FINANSINSPEKTIONEN

Sustainability work of financial firms

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Foreword

Finansinspektionen (FI) has been commissioned in this year´s appropriation directions to continue to work on behalf of the Government with sustainability issues, with a view to their link to financial regulation and supervision and how supervision can constructively contribute to sustainable development.

FI has decided to report back on this assignment within the framework of two reports, which will be published at the same time. This report presents the outcome of a survey conducted by FI in which firms in different parts of the finance sector account for if and how they work in general with sustainability questions, and more specifically with climate-related issues. In the second report, *How can the financial sector contribute to sustainable development*, more fundamental conclusions are drawn about the financial market and the role of financial supervision in the area.

Stockholm, 7 November 2016

Erik Thedéen
Director General

Summary

Finansinspektionen analysed during the summer of 2016 how participants of the financial market work with sustainability issues in their service and product offerings. This project is part of FI's assignment from the Government to report on the area of sustainability.

The firms included in this analysis include insurance companies, banks, securities companies and fund management companies. The results show that firms interpret the term "sustainability" in many different ways, and the approach that they choose is dependent on the size of the firm, business model and level of demand from customers. This analysis also shows that financial firms are clearly aware that sustainability represents both a risk and an opportunity, but that they make different assessments about the importance of sustainability for their operations.

This analysis also shows that it is primarily large firms and firms that are part of a larger group that work actively with sustainability issues. It is also primarily these firms that have guidelines and measurable goals and regularly follow up on these goals. This group of firms also often collaborates with other actors through national and international networks. These networks act as key hubs for driving issues, sharing knowledge and developing frameworks for sustainability work.

All of the firms included in this analysis expressed a desire to avoid regulation in this area to the greatest extent possible, but some also take the position that there are both grounds and possibilities for introducing legislation. In the event that legislation is introduced, these firms highlight that it is important for such legislation to be appropriately designed and apply to the commercial sector in its entirety.

Introduction

By mapping the how financial firms work with sustainability, Finansinspektionen (FI) is able to deepen and expand its understanding of how and to what extent sustainability work is carried out at Swedish financial firms. This project follows up on a previous study of how Swedish banks work with sustainability issues in their lending operations[1].

This analysis is qualitative in nature and utilises a broad approach. Different types of financial firms have been surveyed and the questions in the surveys have included a wide span of topics. The purpose of the survey was to capture as many aspects of sustainability as possible and gain an overview of how Swedish financial firms handle sustainability issues at a more general level within their service and product offerings. The survey has been broken down into three areas. The first contains questions about the firms' general sustainability work and the firms' definitions of sustainability from a broader perspective. The second focuses on how firms work on a more general level with climate issues, and the third touches on how firms work with climate issues more specifically based on their individual business models.

Five banks, six insurance companies (three non-life insurance companies and three life insurance companies), six fund management companies and six securities companies were included in the survey. Each of the above groups included both large and small companies. Three of the banks were also included in the previous study about sustainability in banks' lending activities. Finansinspektionen has not reviewed the firms' available documentation in this area, but rather has based its analysis on the information the firms provided during the survey.

