



Our customers
should feel secure in
a sustainable world

Annual and sustainability report

2016

Folksam



Three reasons to choose Folksam



We are there for our customers

Folksam is a mutual – or a customer-owned – company. For us, the customer and owner are always one and the same. Therefore, we get involved in what is important for our customers. Instead of distributing the profit as dividends to shareholders, it goes back to the customers. This takes place in the form of a bonus, premium reductions or even better service, services and offers.



We take responsibility

Our operations, that fact that we are a mutual company and our size entail a responsibility. As a major player and investor, we have the opportunity to exert influence, employ a long-term approach and contribute to sustainable development. We therefore do business that increases security for our customers at the same time that we safeguard people and the environment.



We are financially strong

Our financial strength provides us with good conditions to develop attractive products for our customers. In particular, this has contributed to a good long-term return, among the highest in the industry, in our customers' pension savings. Both Folksam Life and the subsidiary KPA Pension have significantly more assets than are needed to pay out the guaranteed pensions.

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This is the Folksam Group

Our job is provide security in every phase of life. With us, customers can insure themselves, their loved ones and their property and save for their pension. Every time we meet a customer, we also meet an owner. And we have many owners. We insure almost half of all Swedes and take care of the pensions of more than two million people. As a result, the Folksam Group is one of the leading players when it comes to insurance and pension saving.

Our vision

Our customers should feel secure in a sustainable world.

Our business concept

We are our customers' company, offering popular insurance policies and pension investments that provide security.

Our overriding objective

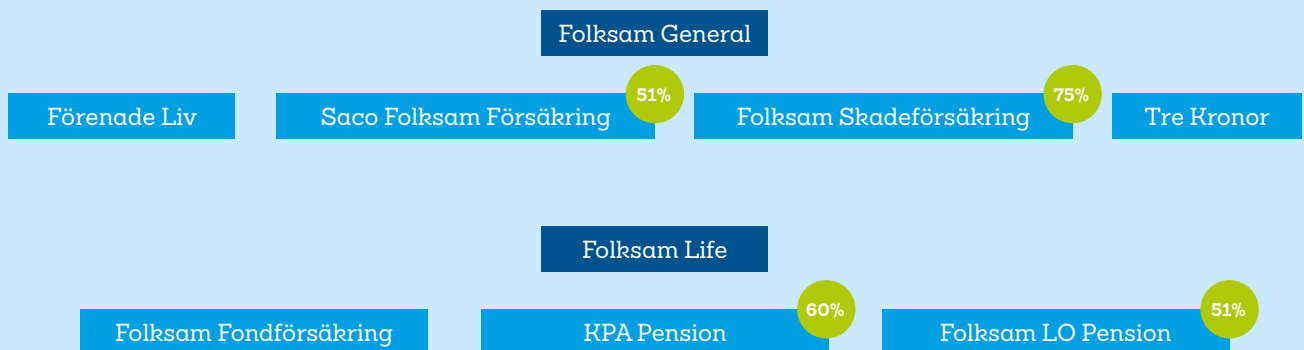
We should have the most satisfied customers in the insurance and pension savings industry.

Two business goals:

- **Satisfied customers:** Measured through the Folksam Customer Index (FCI).
- **Number of combination customers:** Combination customers are those households with home insurance, individual pension investments or other savings along with car insurance or two other forms of non-life insurance (child, pet, other vehicle, holiday home or boat).

	2016	Target 2016	2015
FCI	79	78	78
Number of combination customers	131,647	134,500	132,051

Two Groups, four brands, ten insurance companies



Folksam comprises the two parent companies Folksam Life (Folksam ömsesidig livförsäkring) and Folksam General (Folksam ömsesidig sakförsäkring) with subsidiaries. Folksam Life is the parent company of a group that, in addition to the parent company, comprises both wholly owned subsidiaries such as Folksam Fondförsäkringsaktiebolag, and part-owned subsidiaries such as the companies within the brand KPA Pension, which is 60 per cent owned, and Folksam LO Fondförsäkringsaktiebolag under the brand Folksam LO Pension (Folksam LO Fondförsäkring), which is 51 per cent owned. KPA Pension comprises KPA AB, KPA Livförsäkring AB, KPA Pensionsförsäkring AB, KPA Pensions-

service AB and KPA Pensionstjänst AB (under liquidation). Folksam General is the parent company of a group that, in addition to the parent company, comprises both wholly owned subsidiaries such as Tre Kronor Försäkring AB, Förenade Liv Gruppförsäkring AB and SalusAnsvar AB, as well as part-owned subsidiaries such as the Finnish insurance company Folksam Skadeförsäkring Ab, 75 per cent of which is owned. SalusAnsvar AB in turn owns 51 per cent of Saco Folksam Försäkrings AB.

An organisation with two customer types

Folksam is organised into two business areas: Private as well as Partner and collectively agreed business. The business areas are made up of ten insurance companies that are active under four brands.



The past year

SEK 400
billion

The amount the Folksam Group managed for its customers at the end of 2016.



Sustainable veterinary care

We initiated a partnership with Distriktsveterinärerna to help promote more sustainable price development for veterinary care, to the benefit of our customers.

79%

The proportion of satisfied customers within Folksam.



Two business areas

Folksam restructured its operations to create greater customer focus and to increase efficiency. These changes meant that Folksam switched from having three business areas to two, by means of the business areas Partner and Collectively Agreed Business merging.



Best child insurance

At the start of the year, our individual child insurance and our group child insurance both took first place in the Konsumenternas Försäkringsbyrå's (Consumers' Insurance Bureau) comparisons of child insurance policies.

SEK 5.6
billion

Invested in green bonds between May and December 2016.



KPA Pension

Britta Burreau appointed new Managing Director of KPA Pension.



New Deputy Managing Director

Ylva Wessén appointed new Deputy Managing Director and Deputy Group CEO of Folksam.

Förenade Liv

Work on incorporation in progress.



Property acquisitions

In line with our goal of increasing our property assets, the Folksam Group has purchased property at a value of around SEK 4 billion during the year.

New and extended customer collaborations

The collaboration with the Swedish Equestrian Federation was launched in 2016. At the same time, the Swedish Golf Federation extended its agreement with Folksam.

4%

Our bonus interest on the traditional life insurance at the end of the year.

Key ratios

Folksam	2016	2015	2014
Folksam Customer Index (FCI), %	79	78	79
Premiums, SEK million ¹	47,023	50,469	47,501
of which Folksam General ²	14,269	13,395	12,925
of which Folksam Life ²	32,754	37,074	34,576
Assets under management, SEK million ^{3,4}	400,270	368,454	350,170
Unit-linked insurance assets, SEK million ^{3,5}	124,043	111,144	99,525
Number of full-time positions ⁶	3,731	3,706	3,563

¹ Premiums comprise premiums earned in non-life insurance, premiums written in life insurance and deposits from savers in unit-linked insurance, including the non-consolidated insurance companies.

² Refers to total sum of premiums per company with respective subsidiaries, including the non-consolidated insurance companies.

³ At the end of the period.

⁴ Assets according to the total return table less strategic holdings, which principally relate to the value of subsidiaries.

⁵ Investment assets for which the policyholders bear the risk.

⁶ Based on paid time during the period.

A little better every day

As a company that is owned by our customers, the Folksam Group's task is clear: We have to have satisfied customers. Over the past year, we have continued to work to safeguard this objective. This work involves both the small improvements in day-to-day operations as well as the major changes.

It is not our aim simply to have satisfied customers, but rather the most satisfied customers in the sector. On the one hand, this may be perceived as a simple goal to work towards. Particularly as we do not need to share our profits with a group of shareholders. We simply need to concentrate on doing things as well as possible for our customers, to work according to our vision of creating security in a sustainable world and to distribute any surplus back to our customers. On the other hand, we are living in a changing world. The market for insurance and pension savings is undergoing a transformation. Political and macroeconomic uncertainty, extensive rule changes, digitisation and sustainability issues are a part of the world we live in. At the same time, these issues are encouraging us to develop our operations in order to meet our customers' needs to the best of our ability.

The Folksam Group is heavily influenced by the interest rate situation. There is also considerable pressure as regards regulations. And there is much to indicate that this pressure will only increase. The work of adapting operations to new regulations is also driving up costs. This is one of the reasons for our decision during the year to re-prioritise our development profile in order to get a return from ongoing IT investments. And we have started to see results. For our customers, this means digital claims handling and a new website, for example.

After the end of the year, we also launched our "Drive Safely" service, which is the first connected insurance policy from Folksam. It rewards customers for safe driving with a discount of up to 20 per cent on their car insurance premium. "Drive Safely" is making use of the opportunities offered by digitisation, but at the same time it is also helping to save lives, money and the environment. This is how we should be working!

Bearing in mind that we are owned by our customers, have a long-term approach and are the largest player on the Swedish insurance market, we have every opportunity to do our bit when it comes to sustainable development. This is in part because climate change affects us directly, although it is also important to maintain good order in our own operation. Good governance as well as clear strategies and goals are our cornerstones. As a step in this direction, a Sustainability Manager was appointed this year. In addition to environmental and climate issues, we are also focusing our efforts on damage and injury prevention, being an attractive employer, as well as being a socially dedicated company and supporting principles such as the UN Global Compact and the Principles of Responsible Investment (PRI).

During the year, we have made a concerted effort to be a responsible investor and owner, in particular through our investments in green bonds. Considering that we now manage


assets worth SEK 400 billion, a large amount of trust has been put in us that we have to safeguard. If we also include our unit-linked insurance assets, our customers' total assets amount to more than half a trillion kronor. This is more than at any time in our history.

We have also been successful in terms of asset management during 2016. In total, the Folksam Group achieved a return of around SEK 28 billion, which represents a fantastic growth in value. And when we look over a ten-year period, we have been the best in the sector. On the life insurance side, this is contributing to us now being able to pay bonus interest of 5 per cent to our customers – despite the negative interest rate. Within non-life insurance, our surplus means that we are distributing more than SEK 270 million in bonuses to 2.3 million customers.

All in all, the Folksam Group can look back on 2016 as a year characterised by investments and new regulations. In 2017, we are continuing to clarify matters and focus on day-to-day operations. To reposition ourselves and close down the old. To prepare for future regulatory requirements. We will continue to work more smartly, at a lower operating cost and to concentrate on the things we are good at: Pensions and insurance policies for the many. And naturally to respond to and guide our customers in a correct manner that creates value. In this way, they can feel secure in their choice of insurance and pension savings company in a sustainable world.

We are continuing to modernise, streamline and consolidate. To make Folksam a little better every day. This involves making both large and small improvements, as well as continuing to scrimp in order to become more efficient and create security for our customers. To achieve our goal of having the most satisfied customers in the sector.

Stockholm, March 2017



Jens Henriksson

President and CEO of Folksam with its subsidiaries.



“We want our customers to feel secure in a sustainable world”

Five megatrends

There are a number of long-term trends in our world that affect the Folksam Group in insurance and pension savings. Our challenge is to benefit from them in order to create opportunities for long-term, sustainable growth.



1. Digitisation

We live in a technological era that demands a digital presence, gives rise to new business models and facilitates new ways of selling and distributing services. A person who wants to buy and sell something – or gain access to it – will often look for and compare goods and services online, as well as accomplishing tasks and obtaining answers to questions regardless of time and place. In addition, consumers can be more involved in everything from product development to feedback regarding supplied services. In other words, digitisation is placing higher demands on companies to be able to meet customer requirements and predict customer behaviours. Large amounts of data and the potential to work strategically with the information are driving developments, as is the fact that more and more things are now connected. On the other side of the equation are issues such as personal integrity and the vulnerability of large amounts of data.



2. Environment and climate threats

The ongoing climate change is affecting the whole world, which has less and less time to deal with the carbon dioxide emissions and increasing temperatures. Natural disasters and extreme weather conditions are occurring more often and even affect Sweden. The Swedish Insurance Federation points out that, in the space of 25 years, the number of floods resulting from natural damage have doubled in Europe and that extreme rainfall is expected to increase. If the emissions of greenhouse gases continue at the current rate, this will entail major challenges for the insurance industry, as climate-related costs are increasing and making it more and more expensive to obtain insurance. A warmer and damper climate can exacerbate mould damage to our homes, for example, while a higher sea level threatens coastal and waterfront homes. Two central tools in the reorganisation work are the UN's global goals for sustainable development and the Paris climate agreement on keeping the global temperature increase well below 2°C. The Swedish Government has also presented a number of initiatives regarding ways the financial market can contribute to sustainable development.



3. Rules and regulations

A wave of regulations has washed over the players in the fields of insurance and pension savings in recent years, particularly since the last financial crisis. These players are affected by changes to laws and regulations as well as by voluntary regulations. New initiatives of various kinds are continually arising – both in Sweden and the EU. It is important to be able to adapt to new conditions on the market and to maintain proper order in order to maintain the authorities' and other stakeholders' trust in us. In addition to more compulsory rules and regulations such as Solvency II, the right of transfer and a possible ban on commission, voluntary initiatives such as the UN Global Compact and Principles for Responsible Investment (PRI) can influence the conditions for the industries within insurance and pension savings.




4. Macro economy and geopolitics

The global economic situation continues to be characterised by uncertainty. Brexit, anxiety within the banks in Europe, reduced global trade, the slowdown in China and the emergence of populist and nationalist politicians right around the world are all contributing to this. And then there is the USA and its new political leadership. The geopolitical anxiety in the world is firing the uncertainty. Terrorism, the serious situation in Syria and the enormous wave of refugees is applying pressure on many countries and impacting on trade and the economy.

The anticipated GDP growth in Europe over the next few years remains modest, although we are witnessing signs of rising economic activity. The situation looks better for Sweden, however, with more stable growth in GDP.

The low interest rates are continuing to affect the Folksam Group's potential to achieve a return on their investments, while they also apply pressure on many countries and impacting on trade and the economy.



5. Population and lifestyle changes

We are growing in number, living longer and living in cities to a greater extent. Lifestyle changes and social reforms, such as when the national health insurance system was changed in 2008, are accompanied by new needs for security. An higher average life expectancy means that we are healthy and active at higher ages. At the same time as we are working for a shorter part of our lives, the age of leaving working life is now the highest measured since the start of the 1980s. This places higher demands on the individual saving for his or her pension, at the same time as insurance companies must ensure that the pension funds last longer.

A changing market

The market for insurance and pension savings is affected by major advances within digitisation and new technology, more extensive regulations as well as the global effects of carbon dioxide emissions. At the same time, the current political and economic situation is generating uncertainty. The Folksam Group is working step-by-step to remain attractive to our customers. We are currently the largest player on the market for life insurance and the third largest player in non-life insurance.

Altered rules and the entry of new players and offers are affecting the life and non-life insurance markets. At the same time, the macroeconomic situation – the interest rates in particular – is continuing to challenge the conditions both for life and non-life insurance. This development has an impact on the players based on their role as asset managers and their commitments in relation to policyholders.

A growing market

In 2016, the total premiums within life and non-life insurance amounted to SEK 309 billion (323).

There are currently around 400 insurance companies in Sweden, although the market is dominated by a few large companies and corporate groups. In non-life insurance, the four largest players have just over 80 per cent of the market, while in life insurance the four largest have a little over 50 per cent of the market. In Sweden, where there is a large occupational pension market, almost a third of total life insurance premiums are sold via middlemen, such as brokers and agents. On the European market, this proportion is substantially lower according to figures from the Swedish Insurance Federation.

Within savings, insurance is the most common form of savings for Swedish households. Of the households' assets of SEK 11,427 (11,418) billion at the end of 2016, insurance savings accounted for 40 (40) per cent. Figures from Statistics Sweden (SCB) show that the total savings in occupational pensions amounted to SEK 2,502 billion (2,507) at the end of last year, of which traditional insurance accounted for 70 per cent and unit-linked insurance accounted for 30 per cent. Total savings in private insurance savings in turn amounted to SEK 1,033 (1,033) billion, of which 72 per cent was in traditional Swedish insurance. Other forms of saving are bank, equity and unit-linked savings.

