



CLIMATE TRANSPARENCY REPORT

2019

Folksam

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-B3256570-F72A-4C7A-909A-D80396260566/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	-	Public				
SG 13.4 CC	-	Public				
SG 13.5 CC	-	Public				
SG 13.6 CC	-	Public				
SG 13.7 CC	-	Public				
SG 13.8 CC	-	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	-	Public				
SG 14.5	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	Folksam
Signatory Category	Insurance company
Signatory Type	Asset Owner
Size	US\$ 30 - 50 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2006
Region	Europe
Country	Sweden
Disclosure of Voluntary Indicators	85% from 38 Voluntary indicators

Folksam

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Engagement policy <input type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Folksam is a mutual company which means that our customers are also our owners. What is important for them is important for us. Within the Folksam Group we have different sets of investment criteria based on customer demands (see SG 01.5). Common for all are our engagement criteria. We believe that we both have a responsibility and a possibility to contribute to a positive change through the investments we do.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

We engage with our investments according to our investment criteria regarding the climate and environment, human rights and anti-corruption. Our goal is not to reject companies to invest in, but rather to encourage as many as possible to improve at taking responsibility.

We exclude tobacco and illegal arms such as cluster weapons, anti-personnel mines and nuclear weapons. From 2015 we neither invest in companies with more than 30 percent of their returns from coal. All companies within Folksam 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. For Folksam General, whose car, home and holiday home insurance products are Good Environmental Choice certified, investments in coal-fired generators, nuclear power and uranium are excluded in addition to arms and alcohol.

Since 1st January 2017, our investment criteria cover all our asset classes, ie listed companies, fixed income, alternative investments and real estate.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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**SG 01.6
CC**

Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.

Folksam Group is a long term investor. The most material climate-related risk we have identified is that our holdings does not prepare enough for climate change. Therefore we have been active in our engagement with e.g. portfolio companies and bond issuers to discuss climate-related risk and opportunities, and how the entities are handling the issue. We have also asked companies whether they will support and implement the TCFD recommendations.

**SG 01.7
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

**SG 01.8
CC**

Indicate the associated timescales linked to these risks and opportunities.

Certain risks are more short term such as physical risks (storms, floods et c). The transition risks are generally more long term. It is difficult to assess the risks and opportunities and one of our greatest challenges as investors as of today.

No

**SG 01.9
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.10
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

We have set up an internal task force to identify and manage material climate-related risks and opportunities with start 2018.

No

**SG 1.12
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Our TCFD report will be published on our webpage.

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1 Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

- Policy setting out your overall approach
- Formalised guidelines on environmental factors

URL/Attachment

- URL

URL

{hyperlink:https://www.folksam.se/om-oss/vart-hallbarhetsarbete/ansvarsfullt-agande/vara-placeringskriterier/miljo}

- Attachment (will be made public)
- Formalised guidelines on social factors

URL/Attachment

- URL

URL

{hyperlink:https://www.folksam.se/om-oss/vart-hallbarhetsarbete/ansvarsfullt-agande/vara-placeringskriterier/manskliga-rattigheter}

- Attachment (will be made public)
- Formalised guidelines on corporate governance factors

URL/Attachment

- URL

URL

{hyperlink:https://www.folksam.se/media/agarpolicy_folksam_liv_bilaga_2018_tcm5-23578.pdf}

- Attachment (will be made public)
- Fiduciary (or equivalent) duties
- Asset class-specific RI guidelines
- Sector specific RI guidelines

URL/Attachment

URL

URL

{hyperlink:https://www.folksam.se/om-oss/vart-hallbarhetsarbete/ansvarsfullt-agande/vara-placeringskriterier}

Attachment (will be made public)

Screening / exclusions policy

URL/Attachment

URL

URL

{hyperlink:https://www.folksam.se/om-oss/vart-hallbarhetsarbete/ansvarsfullt-agande/vara-placeringskriterier/uteslutna-foretag}

Attachment (will be made public)

We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

{hyperlink:https://www.folksam.se/om-oss/vart-hallbarhetsarbete/ansvarsfullt-agande/sa-jobbar-vi}

Attachment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

{hyperlink:https://www.folksam.se/om-oss/vart-hallbarhetsarbete/ansvarsfullt-agande/sa-jobbar-vi}

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:https://www.folksam.se/om-oss/vart-hallbarhetsarbete/ansvarsfullt-agande}

Attachment

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:https://www.folksam.se/media/agarpolicy_folksam_liv_bilaga_2018_tcm5-23578.pdf}

Attachment

Climate change

We do not publicly disclose any investment policy components

SG 02.3 Additional information [Optional].