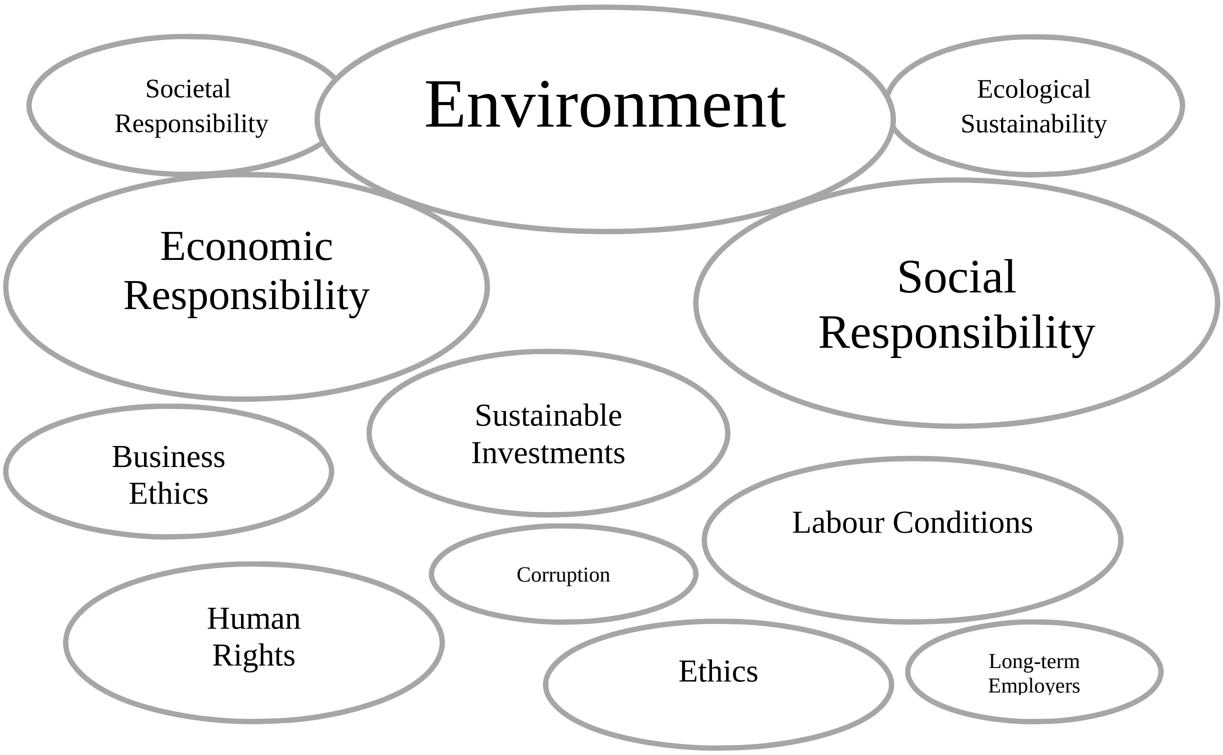
The survey was conducted in June 2016. The survey questions and a list of the participating firms are available in Appendix 2.

1 Environmental and sustainability perspectives in lending to corporates (2015-11-27)
http://www.fi.se/upload/43_Utredningar/20_Rapporter/2015/hallbar_kredit.pdf

Climate Change and Financial Stability (2016-03-07)
http://www.fi.se/upload/43_Utredningar/20_Rapporter/2016/klimat-finansiell-stabilitet-mars2016-ny.pdf

Results of the survey

The responses indicate that a majority of the firms in the survey include sustainability issues in their internal guidelines and rules. However, how the firms definition sustainability and the aspects they include in this definition differ.



THE TERM "SUSTAINABILITY" IS DEFINED DIFFERENTLY

The above diagram shows the aspects that the firms often include in their definition of sustainability. The larger the bubble, the more frequently this aspect occurs. FI notes that many firms choose to include multiple aspects in their definition, while some only include one or two aspects. For example, life insurance companies tend to take a broader approach, while non-life insurance companies apply a narrower definition that primarily targets environmental issues. FI also notes that the large firms in the survey tend to take an approach that is broader than that of the smaller firms. The most frequently mentioned aspects are the environment, social responsibility and economic responsibility, which reflects the classic definition of ESG factors: Environmental, Social, Governance. This is also the approach that most of the fund management and securities companies use, even if they often place more weight on the social and environmental aspects than economic responsibility.

The definitions that the firms use cover a wide area and include everything from labour conditions to more climate-related aspects. At first glance, this wide approach could appear to be a reflection of the firms' values while a more narrow approach limits the issues and makes them easier to handle, but the broad range of definitions also contains clear historical references.

Sustainable development and sustainability are both concepts that have changed in significance over the years. Initially, the focus was clearly on environmental aspects, but it was subsequently widened to also include ethical aspects in general. One of the first definitions that was also generally accepted for many years was the one presented by the Brundtland Commission in 1987:

Sustainable development is development which meets the needs of current generations without compromising the ability of future generations to meet their own needs.[2]

This definition also serves as the basis for the definition adopted by the Swedish Parliament within the framework of its Instrument of Government, one of Sweden's constitutions:

The public institutions shall promote sustainable development leading to a good environment for present and future generations.

