



Pension funds with the power to make a better future

Sustainability Report 2009



KPA
PENSION

About this report

This is KPA Pension's second sustainability report. It has been produced in accordance with the international guidelines on sustainability reporting, the Global Reporting Initiative (GRI), and we deem that it complies with disclosure level C of these guidelines. The sustainability report has not been audited by an external party. The sustainability report will be published annually and includes our previous annual report on our operations and parts of our environmental report.

With this sustainability report we intend to report in an open and objective way on how we take responsibility for a sustainable society. We have identified the stakeholders for our sustainability communication based on each stakeholder's influence on KPA Pension's operations, the impact of KPA Pension on each stakeholder and the sustainability issues that have the highest strategic priority for KPA Pension.

Our aim is to make the report an interesting read for our customers and our trade-union partners, our not-for-profit partners in cooperative ventures, politicians, opinion leaders and staff. Its contents have been determined firstly by the CSR issues we have been working on for many years and secondly through an in-house discussion prior to its preparation. The previous sustainability report, covering 2008, was published in March 2009, and no major changes in the presentation of information, scope, limitations or methods of measurement occur in the 2009 report.

Dialogue with KPA Pension

We welcome a dialogue about our work on sustainability issues and our sustainability report. Please feel free to contact us if you have any comments or questions.

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Cover photograph:

Stockexchange

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Statement from the CEO

In this year's sustainability report we offer an insight into how our efforts towards achieving a sustainable society are combined with, and contribute to, sound financial results.

Read more on page 4.



Events during the year

In 2009 KPA Pension investors once again received a high rate of return. At the same time, KPA Pension broadened its range of energy companies and took part in a global petition.

Read more on page 8.



Responsible investments

All the capital we manage is invested entirely in accordance with our ethical investment criteria.

Read more on page 13.



KPA Pension's social engagement

KPA Pension cleared 20 000 square metres of mines in the Cambodian village of O Ampil together with UNA Sweden.

Read more on page 19.



Internal environmental work

KPA Pension's path to carbon offsetting has been a long-term and painstaking journey that started in 1998.

Read more on page 21.



Focus on staff

Diversity and gender equality: two important factors in KPA Pension's continued success.

Read more on page 24.



Lars-Åke Vikberg, CEO of KPA Pension.



Photograph: Kate Gabor

Statement from the CEO

” We firmly believe that the application of ethical investment criteria adds long-term value to our management of our investors’ pension funds.

New CEO of KPA Pension

Lars-Åke Vikberg took over as CEO of KPA Pension in September 2009. He succeeded Bertil Repfennig, who had been CEO since 2001. Vikberg is 42 years old and has a strong CV from the life assurance industry at PPM, Folksam and Swedbank. Before becoming CEO he operated his own business as a pension consultant to Folksam and KPA Pension. One of his greatest interests is music, particularly Jussi Björling and David Sylvian.

Managing pensions is a very long-term task. The money paid in today will be managed for more than 40 years. During that time it will contribute to affecting the development of companies and communities in a financial cycle that here and now determines the prospects for the living conditions of future generations.

This long-term perspective governs all management of capital in KPA Pension. Our work has been based on ethical investment criteria for more than ten years.

We have strong endorsement of this among our customers and shareholders, who do not want pensions to be invested in a way that has undesirable consequences for people and the environment. We firmly believe that the application of ethical investment criteria adds long-term value to our management of our investors’ pensions – a belief that we increasingly share with other institutional investors and that is repeatedly backed up by Swedish and international research.

BALANCED RISK-TAKING

The pensions that KPA Pension have been entrusted with managing represent a significant element in our customers’ future security. We therefore aim for balanced risk-taking in our pension management. Ethical investment criteria are the right path to take from the financial point of view. We can avoid particular companies and sectors where the risks are disproportionate to the expected return when we factor in impact on people and the environment. KPA Pension is also an active shareholder, urging the companies we invest in to tackle shortcomings in human rights and the environment. This saves the companies considerable costs and ultimately ensures a more stable rate of return for

our investors. When we look back on the last ten years, we can see that we have periodically faced an uphill battle. There has been significant opinion opposed to our decision to adopt ethical investment criteria, and in certain quarters there has been a widely held perception that the rate of return for our investors is adversely affected.

From this point of view it is pleasing to be able to confirm to our customers and to the world at large that the KPA Pension management model with ethical investment criteria has generated a rate of return that has surpassed the industry average over the years we have been entrusted with managing the pensions of municipal and county council employees.

STRONG RATE OF RETURN AND GROWTH

KPA Pension has the important task of looking after the occupational pensions of employees in the municipal sector who do not make an active choice. This is trust that we are proud of and work hard to merit. In 2009 we produced a rate of return of +11.9 per cent for our investors. A combined rate of return of +18.2 per cent for 2008–2009, despite the period containing the worst economic downturn in 80 years, means that we rank highly among comparable companies. Over the period 2001–2009, the years during which municipal and county council employees have been able to invest their occupational pensions themselves, our average rate of return has been +4.9 per cent, which surpasses the industry average.

Meanwhile, our finances are stronger than ever. Capital under management at the end of the year totalled SEK 69 billion and has increased sharply over the past decade. This trend will continue for a long time to come, to the benefit of our investors. The solvency rate, which is a measure of our total assets in relation to guaranteed pension commitments, is now 172 per cent. This means that we have a very strong financial position, so the prospects of producing a competitive return in the long term and contributing to financial security for our investors are good.

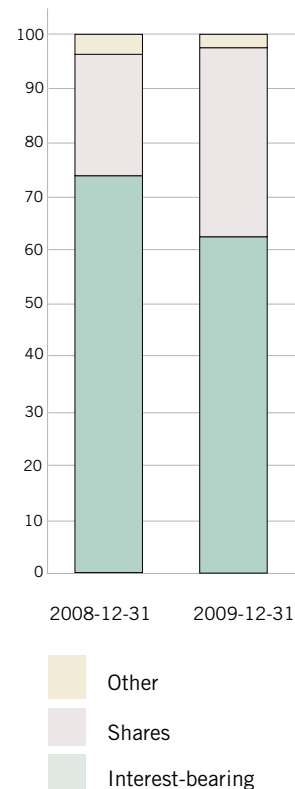
A significant change during the year was our decision to expand our investments in selected energy companies. This is a decision that may be considered controversial, but we firmly believe that this is the right focus, and ever greater global cooperation with other financial players shows that we are not alone in exerting shareholder influence. In this year's sustainability report we give you an insight into how our efforts towards achieving a sustainable society are combined with, and contribute to, sound financial results.



Lars-Åke Vikberg, CEO of KPA Pension

” In addition, ever greater global cooperation with other financial players shows that we are not alone in exerting shareholder influence.

Investment assets in KPA
Traditional pension insurance



The majority of KPA Pension's assets are invested in KPA Pension's traditional pension insurance. Strong economic growth in the 2000s enables KPA Pension to invest more in shares.

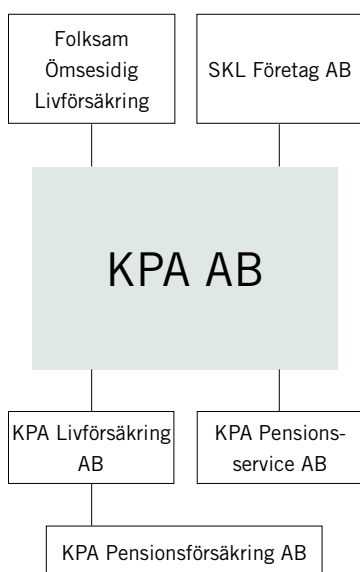
KPA Pension – leading, expert and unique since 1922

Strong owners

KPA Pension is 60 per cent owned by the Folksam Group and 40 per cent by the Swedish Association of Local Authorities and Regions through SKL Företag AB. The KPA Pension head office is located in Stockholm; there is also a smaller office in Sundsvall in northern Sweden.