Competition from a new direction

Traditional insurance companies, especially within non-life insurance, are facing growing competition from players in other industries that offer customised options, for example in the form of mobile apps and continuous online support. It is principally new players and business models that are making advances as a consequence of technological developments, where opportunities arising out of the "Internet of Things", for example, are now one of the stronger trends. However, retailers such as ICA and IKEA, with far more customer contacts than traditional insurance companies, are also competing with their own insurance solutions for their customers. For example, ICA Banken's subsidiary ICA Försäkring now offers a range of non-life insurance policies.

On the life insurance side, the low interest rate situation, i.e. the negative interest, puts pressure on the insurance companies' ability to yield a profit and focus is placed on the viability of traditional life insurance, particularly among the supervisory authorities. Several players, including Folksam, have implemented changes in the product conditions with the aim of creating space to handle the situation should it continue for an extended period. New types of investments, such as infrastructure and other real assets, are another measure for safeguarding future returns for our customers.

“The interest rate situation is affecting the conditions for non-life and life insurance”

A focus on regulations

New and future regulations are placing major demands for the reorganisation of companies in the insurance and pension savings industries. These regulations are often extensive and entail major costs for industry players, at the same time affecting the conditions for the way the players can act on the market. One example is the matter of commissions, which are directly linked to the distribution of insurance products.

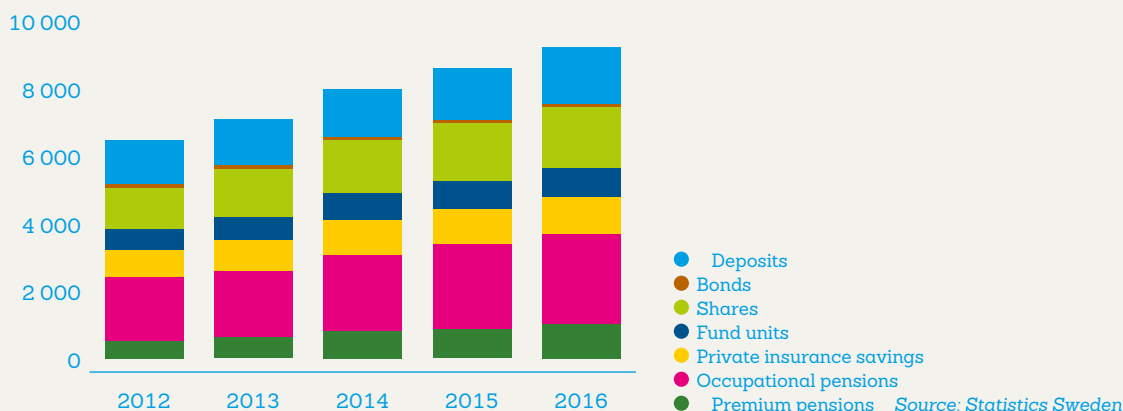
Since the turn of the year, the industry has been working under Solvency II (insurance business legislation). Companies that conduct occupational pension business can, however, follow transitional rules as of 2016 instead of Solvency II while awaiting possible new regulations for occupational pension companies. At the start of October 2016, the Government put forward a policy decision regarding the matter of occupational pension regulation. Based on the ambition of achieving a solution that provides adequate protection for consumers at the same time as allowing effective management of occupational pensions, the decision means that there are different regulations for occupational pension companies and insurance companies.

A number of significant issues are still awaiting decisions, however, such as what the capital requirements will be for the occupational pension companies. A proposal for a new occupational pension regulation will be referred during autumn 2017.

On 30 June 2015, a political agreement was reached at EU level regarding the Insurance Distribution Directive (IDD), which is intended to bring about increased customer benefit. The Directive includes detailed regulations that affect all distribution channels in our industry. Among other things, there are requirements for higher set standards in the sale of insurance products, processes for product approval and objective compensation systems. The Government's point of departure is that the regulations on third-party compensation are to be as similar as possible as regards financial instruments and insurance-based investment products (such as bonds and deposit insurance). The new regulations on compensation for and from third parties should be based on the regulations provided in MiFID II and IDD. This means that the more far-reaching proposal for a ban on commissions presented in the securities market inquiry of 2013 will not be realised.

In November 2016, the Government received the investigation “Tax on financial operations”. This proposes a tax of 15 per cent on combined wage costs for banks and the rest of the financial sector, including players within insurance and pension savings. The purpose is to reduce the tax benefit that the sector may be assumed to have, as the turnover from financial services has been exempted from the VAT obligation. In February 2017, however, the Government announced that the proposal is being rescinded and that they will seek a solution that is more directly targeted to banks.

The financial savings of the households, by form of saving, in SEK billion



“In 2016, Folksam was still the largest life insurance company”

Market leader in life insurance

According to the Swedish Insurance Federation's figures for 2016, Folksam is still the market leader within life insurance and the third-largest player within non-life insurance.

On the non-life insurance side, the total premium volume decreased by four per cent. At year-end, Folksam had 16.5 per cent (16.3) of the total market of SEK 77.2 billion (74.3).

Within life insurance, Folksam's market share measured in paid-in premiums (new and old) amounted to 15.3 per cent (16.6). In total, paid-in premiums amounted to SEK 191 billion (203).

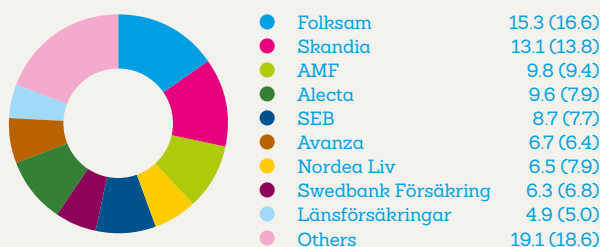
At the same time, this makes us one of Sweden's largest companies and ten largest institutional investors. At the end of 2016, Folksam and its subsidiaries managed assets of SEK 400 billion. This can be compared with the insurance companies' total managed investments of SEK 4,264 billion (4,008) in at the end of 2016.

Third in non-life and personal insurance

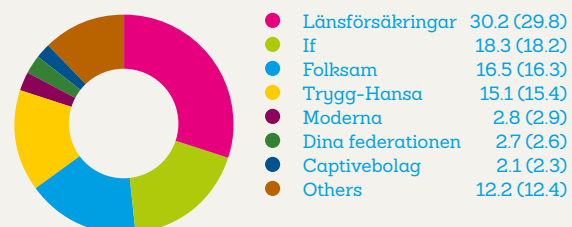
The premiums earned increased for Folksam within all insurance lines, from household and home owner insurance to auto insurance. This is primarily a result of a strong offer, increased desire for insurance on the part of customers and premium increases, at the same time as we are witnessing a clear trend towards insurance policies with more content.

Within personal risk, the premium volume increased during the year. The number of people with private or employer-paid medical care insurance is continuing to increase. This can also be seen from the Folksam Group's sales of health and accident insurance, where we are witnessing the greatest growth.

Market share total life market, per cent



Market share non-life insurance, per cent



Pension savings

Folksam's premium volumes in traditional insurance continued to slow as planned, following the changes we implemented for traditional life insurance in 2015. In order to safeguard a long-term, secure return for our customers, we introduced bonus interest rates for old and new capital. In the autumn of 2016, we reintroduced a common bonus interest. At the same time as single premiums are now falling, the proportion of continuous agreement within new policies is increasing. In this way, we are increasing the long-term security for our pension savings customers.

Premium payments from pension savers in unit-linked insurance have also increased in the past five years as a result of the efforts we have made on the broker market and regarding collective agreement occupational pension. An improved fund offering to the customers is another important success factor for the continued growth. Folksam's range of funds is guided by the parameters of return, fees and sustainability. Folksam also applies the Sustainability Profile, which is a standard for funds' sustainability infor-

mation supported by Swesif, the industry forum for sustainable investments. Through the Sustainability Profile, customers can compare different funds and make conscious choices, at the same time as fund managers are expected to be open about how they work with sustainability and what demands they in turn place on the companies in their portfolios. The total unit-linked insurance assets in the Folksam Group amounted to SEK 124 billion (111) at year-end.

Collectively agreed pension from the employer accounts for a significant portion of Folksam's total premium volume, primarily through KPA Pension. Since 2013, KPA Pension, Folksam or Folksam LO Pension can be selected as the manager of the contractual pension in all agreement areas. Within Folksam, the development of the offering for the individual occupational pension market, i.e. occupational pensions from employers who do not have collective agreements, has continued during the year.



Insurance and pension savings 2016

Insurance can, at a low cost, provide individuals and companies with financial protection in the event anything should happen. For this reason, insurance and pension savings are important in the economy. A few facts about insurance and pension savings:

- 95 per cent of Swedish households have home insurance. Just over 4.9 million (4.8) household and home owner insurance policies were taken out in 2016.
- In 2016, around 580,000 holiday home insurance policies were also taken out, as well as around 280 policies for pleasure boat insurance.
- A total of 1,114,000 claims were reported to the insurance companies in 2016. All-risk (damage to loose property through a sudden or unforeseen event) is the most commonly reported type of damage. There were 977,000 claims (822,000) from household and home owner, holiday home and boat insurance.
- The vast majority of employees have occupational pension insurance.
- At the end of the year, the total number of medical care insurance policies amounted to 650,000. This corresponds to nearly 15 per cent of the employed population aged 15–74.

Source: Swedish Insurance Federation

A profession with tough conditions

Cajsa Wallin grew up in a family that had a great interest in music. Music has brightened up her life ever since she was a child. One of her memories relates to the time when, as an 8-year-old, she was playing a computer game that was based on assembling small music blocks and thereby creating a melody.

“That’s when I realised how much fun it was to create music. It was an eye-opener and resulted in me deciding to devote myself to music,” says Cajsa Wallin.

She has attended cultural and music courses through both secondary and upper secondary school. She has taken singing lessons for many years and has been on stage in various bands. She can also play the piano, drums and guitar, as well as various other instruments. She has also attended a music production course, where she learned more about writing songs and producing music with an ensemble.

“I have played at youth festivals and participated in music competitions when I was young. Nowadays I mostly appear on various club stages playing electropop,” says Cajsa Wallin.

In addition, Cajsa has recently completed a combined degree in gender studies and communication. Perhaps, this increased her awareness of how hard it is to make it in the music world as a woman. To win assignments on her own, fairer terms, and to achieve a platform for her own music, Cajsa and a friend launched a music initiative and a blog which they call “Tell Her”. There they arrange gigs for and by women.

“The initiative is based on promoting girls and their music. A way of marketing female musicians and arranging gigs for them,” says Cajsa Wallin.

In other words, the work with “Tell Her” is an opportunity for Cajsa to combine her education within gender studies and communication with music. In addition to gigs and initiatives, she works as a DJ at various clubs. Cajsa naturally has a great deal of equipment for her work. To create electropop, all you need are basically a computer and a little specialist software, although you need more when you are

going to play live. Cajsa does not yet have her own studio, but has her synths, monitors, microphones and other DJ equipment at home in her apartment.

“I am a member of the Musicians’ Union, so when I am out at a gig I know that I am insured through them. This feels reassuring,” says Cajsa Wallin, when the subject of insurance comes up.

Cajsa dreams of having the opportunity to work with various artists in the future. Of writing songs, both for herself and for others, and of being able to work extensively within music production. To one day live off her music.

How we create security for our musicians

♥ **Liability insurance.** As a member of the Musicians’ Union, you are automatically supplied with liability insurance. It applies to professional musicians and covers any potential compensation for loss or damage to another person or someone’s property.

Members of the Musicians’ Union are able to take out additional insurance, such as:

♥ **Instrument insurance.** Insures the instrument no matter where in the world the customer may be.

♥ **Company insurance – for musicians and studio operations.** For those conducting business as a legal entity with no more than five employees (including the owner).



“Creating music is fun”

Cajsa Wallin

Vision and strategy

We work so that our customers will feel secure in a sustainable world and be the most satisfied in the insurance and pension savings industry. This requires us to continually streamline, consolidate and modernise our operation.

Our vision

Our customers should feel secure in a sustainable world.

Our job is to provide security to our customers in every phase of life. With us, customers can insure themselves, their loved ones and their property and save for their pension. In this way, we are creating security in society in general. We get involved in the things our customers care about, and therefore promote sustainable development.

Our business concept

To be our customers' company, offering popular insurance policies and pension investments that provide security.

Our values

Folksam's values are that we must be *personal*, *committed* and *responsible*. These values guide us in our work to achieve the established goals. We are:

- *Personal* by showing consideration, conducting a dialogue and working on the basis of the customer.
- *Committed* by being active and taking the initiative for the customer, as well as by seeing opportunities and being solution oriented.
- *Responsible* by being reliable, knowledgeable and employing a long-term approach.

Our overriding objective

To have the most satisfied customers in the insurance and pension savings industry.

This is a given objective for us since it is our customers who own Folksam, and we can therefore focus solely on generating the greatest possible value for them.

“Our customers should feel secure in a sustainable world”

Our goal structure

We measure our overriding objective by combining two business targets: “Satisfied customers” (Folksam’s customer index, FCI) and “Number of combination customers” (Households with home insurance, individual pensions savings or other savings as well as car insurance or two of the following non-life insurances: child, pet, other vehicle, holiday home or leisure boat).

Our recurring customer survey FCI provides us with customer insights, identifies our strengths and weaknesses and shows how we fulfil our customer targets. We have working groups that interpret and analyse how things are going every quarter, as well as identifying areas of improvement for our business plans.

Our goal of increasing the number of full combination customers offers both advantages and opportunities for us. Of our more than four million customers, we still only class a small portion as full combination customers, i.e. those who have home and car insurance and pension savings with us. With so many customer relationships, we can concentrate on developing these rather than seeking new customers. The better the relationship we have with each customer, the longer they stay with us. We make constant efforts to attain these goals by focusing on an effectivity that balances the two objectives of combination customers and customer satisfaction.

	Result 2016	Target 2016	Result 2015
FCI	79	78	78
Number of combination customers	131,647	134,500	132,051

We break down our overall objective and the two business goals into five different target areas:

- **Financial stability** covers targets regarding risk in a long-term perspective and supervisory requirements regarding capital strength. At the same time, the financial targets indicate restrictions and provide frameworks within which the overall objectives can be achieved.
- **Volume** comprises targets regarding premium volumes in relation to the market and cash flow.
- **Customer benefit** comprises targets relating to our customer and claims management.
- **Competitiveness** covers targets that measure our ability to achieve relative advantages over competitors.
- **Attractive workplace** comprises targets among existing and potential employees.

Based on these targets and target areas, the respective business area/unit lays down goals that are broken down all the way to targets for each individual employee. Since 2014, all business areas, units and subsidiaries include at least one sustainability target in their internal business planning.

Our aim and level of ambition

With just over four million customers, almost half of all Swedes are our customers. Many of our customers come to us through collaborations with union organisations and other partners. This is a starting point for our strategic work. It means above all that our focus is to develop relationships.

We have specified the strategic aim in order to approach our goals in the following manner.

We want:

- to be the insurance company of the whole of Sweden.
- to have many customers.
- to reach large customer groups through parties to collective agreements and partners.
- to cultivate the customer relationships so that our customers become full combination customers.
- to make every customer satisfied.
- the customers to like Folksam.

Our main strategic areas

The path to our goals – and our vision – involves streamlining, consolidation and modernisation. Our strategic work focuses on the following areas:

1. Proper order

Our business and organisation must be characterised at all times by proper order. We must have clear, effective and risk-based governance as well as good internal control. Proper order is required to safeguard our customers' and owners' security, maintain confidence among authorities and other stakeholders, and to be able to increase business benefit.

2. Infrastructure

Our operations shall be modern, efficient and consolidated in terms of infrastructure, processes, expertise and information support. The operations the Folksam Group conducts are based on access to various kinds of information. To make the handling of the information more efficient, it needs to be digital. Our customers expect good digital presence and simple digital self-service. This requires us to have information support and the skills to support this.

3. Professionalism

As a modern financial company, the operations must be conducted professionally. We must always think and act based on the customer's needs. Our offerings must satisfy needs that are shared by many and the customer must find it easy to work with us.

Our primary assets

A little over 4 million
customer relationships

Collaboration
with organisations
and other partners

Customer focus
and long-term
perspective (mutuality)

Below, we describe the most important strategic activities that extend across the entire Folksam Group. We also work with a number of strategic projects that do not cover the entire Group.

