

**Skandia Corporate Manual**

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Guidelines

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**Guidelines for the ESG Forum**

<i>Adopted by</i>	Chief Investment Officer, Livförsäkringsbolaget Skandia ömsesidigt (Skandia Mutual Life Insurance Company)
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<i>Legal or other basis</i>	–
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## 1 Assignment

Skandia's Corporate Governance Policy ("the Corporate Governance Policy") has been adopted by the Chief Investment Officer ("CIO") of Livförsäkringsbolaget Skandia ömsesidigt (Skandia Mutual Life Insurance Company) ("Skandia"). The CIO is responsible for the policy implementation. Head of Manager Selection of Skandia's Asset Management ("SLK") is the policy specialist for the Corporate Governance Policy.

Within the Asset Management Department, a forum for coordination and preparation of issues related to corporate governance is needed. The CIO has resolved this forum and it is titled the ESG Forum. The ESG Forum includes employees from SLK, Skandia Investment Management AB ("SIM"), Skandia Fonder AB ("Skandia Fonder") and from Skandia's Sustainability Department. Other representatives from Skandia are adjunct if necessary, for example when matters related to SLK's Private Equity & Infrastructure or Skandia Fastigheter AB (Real Estate) are addressed.

## 2 The ESG organization and processes

The Asset Management Department's ESG practice consists mainly of the following process:



1. We exclude investments
2. We select investments
3. We engage with investments
4. We communicate the impact

### 2.1 The ESG Forum

The ESG Forum shall regularly attend these types of matters which are generally of strategic nature:

- a) Define the objective and strategy of the ESG practice at Skandia, which shall promote the Group's general objective and strategy.
- b) Promote coordination of ESG resources and product development within the Group.
- c) Prepare proposals to the annual revision of the Corporate Governance Policy.
- d) Decide on additional standpoints to the Corporate Governance Policy.
- e) Consult on extended standpoints for portfolios or mandates with sustainable criteria.
- f) Consult on Skandia's list of excluded investments. The CIO decides on the portfolios of Skandia Mutual Life and the CEO of Skandia Fonder decides on the portfolios of Skandia Fonder.
- g) Monitor the practice of the ESG Committee and the ESG Ambassador Team.

### 2.2 The ESG Committee

The preparatory body of the ESG Forum is the ESG Committee. The committee's role is mainly to monitor the ESG ambassador's various workflows and to prepare matters and recommendations to the ESG Forum, such as the types described under a) to g) above. The chairperson of the committee is the Head of Manager Selection. The committee consists of the CEO of Skandia Fonder, Head of Equity of SIM and the ESG Coordinators of SLK. Other employees are involved if necessary.

### 2.3 The ESG Ambassador Team

The ESG Ambassador Team is a composition of representatives spread widely across the Asset Management Department. There are representatives from SLK (including the Private Equity & Infrastructure Teams), Skandia Fonder and various investment teams from SIM. The members cooperate operationally in various workflows when developing and implementing ESG, which include the following activities:

- Continuously monitor and develop Skandia's standpoints on key ESG matters.
- Screen all portfolio holdings of Skandia to evaluate if they meet the criteria of the Corporate Governance Policy.
- Develop investment methodologies within each investment team to integrate ESG risks and opportunities into the investment processes.
- Engage with companies that are breaching or are close to breach Skandia's Corporate Governance Policy.
- Prepare corporate governance activities related to general meetings, nomination committees, guidelines for listed companies, etc.
- Prepare and, where appropriate, carry out internal and external communication, which if necessary is done in collaboration with Skandia's Sustainability Department.

The various workflows of the ESG Ambassador Team are coordinated by SLK's ESG Coordinators, or by other employees that are designated by the Head of Manager Selection.

## 3 Representatives

The ESG Forum shall consist of the following representatives:

**SLK:**

- CIO, *also the chairman of the ESG Forum*
- Head of Manager Selection

**Skandia Fonder:**

- Chairman of the board
- CEO

**SIM:**

- Chairman of the board
- CEO
- Head of Equity

**Sustainability Department:**

- Head of Sustainability

To ensure efficiency and continuity the ESG Forum should consist of a limited number of ordinary members. As well other employees can be admitted at odd meetings or for longer periods depending on requirements and matters to be attended. If any unit are calling in the convener must be informed.