Since January 2016, the department of Responsible Investments and Corporate Governance is part of Folksam Asset Management.

Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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SG 07.5 CC Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

Oversight/accountability for climate-related issues

Assessment and management of climate-related issues

No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

Oversight/accountability for climate-related issues

Assessment and management of climate-related issues

No responsibility for climate-related issues

	Other Chief-level staff or head of department
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Portfolio managers
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Dedicated responsible investment staff
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	External managers or service providers
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6 CC	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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Our boards have decided our investment criteria regarding environment and climate.

SG 07.7 CC	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
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Our CEO and CIO have decided on the implementation guidelines regarding the criteria for environment and climate.

SG 07.8 CC	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
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- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1 Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities
- No, not to assess future ESG/climate-related issues

SG 13.3 Additional information. [OPTIONAL]

Folksam has started the process of scenario analysis.

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1 Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

SG 14.2 Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		25	000	000	000
Currency	SEK				
Assets in USD		2	783	591	192

Specify the framework or taxonomy used.

Folksam Group has invested 25 billion SEK in green and social bonds.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

SG 14.5

Additional information [Optional]

Folksam has a index based investment approach.

SG 14 CC	Voluntary	Public		General
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**SG 14.6
CC**

Please provide further details on these key metric(s) used to assess climate related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Weighted average carbon intensity	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Monitoring	tons CO2/SEKM	Weaknesses for all methodologies is the lack of relevant reporting from the companies.
Carbon footprint (scope 1 and 2)	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Monitoring	According to TCFD recommendation	Our data is from MSCI
Portfolio carbon footprint	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
Total carbon emissions	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Monitoring	According to TCFD recommendation	
Carbon intensity	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Monitoring	According to TCFD recommendation	
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

- Process for climate-related risks is integrated into overall risk management
- Process for climate-related risks is not integrated into our overall risk management

Please describe

We have started the process of integrating climate-related risks and opportunities into the risk management.

SG 14.9 CC	Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.
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Yes

Please describe

During the Swedish AGM season 2018 we asked the CEOs' about TCFD and encouraged the companies to adopt the recommendations.

No, we do not engage

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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%	5
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SG 15.3	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.
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Area	<input checked="" type="checkbox"/> Energy efficiency / Clean technology
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Asset class invested	<input type="checkbox"/> Listed equity <input type="checkbox"/> Fixed income - SSA <input type="checkbox"/> Fixed income - Corporate (financial) <input type="checkbox"/> Fixed income - Corporate (non-financial) <input type="checkbox"/> Fixed income - Securitised <input type="checkbox"/> Private equity <input type="checkbox"/> Property <input checked="" type="checkbox"/> Infrastructure
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% of AUM	0.4
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Forestry

Brief description and measures of investment

Investment in Swedish grid and electricity operator which invests in new smart grids.

- Renewable energy
- Green buildings

Asset class invested

- Listed equity
- Fixed income - SSA

% of AUM

0

- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property

% of AUM

3

- Infrastructure
- Forestry

Brief description and measures of investment

On the Fixed Income side we have not yet been able to aggregate the level of investments in green buildings due to limited reporting.

- Sustainable forestry

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

% of AUM

0.05

- Property
- Infrastructure
- Forestry

Brief description and measures of investment

Forestry fund

- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education

Asset class invested

- Listed equity
- Fixed income - SSA

% of AUM

0.025

- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Forestry

Brief description and measures of investment

Folksam has invested in bonds issued by the World Bank to highlight the UN Sustainable Development Goals and education is included in the development programs supported by the World bank.

<https://nyhetsrum.folksam.se/en/2018/02/12/the-folksam-group-invests-usd-350-million-in-world-bank-bonds/>

<https://www.worldbank.org/en/news/press-release/2018/10/11/folksam-group-partners-with-world-bank-to-reach-green-bond-investment-target>

- Global health

Asset class invested

- Listed equity
- Fixed income - SSA

% of AUM

0.025

- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Forestry

Brief description and measures of investment

Folksam has invested in bonds issued by the World Bank to highlight the UN Sustainable Development Goals and health is included in the development programs supported by the World bank.

<https://nyhetsrum.folksam.se/en/2018/02/12/the-folksam-group-invests-usd-350-million-in-world-bank-bonds/>

<https://www.worldbank.org/en/news/press-release/2018/10/11/folksam-group-partners-with-world-bank-to-reach-green-bond-investment-target>

- Water
- Other area, specify
- No