Business concept

KPA Pension offers customised pension and insurance solutions, primarily to the municipal sector. We combine secure pensions with active social responsibility.



Merger within the Group

During the past year KPA Pension AB and Pensionsvalet PV AB merged to form KPA Pensionservice AB.

KPA Pension is the leading pensions company in the municipal sector. Since we were established in 1922, we have administered pensions for employees in municipalities, county councils, regions, municipal associations and companies. We have long experience and unique expertise to ensure that the pension capital totalling SEK 69 billion is optimally managed.

ACTIVE SOCIAL RESPONSIBILITY

KPA Pension's ethical profile is a cornerstone of the business. This means that we do not solely base our work on traditional financial analysis but also factor impact on people and the environment into our investment decisions. All capital is managed according to our ethical investment criteria.

A LARGE PENSION PLAYER IN THE MARKET

When KPA Pension was established, we had 400 people insured in 11 towns and cities. Our business has grown many times over since then.

Today our customers include more than 1 000 employers in municipalities, county councils, regions, municipal associations and companies. In a competitive market in which procurement takes place under the terms of the Public Procurement Act, we have been entrusted with pension administration for 80 per cent of Swedish municipalities and all the county councils. More than a million employees have their occupational pensions with us; almost as many have occupational group life insurance in KPA Pension.

We also offer investment in private pension insurance, premium pension funds and direct investment in unit trusts. There is a high level of confidence in our services. In 2009, pension administration was procured by 68 municipalities and 15 county councils. All the county councils and 63 municipalities chose KPA Pension. Eleven of the municipalities are new customers of KPA Pension. Only five municipalities chose to remain with competitors.

TAILORED CONSULTANCY SERVICES

We are a market leader in pension administration services, which has made our consultancy services increasingly significant. At KPA Pension, our customers can receive high-quality consultancy assis-

tance in a range of complex areas in which it is difficult to build up one's own expertise. Demand is substantial, and our consultancy services have become an increasingly important part of our operation.

STRONG GROWTH IN CUSTOMERS AND PREMIUMS

The number of investors in KPA Pension has doubled to more than a million since 2002 and 2009 was a year of continued positive growth, with more than 80 000 new pension investors. Our pension income in 2009 surpassed SEK 7 billion, which signifies a rise of three per cent from the previous year.

EMPLOYERS AND INDIVIDUALS AWARD HIGH MARKS

KPA Pension has received high marks from both employer customers and individual customers for several years. According to the Swedish Quality Index report for 2009, we have the most satisfied customers among pension providers in municipalities and county councils by a comfortable margin. The overall score awarded by our individual customers also rose during the year. Customer surveys show great support for the belief that pension providers should make efforts in relation to human rights and the environment. There is a strong belief that we make a difference. In our latest customer survey in 2009, nine out of every ten individual customers thought it more meaningful to have ethical pension investments than to give money to charities or buy Fairtrade goods. We have also seen an increase in support for ethical investment criteria since 2007.

EUROPEAN COOPERATION

KPA is a member of a European cooperative body, the European Association of Public Sector Pension Institutions (EAPSPI). Mia Liblik, a member of KPA Pension's senior management, has a seat on the Board of Directors of EAPSPI. Work is undertaken in four working groups, in which KPA Pension takes part.

Traditional insurance is the largest investment product

Traditional insurance is a secure form of investment that provides a guaranteed pension. In addition, a larger pension pot is obtained if the rate of return is higher than KPA Pension has guaranteed.

KPA unit-linked insurance

KPA Pension unit-linked insurance has four ethical funds. The SmartPension unit-linked insurance scheme combines the benefits of unit-linked insurance and traditional insurance. SmartPension is an alternative for customers who are willing to take a slightly greater risk by having a greater proportion of shares in their pension plans. However, the proportion of shares gradually decreases during the term of the plan and before the time of retirement the capital is transferred to a traditional insurance scheme that provides a guaranteed pension.

Occupational group life insurance

More than a million employees in municipalities and county councils have occupational group life assurance in KPA Pension. This provides compensation to survivors if the employee dies.

KPA Pension's follow-up of customer satisfaction - individuals	2009	2008	2007
CSI Individual (average of the overall rating, scale of 1–5)	3.4	3.2	-
CSI Individual customer service (total measure of satisfaction, scale of 1–5)	-	4.11	4.12
Ethical survey (good or very good rating in %)	93	-	78
KPA Pension's follow-up of customer satisfaction – employers			
CSI Employer customer. Satisfied overall, in % (score 4–5 out of 5)	96	-	-
Swedish Quality Index (customer satisfaction index scale 0–100)	68.8	67.7	-
Financial barometer (total score inc. customer satisfaction, scale 1–5)	2.9*	3.6	3.5

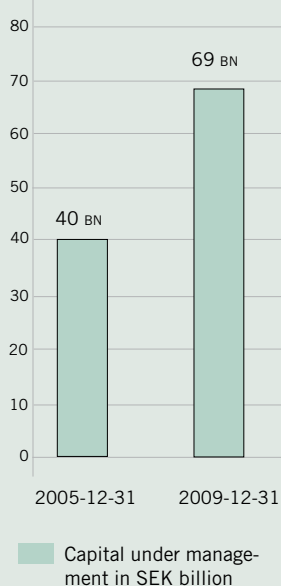
* KPA Pension ranked second among comparable companies

Climate change conference and global petition were important events during the year



For the second consecutive year, KPA Pension delivered one of the highest rates of return for traditional pension insurance.

Strong capital growth in KPA Pension.



KPA Pension's capital under management increased sharply during the 2000s; in four years, capital under management has grown by nearly 75 per cent.

World stock markets rose sharply in 2009 after the historically massive large slide in equities in the previous year. During two years notable for wide fluctuations in the world's stock markets, KPA Pension managed to deliver a good rate of return for its pension investors, both in the downturn of 2008 and in the upturn of 2009.

In our efforts to persuade the companies we invest in to take greater responsibility for people and the environment, it is not without significance that we are able to show that we are a player which is growing and successful in its management of capital.

BROADENED RANGE OF ENERGY COMPANIES

Our opportunities to work more actively on the criteria by which we exert influence have increased with pension capital that has risen by almost tenfold in the 2000s. We aspire to persuade companies to take responsibility for the environment and human rights. In 2006 we therefore decided to take a small number of energy companies on board. More and more companies have since chosen to focus on environmental efforts, and many now openly report their CO₂ emissions. Research and development in renewable energy has also progressed. In 2009 we therefore saw an opportunity to take another step forward in exerting influence by broadening our selection of energy companies. KPA Pension chose to introduce 66 selected energy companies into its investment portfolio. These companies are attempting to reduce their adverse impact on the environment and are working on alternative energy sources.

With increased capital and the possibility of a greater ownership role, KPA Pension can influence these companies, encouraging them to make a greater commitment to renewable energy. We firmly believe that such influence produces greater results than merely excluding companies. In addition, we have made extensive progress in our efforts to exert influence. Our work has become more effective and systematic and is based on a step-by-step dialogue through various channels, by letter, e-mail, teleconferencing and personal visits. We contacted all 66 energy companies during the year.