Main strategic area	Implementation 2016	Work 2017
Proper order		
Solvency II Adaptation to Solvency II, which is intended to create a uniform European insurance market with better protection for the policyholders.	<ul style="list-style-type: none"> Reported in accordance with the new regulations, including the first real ORSAs (Own Risk and Solvency Assessment). Developed remaining supervision reports. Established roles and responsibilities linked to the quantitative reporting. 	<ul style="list-style-type: none"> Further develop stress tests and sensitivity analyses within the ORSA. Descriptive reporting (RSR and SFCR). Streamline the reporting process and establish a well functioning management of the processes.
Infrastructure		
Digital customer contact A more customer-friendly and efficient digital presence. Make it easier for the customers to review their insurance needs, buy and manage insurance policies and contact us.	<ul style="list-style-type: none"> A new folksam.se has been launched with a responsive design, increased customer centering and new development and operating platforms. Launched the new website pensionsvalet.se. Preliminary study for a new Folksam LO Pension website. Work commenced on new 3Kronor.se and a new Folksam LO Pension website. 	<ul style="list-style-type: none"> Continue development of "My pages" at folksam.se. Digital parts in the incorporation of Förenade Liv. New, optimised purchase flows at folksam.se. Continued development of digital services in order to monitor upcoming regulations of insurance distribution. Launch the new service "Drive Safely"
Improved claims handling Greater customer benefit through effective IT support for the business. The objective is optimised claims handling, more direct adjustment and automation.	<ul style="list-style-type: none"> Upgrade of the claims handling platform. Introduction of automatic handling for baggage delays and damaged mobile phones. New digital archive system is implemented and several SalusAnsvar systems have been phased out. 	<ul style="list-style-type: none"> Programmes to improve processes and system support for claims handling are closed. Phasing out of the old claims systems. Automatic claims settlement for Animals and Motor.
People and environments An attractive workplace with well-known and competitive offerings for present and future employees, as well as a well-functioning interplay between people, the environment and technology.	<ul style="list-style-type: none"> Continued high production in all learning missions. Concept for Folksam's environments and a management model developed, implementation is underway. Sickness absence analyses and targeted individual efforts, as well as organisational analyses and measures. 	<ul style="list-style-type: none"> Continued analyses and measures to reduce the number of sickness absences. Procure and initiate implementation of a new IT support system with expertise as the starting point. Implement activity-based environments and working methods at offices outside the head office.
Organisational consolidation Secure an effective and customer-adapted organisation.	<ul style="list-style-type: none"> Continued work with the incorporation of Förenade Liv. Reorganisation for increased customer satisfaction. 	<ul style="list-style-type: none"> Continued review and implementation of decisions on organisational changes.
Professionalism		
Customer development Increase the commitment of current customers and increase the number of full combination customers with both life and non-life insurance.	<ul style="list-style-type: none"> Launched a new communication platform that increases availability to our customers. Launched a new child insurance and improved the car insurance. 	<ul style="list-style-type: none"> Continued development of "excellent customer contact". Facilitate distribution in the customer's preferred channel. Plan for Folksam's continued digital development.
Insurance documents Develop Folksam's insurance documents for end customers, both as regards communications and systems.	<ul style="list-style-type: none"> Improved a number of customer documents for end customers. Further developed and adapted system support for customer documents. 	<ul style="list-style-type: none"> Digitisation of customer documents Continued improvement of documents for remaining products to end customer. Continued consolidation of system support for customer documents.

The right choice

Krister Werner works as a teacher in a municipal school in Stockholm. And he has been enjoying his profession enormously for 16 years.

Krister Werner started his professional life as a nursing assistant, but started studying mathematics and computing in the evening, which inspired him to continue studying. He completed the upper secondary science course in one year, during which he met a fantastic physics teacher – a teacher who seemed to be having fun at work. This opened a Pandora's Box, and Krister decided to study science and mathematics at teacher training college.

Since 2001, he has taught mathematics, chemistry, biology, physics and technology at Katarina Norra School in Södermalm, Stockholm. He initially taught years 4–9, although nowadays he focuses on years 4–6.

The reality of working in the school lives up to the expectations he had: teaching, being with the pupils, getting back what he is striving for and seeing the pupils' "aha!" moments when they understand something.

"When the room goes quiet and the pupils are really thinking, that's the spice of life," says Krister, pointing out that he gets a lot in return in the form of respect and love. Although he had not reckoned on spending so much time on social work as he does sometimes.

Krister Werner is completely tied up with his day-to-day life, and doesn't have time to think much about his pension. Admittedly he looks through the orange envelope, but has only recently realised that his occupational pension gives him a few thousand kronor extra.

"Of course it matters how the pension funds are invested. I think about the number of children who die every year across much of the world, and that we have to care. In my professional role, I always have to be careful with what I say. It is vital to provide balanced information, not to censure, and at the same time not to risk diminishing the students' belief in the future.

Krister Werner is employed at a municipal school and is a customer of KPA Pension. He appreciates the fact that the company does not invest in arms, alcohol, tobacco and commercial gambling, and stresses how much he dislikes all the gambling advertisements that find their way into our homes.

He does not have the finances to save anything more towards his pension – he has been a single parent with two children for many years and has always tried to look after his children's best interests. But when he had the opportunity to buy out his apartment, this laid the foundations for saving. He can now imagine selling it and moving out into the countryside to a cheaper home when he retires in just over 15 years. However, he is planning to keep his large motorbike, a Triumph Trophy 1200 cc, particularly as he has found a good-value insurance policy.

How we create security for our teachers

♥ KPA Pension is the preselected pension company for employees working for municipalities and county councils. All teachers in municipal schools are entitled to an occupational pension via the KAP-KL agreement.

♥ Folksam collaborates with Lärarförsäkringar, which procures and provides insurance policies for teachers – from Folksam and a couple of other insurance companies: This includes home, child, health and life insurance.

♥ Both Folksam and Lärarförsäkringar also provide personal pension advice to anyone who is a member of the National Union of Teachers in Sweden or the Swedish Teachers' Union.

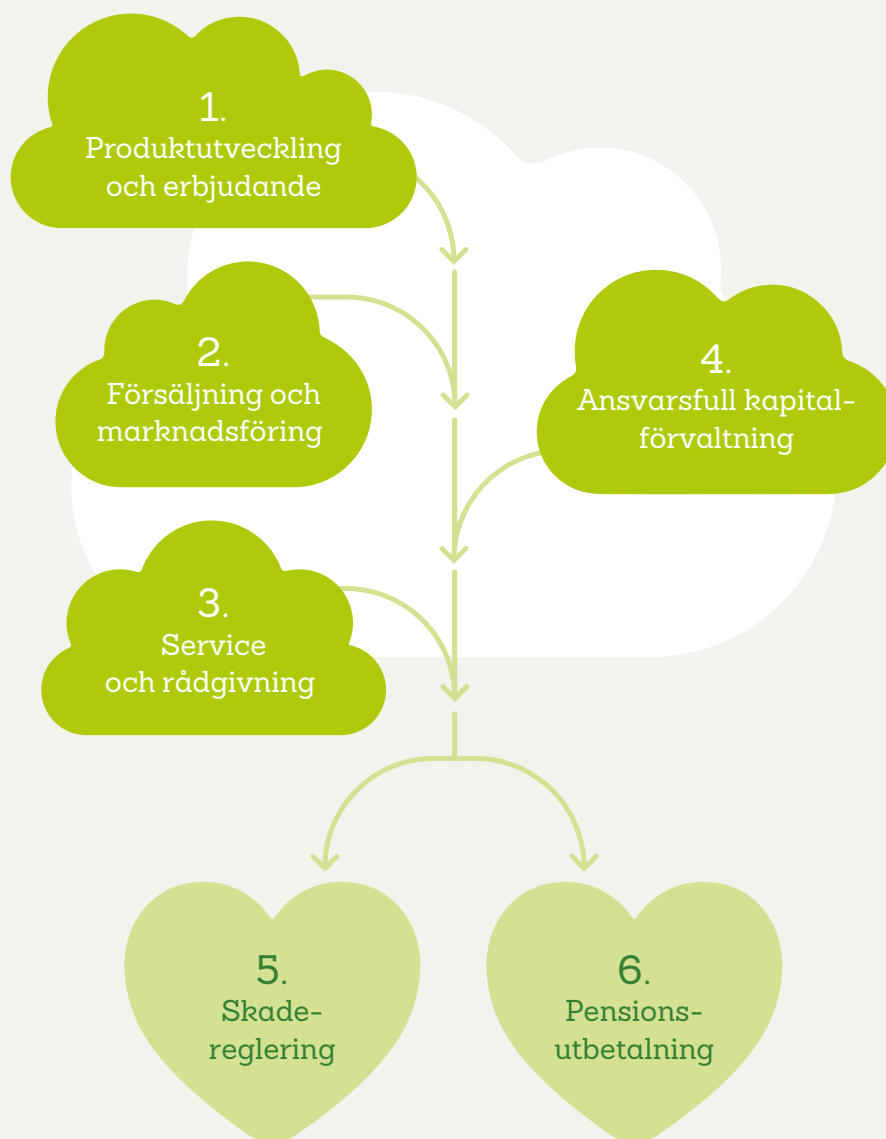
“I get back a lot
of respect and love”

Krister Werner



Value for customers at every stage

Our responsibility is to provide security for customers with our solutions within non-life and personal insurance as well as pension savings. The fact that we are owned by our customers contributes to a long-term approach and safeguards value creation in every part of our operation.



“We should have the most satisfied customers in the insurance and pension savings industry”

1. Product development and offerings

We offer products that provide protection for various events and contribute to our customers' security through the various phases of life. The customers should perceive our products as easy to understand, easy to relate to and important.

We are developing our offering in line with changing customer needs. We want our products to be among the top three in neutral and credible product comparisons.

2. Sales and marketing

We know that our customer contacts affect customer satisfaction. In sales contexts, we should work on the basis of each customer's individual needs, always provide information about possible alternatives and never convince a customer to purchase something they do not need. Folksam's ethical rules guide us in our daily work.

3. Service and advice

It should be easy to get in touch with us. This means that we have to be present in the channels where customers want to meet us, and that they get answers within a reasonable amount of time.

We provide needs-adapted consultancy in addition to advice on what can be done to avoid damage and injury, for example in connection with fires and burglaries, as well as within pension savings. For customers who do not have Swedish as their mother tongue, we offer customer service in 19 different languages, including sign language.

4. Responsible asset management

Our management of our customers' money will promote long-term security based on return and sustainable development. In order to achieve good risk diversification, we distribute our investments over various kinds of assets and markets. We also have investment guidelines and work with owner governance within the framework of our investments.

5. Claims adjustment

Our claims adjustment contributes to our customers' security and makes the situation they are in easier. As a major player, we also have considerable potential to exert an influence. For example, re-using and repairing instead of buying new does not just represent a gain for the environment, but is also a good deal for us and our customers. We renovate houses with good-quality, sustainable materials, buy and recycle spare parts on damaged vehicles and, when the customer gets a rental car, it must maintain a high safety and environmental standard.

6. Pension disbursements

Pension savings are a long way in the future for many people. To be able to keep our promises, and in order for customers who save for their pension to feel satisfied when the pension begins to be paid out, we must have proper order in our operations. Throughout the entire saving period, we must generate as good and secure a return as possible for the customers who save with us for their pensions.

Our customers
should feel secure in
a sustainable world



Our operation is based on our vision, the fact that our customers are our owners and that sustainability is a good deal. As Sweden's largest company in insurance and pension savings, we have good potential to influence and contribute to sustainable development. In this way, we are able to move towards the vision of customers feeling secure in a sustainable world.



Responsible asset management

We manage SEK 400 billion, which we invest in fixed-income instruments, shares and properties, for example. However, we stipulate demands regarding what we invest in. Our entire managed assets are also covered by guidelines based on how we can take responsibility. This relates in part to criteria concerning the environment, human rights and anti-corruption, and we are working to influence our holdings in order to conduct more sustainable operations.



Environment and climate

The environment and climate issues are central for the Folksam Group. It will become increasingly expensive to obtain insurance in the future unless we all help to slow up climate change. We have considerable potential to exert influence and also to stipulate high environmental demands. Our car, home and holiday home insurance products are Good Environmental Choice labelled. This means, for example, that we renovate houses with sustainable materials, buy and recycle spare parts for cars and require that the customer's replacement vehicle must be environmentally adapted. In our investments, we are steering towards a sustainable development.



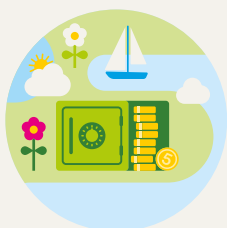
Damage and injury prevention

We can do a great deal to prevent damage and injury and help our customers to make the right choices, to think ahead and to prevent accidents from happening. In this way, they are simultaneously contributing to lower claims expenses. We are working to increase road safety, we are cooperating with the sports movement to reduce sports injuries and we are conducting a range of different tests as well as providing damage and injury prevention advice.



Social responsibility

Society's challenges are Folksam's challenges. In order to promote both our own business and positive social development, we get involved in various issues, collaborations, partnerships and sponsorship, particularly within sport.



Financial strength

The Folksam Group is a major player within insurance and pension savings. The fact that we are financially strong gives us the potential to exert influence, to generate a good return from pension savings and to create the conditions to develop attractive products for our customers. Over the last ten-year period, our life insurance companies KPA Pensionsförsäkring and Folksam Life have yielded the highest returns in the business.



On the following pages, we set out our business and our strategies. We describe the Folksam Group's operations and present what we have achieved in 2016.

 Our contact with the customer and the outside world

 Our offering and responsible asset management

 Our own operations

Our contact with the customer and the outside world

Everything we do should contribute to our overriding objective of having the industry's most satisfied customers. We know that the customers who have been in contact with us are more satisfied than those who have not. Of the customers who have had contact with our customer service or filed a claim, nine out of ten say that they are satisfied.



Nine out of ten
are satisfied

Satisfied customers our primary aim

In 2016, we had well in excess of 10 million customer contacts and handled around a million claims.

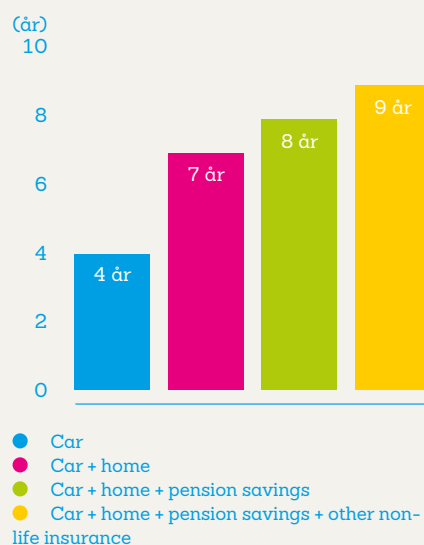
The starting point is to meet our customers where they themselves want to be met. However, it is also important for us to be able to conduct a direct dialogue with the customers – by telephone or in face-to-face meetings – because it is then that we really generate customer values through need-governed advice.

Folksam's brand currently enjoys a high level of appreciation on the market, both in comparison with competitors and our own previous results. In our surveys of customer satisfaction, we have recorded a positive trend for many years. In 2016, customer satisfaction stood at 79 per cent, which is one percentage point above our target of 78 per cent. Some of the areas of improvement we are working on, and which we have identified as important for customers, relate to proactive and relevant customer communication and operating stability. We measure this perception using the Folksam Customer Index (FCI). We ask every category of customer (private customers, partners, employers) what they like about us and what we do. This includes how they perceive our service, our information, our products and our personal treatment, as well as company-wide issues relating to trust and sustainable development.

The fact that our customers are satisfied is most clearly seen in our measurements in conjunction with them having been in contact with us. Nine out of ten customers who have filed a claim or have been in contact with our customer service are satisfied. We therefore work to continually find new points of contact with our customers. The Internet is particularly important in this respect, as are combination discounts, bonus interest and accessibility in general.

KPA Pension's brand has also been strengthened and is the best-known brand in its market. Customer satisfaction among municipalities and municipal companies is at roughly the same level as last year.