Sweden's Government specifies further:

From a Swedish perspective, it is important to underline three dimensions of sustainability – economic, social and environmental.[3]

The Government's definition is based on the UN's work in this area. In 1999, at the request of Kofi Annan, the UN General Secretary at the time, the so-called Global Compact was formed with the aim of reaching companies. It contained ten principles regarding human rights, labour issues, the environment and corruption.[4] Today, many companies throughout the world have publically supported these principles by joining the UN's Global Compact. Support for Global Compact is also relatively common among of the financial firms participated in FI's survey.

INITIATIVES AND COLLABORATIONS ARE IMPORTANT

In addition to Global Compact, there are a large number of national and international initiatives that target certain parts of the "sustainability" concept or sustainability expressed in more general terms. Behind these initiatives are both independent and industry-specific interest organisations, think-tanks, research foundations, various expert collaborations and organisations focused on one or several aspects of sustainability. Initiatives and collaborations such as these not only

2 Brundtland, "Our Common Future." 1987 (www.un-documents.net)

3 Sweden taking responsibility to implement the UN global goals for sustainability - http://www.government.se/articles/2015/09/sweden-taking-responsibility-to-implement-the-un-global-goals-for-sustainability/

4 The principles are based on the UN's Universal Declaration of Human Rights, ILO's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration and the UN's Convention against Corruption. The UN Global Compact - The world's largest corporate sustainability initiative www.unglobalcompact.org/what-is-gc

enable networking between companies but also develop competence and in some cases serve as a mark of quality for firms and/or their products. It is therefore of interest to also study and understand the power of attraction that these collaborations can be expected to have for the work of firms in this area.

FI's survey shows that Swedish financial firms to a large extent work together with and support both Swedish and international initiatives in the area; more than fifty different initiatives were mentioned.[5] The most popular is SWESIF[6], followed by UNPRI[7]. Collaborations with these organisations are found in all five groups of firms. SWESIF has the widest penetration, particularly among fund management companies. Both SWESIF and UNPRI work on a broad front with sustainability in terms of ESG. The survey also shows that many firms follow sustainability initiatives that are run by industry-specific interest organisations, such as Insurance Sweden, Swedish Bankers' Association, Swedish Investment Fund Association, Sweden's Chamber of Commerce and the International Chamber of Commerce.

The degree of involvement in networks and interest organisations varies between the groups of firms. Life insurance companies and the larger banks reported the greatest involvement with many different types of collaborations, and often with ten interest organisations or more. The same level of involvement was also reported among fund management companies and securities companies that are part of a larger group. For the other firms, which are primarily smaller, the figure is smaller or significantly smaller. Five of these firms state that they have no collaborations at all in this area.

CUSTOMERS AND BUSINESS MODELS ARE THE DRIVING FORCES

The survey clearly shows that the firms are aware of the risks and opportunities that can be associated with sustainability. However, the method they use to handle these risks and opportunities varies. This variation is largely due to the business model, the size of each firm and, in particular, their customers. The arguments against including sustainability issues in the service and product offering in part are due to firms having different views on what sustainability means in terms of return and risk.

The survey shows that many firms are experiencing increased demand from their customers for products and services that have sustainability features, but this did not apply to all firms or all groups of customers. The greatest demand is from corporate customers, where organisations and participants driven by non-economic values (e.g. churches,

5 A comprehensive list is provided in Appendix 3.

6 SWESIF is a Swedish organisation for asset managers that offer seminars on the topic of sustainability and arrange networking opportunities. The organisation is a major driver behind the work with preparing sustainability declarations for funds. http://www.swesif.org/

7 UNPRI is an initiative from the UN that was introduced in 2005 to increase the understanding for and cooperation surrounding responsible investments. The basis for this work rests on six principles that summarise what is expected from the firms that sign the initiative. https://www.unpri.org/

trade unions, NGOs, etc.) within the public sector are viewed as forerunners. Among private customers demand is growing, but from low levels.

Table 1. Demand for sustainability in products and services (number of firms that responded)

	Insurance undertakings		Banking	Securities companies	Fund management companies
	Non-life	*Life*			
Generally growing, but mainly among private firms	-	1	1	2	5
Growing, segment not mentioned	2	2	4	2	1
No/Unclear	1	-	-	1	-

The possibilities for working actively with sustainability issues can vary depending on the business model a firm follows. Methodologies and practices for sustainability work quite simply have reached varying points of development within the area, and the methods used to measure firms' sustainability work can vary in particular. For example, banks can make conscious decisions about which customers they wish to target. Another important issue for banks is to assess environmental factors within the framework of their lending operations, which in turn can affect the firm's rating and thus borrowing cost. For services such as transactions and deposits, however, sustainability aspects do not appear to have yet become as integrated. Issues of "green" bonds, however, are demonstrating strong growth, i.e. bonds in which the capital is being used for different types of environmental projects.