KPA PENSION TAKES PART IN GLOBAL PETITION

The COP15 climate change conference in Copenhagen at the end of the year was historic. It was the largest conference on climate change ever to be held, and although it left much to be desired in terms of

the final result there were several positive factors. The United States and China, who today make by far the greatest contributions to the greenhouse effect, were substantially in agreement and appreciate the seriousness of the climate change issue. At the same time, the large developing countries have agreed to take measures to limit their emissions. On the whole, COP15 was a pioneering conference, because the issue of climate change was raised a level and discussed by decision-makers and heads of state on a broad front.

In the run-up to the Copenhagen conference, KPA Pension joined 180 other global investors in a petition initiated by the UN. The petition demanded that industrialised countries should reduce their emissions by 80–95 per cent by 2050 and provided strong backing for the developing countries during the negotiations. With combined capital of nearly SEK 100 000 billion, this was clear proof that it is possible to act powerfully as investors. During the Copenhagen conference KPA Pension took part in a discussion on why the Nordic financial sector is considered to lag behind in efforts to address climate change.

RESPONSIBLE MARKETING

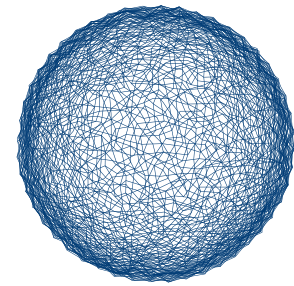
Pension investors generally have little knowledge of the products marketed by pension providers, while occupational pensions today account for a significant share of future income. The current pensions system in Sweden is notable for the great freedom that individuals have to influence their own pensions by choosing how to invest pension funds. It is therefore very important that pension investors are given good opportunities to make informed pension choices.

During the year KPA Pension took steps to increase clarity in comparative marketing of different products for occupational pensions. KPA has pursued a case through the Swedish Market Court, in part to test how savings products with differing levels of risk can be compared. This initiative by KPA Pension has been guided by a desire to improve pension investors' prospects of understanding and evaluating differences in level of risk between various marketed occupational pension products and to prevent misleading marketing.

KPA Pension also trained staff during the year in how to apply the Marketing Act. We have also conducted an independent review of all marketing communication with the aim of quality-assuring and raising the level of knowledge ahead of future activities.

THE MESSAGE ON THE POWER OF MONEY

Our goal in our customer communication is to make people aware of their opportunities to influence how their own pension funds are used – the message about the power of money to produce benefit or cause harm, depending on how it is invested. Today many people are unaware that pensions may be invested in companies that, for example, produce weapons or tobacco or use child labour.



COP15
COPENHAGEN
UNITED NATIONS CLIMATE CHANGE CONFERENCE 2009

KPA Pension took part in a global petition initiated by the UN in the run-up to the climate change conference in Copenhagen.

Profitable to invest ethically

It pays to invest in companies that operate ethically. This was the view of the American think-tank Ethisphere when it published its seventh consecutive annual report on the world's most ethical companies in 2009.

Each time, the rate of return for the most ethical companies has beaten heavyweight indices such as the S&P 500 and the FTSE 100.



A KPA Pension advertising campaign in 2009 was aimed at alerting people to how their pension is invested.

How KPA Pension takes active social responsibility

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

Corporate Social Responsibility is a key element in our business concept and is firmly endorsed throughout the organisation. We make conscious efforts to minimise our own environmental impact, create a good working environment for our employees and support various forms of social engagement in society. Security, competence and social responsibility are our core values. To make our work more effective we have a number of instruments and policies which are described in brief on this spread. KPA Pension has also chosen to affiliate itself to several global initiatives for sustainable development.

CSR strategy

KPA Pension will be the leading ethical pensions provider.

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

Investments

We invest all pensions according to ethical investment criteria and assess existing holdings continuously. In these areas we wish to influence companies so that they take responsibility for people and the environment:

- Human rights
- Environment
- Corruption

We do not invest at all in these areas:

- Weapons
- Tobacco
- Alcohol
- Gambling

ISO 14001

Environmental work is governed by a management system certified to ISO 14001. All managing directors of the various KPA Pension companies are responsible for its application.

Environmental targets are set for internal operations and for capital management.

Environmental policy

KPA Pension's environmental policy means that we:

- are economical with resources and are gradually switching to renewable natural resources in our administration.

- integrate environmental issues into our range of products and services.
- only invest in securities in companies that make active efforts to reduce their adverse environmental impact.
- openly communicate our environmental work and our environmental impact and promote exchange of knowledge and collaboration in environmental matters.
- make demands on our suppliers so that, after a period of adaptation, they work on their environmental issues in the same way that we address ours.
- build up and maintain a high level of environmental expertise among our staff.
- comply with environmental laws and regulations, work towards constant improvement and work towards reducing pollution.

Policy on working environment and health

Our vision is to contribute to making society sustainable in the long-term, a society in which our customers and staff regard KPA Pension as a health-aware company. Efforts to improve the working environment will:

- comply with legislation on the working environment
- be an integral part of the business
- take place in collaboration between employee and employer.

Policy for gender equality and diversity

KPA Pension has a policy on gender equality and a gender equality plan. Under this policy we will offer all employees, regardless of gender, equal rights with regard to work, working conditions and opportunities for advancement.

With optimal benefit to KPA Pension in mind, we will lead, develop and utilise differences and view them as an asset. Corporate culture, leadership and employeeship will support this approach.

Ethical guidelines

KPA Pension has ethical guidelines for our behaviour towards our customers and suppliers. The guidelines are based on all employees acting in such a way that the relationship with customers and colleagues is permeated by KPA Pension's values. All employees are offered an environmental alternative as a Christmas gift, which means that they can plant trees, and all gifts are to a high environmental standard.

Human rights policy

Human rights issues are important and affect the whole of our business. KPA Pension will therefore work towards constant improvement and towards preventing the infringement of rights in its operations. Our work is founded on:

- National and international laws
- The UN Universal Declaration of Human Rights
- The UN Convention on the Rights of the Child
- The ILO's eight core conventions
- OECD Guidelines for Multinational Enterprises.

Global Compact

KPA Pension supports Global Compact, a UN initiative aimed at the world's companies under which companies make a commitment to respect ten principles on human rights, working conditions, corruption and a better environment.

Sustainable development

KPA Pension has signed the United Nations Environment Programme (UNEP) on environmental adaptation of operations, which is based on the Sustainable Development concept. KPA Pension undertakes to operate in a way that is as environmentally sound as possible and to share its experience in order to influence others in the world at large.



The American missile manufacturer Raytheon test-fires a new long-range missile. This company is one of 317 excluded from investment by KPA Pension. Photograph: Scanpix

Our ethical investment criteria

All the assets we manage, regardless of whether these are funds, insurance portfolios or personal savings instructions, are invested entirely in accordance with our ethical investment criteria.

PERSUASION AND CRITERIA FOR EXCLUSION

KPA Pension's social responsibility and ethical investment criteria are strongly endorsed by our customers, shareholders and staff.

The fundamental method we employ in investing pensions is as follows:

Persuasion: The companies KPA Pension chooses to invest in have achieved various stages of progress in taking responsibility. We therefore exert influence on companies with regard to human rights, the environment and corruption if shortcomings are evident. We make use of active dialogue and corporate governance directly with the companies and also cooperate with other investors whose concerns we share.

Exclusion: We completely exclude certain sectors and companies because their operations are fundamentally harmful to people and the environment. KPA Pension does not invest in companies that produce weapons, tobacco or alcohol or are involved in commercial gambling.

