

Policy for responsible investment

Adopted by the Board on 10 June 2019

1. Introduction

Handelsbanken Liv's (the Company's) view is that responsible actions are essential to long-term value creation in Handelsbanken Liv.

This policy establishes the focus for the Company's work with responsible investment.

1.1 Purpose and goal

The purpose of the Company's work with responsible investment is to help create economically, environmentally and socially sustainable development through its ownership and customer offering. Investing customers' assets in a responsible manner is an important prerequisite for achieving the Company's goal of generating a strong long-term yield.

2. Orientation

The Company's policy for responsible investment is based on international standards and controversial weapons. These standards are embodied in UN conventions and agreements, and provide guidance in matters of responsible investment in the Company. Handelsbanken supports international initiatives and guidelines that have the common aim to encourage and facilitate corporate sustainability, e.g. the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Environmental Programme Finance Initiative (UNEP FI), the UN Principles for Responsible Investment, the UN Guiding Principles for Business and Human Rights, the ILO's core conventions, the UN 17 Sustainable Development Goals, and the Children's Rights and Business Principles (developed by the United Nations Global Compact, UNICEF and Save the Children).

3. Scope

The Company's investment offering includes indirect ownership of shares via mutual funds and various financial instruments in listed companies, both in Sweden and abroad, as well as holdings in limited companies whose shares are not listed for trade on a regulated market. In addition, holdings in other asset classes, such as fixed income securities, are also available. Regardless of asset class, the Company aims to provide sustainable value creation in the investments it offers to its customers. This policy covers the

Company's investment offering, although its applicability varies depending on the product and degree of influence. In portfolio bond insurance and unit-linked insurance, the policyholder selects what investments are made, rather than the Company.

4. Inclusion, exclusion and engagement

The Company believes that matters relating to the environment, society and corporate governance have the potential to affect return on investment, and the Company therefore has a responsibility to act in a manner befitting the customers' long-term interests. The Company shall integrate sustainability into evaluations of its own investments and of the investments it offers to customers:

Inclusion – the Company aims to co-operate with asset management providers that implement systematic sustainability work and integrate sustainability into their products' investment process.

Exclusion – the Company refrains from investments in companies/mutual funds/states whose activities and operations contravene the Handelsbanken Group's policies, guidelines and values.

Engagement – the Company strives to actively contribute to sustainable development by maintaining a dialogue with asset management providers, for example by encouraging such providers to sign a PRI and to refrain from certain investments, in line with the Company, and to maintain a dialogue on matters important to the Company.

In the event of a deviation from the Company's sustainability criteria, a dialogue should be established with the objective of bringing about change. Should the desired development fail to materialise, the holding may be divested or the mutual fund excluded.

5. Management

The Company conducts life insurance operations with traditional management and unit-linked management. The traditional management includes management with guaranteed interest, life insurance management, where the company

decides how the assets are to be invested and portfolio management where the customers themselves choose and bear the risk for the investments in the insurance policy. For unit-linked management, the Company selects the range of mutual funds which can be included in the insurance policies.

5.1 Management with a guaranteed return and life insurance management

The Company's objective is long-term value creation for its customers. Investments using the investable assets are chosen in such a manner so as to ensure that the insurance capital is managed in accordance with the prudent person principle. Mutual funds and investments must meet the requirements imposed by the Handelsbanken Group and the Company in terms of sustainability. For its management of insurance assets with guaranteed interest and life insurance management, the Company engages Svenska Handelsbanken AB (publ) (the Bank), which manages the assets as a discretionary assignment.

The Company's policy states that agreements relating to the outsourcing of business operations must be followed up. The purpose of a follow-up is to evaluate the performance for each assignment and to assess whether an outsourcing agreement should be revised. With regard to outsourcing of asset management, part of this follow-up consists of ensuring compliance with policy documents for responsible investments. If the evaluation resulting from the follow-up of an outsourcing agreement reveals significant shortcomings in the performance of the Bank, this may result in the agreement being terminated.

5.2 Unit-linked management

The Company's range of mutual funds should suit both unit-linked insurance customers who are keen to play an active part in reinvestment activities and unit-linked insurance customers who prefer to choose a fund that they can remain with over a longer period of time. The range of mutual funds should be dynamic and of a high quality (return, risk, rating and sustainability) and provide customers with a good selection to choose from, whether from the Bank's own range of funds or those offered by selected external fund managers. The aim is to have a basic range that complements more specialised funds.

All funds in the range are to be evaluated on an ongoing basis in accordance with a predetermined evaluation process. If two or more funds are deemed to be relatively similar in terms of their returns and risk profile, the Company will favour the fund that has the best overall rating in terms of sustainability. Funds in the offering must meet the Company's requirements for responsible investment. Proactive and reactive dialogues engaged in with the fund providers contribute to sustainable development. The Com-

pany may also exclude funds from the offering if engagement and dialogue fail to result in the desired development. The Company's fund selection committee compiles reviews and prepares supporting documentation to determine which mutual funds will be included in or excluded from its range of funds. Decisions are made by the Chief Executive.

5.3 Custody management

The Company also provides insurance which involves management in a custody account for the investment of cash funds, and a custody account for securities and mutual funds. The policyholder is responsible for these insurance policies and for selecting what is invested in them.

6. Organisation and responsibilities

This policy must be implemented equally at all companies in the insurance group, given the nature and scope of the operations.

It is the responsibility of all company employees to comply with this policy, and the responsibility of all managers to ensure compliance with the policy. Each employee affected by this policy is obliged to inform one of the central functions when discovering any deviations from this policy or other facts which may be of importance to the central functions' areas of responsibility.

Checking compliance with this policy/these guidelines is the task of the central functions.

7. Risk management

All work undertaken in this policy's area of application shall be covered by the Company's normal procedures relating to the management of operational risk, which are described in the Company's policy for risk management and other policy documents relating to risk management.

8. Internal and external reporting

The Company must measure, report and follow up the work with responsible investment. The Chief Executive is responsible for ensuring that reporting takes place annually to the Company's executive management and Board. These reports are also published annually in Handelsbanken's sustainability report, the Company's annual report, and through other types of reports published on Handelsbanken's website.

9. Related processes and policy documents

The following processes and policy documents of the Company are linked to this policy:

- Policy for sustainability in the Handelsbanken Group,
- Policy for sustainability, and
- Instructions and guidelines relating to sustainability.