Customers with multiple insurance policies stay longer



We meet customers wherever they are



The above figures are approximate

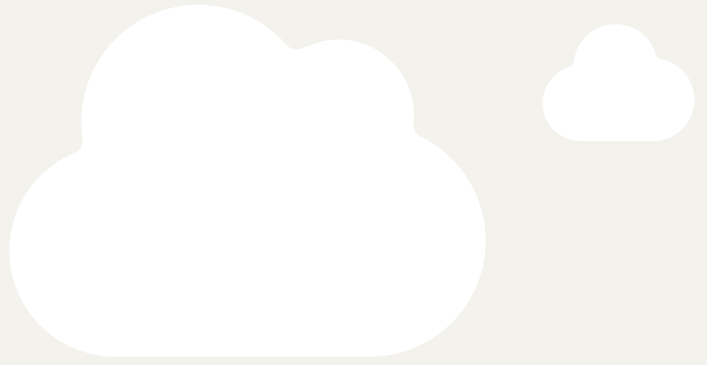
** Of which 3,000,000 mobile*

*** Generated 990,000 claims cases*

Our customer service in
19
languages
including sign language.

receives approximately
100,000
calls
per year and communicates

with people from around
100
nations
Arabic is the largest language.



When the customer is dissatisfied

Bearing in mind the large number of customer contacts we have, it is only natural that misunderstandings or dissatisfaction sometimes occur. For example, a customer may feel they received too little compensation or that a claim was not handled according to the customer's expectations. There are various ways for the customer to submit a complaint.

Our aim is to have clear procedures for handling complaints, and to make use of the knowledge we acquire through these contacts in order continually to improve our own operation. Good complaint handling provides us with the potential to capture problems, do something about them and ensure that the customer is satisfied.

If the customer should still be dissatisfied with the handling of the case, we have a customer ombudsman whose main task is to offer an impartial review of our decision. This function has existed within Folksam for almost 50 years, is independent of Folksam's company management and is answerable only to Folksam's AGMs.

Contact with the outside world

We do not only meet customers in our day-to-day work, but also other players who are affected by our operations. Collating wishes and requirements from all our important stakeholders is a precondition for being able to do our job in the best possible way and focus on the most important issues. The stakeholders can help our operation to progress and, as an active player in society, we also aim to strengthen other stakeholders and groups. This is often a case of promoting good sustainable development.

These contacts can involve everything from collaborations of a one-off nature to more in-depth partnerships.

Folksam has long been active in various organisations, both national and international. Through them we can gain new knowledge and information that we can use and share. This can include networks and groups in respect of mutuality issues, the industry in general, road safety research, owner governance, the environment, human rights and education. For a more comprehensive description of these commitments, please feel free to visit folksam.se.

We have become affiliated to a number of international agreements, frameworks and certifications, which help us to maintain a high standard in our operation. Examples include:

International agreements and frameworks

UN Principles for Responsible Investment (PRI)

UN Global Compact

UN Environment Programme Finance Initiative, UNEP FI

Global Reporting Initiative, GRI

ISO 26000:2012

The Montreal Carbon Pledge

Certifications

Good Environmental Choice



[Read more at folksam.se](http://folksam.se)



“Our sponsorship should contribute to the appreciation of our brand”

Our sponsorship collaborations

We want our sponsorship to contribute to the appreciation of Folksam's brand and to provide us with opportunities to create and strengthen long-term relationships with existing and future customers

and partners. The things we sponsor must have a broad popular base and not be unethical or contribute to negative environmental impact.

Sports sponsorship

As the insurance company for sports, sporting sponsorship is important to Folksam. The objective is to support both elite and exercise sports as well as creating and

strengthening long-term relationships with Swedish sports.

Our sponsorship partners within sports are:

- The Swedish Equestrian Federation
- The Swedish Athletic Association
- The Swedish Parasports Federation
- The Swedish Football Association
- The Swedish Ski Association
- The Swedish Basketball Federation
- The Swedish Floorball Federation
- The Swedish Orienteering Federation and O-Ringen
- The Swedish Wrestling Federation
- Vasaloppet
- Vätternrundan

Human and social sponsorship

In the field of human and social sponsorship, we have conducted a far-reaching collaboration for many years with We Effect (formerly Swedish Cooperative Centre). This is an aid organisation that works to provide poor and vulnerable people with a better life. Staff have the option of donating part of their pay to the organisation through deductions from their salary. The amount the employees contribute is doubled by

Folksam. In 2016, Folksam also made a Christmas donation of SEK 100,000 as well as making an additional contribution that was earmarked for the ongoing refugee crisis resulting from the war in Syria. Our total collection for We Effect amounted to around SEK 1.5 million in 2016.

Research foundation

Folksam has a research foundation, the purpose of which is to promote prevention of accidents and disease, rehabilitation and health-promoting scientific research through its own activity or through financial grants.

The foundation is primarily intended to provide research grants in the areas of road safety, health and the environment. Four applications were granted during 2016.

The dream of a career in football

Alexandra Otterström sparkles with energy when she talks about her favourite sport. Football came into her life at an early age and has now become an important element.

"Women's football is really big in the USA, and my dream is to go to college there and play football," says Alexandra Otterström.

Alexandra is in her last year at upper secondary school. She is in the Natural Science Programme, and a normal day for her involves a great deal of schoolwork in addition to regular training. She comes from a sporty family and has devoted a lot of time to various sports since she was a small child. Everything from figure skating and horse riding to handball and football. When she started at upper secondary school, she decided to focus on a single sport. She explains her reasons for choosing football as follows:

"I love being with other people, and a team sport like football is perfect for me. Football offers so many different benefits. You have to be strong and fast. In addition, it's not just a matter of being fit, as you also have to be smart and be able to read the game. I like the fact that I get to use both my body and my brain."

Alexandra explains that the large number of friends she has made through football is also important, and that the social aspect is probably just as important as good exercise.

"The team feels like a family where you care about each other. You can't win on your own in football. The team has to learn to play together in order to achieve its goals," she says.

For the past two years, Alexandra has been playing left-back for the Division 1 team Boo FF. The team is focusing on gaining promotion to the Elite First league during 2017. In order to remain in peak condition, the young team – the average age is around 18 years – trains several times a week. During the winter, the women's team plays a type of indoor football – Futsal – in various halls, although they also devote time to pure strength training. Every player has an individual responsibility to train outside of the team training sessions.

This amount of training and playing games at elite level naturally places a significant load on the body, resulting in a risk of accidents. Boo FF therefore has one player who is responsible for injury prevention exercises. Before each training session, the players also have a warm-up period, including exercises that can be found in the Knee Control app, which has been developed by Folksam in collaboration with the Swedish Football Association.

"As I have suffered a number of injuries to my knees and groin, I take care to warm up properly. I have used Knee Control on a number of occasions. It gives examples of really good exercises."

How we create security for our footballers

♥ **Insured via membership of the Swedish Football Association.** All players in the 3,226 member associations in the Swedish Football Association are covered by accident insurance via Folksam. This provides secure basic protection in the event the active person suffers an injury during a match or training. For the summer 2017 season, the insurance also covers strain injuries and medical care.

♥ **Knee Control.** Folksam offers a simple training program, in the Knee Control app, which significantly reduces the risk of serious injuries.

♥ **Free consultation.** Our sportspeople, leaders and parents can call our hotline (previously called Spelklar) to get advice about preventive exercises and the treatment of sports injuries. This free advice is provided by licensed physiotherapists, all of whom possess specialist knowledge about sports injuries.

“The team feels
like a family”

Alexandra Otterström



Our offering and responsible asset management

The Folksam Group offers pension savings, personal risk and non-life insurance under four brands and ten companies, with a focus on the Swedish market. Our task is to meet the need for security shared by many people and is characterised by high quality. We also take care of the customers' money as responsibly as we possibly can.



“Our insurances are to be among the top three in independent product comparisons”

We provide security for our customers

Our products should both provide security to our customers and make them feel secure. These two needs often coincide, but not always. Liability insurance, for example, is a product that few customers request when they buy insurance, but we know there is a significant need when the unlikely damage nonetheless occurs. This may then involve damage claims for millions of SEK for the individual. What our customers often request, on the other hand, is for the insurance to compensate tangible, often minor costs such as doctor's appointments or stolen property. Our job is to cover both of these needs.

We also want our insurance policies to be among the top three in the industry in independent and credible product comparisons. To ensure that our products meet customer needs over time, we are continually developing them. Today, digitisation in particular requires us to adapt the offering to the way customers want to buy insurance and the service they want. We also need to have insurance products that are easy to understand.

Important sources of information for our product development:

- Our employees who meet our customers daily.
- Our individual customers who provide feedback in customer surveys and focus groups.
- Dialogue with our partner customers, such as trade unions and car companies.
- Trade and consumer associations, such as Konsumenternas Försäkringsbyrå (Consumers' Insurance Bureau) and the Swedish Consumer Agency.
- The Internet and social media.
- Competitor monitoring.

	Folksam General	Folksam Life	RPA Pension	Förenade Liv	Folksam LO Pension
Conventional life insurance		•	•		
Unit-linked insurance		•	•		•
Personal risk insurance	•	•	•	•	
Non-life insurance	•				

Our offering

Pension savings

Conventional life insurance

Folksam Life and KPA Pension offer traditional life insurance, which is a form of savings where we invest and manage the assets. This means that the saver does not need to choose the level of risk. We distribute the capital between equities, interest-bearing securities, property and special investments. This form of savings also provides a guarantee on premiums paid in and an agreed guaranteed interest. When there is a surplus from asset management, it is distributed to the pension savers using bonus interest. Find out more about bonus interest on page 65.

Unit-linked insurance

The Folksam Group also offers savings in unit-linked insurance through Folksam Life, Folksam Fondförsäkring, KPA Pensionsförsäkring and Folksam LO Pension.

Unit-linked insurance means that the customer him or herself chooses the level of risk for his or her savings by choosing which funds the capital is to be invested in.

Folksam Fondförsäkring and Folksam Life offer a quality assured, guided range of 60-80 funds. We provide guidance based on the parameters of return, fees and sustainability. Since we are not dependent on our own fund management company, we can always choose from the market's best funds in every area.

In addition, we offer a tailor-made range of funds in the relevant agreement area. For KPA Pension, the range of funds consists of SRI-screened funds. Folksam LO Pension has a carefully selected range of external funds that meet the requirements in the agreement area.

Personal risk insurance

Four of our companies offer personal risk insurance: Folksam Life, Folksam General, Förenade Liv and KPA Livförsäkring. Our group insurance policies cover group life and occupational group life insurance, as well as health and accident insurance, and are adapted to trade unions, companies, organisations and individuals.

Health insurance reimburses loss of income or provides a lump sum. Accident insurance reimburses costs that can arise in connection with an accident, and offers compensation in cases of reduced function. If the policyholder dies, the group life and occupational group life insurance policies pay out a lump sum to the beneficiary.

Non-life insurance

Home insurance is the core in our non-life insurance offering. To make it easier for the customer to choose the right insurance, we have packaged the home insurance products in Base, Medium and Plus. We also offer auto and pet insurance.

We offer non-life insurance in Folksam General, Folksam Skadeförsäkring and Tre Kronor. The latter supplies insurance policies that are sold under a different brand.



All of our home, holiday home and car insurance policies bear the Good Environmental Choice label. The Good Environmental Choice certification also means that Folksam General does not invest in coal, nuclear power or uranium.

Criteria for our Good Environmental Choice labelled insurance:

- Re-use and environmentally friendly repairs
- Sustainable and safe replacement vehicles
- Responsible investments
- Environmentally friendly purchases
- Ecolabelled electricity
- Training in economical driving



[Read more at folksam.se](https://www.folksam.se)

Benefits of damage and injury prevention

Our work to prevent damage is part of what we offer our customers. We can do a great deal to prevent damage and injury and help our customers to make the right choices, to think ahead and to prevent damage, injuries or accidents from happening. This contributes to lower claims expenses, lower insurance premiums and safer customers. We work with damage and injury prevention in two main areas:

1. Road safety research

Folksam has researched road safety for more than thirty years and contributes to saving lives and reducing injuries in traffic. Fewer road traffic claims also mean lower claims expenses and lower premiums in our car and home insurance products. In this way, our road safety research is part of our offering and will benefit our customers.

Every year, we handle more than 50,000 road traffic claims. This gives us access to extensive collective knowledge about how damage and injuries arise, as well as how they can be limited and avoided. The choice of car, for example, is of crucial significance for the consequences an accident can have.

Consumer tests and information are important tools in the work of influencing safety for road users. We are witnessing considerable demand for knowledge from independent parties regarding e.g. safe cars, child car seats and helmets in connection with purchases. Folksam's researchers have ties to universities and participate in various national and international networks. Our road safety research costs SEK 7-8 per automotive insurance policy and year.

Drive green, safe and more cheaply

The cars that are on the list of the safest and most economical new cars contribute to less environmental impact and safer traffic. We like this, which is why customers who choose these cars get a 10 per cent discount on the insurance premium. Every customer can thereby directly contribute to saving lives and safeguarding the environment. In the same way,

customers who have motorcycles equipped with ABS receive a 15 per cent reduction on their motorcycle insurance with us.

The entire list of 2016's safe and sustainable cars comprises 72 models in various versions. Despite the fact that Folksam has made the requirements 23 per cent more stringent in three years, 13 per cent of the cars still pass the consumption and safety requirements. This is pleasing of course.

The new cars that pass Folksam's requirements for 2017 comprise 49 models in 584 versions. The requirements for 2017 have been tightened up as regards both consumption and safety, where autonomous emergency braking must be fitted as standard in the relevant car model in order to be approved.

Focus on children

During the year we have focused on the safety of children in cars. For example, we have made a film about how children can be protected in cars. We also conducted a study into how thick winter clothes worn by a child impact on the protective effect of child seats, as well as showing how the 30 best-selling cars are adapted for child safety in the rear seat.

Other tests and studies we have conducted:

- Study of 2017's safest and most fuel-efficient new cars.
- Test showing that the choice of winter tyres is decisive when it comes to safety, even with four-wheel drive.
- Investigation of the operation and maintenance of major cycle paths in the municipalities of Stockholm.
- Guide to the choice of winter tyres.
- Study of driving licence regulations and rules for tractor units when transporting horses.
- One of our traffic safety researchers gained their doctorate with the doctoral thesis "Safe motorcycles".



Drive Safely

Early in 2017, Folksam launched the free service "Drive Safely", which is the first online insurance from Folksam for all of our customers with car insurance. The policyholder gets a specially designed indicator that is placed on the dashboard of the car and which then gives the driver direct feedback on their speed through the display of a

green, yellow or red light. Driving safely, i.e. with a green light, is rewarded through a 20 per cent discount on the car insurance premium. This way, "Drive Safely" helps the driver to keep to the speed limit, thereby sparing environment, life and money.

2. Sports research

Folksam has a long history as an insurance provider and partner of Swedish sports. Through our collaborations with 54 sports associations, with the Swedish Equestrian Federation as the latest addition, nine out of ten active sportsmen and women are insured with us. Every year, customers report around 16,000 sports injuries to Folksam, which gives us a unique database that can be used for research and injury prevention work.

The work on Project Knee Control has continued during 2016. Its objective is to train football coaches, leaders, parents and players in how to exercise to prevent knee injuries among girl players aged 12 and up, who are particularly affected.

Another ongoing project is the collaboration we began in 2014 with the Swedish Athletic Association with the goal of reducing the number of strain injuries among children and adolescents by increasing knowledge and commitment regarding causes.

Our research collaboration with the Swedish School of Sport and Health Sciences (GIH) on the sports injury database also continued in 2016. This has resulted in published interim reports that build on epidemiological studies on the occurrence of acute injuries and severe injuries that lead to invalidity. The research has compared different sports, ages and genders, as well as potential changes over time. The objective has been to be able to describe risk sports and risk situations for various acute injuries.

In order for the preventive work to have an impact among sportsmen and women in Sweden, researchers have also identified major sports that result in many injuries, such as football, handball, floorball, ice hockey and basketball. They have analysed claims and identified areas for damage and injury prevention. Within the framework of the research collaboration, follow-up work has been in progress since last year looking at the results of the knee control training on a national level in Sweden.