OUR METHOD

Our objective to work towards a better future for people and the environment is a high aspiration. KPA Pension's work on ethical investments is broad and multi-dimensional. The first step in this work is the most important one: evaluating the companies we select for investment.

KPA Pension's investments in companies are preceded by an in-depth examination – a screening process. The evaluations are conducted by our own corporate analysts and through cooperation with the leading Swedish suppliers of ethical reviews, GES Investment Services. Each company is scored in this process on the basis of the investment criteria. We can then establish which companies are unsuitable for investment. We gain a complete picture of the com-

Influential investment rules

Human rights

Through its investments, KPA Pension will actively influence companies in relevant sectors to work systematically on fundamental issues of labour law. These include issues concerned with health, safety, gender equality, child labour and the right to collective bargaining. We base ourselves on the ILO conventions, the UN Universal Declaration of Human Rights, the UN Convention on the Rights of the Child and the OECD Guidelines for Multinational Enterprises.

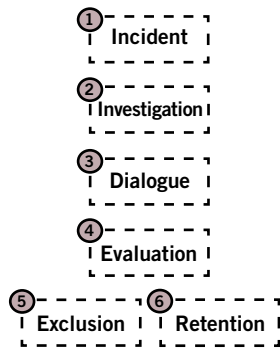
Corruption

By having a clear investment rule against corruption, KPA Pension wishes to actively persuade companies to systematically prevent all forms of bribery and fraud in its business relations.

Environment

KPA Pension invests in companies that make active efforts to reduce their adverse environmental impact. These companies must have defined their most important environmental objectives and have drawn up strategies, resources and an organisation. Each company must have an action list to continuously reduce its adverse environmental impact. We play an active part in the development of renewable energy by investing in energy companies that put effort into developing sustainable energy alternatives.

KPA Pension's process in the event of an incident in a company in which KPA Pension invests:



- ① Incident occurs in a company in which KPA Pension invests.
- ② Investigation is launched. Determination of what has happened.
- ③ Dialogue through various channels with affected company including presentation of demands for improvement.
- ④ Evaluation following dialogue; has the company changed?
- ⑤ After conducting the screening process, KPA Pension decides to exclude or to retain the company. In cases where we decide to retain holdings we conduct close follow-ups incorporating continuous dialogue with the affected company.
- ⑥

” It is good to see that KPA and Kungsleden have shared interests in sustainable properties and leases.
Maria Ljung, Environmental Manager for Kungsleden.

panies we select for investment in which areas of weakness and any risks in our ethical investments become clear. At the beginning of 2009, KPA Pension had investments in a total of 786 companies, of which around 50 were Swedish. Extensive review activity is conducted ahead of selection. In 2009 we reviewed a total of 2 394 companies on the basis of their results in the areas of the environment and human rights. In the process we made contact with the 20 Swedish listed companies that had poorer results and offered them an examination of their risk situation. Reviews and initiatives such as this have contributed over the years to several companies, following dialogue, having improved their environmental efforts or issues concerned with human rights. Assessments of existing shareholdings and potential investments are made twice a year.

CHANGE THROUGH PERSUASION

A key part of our work on our ethical investments is to actively influence the companies in which we invest. Based on companies' scores in the screening process, we attempt to influence those companies that fail to meet our requirements. In Sweden we do this through personal contact, regular visits and active dialogue. A significant element in the process of persuasion is to increase companies' understanding that corporate social responsibility includes business potential.

Our efforts to bring about change through persuasion are one of our most important areas of development. This led us to expand our investment portfolio by adding around 70 selected energy companies in 2009. Together with the other Folksam companies, KPA Pension can exert influence with combined assets totalling SEK 240 billion. Through active persuasion we can contribute to companies meeting their targets for CO2 emissions and increasing their proportion of alternative energy sources.

We saw several positive results from our shareholder influence in 2009. One example is the security company G4S, with which we initiated a dialogue in 2008. Through threats of redundancy notices, non-payment for overtime and low social benefits, the company prevented employees in Nepal, Indonesia and the United States from organising themselves in trade unions. KPA Pension and Folksam conducted a dialogue with G4S over a two-year period together with international trade unions and a number of global pension funds. In 2009 G4S signed an agreement under which basic trade-union rights are guaranteed for hundreds of thousands of employees around the world. KPA Pension will consequently retain its holding in the company and follow continued development.

CORPORATE GOVERNANCE

KPA Pension has increased its focus on persuasion through corporate governance in recent years. This is a tool by which we can respond directly at companies' annual general meetings on issues such as remuneration schemes for managers and other variable pay schemes. For example, we consider bonus schemes that promote short-term profits and counteract good long-term development in companies to be inappropriate. All issues we pursue are governed by the guidelines for KPA Pension's external corporate governance which can be viewed at www.kpa.se.

In 2009 KPA Pension attended 27 company AGMs in Sweden. Since 2005, KPA Pension has used its influence to vote at AGMs abroad through electronic voting and cooperation with other financial players. Corporate governance also takes place through us assisting in preparations for AGMs, nomination committees and through direct contact with senior managements and boards.

A clear example of our involvement through corporate governance came at the AGM of the Norwegian company Statoil, where we voted in favour of a resolution from Greenpeace concerning the extraction of oil from shale in Canada. The resolution was rejected, but we have continued to work on the issue.

The extraction of oil shale does not just mean CO2 emissions up to ten times higher than oil extraction in the North Sea, it also has negative environmental aspects with water pollution and changes in nature. Through active persuasion KPA Pension wishes to ensure that the extraction takes place in a more environmentally sound way and that affected areas receive good remediation.

KPA Pension's corporate governance	2009	2008	2007	2006
Number of AGMs we have attended	27	28	18	14
Number of companies with which we have conducted active dialogue	52 ¹	52	52	61

¹ Does not include the 66 energy companies with which we have conducted dialogue in connection with the broadened selection described on page 8.

LAST RESORT

There are several examples in which our dialogue with companies has led to improvements and to the correction of shortcomings. But active persuasion is sometimes not enough. In these cases KPA Pension sells its holding and excludes the company from future investments until changes have been made. Such exclusion is decided by our corporate governance committee, chaired by the CEO of Folksam,



Responsible shareholders acting together can influence the large oil companies in the right direction. Although we have different underlying principles, we have many common goals.

Kerstin Grönwall, Environmental Manager, KPA Pension.



Oil shale extraction in Alberta (Canada) in 2009. KPA Pension became involved in the oil shale issue during the year through corporate governance, visits and dialogues.

Photograph: David Dodge, Canadian Parks and Wilderness Society.

Global cooperation

KPA Pension cooperates with a number of different organisations that globally monitor crimes against international law. One example is Human Rights Watch. KPA Pension continuously follows Human Rights Watch reports and follows up incidents that affect our investments.

Excluded companies by category

Human rights	5
Environment	155
Corruption	0
Tobacco	11
Weapons	76
Alcohol	25
Gambling	45
Total	317

At the end of 2009 we had a total of 317 companies on our exclusion from investment list. In the categories of human rights and the environment the companies were excluded when KPA Pension judged that they were not open to persuasion. For a full list of excluded companies, go to www.kpa.se.

Anders Sundström. The CEO of KPA Pension, Lars-Åke Vikberg, is a member of the committee. Excluding companies from our investment portfolio is the last resort when we have not succeeded in bringing about change. However, sale of the holding can be a strong signal, particularly if several other players do likewise.

Barrick Gold Corp.