The firms mention that it is primarily within asset management that corporate customers are demanding products and services that take sustainability issues into consideration. They also mention that there is interest in lending to firms that have links to environmental technology. If there is real estate in the portfolio, for example at insurance undertakings, there are occurrences of customers demanding that these properties have sustainability declarations. Private customers are primarily interested in funds with sustainability declarations and climate-smart solutions in the form of digital mailings instead of paper mailings.

ASSET MANAGERS HAVE METHODS FOR SUSTAINABILITY

The area of asset management already has established methods for working with sustainability issues, and these methods have been refined in recent years. In the survey, the firms mention the work initiated by the Swedish Investment Fund Association to develop a sustainability overview and a method to calculate the carbon dioxide emissions of funds. Perhaps the most common method for working with sustainability issues, however, is to make a conscious decision about which firms to invest in based on a number of established sustainability criteria. Most common is that asset managers actively exclude firms that do not meet certain criteria, which is sometimes called “negative screening”. Firms can also make an active decision to specifically invest in certain types of companies, which is called “positive screening”. One way to achieve this is to state the investment criteria to which the manager shall adhere in the investment guidelines for a fund. If a firm in the portfolio does not meet the criteria, the asset manager may choose to either sell the firm or initiate a dialogue with the owners to bring about a change. This method of working is currently rather normal among fund managers, but it is not yet used for all types of funds.

Non-life insurance companies in the survey say that they are able to take sustainability aspects into consideration when setting their premiums. For example, the customer’s own risk-prevention efforts affect the size of the insurance premium. Often, damages are related to nature, water, fire and traffic. A non-life insurance company can also set demands on suppliers that will rectify damages suffered by a policyholder. This may apply to the materials the supplier is allowed to use and that the supplier must be environmentally certified.

The survey also shows that firms most likely communicate their work with sustainability and that the information material looks the same regardless of the intended recipient of the message. External readers receive largely the same information as internal staff. Sustainability work is preferably and most often reported through different types of sustainability reports, and the firms that have chosen to work this way can be viewed as being consciously active in their sustainability work. Another way is to prepare sustainability declarations for funds. Information is communicated through intranets and the Internet. Some, primarily large, firms are also active on social media.

THE IMPORTANCE OF RISK AND RETURN

FI notes that firms without a sustainability approach find it less important in terms of return and risk. The question of whether sustainability ambitions should be viewed as a plus or minus in a firm’s accounts is a topic that has long been discussed both from a theoretical and empirical basis. The issue is complex, a fact that is also reflected in the responses to the survey. Some of the companies that have actively chosen not to work with sustainability take the position that sustainability aspects do not have a direct impact on their earnings. There are also those who believe that investment restrictions due to sustainability aspects per definition mean lower return potential since there are fewer firms available in which to invest.

The firms that thus consciously invest resources in their sustainability work justify these investments by saying that a firm that *does not* take sustainability aspects into consideration (in terms of, for example, climate effects), run a larger operational risk than a firm that does. Therefore, these firms do not believe that promoting sustainability leads to lower return in the long run. This is illustrated in the case of "stranded assets", where firms that are active in, for example, coal mining, are considered to have a lower value since there is a threat that mining for coal will become unprofitable. The opposite is true for firms active, for example, in environmental technology or renewable energy that are considered important in the work related to the climate transition. In the long run these firms are generally considered to have a potentially larger possibility to generate a positive return. There is also an opinion that firms without a sustainable business model are risking their continued operations since future regulation may make it difficult or impossible to conduct business, and because an increased awareness among customers will lead to less demand for these firms' services and products. The justification for sustainability work is emphasised, for example, by one firm as follows:

We consider this [sustainability] to be the most important issue for the industry right now.