Information and advice

We can notify and provide advice to our customers regarding how they can prevent injuries. This can involve everything from the way they protect against fire and burglary to the way they can protect their property in storms. We mainly distribute information on our website, arrange and participate in seminars and other meetings, answer customer questions, make instructional videos and communicate in the media.

Every year, we also conduct studies and tests to help our customers make good and sustainable choices when buying products. The results are published in various reports and distributed in the media. The objective is also to get companies to take responsibility.

In 2016, Folksam conducted the following studies:

- An investigation into the municipalities' accident cover for primary school children as well as how many children are uninsured outside of school hours.
- Study of the occurrence of water damage in holiday homes – spring and autumn.
- The Secure Childhood report, which charts the insurance cover for Sweden's children.
- How Sweden gets world-class pensions, an analysis of the existing Swedish pension system as well as the future challenges facing the pension system.
- Investigation of damage to property in the event of lightning for the fourth year in a row.
- Study of non-life claims in apartments and houses in the event of heavy rain/flooding.
- Review of bicycle thefts.
- Review of apartment break-ins that show that thieves are choosing new ways to gain access.
- The report Welfare Tendency.

We also conducted the following tests:

- Start of new tests of 46 outdoor paints, interim results are being presented in spring 2017 and final results in spring 2018.
- Testing heat pumps.



[Read more at folksam.se](https://www.folksam.se)

Responsibility in claims operations

Despite our damage-prevention work, our customers still suffer damage of various kinds. Folksam has agreements with around 2,300 suppliers, of which some 2,000 are in the construction and automotive sectors. In 2016, for example, we repaired damaged cars and houses to a value of almost SEK 3 billion. This gives us considerable opportunities to exert an influence in the construction and automotive industries by imposing requirements on and training our suppliers. For example, we renovate houses with sustainable materials, buy and recycle spare parts for cars and require that the customer's replacement vehicle must be environmentally adapted. Everyone who has customer contact at our suppliers must also receive training in Good Environmental Choice.

Re-using and repairing instead of buying new is a gain for the environment and also a good deal for us and our customers. In 2016, this way of working contributed to us being able to avoid a mountain of waste of just over 1,500 tonnes and save SEK 171 million in connection with the repair of damaged cars. In total, this has meant a saving of just over SEK 1.5 billion in the past 15 years.

We have also worked with a pilot project regarding the return and repair of mobile phones, which has now also been extended to other damaged property, ideally with the aim of reusing and secondly for recycling. In 2016, we settled more than 27,000 claims in a more sustainable manner, so reducing carbon dioxide emissions by approximately 1,100 tonnes and waste volumes by around 1,850 tonnes.

“With damage and injury prevention efforts, we are making it safer for our customers”

Asset management for long-term security and sustainable development.

The Folksam Group is one of Sweden's largest investors, with total managed assets that have grown dramatically in recent years. At the end of 2016, we managed assets totalling SEK 400 billion. If we also include our unit-linked insurance assets, our customers' total assets amount to nearly SEK 525 billion. This is a great responsibility we have been entrusted with and which we need to handle successfully.

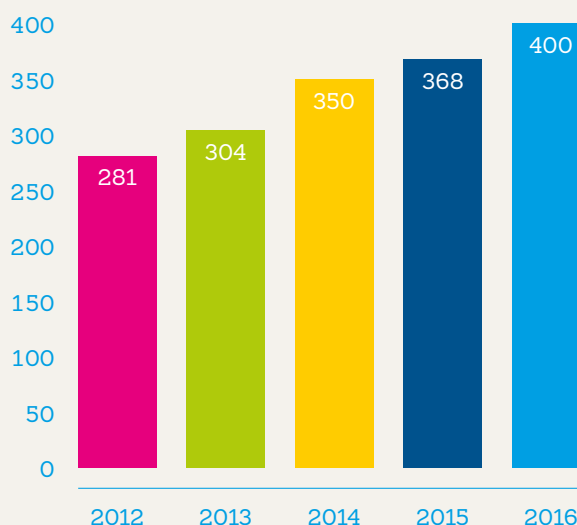
Bearing in mind our size, the things the Folksam Group does are actually significant, particularly in our roles as an investor and an owner. We have good opportunities to work with a long-term approach and have a positive impact on the world around us. We also want our customers to know that we are working to achieve a good return and at the same time contributing to a more sustainable society.

We have therefore formulated an objective of being perceived as a leading player within responsible asset management, in addition to producing a competitive return. We do this based on our belief in making an impact, constant improvements and transparency. This requires developed working methods and a consensus regarding how we fully integrate sustainability in asset management operations. A cornerstone of this ambition is for us to apply the same approach and methodology regarding our responsibility, both as an investor and an owner in all of our asset types. We talk about responsible asset management that is based on the following trinity: Responsible risk management (e.g. the prudent person principle and active allocation), responsible investments (ethical and businesslike investment criteria and investment strategies) and responsible ownership (e.g. company dialogues, requirements as a lender). Formally, we began working according to this new and updated method at the start of 2017.



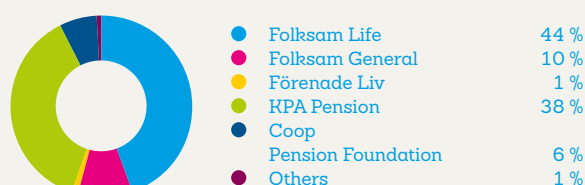
We already do a great deal at present. Through this framework, however, we can work more transparently to target our investments towards clearly sustainable choices. The investment focus on green bonds that we introduced in 2016 and that is still in progress is one such example. Read more about our investments in green bonds on page 48.

Folksam's managed assets



In order to spread the risks, we distribute our investments over various kinds of assets and markets. We invest our customers' money in interest-bearing securities, equities, properties and special investments (unlisted assets that in most cases have a low correlation with equity and fixed-income markets). We also have a number of strategic holdings, for example in Swedbank. At the end of 2016, Folksam, by way of Folksam Life and Folksam General, reduced our equity interest in Swedbank from 9.3 to 7.0 per cent by selling a total of 25.6 shares. This sale was made to reduce the concentration risk in the Folksam Group's asset portfolio, but Swedbank remains a long-term, strategic investment for Folksam.

Managed assets by company, 2016



Folksam's managed assets, December 2016



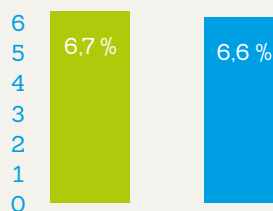
Management for the customers' best interests

The Folksam Group consists of ten insurance companies, all with different profiles and emphases. The objective of asset management varies between the different companies. For Folksam Life and KPA Pensionsförsäkring, the objective is to achieve the highest possible level of real return under relevant risk and investment restrictions, while in Folksam General and the other companies, it is to contribute to stable and competitive premiums.

Folksam has, for a number of years and in different market conditions, successfully managed the risks and opportunities in order to generate good returns for our customers. The total return for 2016 was 6.3 per cent (2.2) for the Folksam General Group, 8.4 per cent (3.7) for Folksam Life and 6.6 per cent (3.3) for KPA Pensionsförsäkring AB. Over the last five-year period 2012–2016, the average total return on traditional insurance has been 7.7 per cent for Folksam Life and 7.0 per cent for KPA Pension. Viewed over the past ten years (2007–2016), KPA Pensionsförsäkring leads the sector at 6.7 percent, with Folksam Life in a strong second place at 6.6 per cent.

Total return ratio					
Per cent %	2016	2015	2014	2013	2012
Folksam General	6.3	2.2	8.1	7.7	8.2
Folksam Life	8.4	3.7	12.0	7.6	7.0
KPA Pension	6.6	3.3	13.3	8.2	7.2

Average total return 2007–2016



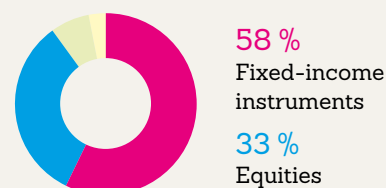
KPA Pension Folksam Liv

On the following pages, we present our work regarding the types of assets included in the Folksam Group portfolios:

- Equities and fixed-income instruments
- Properties
- Special investments

Equities and fixed-income instruments

We are convinced that companies which take responsibility for the environment and human rights are more profitable over time than those that do not.



We influence companies to take responsibility

As a large institutional owner, we work to influence the listed companies in which we have equity shares to become more sustainable. This is also important for our customers.

We exert influence through our investment criteria for the climate and environment, human rights and against corruption. Our goal is not to reject companies to invest in, but rather to encourage as many as possible to improve at taking responsibility. During 2016, the boards of Folksam General and Folksam Life decided on a new climate and environment criterion that will apply to all companies in the Group as from 1 January 2017. The boards also decided that the investment criteria will apply to all asset types as from this date. We also do our best to push equality issues and to ensure that the bonus programmes in the companies will be reasonable and structured to benefit the shareholders in the long term, all to the benefit of our customers.

There are some companies we choose not to invest in, however, regardless of how small their environmental impact is or how good a working environment they have. The disqualifying criteria are tobacco and illegal arms such as cluster weapons, anti-personnel mines and nuclear weapons. We have also chosen not to invest in companies with more than 30 per cent revenues from coal. All companies

within the Folksam Group apply these criteria, with two exceptions. The companies within KPA Pension have even tougher exclusion criteria and therefore do not invest in the alcohol industry, the arms industry or the commercial gambling industry. Folksam General, whose car, home and holiday home insurance products are Good Environmental Choice certified, excludes investments in coal-fired generators, nuclear power and uranium in addition to arms and alcohol.

For many years, Folksam has long been actively committed to the climate and has signed up to the Global Compact, the Principles for Responsible Investments (PRI), the Montreal Carbon Pledge (MCP) and the Carbon Disclosure Project (CDP). In order for the world to be able to live up to the climate agreement that was reached in Paris, the level of ambition needs to be raised further.

Against this background, Folksam decided in 2015 to sell companies who earnings derive more than 50 per cent from coal-based operations. During 2016 we decided to reduce this threshold to 30 per cent. This meant that Folksam Life excluded another seven companies from investment. KPA Pension excluded five companies. For Folksam General, all coal companies had already been excluded.

Criterion	Folksam Life	Folksam General	Förenade Liv	KPA Pension
Environment and climate	●	●	●	●
Human rights	●	●	●	●
Corruption	●	●	●	●
Tobacco	●	●	●	●
Illegal weapons	●	●	●	●
All weapons		●		●
Alcohol		●		●
Gambling				●
Coal-fired power	●*	●	●*	●*
Nuclear power		●		
Uranium		●		

● Influencing criteria
● Exclusion criteria

*Excludes companies where at least 30 per cent of revenues are generated by coal.

How we work with responsible ownership

Cooperation

An important aspect of our influencing work relates to various kinds of collaboration. The Sustainable Value Creation collaboration is an example that is aimed at enjoining Swedish listed companies to adopt sustainable development and long-term value creation. We also collaborate with the Norwegian life insurance company KLP and the Finnish pensions company Ilmarinen in the Nordic Engagement Cooperation (NEC), whose objective is to coordinate corporate governance activities relating to the environment, human rights and anti-corruption.

We present our collaborations in greater detail at folksam.se and in the Folksam Group's GRI report.

Screening and rating

Every year, the Folksam Group screens around 1,400 Swedish and foreign companies. This means that each company is analysed and is given a rating regarding the quality of its work in terms of human rights, the climate and environment and anti-corruption, as well as the company's general business risk.

Dialogue

Every year, we conduct an owner dialogue with a number of companies in which we have holdings. We write letters to representatives of these companies. We follow up the companies' work in terms of our investment criteria and corporate governance. During the year, we have, for example:

- held a dialogue with 51 companies in which we have holdings.
- initiated dialogue with seven foreign companies due to serious incidents.

We occasionally participate in the debate to create opinion. The strategy is to thus reinforce our efforts to influence the listed companies.

We exert influence at shareholders' meetings

Folksam participates in the Swedish AGMs where we have shareholdings. This means that we attend around 50 AGMs per year. Before the meetings, we send letters to the board chairs to inform them of the issues we will be focusing on in particular.

Here you can see what questions we asked and what answers we received:

- The meeting reports
- The blog "En katt bland hermelinerna"
- The Twitter account @etikkkatten.

Folksam has also used its influence to vote at AGMs abroad by electronic voting since 2005. During 2016, Folksam voted in a total of 534 foreign AGMs.



Concrete efforts to exert influence

We are conducting an ongoing dialogue with Volkswagen and took part in a meeting with their Chairman of the Board regarding the company's cheating in relation to diesel emissions and manipulated diesel engines. The Chairman gave assurances that the Board places great emphasis on formulating internal guideline that support responsibility and transparency. Folksam is therefore continuing to monitor the issue and any developments.

Folksam's work aimed at exerting an influence in relation to child labour and living conditions in the cocoa industry continued during 2016. We took part, alongside several other Nordic investors, in the cocoa industry's sector and sustainability days in Abidjan, Ivory Coast. Ivory Coast is the world's largest cocoa producer, supplying more than a third of the world's cocoa.

Over the course of four days, we participated in rewarding discussions with professional and industrial bodies and auditors, in meetings with companies such as Nestlé, Hershey and others in which Folksam has shareholdings. From these meetings, it is clear that the cocoa industry at long last has woken up and now commenced the work required to strengthen the rights of the workers and farmers, and to prevent child labour in its supplier chain. Folksam will continue to monitor and follow up the companies from Sweden. As an investor, we can help to spread knowledge about "best practice" and encourage companies that are lagging behind to catch up. Experiences from the cocoa industry can also be applied in other, similar sectors.

Major investment in green bonds

During 2016, we made the decision to start investing in green bonds, particularly as a number of Swedish municipalities, county councils and companies have started issuing green bonds in order to finance projects aimed at improving the environment in recent years. Green bonds are interest-bearing securities where the borrowed funds are used for environmental and climate-related investment projects. For us as investors, a green bond differs from a normal bond in one important respect.

We have to know how the borrower will be using our money in order to ensure that it is really being used for green purposes. We can contribute to a well-functioning market by stipulating demands as regards the selection of projects and how they are followed up. During the year, the Folksam Group invested a total of SEK 5.6 billion in green bonds. We currently own green bonds worth in the region of SEK 7 billion, and we have an investment framework of SEK 12 billion.