The Canadian company Barrick Gold Corp is a gold-mining company with operations throughout the world. During the year we, and Folksam, were compelled to sell our holding when information emerged concerning serious shortcomings in the company's environmental work in Papua New Guinea, which had led to hazardous elements escaping into local water sources. Despite active dialogue, Barrick Gold Corp did not present any plans for change. The Norwegian state pension fund also sold its holding – the sales of these holdings sent a clear signal to the company.

Total

It is never easy to decide on sale. It is difficult to know where to draw the line. What should we do, for example, when a successful company which leads the way in the areas of the environment and human rights also operates in a dictatorship? The French corporation Total is an integrated oil and gas company with operations in more than 130 countries. KPA Pension previously excluded Total for environmental reasons. But after the company had made great improvements we re-invested in it. However, during the year criticism was levelled at Total for operating in the military dictatorship of Burma. After an intensive dialogue with the company, KPA Pension chose not to dispose of its holding. Total has a well-structured policy and clear reporting on its operations in Burma. KPA Pension's assessment was that great risks of negative effects for the local population would arise if Total were to disappear from Burma and be replaced by another company with less exacting ethical requirements. We therefore chose to retain our holding in order to continue to exert influence.

SCRUTINY OF OUR ETHICAL INVESTMENTS

There is no unequivocal answer to the question of what ethical investments are. When KPA Pension conducts market surveys we see that different fund managers have different definitions and criteria for what makes their particular funds ethical. We therefore conduct a constant dialogue at KPA Pension on the development and formulation of our ethical investment criteria. In 2009 we scrutinised

our ethical criteria and invited a number of experts in the field to contribute their views on how we can continue to develop our focus.

We commissioned Lars G. Hassel, Professor of Accountancy and Auditing at the Umeå School of Business, to shed light on the issue that often crops up in discussions on ethical investment criteria: do ethical investments produce a poorer return than would be obtained if ethical concerns were not considered? Hassel notes that a number of new research reports have recently appeared suggesting that there is no difference in return for companies with ethical principles in the longer term. The predominant view instead is that companies that score well on ethical criteria are also well run, profitable, keep their risks under control and produce a premium on the stock market.

KPA Pension also invited Thomas Brytting, Associate Professor and Director of Research at Ersta Sköndal University College in Stockholm, to clarify – on the basis of moral philosophical reasoning – what KPA Pension’s ethical profile signifies and how it can be strengthened. In view of the fact that KPA Pension has so many customers, Brytting’s view is that the company should base itself on a general ethical set of values stemming from general statutory texts and international agreements. Through its pension administration, KPA Pension should promote a number of general ethical values such as dignity, freedom, gender equality, human rights and a sustainable environment. KPA Pension must also justify its various decisions on the basis of the principles of pension administration ethics regarding security, efficiency, a long-term approach and creation of value.

GOALS AND AREAS FOR IMPROVEMENT IN 2010

Alongside our regular company visits, active persuasion and strong social engagement, in 2010 we will work in particular on the following areas for improvement:

The weapons criterion: As a result of the scrutiny conducted in 2009, an external screening company has been commissioned to analyse the weapons criterion more closely. The KPA Pension Board will discuss the result during the autumn of 2010.

The gambling criterion: An investigation will be made on behalf of the Board of KPA Pension to shed light on how the gambling criterion might be affected by demonopolisation of the gambling market.

Communication: In the autumn of 2010 communication on CSR and ethical investments will be revised with the aim of achieving greater transparency and clarity.



Through its pension administration, KPA Pension should promote a number of general ethical values such as dignity, freedom, gender equality, human rights and a sustainable environment.

Tomas Brytting, Director of Research at Ersta Sköndal University College.



Non-cleared minefield in the Cambodian village of O Ampil. In 2008/2009 KPA Pension arranged for the clearing of 20 000 square metres of land around the village through the "Adopt a minefield" campaign in cooperation with UNA Sweden. Photograph: UNA Sweden.

KPA Pension's social engagement

In addition to working on active persuasion in capital investments, KPA Pension is engaged in several other activities and projects. When we do so we base our work on customers' values. Some examples of engagement focused on in 2009:

ADOPT A MINEFIELD

Based on the weapons criterion for exclusion, one of our most important projects was mine-clearing work in Cambodia together with UNA Sweden (the United Nations Association Sweden). In 2009 we cleared 20 000 square metres of land in the village of O Ampil and we visited and monitored this work on the scene. This initiative has meant that the villagers can live normal lives. In May 2009 KPA Pension took part in a fund-raising evening for the benefit of Adopt a Minefield organised by the student association Sife in Umeå. In November 2009 the company took part in a panel debate during a breakfast seminar organised by the Swedish network against cluster weapons: "Explosive Investments – a Mine Field". KPA Pension is continuing its involvement in the Adopt a Minefield programme in 2010.

SAVE THE MOTHERS

As part of its work on human rights, KPA Pension sponsored the fund-raising gala for the Red Cross campaign Save the Mothers. This campaign is one of several that KPA has supported over the years. One of the benefits of the Red Cross programme is that women in Sudan receive antenatal care. In the Democratic Republic of Congo, where sexual violence against women has been widespread, the programme offers support and psychosocial assistance.

VI AGROFORESTRY PROGRAMME

As environmental work is of key importance to us, we have become involved in the Vi Agroforestry Programme, which is a tree-planting project aimed at creating a green belt around Lake Victoria in Africa. KPA Pension has planted 32 000 trees since 1998. In reality there are significantly more trees as seeds are also to a large extent sown directly. This involvement has greatly contributed to the fact that we now carbon-offset our operations. It is also of great significance to the local population and the social structure in the form of schools, housing and jobs. Twenty planted trees can provide for a whole family for a year.

Organisations and networks in which KPA Pension is involved

FN Global Compact – Global Compact Nordic Network and its equivalent Swedish organisation Globalt Ansvar.

UNEP FI – United Nations Environmental Programme – Finance Initiative. UN agreement on making operations environmentally sound in a sustainable society.

PRI – Principles for Responsible Investment. A UN initiative for responsible investors.

UNA Sweden – a multi-year cooperative venture focusing in particular on mine clearance in Cambodia.

The UN Fund – the Foundation for a Stronger UN. Started in 2006 as a charity foundation to support the UN and international development projects.

The Swedish Society for Nature Conservation

The Red Cross

The Vi Agroforestry Programme

Transparency International Sweden – an independent non-governmental organisation that works on surveying and countering all forms of corruption.

SIS – an organisation that works on standards and spreading knowledge of them. KPA Pension is taking part in work on developing ISO 26000, a new social responsibility standard.



It is very important that we continue to take responsibility, for example through active social engagement. In the past year we have been particularly involved in work against mines.

**Sofia Hagman, Head of CSR,
KPA Pension**



Acacia trees in the Vi Agriforestry Programme. This tree can grow to a height of 30 metres and has flowers that local farmers can transform into honey. KPA Pension has planted more than 32 000 trees in the Vi Agriforestry Programme since 1998. Photograph: Henrik Brundin/ Vi Agriforestry Programme.

KPA Pension's environmental footprint

The environmental requirements we set for our ethical investments are important. This is where we can make the greatest difference for the future. But setting ethical requirements also requires us to act in an exemplary manner ourselves. We have to make just as exacting demands on ourselves as we do on the companies we invest in. In 1998 KPA Pension became the first financial company in Europe to obtain environmental certification to ISO 14001. We have systematically reduced our CO2 emissions since then. Today KPA Pension makes its contribution through active measures to reduce greenhouse gas emissions and through various offsetting programmes.

