

Länsförsäkringar AB – Process of exclusion

Länsförsäkringar AB (LFAB), together with its subsidiaries has implemented sustainability (also ESG) related exclusion criteria. These criteria apply to direct investments in listed equities and corporate bonds by LFABs Asset Management Department and the Mutual Fund Company. To deal with conflicts of interest the exclusion list is strictly rules based and the rules and the criteria is based on international norms and on climate risks. The criteria cover:

Serious violations of international norms and conventions

LFAB does not make direct investments in companies through listed equities or corporate bonds, which are considered to violate international norms and where the dialog with the company has not reached the desired outcome.

The international norms and associated guidelines, that LFAB is committed to, include international conventions, agreements, and standards such as the UN Global Compact, the OECD Guidelines for Multinational Companies, and the UN Guiding Principles for Business and Human Rights. The areas covered by these conventions and standards concern the environment, human rights, labor rights and corruption.

Companies that are assessed as non-compliant with international norms and at the same time are non-responsive in the dialog with investors may be relevant for exclusion. LFAB uses an appointed research provider to identify companies that violate international norms. LFAB makes its own exclusion decision on violations of international norms and the analysis from the research provider is used as a starting point for LFABs own assessment. Please find more information under *Changes in the exclusion list*

Controversial Weapons

LFAB does not make direct investments in companies through listed equities or corporate bonds, which are assessed to be involved in nuclear weapons, cluster weapons, anti-personnel mines, biological and chemical weapons, depleted uranium and white phosphorus.

Analysis from an appointed research provider is used to identify companies that are involved in controversial weapons. Companies that produce products that are assessed as key and dedicated to controversial weapons are considered to be involved in controversial weapons. The same applies to companies with an ownership share of >50 percent in a company involved in controversial weapons.

Fossil Fuels

LFAB does not make direct investments in companies, through listed equities or corporate bonds;

- with more than 5 percent of their revenue derived from thermal coal.
- with more than 5 percent of their revenue derived from the extraction of unconventional oil and gas.
- With more than 5 percent of their revenue derived from the exploration and extraction of conventional oil and gas.

- with significant oil reserves and production where the prospects for meaningful active ownership are deemed to be insufficient.

These companies are not considered sustainable investments, neither from a financial nor from an environmental perspective.

LFAB may consider retaining companies in its investment universe if the company has made a commitment to the Paris Agreement <2 degrees goal (assessed based either on an approved Science Based Target or alignment with the Transition Pathway Initiatives 2 degrees scenario for 2030) and/or if the company's revenue share from renewable energy exceeds the revenue share from fossil fuel power generation.

Tobacco

LFAB does not make direct investments in companies through listed equities or corporate bonds, which derive more than 5 percent of their revenue from the production of tobacco. Tobacco producers are considered to have such a negative impact, both from a health and an environmental perspective, that they cannot be considered to be responsible companies.

Gambling

LFAB does not make direct investments in companies, through listed equities or corporate bonds which derive more than 5 percent of their revenue from commercial online gambling or commercial gambling. The exclusion criteria cover companies involved in the development, maintenance, management and/or marketing of activities that involve gambling at online casinos, slot machines and/or poker (or the equivalent) and gambling operations, typically referred to as casino operators. Companies involved in these sectors are considered to have a negative impact from a health perspective, in particular related to gambling addiction.

Pornography

LFAB does not make direct investments in companies, through listed equities or corporate bonds which derive revenues from production of pornographic material.

Changes in the exclusion list

The exclusion list is updated semiannually. The list is compiled by the Sustainability team at Länsförsäkringar AB. That team is independent from the individual portfolio managers.

The list is changed when new information is received on company revenue linked to the exclusion criteria.

Changes can also be based on new information from the appointed research provider on violation of international norms or involvement in controversial weapons. The analysis from the research provider is used as a starting point for LFABs own assessment. The final decision to add or remove a company from the list is made by both the CEO of the Mutual Fund Company and the Allocation Committee within the Asset management. The same applies to changes in the criteria on which the list is based.

A decision to change the rules based criteria is also made by both the CEO of the Mutual Fund Company and the Allocation Committee within the Asset management.

When a decision to change the list has been made benchmark providers and external managers of segregated mandates are informed of the changes and when they are expected to be implemented. The list is also shared internally to portfolio managers and Risk function. After that a public version of the list is published on lf.se.