

Skandia's comment on the Swedwatch report "Silent approval"

In a recent report by Fair Finance Guide and Swedwatch, the seven largest banks in Sweden are reviewed with regard to how they apply sustainability to investment practices. Skandia's fund company is one of the companies reviewed in the report, alongside the banks. The report looks into how a human rights perspective, particularly in relation to palm oil plantations on Borneo, has been included in investment decisions and what actions Skandia and other investors have taken. In the report, the specific companies invested into are AAK, BHP Billiton, Deutsche Bank and IOI Corp. Skandia has an ownership share in three of these companies (AAK, BHP Billiton and Deutsche Bank). Skandia has had engagement dialogues with all three companies regarding relevant sustainability issues such as actions taken after a dam incident, supply chain issues regarding shea and money laundering issues. We have not engaged in dialogues concerning the specific issues brought up by Swedwatch and Fair Finance Guide in their report.

To ensure an objective assessment from several sources and perspectives, Skandia has three leading and independent service providers of sustainability analysis and incident tracking of all our investments.

If Skandia deems that a company has an unsatisfactory sustainability record or does not comply with international norms related to sustainability issues, the company is put on Skandia's watchlist and an engagement process is initiated –either by Skandia or by one of our two suppliers of engagement services on our behalf. In those cases where we do not see a clear willingness towards more sustainable performance we will consider excluding that company from our investments. To date, Skandia has excluded a total of approx. 130 companies, of which five were related to unsustainable practices in forestry and/or palm oil plantations.

We welcome constructive scrutiny which can help to further develop responsible investments. To examine, analyse and engage with companies with regard to the rights of indigenous people can be complex but important and an area that we want to develop. We will take the results of the report into account and continue to work to contribute to a more sustainable development.

Our fund company's exclusion list and list of engagement dialogues are published on our website www.skandia.se (in Swedish).