Swedish municipalities are making a change

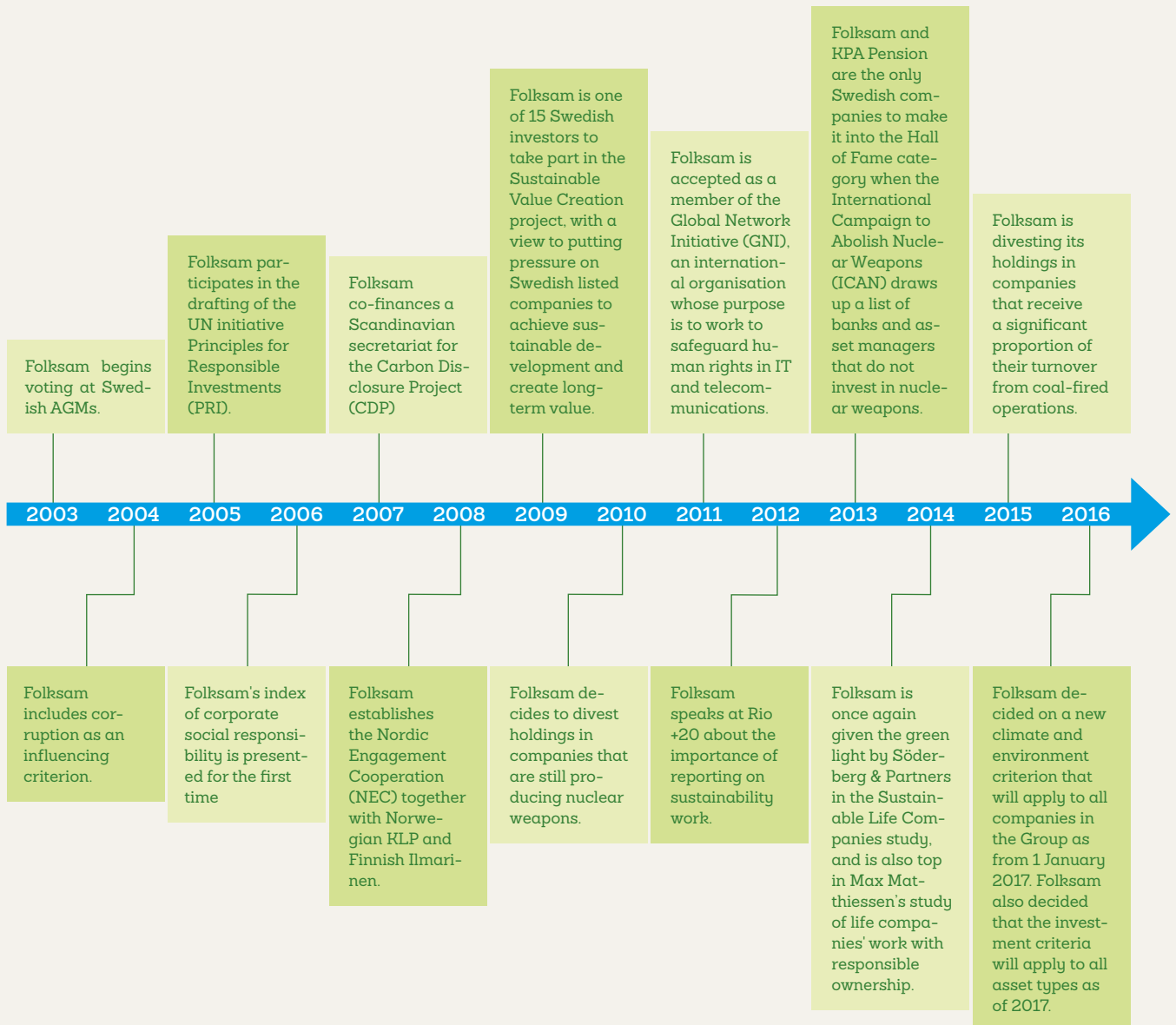
One example of how our investments in green bonds will benefit municipalities can be seen in the City of Västerås, which topped the list of the best municipalities in Sweden from an environment perspective in 2016. The city was also one of the municipalities to issue its first green bonds during 2016. Folksam became the largest investor and is thereby contributing to the financing of a number of green projects in the City of Västerås. For example, investments are being made in a project where food waste is being converted into biogas and fertiliser. The biogas is being used for buses, waste collection vehicles and private cars.

In another project, Västerkvarn hydroelectric power station's hundred-year-old turbines and generators are being replaced with more modern ones. In order to increase and preserve biodiversity, a fishway was built past the power station at the same time. This action is helping to raise the ecological status of the Lower Kolbäckån river by making it easier for species such as the red-listed Carpathian asp to spawn and reproduce.

Two others that have created green bonds:

- Örebro municipality – new wind turbines and solar farms
- Region Skåne – wind turbines near Hultsfred

Milestones





Properties

Properties are an important class of assets in Folksam's various portfolios. In 2014, we therefore increased our strategic and financial focus by establishing that, in the coming years, we would be increasing property investments by around SEK 10 billion from the figure at the time of SEK 18 billion. At the turn of the year 2016/2017, we had invested around SEK four million, and the total value of our properties amounted to SEK 25.5 billion.

Investments and project development

The Folksam Group is investing in attractive properties for housing and businesses. We want our residential tenants to feel proud and secure in their homes. We also want to own the office and retail buildings in which businesses ideally want to rent premises. This means that the offices must be well situated and must meet current demands for efficient workplace solutions. The shops must enjoy good conditions to achieve sales.

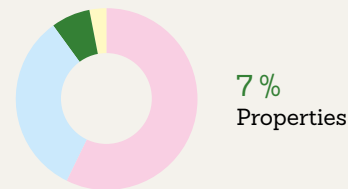
Folksam currently owns properties primarily in Stockholm and Skåne. However, we are also looking for office buildings in inner city locations in Gothenburg and Uppsala, as well as high quality residential properties situated in locations that are experiencing strong population growth. We can also invest in community properties, if the conditions for this are right. We are also investing in new production, principally in the form of rental properties.

Another part of our operation involves creating value by developing the properties we already own. Two such examples are the ongoing Slussen project in Stockholm, where we own properties, as well as the modernisation of our residential area in Staffanstorps.

Improved focus with unique collaboration

In order for us both to concentrate on acquiring new properties as well as improve the quality of the properties and develop their full potential, we are collaborating with Newsec.

Newsec is our strategic business partner that is responsible for the management of our entire property portfolio. They are responsible for ensuring that our tenants are happy in their premises and apartments, and that the buildings are run and maintained in the best possible way.



This division of responsibility makes it possible for us to focus on both the operational and the financial perspectives – at the same time. This makes us unique in the property sector and generates the best conditions for Folksam and Newsec jointly to be able to create vibrant, sustainable and secure environments for customers who rent homes and premises.

Responsible property ownership

Our responsibility for sustainable development also relates to our property investments and ownership. We are working to integrate sustainability work in our management, our transaction processes and projects. By this we mean that sustainability will permeate our entire operation, both through consideration for the environment with clear environmental goals, as well as social sustainability such as security and ethics. We strive to quality-assure our work by obtaining environmental certification for our properties.

By 'responsible property ownership' we mean:

- Clear environmental goals and active work on energy efficiency improvements
- Collaboration and good relations with customers and suppliers to ensure sustainable behaviour
- An environmentally aware, socially sustainable and ethical approach
- Follow-up and constant improvements.

Folksam is one of few operators in the insurance industry that accounts for, and offsets, the climate impact from its property holding. All electricity purchased by Folksam for its properties has the Swedish Society for Nature Conservation's Good Environmental Choice eco-label.

Our real estate operation

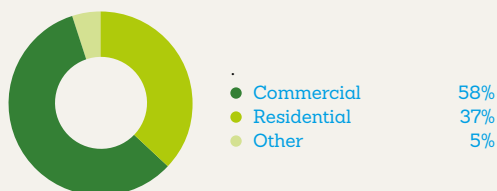
The property portfolio comprises **125 properties, 4,100 apartments** and **550 other premises**.

Total area approx. **600,000 m²**.

The total value of the properties amounts to around **SEK 25.5 billion**.

Total return: **18.9 %**. Net operating income trend: **+6.1 %**. Occupancy: **97 %**

Property portfolio, total area



Geographic distribution



Investments and projects

Since autumn 2015, we have acquired properties worth approximately SEK 4 billion, including Malmö Live, Kungshuset in central Stockholm and the National Archives on Kungsholmen in Stockholm. The production of new rental properties in Ursvik will be completed during 2017. New rental properties are also being produced in Stockholm,

Helsingborg and Malmö thanks to a strategic collaboration with Skanska Hyresbostäder. During the year, we also made the decision to renovate a residential area comprising 450 apartments in Staffanstorp, with the focus on creating a green and sustainable residential environment.

Special investments

Special investments complement the Folksam Group's asset portfolios and make up three per cent of the total managed assets. These are investments with long investment horizons that give the customers exposure to unlisted assets. The investments are mainly made in fund-like structures and in cooperation with other players, and sometimes in real assets such as our investment in the electricity grid company Ellevio. We have particularly identified infrastructure as being of interest to us.

Within special investments, we also make indirect property investments to supplement the direct property investments. We prioritise investments that contribute to strengthening the investing company's brand and strategic networks.

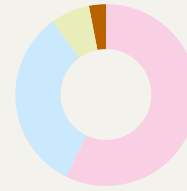
Some of our holdings in special investments:

Volvo Cars

In December 2016, the Folksam Group invested SEK 1 billion in preference shares in Volvo Cars. This investment provides our customers with a good risk-adjusted return, gives them the opportunity to become an owner of a company with strong links to Swedish industry, and at the same time supports Volvo Cars' expansion plans. The Folksam Group was one of three Swedish institutional investors to take part in Volvo Cars' issue of preference shares. The total value of the issue amounted to SEK 5 billion

Spotify

Folksam invested 30 million American dollars in a convertible loan from Spotify.



3 %
Special
investments

Brunswick Real Estate Capital II

In 2016, Folksam and KPA Pension decided to invest SEK one billion in Brunswick Real Estate Capital II, a credit fund focusing on loans to commercial properties in Sweden.

HealthCap VII

Folksam Life invested 25 million euro in the venture capital fund HealthCap VII. Venture capital investments are investments in companies that need capital to develop and grow. The goal is to get a well diversified portfolio of investments in life science. The focus of this fund is companies that develop drugs and medicinal products for the treatment of rare illnesses.

Proventus Capital Partners II-III

Folksam and KPA Pension have invested in some of Proventus' credit funds. The funds provide tailored funding for medium-sized companies in northern Europe.

PWP and Gnosjö Energi

Folksam and KPA Pension, alongside FAM and Proventus, own Power Wind Partners (PWP). The company owns six land-based wind farms with an annual generating capacity of 0.25 TWh. Electricity output from the 47 wind turbines in operation is able to heat around 13,000 smaller houses. Folksam also owns four wind turbines in Kulltorp in Gnosjö Municipality.



Owner dialogue with Ellevio

As part of our corporate governance, we held our first sustainability meeting with the electricity grid company Ellevio during autumn 2016. During the meeting, we went through the same types of sustainability questions that we raise with our listed holdings. We placed particular emphasis on health and safety issues, and Ellevio gave a

presentation of how they systematically work to manage the risks that exist in their operation for employees and subcontractors.

A new phase of life

For Erik Nilsson Hansen, his studies are currently the most important thing in his life, but when has a moment to dream, a road trip through the USA is high on the list of things he wants to do in his life. Erik studied science at upper secondary school, but even though he is interested in natural subjects, it was a different course that attracted him when it was time to pursue a higher education.

"At first, I planned to become a broker, but after having considered all the advantages and drawbacks, I eventually opted to study economics. This type of education provides a broad base and offers more options later in life. I chose to study Gävle as that city offered guaranteed accommodation and it is just the right distance away from where I grew up," says Erik Nilsson Hansen.

Gaining quick access to his own student accommodation was important to Erik. It was also important for him to find a secure spot where he could park his car.

"Leaving home and getting your first apartment was a dramatic change. As I was moving to an entirely new town, I really appreciated being able to get my own accommodation quickly where I could have my own furniture, a TV and a computer. This gave me a sense of security. University studies also has a completely different tempo and requires discipline, but they also give you confidence," says Erik Nilsson Hansen.

Erik has now lived in Gävle for 2.5 years, has grown accustomed to his life, made many new friends and is very happy.

In order to cope with the high tempo of his studies, Erik goes to the gym two or three times a week. In the summer he cycles to the university to keep himself in shape, and uses his car mainly when he going home to visit his parents. He got his license as soon as he could, as cars is a great interest of his. In the summer he does extra work or takes it easy in his family's summer cottage in Norway – Erik's second home. This new life has also given Erik reason to consider the importance of having insurance.

"It's comforting to know that the things I value highly are protected through good insurance."

How does Erik see his future? Many choose to take a gap year after finishing upper secondary school, but Erik went straight to university. His studies are currently focusing on accounting, and when he starts looking for a job, he will probably look for positions in an finance department. A little further on in his career, he hopes to get a job as a Finance Director at a company.

How we create security for our students

♥ **Home insurance for students.** Student insurance is a home insurance for those who live in an apartment or student halls, and the policyholder can co-insure a person they live with.

♥ **Child insurance.** Folksam's child insurance is applicable until the policyholder is 25 years old. It is valid 24 hours a day – at home, at school and during leisure time.

♥ **Disability and accident insurance for adults.** This is a natural continuation of the child insurance. With the aid of disability and accident insurance for adults (applies from the age of 25), we cover every phase of life.



“Leaving home was
a dramatic change”

Erik Nilsson Hansen

Our own operations

To become a more modern financial company and credible in accepting responsibility, our own operations must be characterised by proper order. This involves everything from the way we are governed and create an attractive workplace, to our environmental work in day-to-day operations.

In order to be involved optimally on our customers' behalf – and to have satisfied customers – we have to have effective processes, be a responsible employer and act in an environmentally correct manner. For this reason, streamlining, consolidation and modernisation are three guiding principles for us. We are currently experiencing a rapid rate of change and, in the spirit of modernisation, we are continuing to spend SEK 1 billion a year on development.

Some development projects encompass the whole of the Folksam Group, while others apply to specific business areas, units or functions. In 2016, IT has remained a priority issue and a cornerstone in our strategic work regarding the infrastructure within the Folksam Group. At the same time, the many new regulations that have been implemented and others that are waiting around the corner are driving up costs. As a result, we have chosen to focus on certain investments ahead of others in order to safeguard the best possible effects within our development frame-

work. And so that each project really delivers benefits to our customers. We made important progress during the year as regards our digital presence in relation to customer communication, the most visible example of which was our new website, folksam.se.





Appropriate skills and sustainable work environment

The Folksam Group has around 3,900 employees distributed between different companies and locations in Sweden. For us to be able to offer insurance and pension investments that create security for our customers, we have to be an attractive workplace. We have to succeed both in staffing the organisation with the correct employees and managers, as well as providing them with the conditions to succeed.

An attractive workplace means interesting career paths and a good work environment. In order to promote collaboration, learning and creativity, our work is activity-based. The interaction between human beings, environment and technology is a necessity for our employees to have a sustainable career. Our employee survey and personnel mobility are two examples that show that we are well on our way.

The employee survey contributes to development

In the 2016 employee survey, the total index remained at a high level, with an average of 73 (76) per cent positive responses. One reason for the slightly deteriorated result could be that the great changes that Folksam is implementing are reflected in the day-to-day work of our employees. The technology is not always satisfactory and not everyone has adapted to the new working methods yet. The questions relating to commitment continue to yield good results, and 82 (86) per cent say that they would like to keep working at Folksam. The response frequency in the survey remains stable at 91 per cent.

The survey aims to develop and follow up on the objective of being an attractive workplace. The questions in this section relate to the employee's view of their personal work situation, skills development, work environment and health, leadership and customer contacts.

Personnel mobility provides new opportunities

Our recruitment rate remains high, and in 2016 we recruited 456 (479) individuals externally. In addition, close to 300 employees have gotten new jobs through internal recruitment processes. Our focus areas for attracting the right candidates are a systematic staffing process and active efforts to clarify our offering as a workplace. At the same time, the considerable mobility shows that there are many career opportunities within the Folksam Group.

Rewards programme highlights the goals

Folksam has a rewards programme for employees which aims to highlight and promote our business strategies and overall goals. This is the result of two business goals – Folksam's Customer Index and number of combination customers). The outcome from the rewards programme is paid out in the form of a provision in an individual occupational pension policy. The rewards programme includes all employees within Folksam's Swedish operation apart from the President, other group management, managing directors/deputy managing directors of the subsidiaries, as well as the Head of Internal Audit.

Diversity provides customer benefit

It is our conviction that diversity contributes to customer benefit, greater profitability and a more attractive workplace. Consequently, we work in a targeted manner to achieve an inclusive cooperation climate where the employees' expertise is utilised and differences are viewed as a benefit. A clear and skills-based staffing process supports diversity at the same time as we reduce the risk of discrimination. The fact that Folksam currently has nearly 50 per cent women managers, for example, is the result of goal-oriented diversity work. In order to achieve equal pay, we do a survey and analysis of any undue salary differences in connection to the annual pay reviews.

Focus on working environment and health

One challenge facing both society and Folksam is the negative trend as regards sickness absence. During 2016, we have worked alongside occupational health to implement a sickness absence analysis, including rehabilitation discussions and interviews with employees with repeated short-term absences due to sickness. The purpose of this has been to create an understanding of which factors are important for the organisational and social working environment as well as to quality assure our rehabilitation work. The next step is to strengthen the initiatives for employees experiencing long-term sickness absence. These

efforts will contribute to reduce sick leave rates in 2017. We have also continued developing our HR processes and the administration of Folksam's activity-based environments. The aim is to have even more cohesive processes, working methods, environments, technologies and other conditions for a good working environment and health.