Another area, which in the survey is only mentioned at a general level by one insurance undertaking, but which is important nevertheless, is how financial firms take into consideration climate and environmental aspects when calculating their risks. It should be mentioned that environmental risks are not expressly included in the risks financial firms are required by law to take into consideration when calculating the capital requirements that banks and insurance companies, for example, must meet. FI notes that the one insurance undertaking which says it actively works with this issue includes climate risk in its risk assessment, but when calculating its future capital needs it relies primarily on historical data.

INTERNAL TARGETS AND GUIDELINES FOR SUSTAINABILITY

In order to better understand how firms work in practice with sustainability issues, FI has studied the extent to which the firms have sustainability guidelines. FI has also investigated whether there are measurable targets for this work and how these goals are monitored.

The survey shows that a majority of the firms have sustainability guidelines, but that these guidelines apply to different aspects of sustainability and go into varying degrees of detail. Most of the firms which have guidelines also say they have prioritised targets in the area. However, just over half of the firms in the survey have quantifiable and measurable targets.

Life insurance companies account for the largest variation in types of measurable targets, followed by non-life insurance companies and banks. Half of the firms state that they have climate-related targets, and of these firms life insurance companies and larger firms are dominant.

Follow-up of the sustainability targets is primarily conducted internally, but some firms are also monitored by external parties. The internal follow-up consists of a pre-determined reporting to management and the Board, while the external follow-up can consist of an external auditor or an ISO assessment. Two firms, one within insurance and one fund manager, state that they are ISO environmentally certified. This means that the firms regularly are monitored by external parties with regard to certain criteria and procedures.

Table 2. Number of sustainability guidelines per group of firms

	Insurance undertakings	Banks	Securities companies	Fund management companies
0	-	-	3	2
1	2	2	3	2
2-5	1	-	-	1
5-10	2	-	-	-
>10	1	3	-	1

Around 80 percent of the firms say that they have either a single general guideline or more detailed guidelines for how they should manage sustainability issues. However, one-half of the securities companies and one-third of the fund management companies do not have any sustainability guidelines at all.

Some firms choose to include all sustainability issues in the same guideline while others choose to break them down into different documents. Among the firms that say that they have more than ten guidelines, the group’s position paper is often included. A position paper is a document in which the firm outlines its position on issues such as production of fossil fuels, climate impact and energy consumption, taxes and information about chemicals in products. It can also contain sector guidelines, i.e. guidelines that are used to support sustainability analyses for a specific line of business, for example lending to corporates, purchasing and investments.

Sustainability issues can also be included in the guidelines for, for example, ownership issues, risk management and suppliers. In practice, firms can also have multiple guidelines for the area without the title clearly indicating the content.

Table 3. Prioritised targets for sustainability (number of companies)

	Insurance undertakings	Banks	Securities companies	Fund management companies
Yes	5	4	3	6
No	1	1	3	0

Eighteen of the twenty-three firms say that they have prioritised targets for sustainability while the others state that they do not have prioritised targets or are working on establishing targets. It is mainly securities companies that do not have prioritised targets, and the responses show that the targets of those that do vary in scope and definition. For example, some fund management companies and securities companies consider the management limits to be measurable targets. FI nots, however, that there is not always a clear line between what is a target and what can be considered part of the firms’ methods of working.

The types of targets that firms follow up on varies. In some cases the deciding factor is how firms are perceived by customers, in other how satisfied staff members are. In some cases the targets are more related to the environment.

Table 4. How sustainability work is measured (in descending order)

	Insurance undertakings		Banks	Securities companies	Fund management companies
	Non-life	*Life*			
Customer satisfaction	1	4	1	-	-
Targeted activities	-	2	1	2	1
Carbon footprint	-	2	2	-	-
Internal training	1	1	2	-	-
Resource consumption	2	1	-	-	1
Ownership issues	-	1	1	-	1
Digital business models	1	2	-	-	-
Supplier-related targets (purchasing)	1	2	-	-	-
Targets regarding staff members	1	1	-	-	-
Sustainability index	-	1	-	-	-

Explanations for Table 4:

Customer satisfaction. Many of the firms report that they include the definition of sustainability within the framework of the customer experience. Customer satisfaction is monitored through different types of customer satisfaction indices.

Targeted activities. Follow-up through various targeted actions appears to be as important as measuring consumer satisfaction. Targeted activities can range from developing products with a sustainability profile and expanding the screening of funds to conducting workshops and informational meetings on sustainability topics both internally and externally.