HOW WE REDUCE OUR CO2 EMISSIONS

Our environmental work is based on an all-embracing view of the environment. We use Sweden's 16 national environmental objectives as the benchmark for our operations and adaptation to the environmental programme of the City of Stockholm. Each of the managing directors in the various KPA Pension companies is responsible for implementing them. Our Environmental Manager then makes sure that the objectives are fulfilled and supports the standard requirements that are set. All personnel in turn undergo environmental training so that the requirements are quality-assured and in order to maintain a good level of knowledge among the staff. KPA Pension's CO2 emissions have gradually fallen. Our principal areas of efficiency improvement have been in heating/electricity supply and travel.

Property: We have operated from Folksam's premises in Stockholm since the first quarter of 2007. Since 2008 this property has been classified as a "Green Building", which means that its energy consumption is 25 per cent lower than the requirements in the building regulations of the National Board of Housing, Building and Planning.

Heating/electricity supply: Our premises are heated by district heating, which is largely produced using biomass fuels. The electricity supply comes exclusively from wind turbines.

Travel policy: As KPA Pension's customers are located throughout Sweden, travel on company business is for obvious reasons the activity that generates most CO2 emissions. We have clear guidelines in our travel policy on how business travel should take place. For

Sweden's 16 national environmental objectives

KPA Pension's operations are based on Sweden's environmental objectives. The Swedish Parliament adopted 15 environmental quality objectives in 1999 (the 16th was added in 2005). The objectives indicate what qualities the environment is to have by 2025. The objectives include reducing emissions of greenhouse gases, sulphur dioxide, nitrogen dioxide and ozone-depleting substances as well as making efforts to preserve the environment and fauna.

48 %

This is the percentage by which KPA Pension reduced its CO2 emissions for district heating between 1998 and 2009.

UNEP FI

KPA Pension signed UNEP FI (the United Nations Environmental Programme Finance Initiative) in 2002. Taking part in the UN programme entails a commitment that economic development must be compatible with social welfare and a healthy environment. For KPA Pension this means undertaking to highlight major issues such as global warming, which relates to reducing CO2 emissions and using resources more efficiently, for example.



The future of the world is in our hands. Together, people can direct development. KPA's own operations must be part of the sustainable society of the future.

Environmental requirements in purchasing

Our office activities are to be adapted as far as possible to sustainable development. When we re-invest, we chose environmentally approved equipment. We make use of suppliers with good business ethics who have programmes for gender equality, quality and a good environment.

11 196

The number of trees we have planted to offset our paper consumption since 1997.

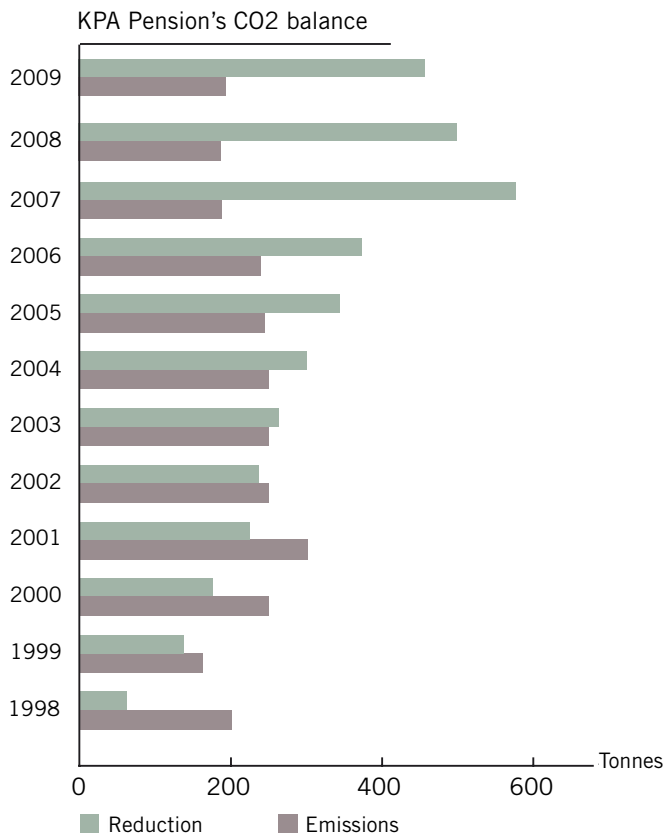
example, journeys shorter than 500 km are to be made by rail and air travel is only permitted for journeys in excess of 500 km. The clarity of this policy has resulted in increased rail travel and reduced CO2 emissions. However, emissions increased somewhat in 2009. This is principally due to 2009 being an intensive business year in which more international travel took place than usual. CO2 emissions for our business travel have nevertheless decreased by around 40 per cent compared with 1999.

HOW WE OFFSET OUR CO2 EMISSIONS

When KPA Pension established cooperation with the Vi Agriforestry Programme in Africa in 1998, our intention was to offset the greenhouse gas emissions, principally CO2, that our office activities gave rise to.

We undertook to plant at least 2 000 trees every year. An interim target was met in 2003 when offsetting in the form of tree planting was on a par with emissions. Cooperation with the Vi Agriforestry Programme has another key dimension in that the local population around Lake Victoria gains a source of income. All the trees planted are in a symbiotic relationship with the nutrients in the area and produce better land, prevent soil erosion and produce fruit that can be harvested.

We also offset staff travel. With effect from 2007 we have chosen to offset actual emissions from heating, travel on company business and staff travel to and from work by buying emission allowances from the Swedish Society for Nature Conservation. Starting a few



years ago, this means that our offsetting greatly surpasses the emissions produced by office activities and staff travel on company business and to and from work.

PAPER – OUR PRINCIPAL CONSUMABLE

Paper is the largest consumable item in our organisation. Our consumption of paper is offset by our tree planting. In 2009 we also offered 262 000 of our customers under the occupational pension agreement KAP-KL the option of receiving legal valuation statements via the Internet instead of on paper. In the longer term this will reduce the amount of paper we consume.

GOALS AND AREAS FOR IMPROVEMENT IN 2010

KPA Pension's principal goal in its internal environmental efforts is to be a carbon-neutral company. We achieve this goal with a comfortable margin today. For 2010 it is important to maintain the high standard that KPA Pension has pursued since 1998. Among new active measures, during the year we will offer a further 157 000 customers the option of receiving valuation statements digitally instead of on paper.

” Everyone must take responsibility on the issue of climate change and do what is possible on the basis of their own activities to reduce their CO2 emissions.

Kerstin Grönwall, Environmental Manager at KPA Pension.

Energy	2009	2008	2007	2006	2005
District heating (MWh/year)	418	406	413	392	404
Electricity use (MWh/year)	927	998	1039	982	943
District cooling (MWh/year)	0	0	0	483	417
Travel on company business	2009	2008	2007	2006	2005
Road (thousand km/year)	236	230	308	220	314
Air (thousand km/year)	265	233	388	232	274
Rail (thousand km/year)	280	310	309	240	276
Total distance travelled (1000 km/year)	782	773	1006	962	815
Carbon dioxide emissions	2009	2008	2007	2006	2005
District heating (tonnes CO2/year)	50	48	49	47	48
District cooling (tonnes CO2/year)	0	0	0	4	3
Travel on company business (tonnes CO2/year)	74	64	93	58	74
Total (tonnes CO2/year)	124	112	142	105	122
Staff survey relating to environmental efforts	2009	2008	2007	2006	2005
Does KPA Pension consider the environment in its work? Yes, say	88 %	89 %	88 %	90 %	94 %
Are you yourself environmentally aware? Yes, say	74 %	75 %	76 %	75 %	78 %
Does KPA Pension practise what it preaches? Yes, say	84 %	85 %	94 %	89 %	91 %



KPA
PENSION

Staff facts 2009

- Performance appraisal interviews conducted with 95 per cent of staff.
- The proportion of staff covered by collective agreements was 100 per cent.
- Three per cent of staff sat on health and safety committees.