[Read more at folksam.se](https://www.folksam.se)

Number of employees	3,908		
Average age	43.9		
Personnel turnover	11.7%		
Sickness absence	5.6%		
Gender distribution, total	53% Women	47% Men	
Gender distribution, managers	49% Women	51% Men	
Gender distribution, Folksam's management group	50 % Women	50% Men	
Gender distribution, boards	42 % Women	58 % Men	

“82 per cent respond that they would like to continue working at Folksam”



Clear environmental goals

In addition to the environmental responsibility we assume in our relationship with our customers, where we also have the greatest opportunity to exert influence, it is only natural for us to act as environmentally correctly as possible in our own operations.

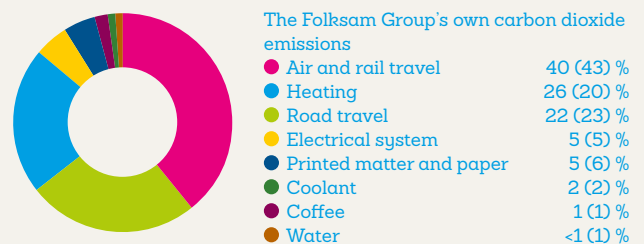
The Folksam Group has been working with environmental issues since the 1960s with the ambition to be at the forefront when it comes to environmental and climate work.

We want to do our part for Sweden to be able to achieve its climate target of reducing carbon dioxide emissions by 40 per cent by 2020. We have therefore set the same targets for our own operations. In 2014, we established two environmental targets for 2015: To reduce carbon dioxide emissions and travel by 5 per cent each (base year 2002). For us, the main source of emissions is travel, which ac-

counts for 62 per cent of total emissions.

As from 2015, we have integrated environmental goals in our business planning, which means that all business areas, units and subsidiaries have at least one environmental goal.

In 2016, the Folksam Group also decided to support the goal of net zero greenhouse gas emissions by 2030. This is a policy decision where all units will need to cooperate to make us less dependent on fossil energy over the coming years up until 2030. As a first step, the Folksam Group's environmental unit is planning and investigating how we can reorganise the operation most successfully and cost-effectively.



Our emissions are climate compensated

We climate compensate the climate footprint from our operations and our property portfolio through the Vi Agro-Forestry Programme tree-planting project. We climate compensate for our dispatch of customer documents, although we are working to transition fully to digital dispatches.

The Vi Agro-Forestry Programme plants an average of six trees for every tonne of carbon dioxide we release. The total climate impact Folksam offsets amounts to 6,230 tonnes of carbon dioxide, which means that nearly 37,400 trees will be planted to offset Folksam's carbon footprint.

Riding as a lifestyle

The love for her own horse and the companionship she experiences in the stables help Charlotta Ericson to relax after her at times hectic job as a project manager at a large bank.

Charlotta Ericson works as an advisor to the bank branches when it is time to consider new interior fittings and furnishings for the branch. With several days travelling each week – always for a full day – her time in the stables is an important opportunity for recovery.

“My sister Catarina and I have a horse each. We share a passion for horses and animals, and help out looking after them. I ride five days a week, which means I spend a lot of hours in the stables. Having your own horse is a lifestyle,” says Charlotta Ericson.

Charlotta began her riding career as a child. Like many other teenage girls, she went to her local riding school for many years, before taking a break while at upper secondary school. She rediscovered the spark at the age of 25, when she decided both to ride at a riding school and to become a co-rider, which gave her a little more freedom in her riding. Being a co-rider means you have the chance to exercise someone else’s horse and at the same time take responsibility for its care on one or more evenings a week.

Even though Charlotta enjoyed life as a co-rider, she and her sister eventually took the step of acquiring their own horse. Charlotta feels that it is only when you get your own horse that you learn what responsibility means. Having your own horse is demanding, but it is also a life that generates an incredible amount of joy.

“I get to train, compete and spend time out in the countryside. You just need to make sure you are properly dressed. Another attraction is the sense of community in the stables. We’re like a family,” says Charlotta.

Charlotta bought her current horse seven years ago when it was two years old, a puppy-like friend that needed to be reared and to develop. Setting boundaries is just as impor-

tant for horses as it is for children. A horse weighing several hundred kilograms has to respect and trust its owner. At the same time, it needs a lot of love and care. Being properly insured is therefore very important, according to Charlotta.

“We take great care to give our horses a health check once or twice a year. This enables us to avoid expensive veterinary care over time. There have been minor ailments over the years, but we have never needed any extensive care,” says Charlotta Ericson.

In addition to insuring her horses with Folksam, Charlotta is also covered by an accident insurance policy through her membership of the local riding club.

“I have been very fortunate and never suffered any serious injury, but it is comforting to know that I am properly protected if something should ever happen.

How we create security for our riders



Horse insurance. We offer you an insurance policy that fits the unique needs of your horse. Our horse insurance is available in two versions: Basic, which gives you basic cover, and Large, which provides a more extensive cover.



Accident insurance via member association of the Swedish Equestrian Federation. Members of associations that are part of the Swedish Equestrian Federation are covered by Folksam’s accident insurance.

A woman with curly blonde hair, wearing a bright blue jacket, stands in a snowy field holding the lead rope of a brown horse. The horse has a white blaze on its face. In the background, there is a red wooden building and bare trees. A white cloud-shaped graphic contains a quote and a name.

“A horse needs a great deal of love and care”

Charlotta Ericson

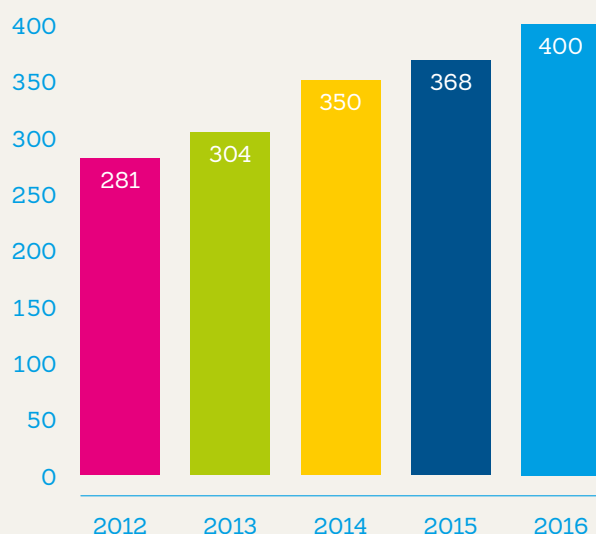
Every krona benefits the customers

The Folksam Group continued to develop in a stable fashion in 2016, despite the changing times. The premium volumes developed in a controlled manner, the return was well above expectations, and the market shares and appreciation of our brands remained at high levels.

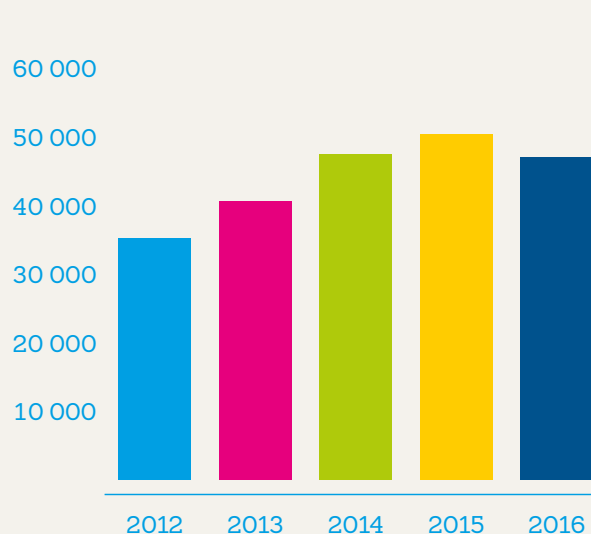
In many ways, 2016 was a successful year for the Folksam Group. The total premium volume was SEK 47 (50.5) billion, while the managed assets exceeded SEK 400 billion and our different companies yielded good returns in 2016.

As a mutual company, Folksam's surplus stays with our customers in the form of better insurance, lower premiums and bonus interest. In this way, every krona benefits the customers.

Folksam's managed assets



Total premium volume



Summary: Key ratios

The Folksam Group	2016	2015	2014
Folksam Customer Index (FCI), %	79	78	79
Premiums, SEK millions ¹	47,023	50,469	47,501
of which Folksam General ²	14,269	13,395	12,925
of which Folksam Life ²	32,754	37,074	34,576
Managed assets, SEK millions ^{3,4}	400,270	368,454	350,170
Unit-linked insurance assets, SEK millions ^{3,4,5}	124,043	111,144	99,525
Number of full-time employees ⁶	3,731	3,706	3,563

¹⁾ Premiums comprise premiums earned in non-life insurance, premiums written in life insurance and deposits from savers in unit-linked insurance, including the non-consolidated insurance companies.

²⁾ Relates to the summary total premiums per company and its respective subsidiaries, including the non-consolidated insurance companies.

³⁾ At the end of the period.

⁴⁾ Assets according to the total return table less strategic holdings, which principally relate to the value of subsidiaries.

⁵⁾ Investment assets for which the policyholders bear the risk.

⁶⁾ Based on paid time during the period.

“The bonus is the ultimate proof that we are a customer-owned company”

Adjusted bonus interest

During the year, we made a number of changes to the traditional life insurance in order to safeguard the long-term perspective of the product and the customer collective that have built up the surplus. At the end of the year, the following applied:

- To safeguard continued stable growth as regards saving in traditional life insurance – by acquiring greater scope to invest in assets that can produce a better return over time than interest-bearing investments – Folksam Life changed the guarantee for defined contribution policies with equalised bonuses. This change means that the guarantee interest rate was reduced from 1 January 2017 from 1.5 per cent to 1 per cent, and that the guarantee is calculated on 80 per cent of the new deposits rather than 85 per cent as previously. Collectively agreed insurance policies with conventional management were only affected by the altered guarantee interest rate as from 1 January 2017.
- Folksam Life went back to a joint bonus rate for “old” and “new” capital.
- Folksam Life raised the bonus rate in the traditional life insurance from three to four per cent as of 1 November. On 1 February 2017, we raised the bonus interest a further percentage point to five per cent.

At the end of 2016, Folksam Life’s collective consolidation stood at 121 per cent for occupational pension operations and 119 per cent for the remaining life insurance operation. KPA Pension uses rate of return instead of the bonus rate. The rate of return means that all returns are distributed directly to the customers after every quarter. The collective funding ratio is therefore always around 100 per cent at KPA Pension. The rate of return for 2016 was 3.7 per cent.

Another bonus year

Bonus interest is the ultimate proof that we are owned by our customers, and helps to encourage our customers' appreciation us. Thanks to its strong financial position, Folksam General is issuing bonus interest to its customers for the fifth year running after having introduced the bonus interest programme in 2012.

Within Folksam General, the bonus amounts to SEK 271 million (325) and will cover pet, home and vehicle insurance as well as personal risk. The bonus is shared between 2.3 million customers. Folksam Life has decided not to pay a bonus for 2016.

Bonus in Folksam General		
	Insurance (covered)	Bonus interest
2013	<ul style="list-style-type: none"> • Home • Automotive • Personal risk • Animals 	4.5% per paid premium SEK.
2014	<ul style="list-style-type: none"> • Home • Automotive • Personal risk • Animals 	4.4% per paid premium SEK.
2015	<ul style="list-style-type: none"> • Home • Automotive • Personal risk • Animals 	4.1 % per paid premium SEK.
2016	<ul style="list-style-type: none"> • Home • Automotive • Personal risk • Animals 	3.1 % per paid premium SEK.

Folksam Life bonus interest		
	Insurance (covered)	Bonus interest
2013	<ul style="list-style-type: none"> • Group life 	20% per paid premium SEK
2014	<ul style="list-style-type: none"> • Group life 	25% per paid premium SEK.
2015	<ul style="list-style-type: none"> • Group life 	30 % per paid premium SEK

Two Groups, four brands, ten insurance companies

Folksam is customer-owned and comprises the two parent companies Folksam ömsesidig livförsäkring (Folksam Life) and Folksam ömsesidig sakförsäkring (Folksam General) with subsidiaries.

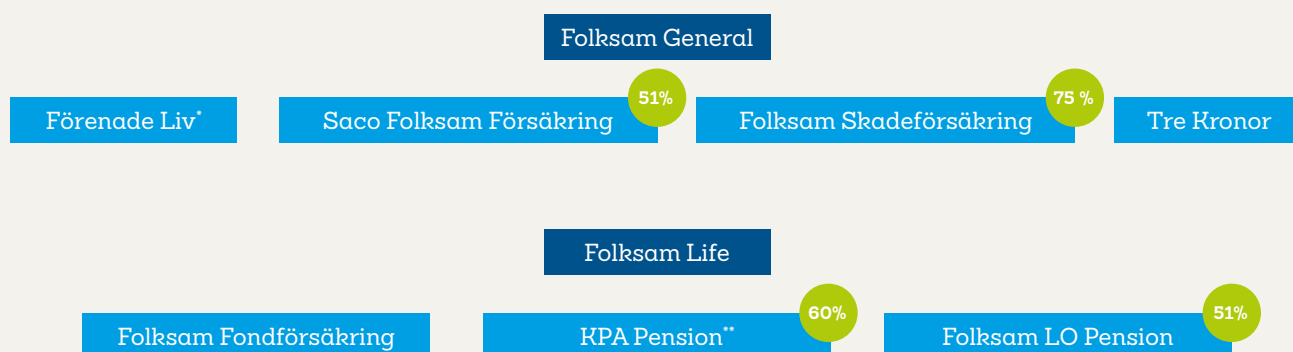
Folksam Life is the parent company of a group that, in addition to the parent company, comprises both wholly owned subsidiaries such as Folksam Fondförsäkringsaktiebolag (publ) (Folksam Fondförsäkring), and part-owned subsidiaries such as the companies within the brand KPA Pension, which is 60 per cent owned, and Folksam LO Fondförsäkringsaktiebolag (publ) under the brand LO Pension (Folksam LO Fondförsäkring), which is 51 per cent owned. KPA Pension comprises KPA AB, KPA Livförsäkring AB (publ) (KPA Livförsäkring), KPA Pensionsförsäkring AB (publ) (KPA Pensionsförsäkring), KPA Pensionservice AB and KPA Pensionstjänst AB (under liquidation).

Folksam General is the parent company of a group that, in addition to the parent company, comprises both wholly owned subsidiaries such as Tre Kronor Försäkring AB, Förenade Liv Grupp-försäkring AB (publ) (Förenade Liv) and SalusAnsvar AB, as well as part-owned subsidiaries such as the Finnish insurance company Folksam Skadeförsäkring AB, which is 75 per cent owned. SalusAnsvar AB in turn owns 51 per cent of Saco Folksam Försäkrings AB.

In total, Folksam encompasses ten wholly and part-owned insurance companies.

The companies within the Folksam Group collaborate in areas such as distribution, administration and asset management to achieve economies of scale that benefit customers.

The Folksam Group was previously organised in three business areas, but has been restructured over the past year to create greater customer focus and increased efficiency. These changes entered into force in September 2016, when three business areas were made into two by merging the business areas Partner and Collectively Agreed Business. The Private business area was already in existence.



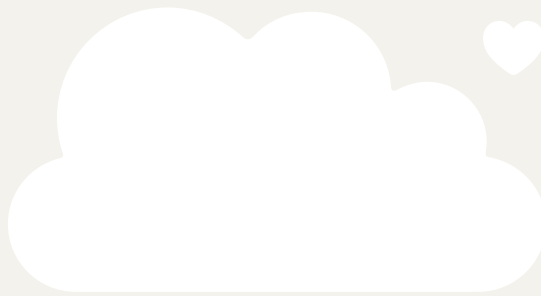
* In autumn 2015, Folksam notified its intention to incorporate the subsidiary company Förenade Liv's operations and insurance portfolio into Folksam, and to phase out the brand. The goal is for the activities and the brand of Förenade Liv to be completely phased out by the turn of the year 2018/2019.