## 4 Procedure

The ESG Forum shall meet once a quarter or when necessary.

The Head of Manager Selection is the convener and the one responsible for distributing agendas and keeping minutes, which are to be sent to all ordinary members.

Ahead of an ESG Forum the members of the ESG Committee meet to consult. In addition, they meet regularly to discuss current issues.

## Appendix 1: Process to exclude companies as investment objects

Skandia's ESG Team is responsible for establishing and maintaining Skandia Fonder's exclusion lists. The ESG Team assesses whether new reported cases are in conflict with Skandia Fonder's standpoints and Corporate Governance Policy and, if so, proposes these cases for exclusion. The ESG Team also makes assessments about whether companies should be included on Skandia Fonder's observation list, and whether there is updated information that can lead to companies being re-included in Skandia Fonder's investment universe.

Skandia Fonder screens all its holdings twice a year, first and third quarter. The screening refers to companies operating in controversial sectors as well as violations of international guidelines and conventions for funds that invest responsibly as well as funds with extended sustainability criteria. Screening is done to detect any new cases of involvement in controversial products or violations, and to confirm that the cases already reported are still current. The ESG Team also receives ongoing reports on companies and has the opportunity to act apart from these two screening occasions if needed. These assessments are documented.

The ESG Forum consults on the recommended exclusions. During the meeting, the ESG Team presents and motivates their recommendations as well as deviations from the information sources' analyses and recommendations. Following the ESG Forum's consultation, the CEO of Skandia Fonder decides which companies should be excluded for the funds of Skandia Fonder.

Skandia Fonder updates its exclusion lists and publishes them at [skandia.se/fonder](https://skandia.se/fonder).

### **Skandia Fonder's exclusions for funds that invest responsibly**

The ESG Team assesses which companies should be excluded in line with Skandia Founder's standpoints on sectors with sustainability risk. For funds that invest responsibly, these sectors are companies related to tobacco, controversial weapons, coal and cannabis, according to the criteria and revenue limits in Appendix 1, section 3.2.1 (excerpt from Skandia Fonder's Corporate Governance Policy).

The companies the funds invest in must comply with international guidelines and conventions in accordance with Skandia Fonder's Corporate Governance Policy. If it comes to our knowledge that a company does not follow these guidelines and conventions in an acceptable manner, an evaluation of the deviation is carried out. However, we believe in engagement, which is why we prefer to engage in dialogue with such a company in order to induce it to rectify the abusive circumstances. We also want to influence the company to improve their preventive work for the environment, social aspects and business ethics. If there is no improvement, we exclude the company from our investment universe until the company has taken adequate measures.

In order to carry out analysis that the companies follow international guidelines and conventions, the starting point is red-flagged companies in ISS-ESG's analysis and confirmed cases in Sustainalytics analysis. The ESG Team also makes their assessments based on supplementary sources of information and the outlook for the company to mitigate and manage its ESG risks and specific confirmed violation. The ESG Team recommends which companies should be excluded due to violations and which companies are subject of engagement.

### **Skandia Fonder's exclusions for funds with extended sustainability criteria**

For funds with extended sustainability criteria, Skandia Fonder has chosen to exclude additional sectors, in addition to the above. These sectors are conventional weapons and fossil fuels, according to the criteria and revenue limits in Appendix 1, section 3.2.2 (excerpt from Skandia Fonder's Corporate Governance Policy).

Funds with extended sustainability criteria do not invest in companies violating international guidelines and conventions, which is a tougher criteria than for funds that invest responsibly. Skandia Fonder's criteria for

extended exclusions of violations are based on information that establishes that a serious violation of international guidelines and conventions has occurred and that the company has not taken adequate measures to rectify the violation.

The starting point for the analysis is red-flagged companies in the ISS-ESG analysis. The ESG Team also makes assessments based on more supplementary sources of information and then recommends which companies should be excluded due to violations.