Our personnel – a focus on competence and health

One of our most important core values for our employees is competence. This is a core value which strongly characterises those who work at KPA Pension. Customer satisfaction surveys show that our staff have a high level of knowledge and strong commitment to their work. This success is largely thanks to systematic work in which we constantly increase the competence of our staff. It also means that we are an attractive place to work, where our staff feel job satisfaction and can develop.

THE COMPETENCE OF OUR STAFF

KPA Pension's employer customers today have an ever increasing need for adapted services in their operations. Our customers are also more aware and knowledgeable. This calls for competent staff, a flexible organisation and an attractive employer brand. To meet these requirements, we took several important initiatives during the year with regard to professional development. We have strengthened our internal level of competence by offering career planning for all staff. The aim is for them to receive support in taking responsibility for their competence themselves and at the same time developing it. Secondly we have offered training courses in coaching leadership with the aim of providing clearer feedback and clarifying expectations and requirements. The expected result of the measures is that we will be able to work in an even more solution- and business-focused way with our customers, irrespective of whether they are employers or private individuals.

FOCUS ON HEALTH

KPA has been making determined efforts to reduce the rate of sick leave for several years. We offer our staff health checks and stress management programmes to prevent ill-health. Our managers have undergone training in working environment issues. In 2009 all managers received training in working environment and rehabilitation issues, focusing on discovering and responding to early signals of ill-health. We are seeing major positive changes in our rate of sick leave as a result of these measures; the total rate of sick leave in 2008 was 5 per cent and by the end of 2009 it had fallen to 3.3 per cent. The greatest reduction has taken place among staff on long-term sick leave and among women over the age of 50.

” *Our aim is for staff to represent the diversity of experience, knowledge and capabilities that exists in the world around us. This provides the basis for our customers to feel that they are understood and that their different needs are acknowledged.*
Eva Hagberg, HR.

No bonuses at KPA Pension

There are no bonus schemes or other variable payments for the senior management of KPA Pension. We also regularly vote against unreasonable reward schemes when we attend AGMs. The incoming CEO Lars-Åke Vikberg receives an annual salary of SEK 2 million. Details on the remuneration of senior executives at the company can be found in the KPA Pensionsförsäkring annual report.

Agreement with Falck Healthcare

The independent company Falck Healthcare offers a telephone-based information and guidance service from which our employees can obtain immediate assistance with psychosocial, private legal or financial issues 24 hours a day.



KPA Pension and gender equality

KPA Pension has a gender equality plan. Under this policy we offer all employees, regardless of gender, equal rights with regard to work, working conditions and opportunities for advancement.

The year's staff survey

The staff survey, which for the first year was conducted for all companies in the Folksam Group, produced a response rate of 95 per cent for KPA Pension. The results are positive in several areas. Our staff consider that we work in an environmentally aware manner and safeguard each other's health and well-being. We regularly follow up targets, plans and decisions and encourage ideas and initiatives. On the other hand, cooperation with other areas of activity in Folksam companies scored less well.

WE WORK FOR DIVERSITY AND GENDER EQUALITY

KPA Pension's aim with its gender equality and diversity efforts is to utilise the competence of all staff in the long term. KPA Pension aims to be at the forefront with regard to these issues. This makes us a more attractive employer and we become a more competent company. All managers were trained in diversity issues in 2009. The aim was to clarify the links between diversity, competence and business benefit. We have jointly looked at how to utilise the differences and skills of staff.

We also have routines at KPA Pension to pick up signals that may point to some form of discrimination. We have not needed to deal with any reports of discrimination but are continuing our preventive efforts. Local action plans and an active discussion on diversity are central to this.

STAFF PENSIONS

The KPA group's occupational pension obligations to its employees are secured in KPA Pensionsförsäkring AB. The pension plan – the KPA plan – is principally a defined-benefit plan with a smaller defined-contribution part. Pension costs in 2009 totalled SEK 39.6 million (58.4 in 2008). Pension entitlements for older pension agreements are secured in the KPA AB Pension Fund for former employees. The value of assets in KPA AB's Pension Fund totalled SEK 35.3 million (32.6), while secured pension commitments were equivalent to SEK -29.2 million (-30.3).

GOALS AND AREAS FOR IMPROVEMENT IN 2010

An important area for development in the future is to even out the gender ratio. Our workforce today consists of 62 per cent women and 38 per cent men, but in managerial positions the roles are exactly reversed. Our goal in future recruitment is therefore for the under-represented gender to take precedence where skills levels are equivalent. We will also be conducting a pay survey aiming to deal with any unwarranted differences in pay.

We also note that the gender breakdown on our boards of directors does not reflect the breakdown among our staff and customers and are we are pursuing this issue.

Any weak results in our annual staff survey called Focus are regularly highlighted. An area of development for 2010 is to increase cooperation with other areas of activity in Folksam companies.

Staff	2009	2008	2007	2006	2005
Number of staff	317	331	361	365	377
Men/Women	121/196	120/211	130/231	123/242	129/248
Average age	46	45	46	46	45
Number of managers	32	36	38	40	37
Men/Women	20/12	19/17	22/16	22/18	21/16
Staff turnover	9.6 %	14.8 %	11.0 %	9.2 %	7.4 %
Age breakdown					
- 29	5 %	5 %	5 %	5 %	5 %
30 – 39	24 %	27 %	24 %	22 %	22 %
40 – 49	34 %	31 %	30 %	32 %	33 %
50 – 59	26 %	27 %	27 %	26 %	25 %
60+	10 %	10 %	14 %	15 %	15 %
Form of employment of staff					
Employees on permanent contracts	97 %	97 %	97 %	97 %	95 %
Employees on fixed-term contracts	3 %	3 %	3 %	3 %	5 %
Full-time employees	85 %	82 %	85 %	82 %	80 %
Part-time employees	15 %	18 %	15 %	18 %	20 %
Affiliated to trade unions	72 %	70 %	64 %	68 %	72 %
Gender breakdown of management – Male/Female					
Gender breakdown on all boards of directors	75/25 %	72/28 %	67/33 %	64/36 %	69/31 %
KPA Pension senior management	67/33 %	57/43 %	80/20 %	60/40 %	60/40 %

Total rate of sick leave in 2009 (2008)	Men	Women	Total
Age			
- 29	1.1 (3.9) %	1.7 (2.4) %	1.5 (2.8) %
30 – 49	2.2 (2.0) %	4.4 (5.7) %	3.6 (4.4) %
50+	2.9 (3.7) %	3.2 (7.8) %	3.1 (6.1) %
Total	2.5 (2.8) %	3.9 (6.3) %	3.3 (5.0) %
Of which long-term sick leave in 2009* (2008)			
Age			
- 29	0.0 (0.0) %	0.0 (0.0) %	0.0 (0.0) %
30 – 49	21.8 (24.5) %	48.9 (58.7) %	43.1 (53.2) %
50+	65.3 (50.1) %	29.9 (72.6) %	44.8 (67.0) %
Total	42.9 (38.5) %	42.8 (63.8) %	42.8 (58.6) %

* Stated as percentage of all sick leave

Financial five-year review

KPA Pension's operation broadly consists of two parts, pension administration and insurance.

PENSION ADMINISTRATION

The financial results of the pension administration business area are affected by how much is paid in by employers in charges (administration income) and the size of KPA Pension's costs for carrying out these administrative tasks for the employers.

