

Folksam Group Sets New 2025 Climate Targets for its Investment Portfolios

Engagement with current holdings is a key component as the group commits to a 29% GHG emission reduction across its equities, corporate bonds and real estate portfolios by 2025.

The Folksam Group (“Folksam”) today announced its new interim climate targets for its investment portfolios, which include a commitment to reduce greenhouse gas (GHG) emissions within equities, corporate bonds and real estate by 29 percent by 2025. Engagement with current holdings has been identified as the primary tool to achieve this target. In addition, Folksam seeks to enhance the supply side of green investment products.

Folksam is one of seven founding members of the [UN-Convened Net Zero Asset Owner Alliance](#), launched at the UN climate meeting in New York in 2019. Members have committed to transitioning their investment portfolios to net zero GHG emissions by 2050, at the latest. The Alliance currently includes more than 30 asset owners representing 5.5 trillion USD in assets under management. The targets announced today are Folksam’s first interim targets on its path towards net zero GHG emissions.

“We are committed to climate transition because we want our clients to feel secure in a sustainable world. Our net zero target by 2050 is ambitious, but it is not enough. It has to be divided into interim targets, with credible plans and followed up on a regular basis,” says Ylva Wessén, President and CEO of Folksam. “We look forward to working towards our new interim climate targets, and thus continuing our long-term commitment to transition our investment portfolios in line with the goals of the Paris agreement.”

Folksam’s new interim targets and the Net Zero Asset Owner Alliance has made a public commitment to reduce carbon emissions in the real economy. To achieve this, Folksam plans to engage with high carbon portfolio companies on their decarbonization pathways. By 2025, Folksam’s target is that at least 50 percent of the 86 largest emitters in its investment portfolios should have developed science-based climate targets.

“We want to ensure that climate transition is a key part of the strategic agenda in the companies that the Folksam Group owns, especially among our holdings with the largest environmental footprint,” says Michael Kjeller, Head of Asset Management and Sustainability and Deputy CEO, Folksam. “A significant reduction of GHG emissions in the real economy will not happen in one day, and therefore our engagement efforts will be a key part of our work in the coming years.”

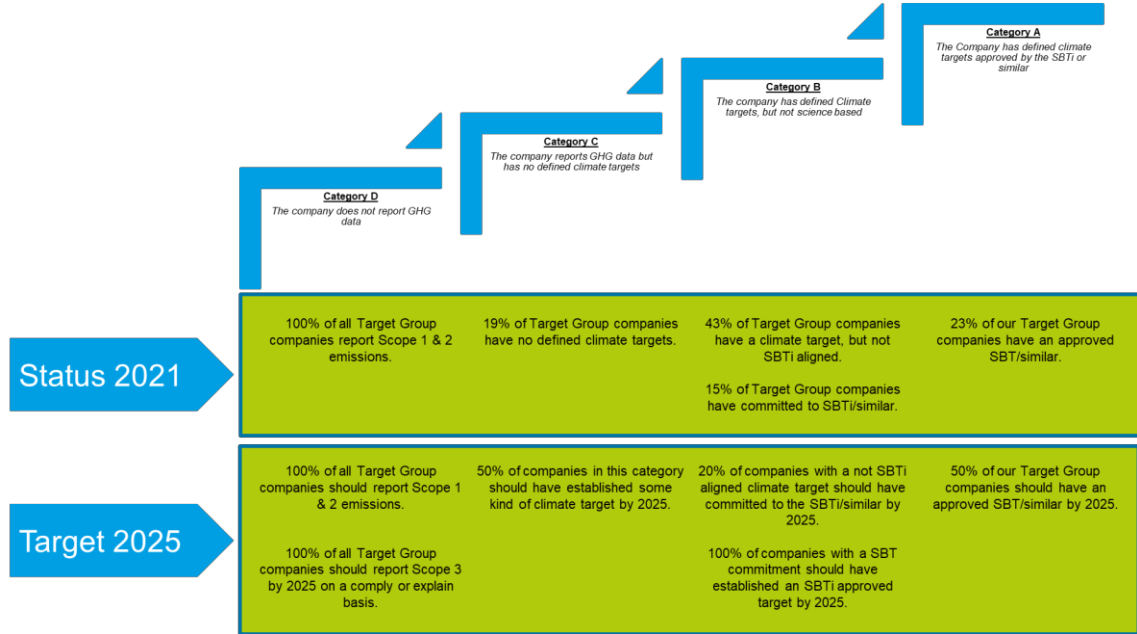
In addition to an increased number of portfolio companies with science-based climate targets, Folksam has also adopted a quantitative target where GHG emissions within equities, corporate bonds and real estate are to be reduced by 29 percent by 2025. The target will primarily be achieved through engagement initiatives, although divestments may be used, should a portfolio company fail to demonstrate a commitment or ability to transition its business in line with the goals of the Paris Agreement. In addition, Folksam has adopted new targets aimed at enhancing the supply side of green investments, for example through closer dialogue with issuers and other actors in the primary market.

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Folksam 2025 Interim Climate Target – further notes to editors:

- Engagement:** Folksam has identified the top 121 emitters in the group’s investment portfolios. In the years leading to 2025, Folksam will engage with these companies, either directly or with other investors, through AGMs, direct meetings and other engagement activities, to encourage them to take additional steps in their climate change awareness, reporting standards and respective target setting. Companies already covered by other climate engagement activities have been removed from the list of the 121 top emitters. The remaining 86 companies have been divided into four different subcategories, defined by how sophisticated each company’s current climate targets and reporting standards are. While each subcategory has its own targets, the overarching goal is that at least 50 percent of these companies should have developed science-based climate targets approved by the SBTi or similar by 2025. Currently, that figure is 23 percent.



- Emission Reduction:** In line with the Intergovernmental Panel on Climate Change (“IPCC”) 1,5-degree recommendations, Folksam commits to set a GHG reduction target of 29 percent (for scope 1 and 2) by 2025 for its equities, corporate bonds and real estate portfolios. Engagement has been identified as the primary tool to achieve this target. However, divestments may be used where a portfolio company fails to demonstrate a commitment to transition its business in line with the goals of the Paris Agreement.
- Enhance the supply side of green investment products:** In the coming years, Folksam will continue to engage with relevant stakeholders including NGOs, municipalities, customers, asset managers and financial institutions, in order to enhance the supply side and transparency of climate solution investments. This will be achieved through engagement activities aimed at encouraging more primary market actors to develop climate adaption strategies.

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