Carbon footprint. Many firms have targets for the consumption of carbon dioxide for the products and services they offer.

Internal training. Training for staff members can include everything from internal and external general training courses on sustainability to courses targeted on focus areas such as corruption and ethics. A few firms mention SwedSec, a Swedish competence-based certification standard for people working in financial firms.

Resource consumption. Resource consumption refers primarily to the carbon dioxide consumed by the firms' operations, but also the consumption of water, paper and waste collection.

Ownership issues. The firms that mention ownership issues as a measurable target highlight their work with promoting female candidates to Board positions in the firms in which they have invested.

Digital business models. This area is also sometimes called "the sustainable offer" by financial firms and primarily refers to managing customer contact and services online. This allows firms to be more accessible for their customers, cut costs and decrease the environmental burden of their business model.

Supplier-related targets. Targets firms use to place demands on their suppliers, for example which types of products they will deliver, how these products will be produced and/or how they should be delivered. For example, one firm says that it prioritises bicycle couriers.

Targets regarding staff members. These targets often refer to measurement of, for example, absence due to illness, the number of female managers and carbon dioxide consumption when booking travel.

Sustainability index. One life insurance undertaking states that it measures the extent to which it meets a sustainability index. However, which index and how it is used was not specified in the answer.

FIRMS FOLLOW UP ON THEIR TARGETS

All of the firms in the survey which reported that they have established targets and sustainability guidelines also have some form of follow-up. The internal follow-up is conducted either by specially appointed people within the firm, often a sustainability, risk or finance manager, or specially appointed groups, such as sustainability committees, councils or teams, that have been tasked with sustainability planning and follow-up. However, groups within the line organisation, such as business or function units or the internal audit function, also sometimes conduct the follow-up. In most cases, the people conducting the follow-up report the results to the management team or the Board of Directors.

Firms report that the external follow-up is conducted in the form of independent sustainability reports, which in four cases are subject to an external audit, or comments on the sustainability work in the annual report. There are today no specific laws or regulations governing financial firms with regard to the environmental aspects of their operations. However, during the autumn of 2014, a directive with amendments to the EU's accounting directive regarding the reporting of non-financial information and a diversity policy was adopted. Under this directive, certain firms must include a sustainability report and non-financial disclosures in their annual report. The directive, which has not yet been introduced into Swedish law, is proposed to apply for the first time to the financial year starting immediately after 31 December 2016.

All of the Swedish fund management companies in the survey classify screening of unit holdings as regular internal and/or external follow-up. It is not clear if such screening is conducted for all funds or if it only refers to some of the companies' funds. Asset managers who are registered with UNPRI are most likely subject to the annual self-assessment, which is also evaluated by the interest organisation, but this was mentioned in only one of the answers.

FIRMS SCEPTICAL TO REGULATION

The responses show that the majority of firms in the survey are sceptical about legislation in the area. However, some firms acknowledge that the introduction of regulatory measures could be both justified and possible, given that the provisions are appropriately designed.

Instead of legislation, the firms highlight the Swedish tradition of self-regulation through the industry initiatives that have thus far been taken and the importance of these initiatives. For example, they highlight the Swedish Code of Corporate Governance and SWESIF's work with sustainability declarations for funds (the "Sustainability Profile"). Furthermore, many firms say that sustainability-related legislation must not target financial firms specifically but rather the commercial sector as a whole, for example in the form of carbon reporting.

Securities companies were the most positive about financial sustainability regulation, although as a group they were least likely to have established targets and guidelines for sustainability.

Table 5. Attitude toward regulation (number of companies)

	Insurance undertakings		Banks	Securities companies	Fund management companies
	Non-life	*Life*			
Positive	-	2	-	3	1
Negative	3	1	5	2	3
Discussing the concept, but does not take an active position	-	-	-	1	2

The firms also highlight that there are risks and elements of uncertainty associated with potential regulation, in particular the difficulty in defining what constitutes sustainability and the difference in conditions between different business models and assets. A regulation therefore introduces a risk of creating a pocket of uncertainty, which would not benefit anyone. Most firms, though, also believe that legislation in the area of sustainability would speed up the transition to a fossil-free society, thus justifying the introduction of such legislation.

