. In 2018, a number of sustainability-related dialogues were held by the various fund managers.

In the autumn of 2018, we started working on changing our investment framework and increase the focus on sustainability in the funds we manage in-house by excluding investments in the pornography, tobacco, weapon, and fossil fuel sectors. By the end of the year, seven of nine Movestic Funds had adapted to this new standard. The remaining two will be adapted in the first half of 2019.

Our efforts to exclude certain sectors mean that a number of holdings have been removed from the funds. In the future, all new investments will take into account the exclusion list being produced by the sustainability consultant, ISS-Ethix.

Companies that will be excluded include;

- ▶ Companies where more than five percent of the turnover is derived from the production of tobacco
- ▶ Companies where more than five percent of the turnover is derived from the production or distribution of conventional weapons
- ▶ Companies where more than five percent of the turnover is derived from the production of fossil fuels
- ▶ Companies where more than five percent of the turnover is derived from the production of pornography
- ▶ Companies involved with controversial weapons
- ▶ Companies involved with nuclear weapons

Globally there are approximately 1,500 companies that the funds will refrain from investing in in the future. The introduction of the new

investment guidelines has led to a small number of holdings with activities within the energy, weapon and tobacco industries being sold off.

MOVESTIC AND THE GLOBAL SUSTAINABILITY GOALS

In September 2015, Sweden and the rest of the UN member states agreed on 17 sustainability development goals. The goals are ambitious and require a lot of involvement from all sectors of society.

Increasing numbers of the fund companies that Movestic works with have now taken an active stand to support all or some of the global sustainability goals. The fund companies work both with excluding certain types of investments, but also with reporting, influencing and actively investing in sectors that in one way or another are trying to find solutions for the different goals. Among the fund companies, the climate issue dominates somewhat, and many funds have taken major steps towards considering climate-related risks and opportunities in their investment analyses.

Movestic has chosen to focus specifically on the following goals.

- ▶ Goal 3 – Good health and well-being
- ▶ Goal 5 – Equality
- ▶ Goal13 – Climate action
- ▶ Goal16 – Peace, justice and strong institutions

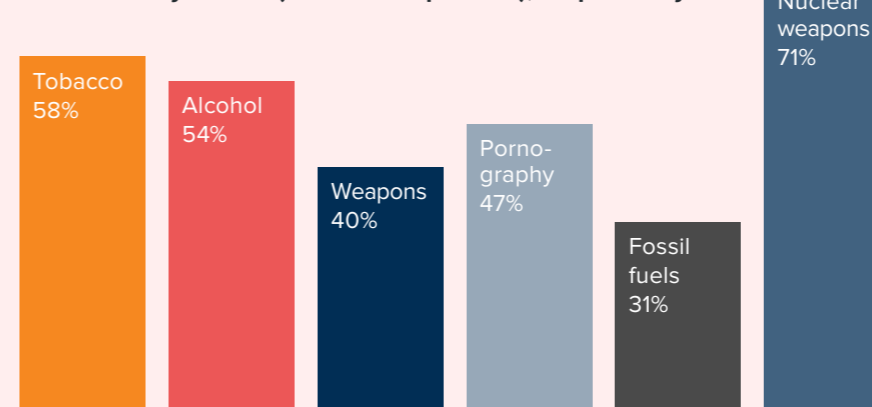
By excluding tobacco producers from the funds that are under our own management, we avoid contributing to a global public health issue that involves risks to the health not only of the user, but of the people around them as well, and which causes huge costs to society. Sweden, along with 180 other countries, has adopted the WHO's tobacco convention, which aims to reduce the use of tobacco. Although this covers 90 percent of the global population, more than 1 billion humans used tobacco in 2015. The Sustainability Summary also shows which of the other funds within our offering avoid investing in tobacco producers.

Sustainability goals five and sixteen relate to equality, and to peaceful and inclusive societies. Human trafficking, abuse and sexual violence are some of the prioritised areas. The pornography industry has on a number of occasions been named as one of the causes of trafficking and abuse. For this reason, we exclude any companies where more than five percent of the turnover relates to the production of pornographic materials.

The climate challenge became increasingly evident as the year progressed. Fossil fuels currently meet a large proportion of the global energy demand and contribute, as the single biggest source of greenhouse gas emissions, to climate change. Sweden has signed the Paris Agreement, which aims to keep the global temperature rise at below 2°C. To achieve this goal requires changes expected to include the phasing out of fossil fuels, in combination with greater energy efficiency. The natural step is therefore to exclude fossil fuels from the Movestic Funds. We now offer a number of fossil-free options in our range of funds. Additionally, we also offer selected funds that work actively to find solutions to the climate issue.

To address the goal relating to peace, justice and strong institutions, Movestic avoids offering funds that invest in companies involved with controversial weapons and military equipment. Controversial weapons are illegal and include anti-personnel mines, cluster bombs, nuclear weapons, as well as chemical and biological warfare agents; weapons that kill indiscriminately and do not differentiate between civilian and military targets. We have also chosen to distance ourselves from, and exclude, all companies involved with nuclear weapons. Movestic's own funds also exclude producers and distributors of so called conventional weapons, which are not illegal but still cause huge amounts of human suffering. 40 percent of the funds we offer currently avoid investing in the arms industry.


Proportion of the funds in Movestic's offering that have signed the UNPRI, the Global Compact, and the Sustainability Profile (Hållbarhetsprofilen), respectively



Sustainability report

52%


► Proportion female employees



► Proportion women on Movestic's board of directors: 29 %



► Proportion women in Movestic's management team: 57 %




► Proportion female managers 52 %



► 100 % Climate compensation for work-related travel

100 %

► Environmentally certified paper
Organic fruit and coffee



► Carbon footprint of the operation 2018: 79 ton

42 years

► Average age of the employees



► Participation in the 2018 employee survey: 95 %

80 %

► Proportion of employees who are satisfied with the leadership



► Sick leave: 1,98 %



► Proportion of employees utilising the fitness vouchers: 75 %