INSURANCE

In the Insurance business area, financial results during the year are affected by: how much money is paid in (premiums), KPA Pension's costs (operating expenses), how much tax KPA Pension pays to the State (taxes), how much compensation has been paid to survivors and old-age pensioners (insurance compensation), how the value of financial assets has changed, including dividends (return on capital), and how the current value of payments to be made in the future has changed (change in actuarial provisions).

OPERATION IN FIGURES (SEK '000)	2009	2008	2007	2006	2005
CREATED FINANCIAL VALUE					
Premium income	7,202,669	6,978,642	6,972,372	6,396,629	6,990,121
Administration income	159,103	154,287	144,182	139,472	139,522
Net return on capital in the insurance business	7,487,634	2,050,951	-1,369,401	1,117,067	3,653,844
DISTRIBUTED VALUE					
Operating expenses	-407,744	-423,676	-415,360	-399,860	-407,236
- of which personnel expenses	-248,089	-252,157	-244,902	-233,344	-223,660
Insurance compensation	-1,618,429	-1,429,687	-1,272,039	-1,076,267	-944,772
Change in actuarial provisions	2,618,952	-10,051,936	-933,288	-1,431,195	-6,703,046
Taxes	-548,078	-664,396	-662,374	-637,344	-719,718
REMAINING FINANCIAL VALUE	2009	2008	2007	2006	2005
Profit for the year in the insurance business	14,926,534	-3,131,969	2,805,762	4,474,559	891,704
Profit for the year in administrative activities	-8,809	5,267	3,986	1,418	9,031

KEY FINANCIAL FIGURES

Capital under management	2009	2008	2007	2006	2005
KPA Livförsäkring AB	3,961,680	3,699,250	3,597,000	3,431,000	3,262,000
KPA Pensionsförsäkring AB, Trad	59,091,974	47,937,575	40,559,000	37,053,000	32,257,000
KPA Pensionsförsäkring AB, Fond*	3,899,057	2,695,093	3,402,368	3,239,443	2,618,933
Direct pension plans (investment in unit trusts) and PPM (premium pension as part of public pension)	1,924,664	1,474,633	1,998,180	1,971,823	1,527,117
Total	68,877,375	55,806,551	49,556,548	45,695,266	39,665,050
Management expense ratio					
KPA Livförsäkring AB	0.5	1.0	0.7	1.0	0.9
KPA Pensionsförsäkring AB, Trad	0.4	0.5	0.6	0.7	0.8
Solvency rate					
KPA Livförsäkring AB	167%	179%	176%	145%	139%
KPA Pensionsförsäkring AB, defined-contribution	172%	126%	148%	140%	125%
Expense ratio					
KPA Livförsäkring AB	4.6	5.3	4.7	5.0	4.6
KPA Pensionsförsäkring AB, Trad	3.3	3.8	3.9	4.1	4.0
Total rate of return in %					
KPA Livförsäkring AB	8.2%	2.6%	1.1%	2.3%	6.7%
KPA Pensionsförsäkring AB, trad	12.4%	6.3%	-3.0%	1.6%	10.2%
KPA Pension's customers in figures					
Occupational pension KAP-PL individual portion	1,082,468	1,041,432	986,932	934,261	865,458
Private pension insurance	33,360	35,466	37,556	38,256	39,468
Pensioners	405,000	385,000	360,000	345,000	320,000
Municipalities/county councils and regions	237 / 20	237 / 20	238 / 20	240 / 20	241 / 20
Other employer customers	ca 1,000	ca 1,000	ca 1,000	ca 1,000	ca 1,000

Expense ratio The share of operating expenses (%) in premium income. Shows what proportion of investors' premiums is used to cover the insurance company's costs.

Management expense ratio The share of operating expenses (%) in capital under management (investment assets). Shows what proportion of all savings is used to cover the insurance company's costs.

Solvency rate The ratio between the company's assets (less financial liabilities) and actuarial provisions made to cover future insurance obligations.

Total rate of return The sum of direct return (after deduction of administrative costs) and realised and unrealised changes in the value of investment assets.

GRI-index

Solid circle = fully reported indicator, non-solid circle – semi-reported indicator

LA indicator	Description:	Disclosure	Page reference
Strategy and analysis			
1.1	Statement from the CEO	•	4-5
Organisational profile			
2.1	Name of the organisation	•	6-7
2.2	Primary brands, products and/or services	•	6-7
2.3	Operational structure	•	6-7
2.4	Location of headquarters	•	6-7
2.5	Countries where the organisation operates	•	6-7
2.6	Nature of ownership and legal form	•	6-7
2.7	Markets	•	6-7
2.8	Scale of the organisation	•	6-7
2.9	Significant changes during the reporting period	•	6-7
2.10	Awards received in the reporting period		Not applicable to 2009
Report parameters			
3.1	Reporting period	•	2
3.2	Date of most recent previous report	•	2
3.3	Reporting cycle	•	2
3.4	Contact point for reporting	•	2
3.5	Process for defining report content	•	2
3.6	Boundary of the report	•	2
3.7	Specific limitations on the scope or boundary of the report	•	2
3.8	Basis for reporting on subsidiaries, joint ventures		Not applicable to KPA Pension
3.10	Comparability with previous reports	•	2
3.11	Significant changes from previous reporting periods	•	2
3.12	Table containing GRI index	•	30
Governance, commitments and engagement			
4.1	Governance structure of the organisation	•	*
4.2	Role of the Chairman of the Board in the organisation	•	*
4.3	Proportion of members of the Board who are independent and non-executive	•	*
4.4	Mechanisms for shareholders and employees to provide recommendations to Board and management	•	*
4.14	Stakeholder groups engaged by the organisation	•	2
4.15	Basis for identification and selection of stakeholders	•	2
Economic performance indicators			
EC 1	Generated and distributed direct economic value	•	28-29
EC 3	Coverage of the organisation's defined-benefit plan obligations	•	26

Environment			
EN 16	Total direct and indirect greenhouse gas emissions	•	21-23
EN 17	Other relevant indirect greenhouse gas emissions	•	21-23
EN 18	Initiatives to reduce greenhouse gas emissions	•	21-23
Human rights			
HR 4	Incidents of discrimination	•	26
Labour practices and working environment			
LA 1	Total workforce	•	27
LA 2	Employee turnover	•	27
LA 4	Percentage of employees covered by collective bargaining	•	24
LA 6	Percentage of workforce represented on health and safety committees	•	24
LA 7	Rates of injury and absenteeism **	○	25-27
LA 8	Education, training, counselling, prevention and risk-control programmes regarding serious diseases	○	25-27
LA 12	Percentage of employees receiving regular performance and career development reviews	•	24
LA 13	Composition of senior management and other employees	•	25-27
Product and service labelling			
PR 5	Customer satisfaction	•	7
PR 6	Laws, standards and codes concerning marketing communications	○	9
Active ownership			
FS 1	Policies for environment and social factors applied to business areas	•	13
FS 2	Process for screening social and environmental risks	•	13-16
FS 5	Interaction with customers and stakeholders on risks and opportunities with sustainability issues	•	9, 13-16
FS 10	Number of companies with which dialogue has been conducted on environmental and social issues	•	8, 15
FS 11	Percentage of investments that undergo screening	•	13
FS 12	Policies for voting at annual general meetings	•	14-15

*see KPA AB's 2009 corporate governance report at www.kpa.se

** Injuries and absence due to injuries do not occur in the organisation and are therefore not reported.