Furthermore, the firms take the position that a regulation that makes sustainable investments more cost-efficient than unsustainable investments will automatically lead to an increase in demand for sustainable initiatives.

The firms that were more open to the possibility of legislation also believe that it could improve transparency in the area, which would facilitate continued efforts by financial firms in the area of sustainability. This would mean greater possibilities for comparisons between firms and the creation of common playing rules.

Appendix 1 – Survey

Part 1. Sustainability in general – services and products

1.1 Have you prepared targets and guidelines relating to sustainability?

☐ Yes
☐ No

1.2 If yes, how do you define and limit the term "sustainability"?

1.3 Do you have internal guidelines for your sustainability work? If yes, describe them in accordance with the following instructions. (Please note that the guidelines themselves are **not** to be sent to FI. Please only submit a list of the guidelines.)

- name of the guideline
- the department (or equivalent) that prepared it
- date it was prepared
- person responsible for the policy/guideline
- how often the guidelines are updated

1.4 What are your prioritised targets with regard to your sustainability work?

1.5 Are the targets quantifiable and is it possible to measure fulfilment of the targets?

1.6 If yes, how have you quantified the targets?

1.7 How do you follow up on the targets and guidelines? Who is responsible for this?

1.8 In what way do you disseminate information within the organisation about sustainability targets and guidelines?

1.9 How do you ensure that there is competence within the company when it comes to sustainability?

1.10 What kind of demand for sustainability in products and services are you experiencing from your customers?

1.11 Are you registered with any national and/or international networks/interest organisations in the area? (for example UNPRI, SWESIF, etc.) If yes, which ones?

1.12 Do you believe that financial regulation could help support the sustainability work of firms? If yes, how?

Part 2. Climate-related work in general

2.1 Please account for whether there are climate-related targets for your services and products and, if there are, please describe them. How do you follow up on these targets and who is responsible for this follow-up? Are the results reported to the Board of Directors?

2.2 Are the targets general, for the entire firm or do you also have specific targets for different business/operational areas? How are they formulated?

2.3 Do you inform your customers about your work with climate-related issues, and if yes, how?

Part 3. Climate-related work - industry-specific questions: non-life insurance

3.1 What kind of demand are you experiencing from customers with regard to services and products that take into consideration climate-related targets?

3.2 Do you apply any climate-related targets when setting premiums?

3.3 Can preventive, climate-related measures taken by a policyholder influence the size of the premium that is paid?

3.4 Do you have any climate-related targets for claims settlement? Can these affect the manner in which you settle a claim? (for example, should damages be rectified in a certain manner or by a specific supplier, etc., that take climate-related aspects into consideration)

3.5 To what extent do you consider climate risks and climate-related effects when calculating insurance risks and capital buffers?

3.6 Do you include climate risks and climate-related effects in your asset management? If yes, how?

Part 3. Climate-related work - industry-specific questions: Life insurance

3.7 What kind of demand are you experiencing from customers with regard to services and products that take into consideration climate-related targets?

3.8 To what extent do you consider climate risks and climate-related effects when calculating insurance risks and capital buffers?

3.9 Do you include climate risks and climate-related effects in your asset management? If yes, how?

Part 3. Climate-related work - industry-specific questions: Banking

3.10 What kind of demand are you experiencing from customers with regard to services and products that take into consideration climate-related targets?

3.11 Within which business areas do you work with climate-related issues?

- ☐ Lending to consumers
- ☐ Lending to corporates
- ☐ Investment advice for consumers
- ☐ Discretionary portfolio management for consumers
- ☐ Investment advice for corporates and institutions
- ☐ Discretionary portfolio management for corporates and institutions
- ☐ Deposits
- ☐ Other (specify)

3.12 Lending

- How are climate-related aspects considered in the regulations and guidelines that steer the bank's credit assessment?

  *Some banks have already answered questions about how climate-related issues are considered in their credit assessment and lending activities in the survey conducted in the autumn of 2015. **These answers do not need to be repeated here***

3.13 Investment advice and/or discretionary portfolio management:

- Do you include climate risks and climate-related effects in these activities? If yes, how?

- Describe the opportunities and risks you see related to climate-related effects and measures from an investor viewpoint, for example in terms of return.