** The brand KPA Pension contains the two insurance companies KPA Pensionsförsäkring och KPA Livförsäkring.



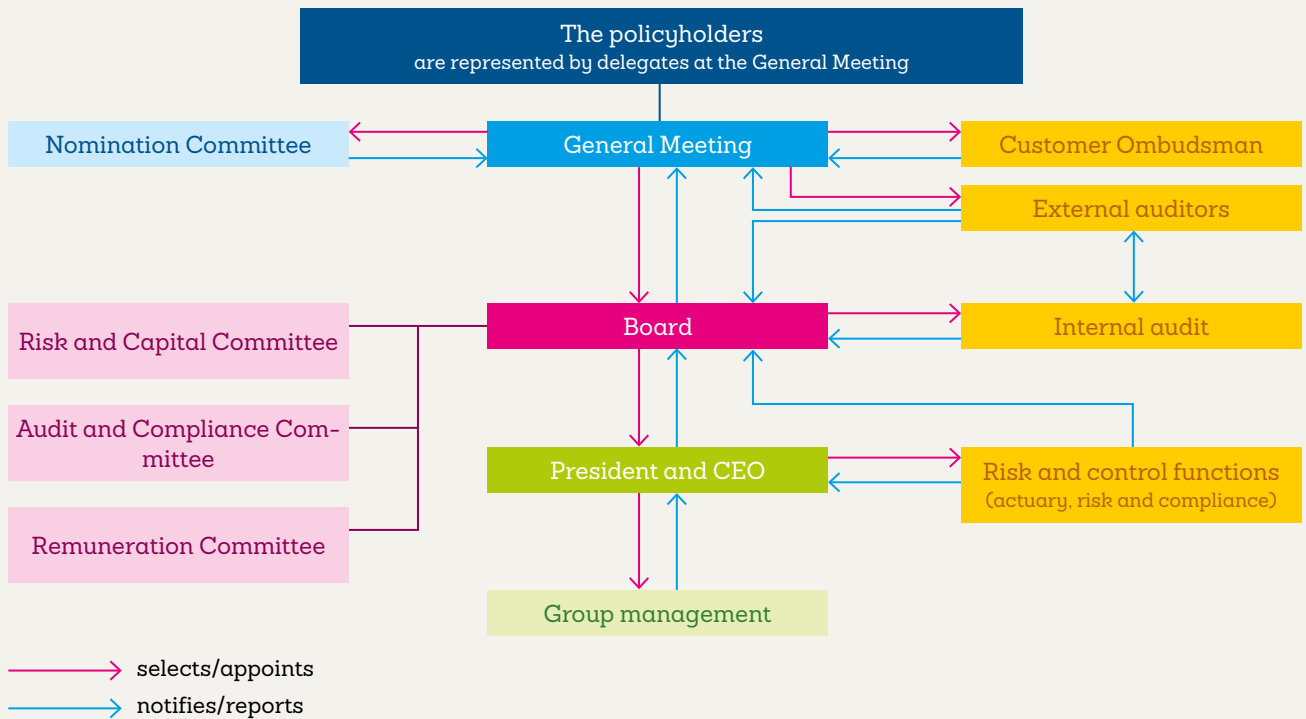
Our customers decide

Folksam has no shareholders. Instead, it is the influence of our just over four million customers that leads to decisions at the Annual General Meeting. As a customer-owned operation, it is of central importance that the customers are involved and influence what we do.



The customers' influence in the form of voting rights, the right of expression and proposal takes place through specially elected delegates. Delegates are either directly elected policyholders or appointed by large customer

groups/organisations. In Folksam General, the customers are represented by 80 delegates and in Folksam Life by 75 delegates.



Our Boards

In Folksam, the board members represent the policyholders' interests. The board members therefore represent the various customer groups, i.e. the cooperative sphere, the trade union sphere, the sports movement, retirees, entrepreneurs and employers. Since 2013, there are also representatives in the boards from outside of these spheres.

The nomination committees make proposals to the annual general meetings on who should sit on the boards. They

should aim to ensure that the boards have a suitable composition with regard to skills, age and gender.

For more detailed information on the boards' compositions and their work, see our annual reports on [folksam.se](https://www.folksam.se).



[Read more at folksam.se](https://www.folksam.se)

Board of Directors Folksam General



Back row, from left

Leif Linde
Magnus Ling
Kerstin Kujala, employee representative
Mikael A Carlsson, employee representative
Karl-Petter Thorwaldsson, Chairman
Therese Guovelin
Ulf Andersson
Ann-Louise Andersson,
employee representative
Eva Lindh

Front row, from left

Anders Lago
Eva Nordmark, Vice Chair
Anita Modin
Björn Eriksson

Not pictured:

Bo Jansson
Karin Mattsson Weijber

Folksam General

Folksam General is customer-owned and undertakes general insurance activity principally focused on the Swedish household market. The company offers a full range of insurance products to households and individuals with car and household insurances as the base, as well as commercial insurance products within specially selected areas.

Occurred in 2016:

- In January 2016, Konsumenternas Försäkringsbyrå (the Consumers' Insurance Bureau) published their comparison of child insurance policies – and Folksam's individual child insurance took first place. This is partly a result of Folksam launching a more extensive child insurance policy, with higher remuneration levels than before. In the same way, Folksam's group child insurance took first place among group insurance policies. At present, Folksam is sharing second place in the same comparison.
- Folksam is initiating a partnership with Distriktsveterinärerna to help promote more sustainable price development for veterinary care. Part of the partnership is to prepare a guide price list for a number of diagnoses and a discount on the basic excess of SEK 300 for the customers who choose Distriktsveterinärerna.
- As at 31 December, Folksam General wrote down the value of its holding in Cooperante, which owns 11.1 per cent of Arenabolaget i Solna KB, to zero. The original investment was SEK 100 million.
- Folksam sold its 20 per cent holding in the independent fund selection expert Indecap Holding AB to Sparbankerna.

Folksam General (Parent Company)	2016	2015	2014
Premiums earned, SEK millions	11,298	10,592	10,096
Profit/loss before appropriations and income tax, SEK million	1,746	557	2,426
Total expenses, %	101	97	99
• Claims expenses, %	84	78	82
• Operating expenses, %	17	19	17
Funding ratio, %	157	149	153
Total return, %	6.0	2.4	8.1

Board of Directors Förenade Liv



Back row, from left

Git Claesson Pipping
Sture Nordh, Chair
Christina Björklund, employee representative
Elisabeth Sasse
Peter Lennartsson

Front row, from left

Lars-Erik Klason
Ann-Charlotte Tollqvist, employee representative
Niklas Hjert
Eva-Lotta Nilsson

Not pictured:
Torbjörn Eckerdal

Förenade Liv

Förenade Liv specialises in personal insurance for white-collar workers and university graduates. Smart group solutions are tailored in close cooperation with organisations and employers. The products offered are life, health, diagnosis, accident, child and medical care insurance. In total, Förenade Liv insures 900,000 people in around 1,100 group agreements. Förenade Liv is a non-profit limited liability company that is operated on mutual principles.

Occurred in 2016:

- According to the recommendation of Förenade Liv's Board, the General Meeting has decided at the half-year, in accordance with the Board of the parent company, to initiate the incorporation of Förenade Liv's operations and the winding up of the company.
- As from 1 October, Kenneth Axelsson took up the role of Managing Director.
- During 2016, digitisation has been an important component of the development work. A number of projects have been halted, however, such as the upgrading of the claim system's platform, in conjunction with the incorporation decision and the planned winding up.
- In 2016, a collaboration was launched between Karolinska Institutet and Lärarförsäkringar – owned by the Swedish Teachers' Union, the National Union of Teachers in Sweden, Förenade Liv and Svenska Re – under the working name Prevention and Rehabilitation, and is tailored for teachers who are on sick leave due to stress-related mental ill health. Through a process of random selection, six to ten teachers are offered treatment at Svenska Re, with the remaining six hundred or so becoming a control group.

Förenade Liv	2016	2015	2014
Premiums earned net of reinsurance, non-life insurance business, SEK million	569	463	517
Premiums earned net of reinsurance, life insurance business, SEK million	541	534	421
Profit/loss before appropriations and income tax, SEK million	246	-91	149
Funding ratio, %	175	175	200
Total return, %	7.0	1.9	9.6

Board of Directors Folksam Life



Back row, from left

Jan Rudén
Britt Hansson
Niklas Rengen
Cecilia Hermansson
Lars Ericson
Susanna Järnek, employee representative

Anders L Johansson, employee representative
Eva-Lis Sirén, Vice Chair
Göran Arrius
Göran Lindblå, Chair
Mikael Täll, employee representative

Front row, from left

Jonas Nordling
Elisabeth Brandt Ygeman
Lars-Inge Larsson
Maj-Britt Johansson-Lindfors

Folksam Life

Folksam Life is customer-owned and conducts life insurance business. The company offers occupational pensions and pension savings to private individuals, directly or through partnerships, as well as group life insurance and other types of risk insurance.

Occurred in 2016:

- To safeguard continued stable growth as regards saving in traditional life insurance – by acquiring greater scope to invest in assets that can produce a better return over time than interest-bearing investments – Folksam Life changed the guarantee for defined contribution policies with equalised bonuses. This change meant that the guarantee interest rate was reduced from 1.5 per cent to 1 per cent as from 1 January 2017, and that the guarantee is calculated on 80 per cent of the new deposits rather than 85 per cent as previously. Collectively agreed insurance policies with conventional management are only affected by the altered guarantee interest rate as from 1 January 2017.
- Folksam Life went back to a joint bonus rate for “old” and “new” capital. The joint bonus rate has been raised since then, from 3 per cent to 4 per cent, in November 2016. Since February 2017, the bonus rate is five per cent.
- As from 1 September, Folksam started requesting a sector licence for new insurance brokers who want to communicate Folksam’s offer. Dialogue regarding licences is also in progress with existing brokers, including the termination of brokers who do not have a licence. Folksam Life has also started training its own employees to carry out in-house certifications.
- As from September 2016, Folksam removed the up-front remuneration to insurance brokers from its standard agreement, as a step towards future regulations.

Folksam Life (Parent Company)	2016	2015	2014
Premium income, SEK million	9,839	13,479	13,438
Solvency ratio, %	165	162	155
Managed assets, SEK million	176,267	164,489	156,156
Average bonus interest, % ¹	5.3	9.2	6.3
Collective funding, occupational pension activities, % ²	121	119	-
Collective funding, other life insurance activities, % ²	120	117	-
Total return, %	8.4	3.7	12.0

¹ Relates to the period up to and including 30 November 2015, when all occupational pension activities were merged. At the end of 31 December 2015, bonus interest rates for the new operational areas stood at 8 per cent for “old capital” and 4 per cent for “new capital”. The average bonus interest rate in the table refers to “old capital”.

² In 2014 and 2013, the collective funding ratio was calculated, divided between Life1 and Life2.

Board of Directors KPA AB



Back row, from left

Lena Micko, Vice Chair

Anders Knape

Jens Henriksson, Chair

Per Ardehed

Elisabeth Sasse

Thomas Månsson, employee representative

Front row, from left

Håkan Sörman

Susanna Järnek, employee representative

Ann-Charlotte Tollqvist, employee representative

KPA Pension

KPA Pension is a brand and joint name for KPA AB, KPA Pensionsförsäkring, KPA Livförsäkring, KPA Pensionservice and KPA Pensionstjänst. KPA Pension is the pension company for the local government sector and manages occupational pensions for employees in municipalities, county councils, as well as municipal and cooperative companies. KPA Pensionservice offers employer service for the handling of municipal pension commitments, administration of the employees' individual pension choices, qualified consulting services, occupational group life insurance and professional pension advice. KPA Pension offers private individuals investments in private pension insurance and unit-linked insurance. Folksam owns 60 per cent of KPA Pension and the Swedish Association of Local Authorities and Regions (SALAR) owns 40 per cent.

Occurred in 2016:

- Britta Burreau took up the position of Managing Director of KPA Pension in December 2016.
- A total of around 150 municipalities and municipal companies, which have taken out defined-benefit pension insurance with KPA Pension, shared a bonus fund in the region of SEK 600 million.
- The labour market parties within the municipal and county council sector appointed KPA Pensionsförsäkring to provide family cover as from 1 January 2018. This applies to all employees in the municipal sector covered by the defined contribution collectively agreed occupational pension AKAP-KL.
- During the year, KPA Pensionservice won a number of procurements regarding pension administration, including Region Skåne and the City of Gothenburg, Fagersta, Bollnäs, Sala, Heby and Vadstena municipalities.
- For the fourth consecutive year, Max Matthiessen took the temperature regarding how Swedish pension companies are working with responsible investments. KPA Pension, along with three other companies, was awarded the grade Pass with Credit in the field of traditional insurance. For the fifth year in a row, KPA Pension again came top in the pension industry in the Sustainable Brand Index survey of sustainable brands in Sweden.

KPA Pensionsförsäkring AB	2016	2015	2014
Premium income, SEK million	12,138	11,726	10,172
Solvency ratio, %	164	164	166
Managed assets, SEK million	148,379	132,283	122,713
Total return, %	6.6	3.3	13.3
Rate of return, %	6.7	3.7	13.4

Board of Directors Folksam LO Pension



Back row, from left

Michael Lundin, Folksam
Pauli Kristiansson
Anders Olson
Per Ardehed
Sven Olander

Front row, from left

Eva Fredriksson
Elisabeth Sasse, Chair
Ann-Marie Stenberg Carlsson
Inger Hjærtström

Not pictured:

Kjell Ahlberg, Vice Chair
Karin George af Klercker

Folksam LO Pension

Folksam LO Pension is a brand focused on collectively agreed occupational pensions and principally covers administration and management of pension allocations made under the pensions agreement between the parties of the labour market. Operations are conducted in Folksam LO Fondförsäkring AB, which is 51 per cent owned by Folksam Life and 49 per cent by LO and their associations.

Occurred in 2016:

- The company decided to lower fees for customers with SAF-LO collective agreement occupational pensions as of 1 January 2017.
- Folksam LO Pension increased the premium volume by 10.7 per cent. The return for 2016 amounted to 9.3 per cent.
- The Board appointed Mia Liblik as the new CEO of Folksam LO Pension as of 1 January 2017.

Folksam LO Pension	2016	2015	2014
Premium volume, SEK millions	5,751	5,197	4,449
Profit/loss before appropriations and income tax, SEK million	297	328	304
Solvency factor, %	4.6	3.8	3.1
Total return, %	9.3	7.9	17.9

Folksam's Group management



Jens Henriksson
President and CEO

Born 1967
Employed since 2013
In current position since 2013



Ylva Wessén
Deputy CEO and Chief of Staff

Born 1970
Employed since 2007
In current position since 2016



Gunnar Fröderberg
CIO and Head of IT

Born 1953
Employed since 2008
In current position since 2008



Elisabeth Sasse
Head of Partner and Collectively
Agreed Business BA

Born 1966
Employed since 2011
In current position since 2014



Daniel Barr
Head of Product

Born 1962
Employed since 2014
In current position since 2017



Harriet Pontán
Head of People and Places

Born 1953
Employed since 2005
In current position since 2005



Michael Kjeller
Manager, Asset management

Born 1964
Employed since 1988
In current position since 2007



**AnnKristine
Wuopio-Mogestedt**
CCO and Director of Claims
and Pension Service

Born 1961
Employed since 1988
In current position since 2006



Per Ardehed
Chief Marketing and Sales Officer

Born 1967
Employed since 1992
In current position since 2016



Britta Bureau
Managing Director of KPA Pension

Born 1964
Employed since 2016
In current position since 2016



Jesper Andersson
CFO and Director of Economy and
Finance

Born 1977
Employed since 2000
In current position since 2017



Anna-Karin Laurell
Head of Private BA

Born 1963
Employed since 2017
In current position since 2017

The 2016 reports

For the 2016 financial year, the Folksam Group has published an annual and sustainability report, formal annual reports for each company, as well as a GRI report. Folksam has published sustainability reports annually since 2002, and for 2016 is doing so both in this summary report and in a separate GRI report. More in-depth information can also be found at folksam.se.

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Graphic design, infographics

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Ewa Guiance

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Carina Gran	page 1, 28, 60, 67 and 82–83
Andreas Lind	page 6
Anette Andersson	page 7







Our customers own Folksam

Folksam is a customer-owned company. This means that our customers are also our owners and that our surplus goes back to the customers. This is how we have always worked.