3.14 Do you take climate-related aspects into consideration in the bank's deposit activities? If yes, how?

Part 3. Climate-related work - industry-specific questions: Securities companies

3.15 What kind of demand are you experiencing from customers with regard to services and products that take into consideration climate-related targets?

3.16 Do you include climate-related effects and risks in your investment advice and/or discretionary portfolio management? If yes, how?

3.17 Describe the opportunities and risks you see related to climate-related effects and measures from an investor viewpoint, for example in terms of return.

Part 3. Climate-related work - industry-specific questions: Fund management companies

3.18 What kind of demand are you experiencing from customers with regard to services and products that take into consideration climate-related targets?

3.19 Do you include climate-related effects and risks in investment decisions within the framework of your funds? If yes, how?

3.20 Describe the opportunities and risks you see related to climate-related effects and measures from an investor viewpoint, for example in terms of return.

Appendix 2 – firms in the survey

No.	Firm	Type of company
1	If Skadeförsäkring AB	Insurance, property
2	Dina Försäkring AB	Insurance, property
3	Länsförsäkringar Stockholm	Insurance, property
4	SPP Pension och Försäkring	Insurance, life
5	Skandia Liv	Insurance, life
6	AMF Pensionsförsäkring AB	Insurance, life
7	SEB	Credit institutions
8	Handelsbanken	Credit institution
9	LF Bank	Credit institution
10	Erik Penser Bank	Credit institution
11	Carnegie Investment Bank AB	Credit institution
12	Söderberg & Partners Securities AB	Securities company
13	Exceed Capital Sverige AB	Securities company
14	Garantum Fondkommission AB	Securities company
15	Cerberus AB	Securities company
16	Nordea Investment Management AB	Securities company
17	Fair Investments Sweden AB	Securities company
18	Catella Fonder AB	Fund management company
19	Lannebo Fonder	Fund management company
20	Didner & Gerge AB	Fund management company
21	Swedbank Robur Fond	Fund management company
22	Tundra Fonder AB	Fund management company
23	Prior & Nilsson Fond- och Kapitalförvaltning Aktiebolag	Fund management company

Appendix 3 – organisations and sustainability initiatives

Name of the organisation or initiative	Insurance undertaking		Banks	Securities companies	Fund management companies
	Non-life	*Life*			
SWESIF	3	1	3	6	1
UN PRI	3	1	3	4	1
The Carbon Disclosure Project	3	-	3	1	1
UN Montreal (Carbon) Pledge	3	-	2	1	2
UN Global Compact	3	1	2	1	-
Hållbart värdeskapande	3	-	2	1	-
UNEP FI	1	-	2	1	1
ICC Business Charter for Sustainable Development	-	1	2	-	1
Equator Principles	-	-	2	-	-
EPCAT	-	-	1	1	-
FINSIF	-	-	1	-	1
Swedish Financial Coalition against Commercial Sexual Exploitation of Children	-	-	2	-	-
UNEP FI PSI	1	-	-	-	-
The Portfolio Decarbonization Coalition	1	-	-	-	-
OECD Guidelines for ILOS Nuclear Weapon Convention	-	-	-	1	-
OECD Guidelines for Multinational Enterprises	-	-	-	1	1
Carbon Footprint	1	-	-	-	-
Climate Wise	-	1	-	-	-
IIGCC	-	-	-	-	1
SNS	1	-	-	-	-
Sweden Green Building Council	1	-	-	-	-
Nätverk Hållbar IT	-	1	-	-	-
Stockholm Climate Pact	-	1	-	-	-
Klimatlöftet	-	1	-	-	-
Institutionella ägares förening	-	-	-	1	-
Save the Children	-	-	-	1	-
NMC	-	-	1	-	-

My Dream Now	-	-	1	-	-
DANSIF	-	-	-	-	1
NORSIF	-	-	-	-	1
Geneva Association's Kyoto Statement	-	-	1	-	-
Stiftelsen Länsbolagens Forskningsfond	-	-	1	-	-
Agria's Research Fund	-	-	1	-	-
CDP Water Disclosure	-	-	1	-	-
Network for climate neutral companies	1	-	-	-	-
Buy ecolabelled procurement network	1	-	-	-	-
Näring for klimat	1	-	-	-	-
GES Engagement Forum	1	-	-	-	-
CSR Sweden	-	1			

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