Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: Storebrand Asset Management AS (529900ZTCGG5XNFGB694)

Summary

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.

The following is the Principal Adverse Impact (PAI) Statement of Storebrand Asset Management AS (SAM). SAM owns subsidiaries which are also Financial market participants in their own capacity, and therefore, parts of the capital included in this statement, will also be disclosed in the statements for the subsidiaries. This statement is a requirement of the EU Sustainable Finance Disclosure Regulation. When SAM assesses the principal adverse impacts on sustainability factors (PAI), SAM evaluates the assets managed on an entity level, with the exception of assets where data on PAIs are not available.

SAM continuously assesses any potential adverse environmental, social or governance impact from activities in investee companies. For companies with heightened risk of potential adverse impact, our Risk & Active Ownership team will make an in-depth analysis of the issue and decide on any further action, such as engagement or recommendation for exclusion. More information on our engagement process is found in our Sustainable Investments Policy. Further integration and considerations of PAIs may take place at SAM's subsidiaries and specific funds or investment vehicles.

This version of this document applies as of June 30th, 2023. The statement will be revised and updated as needed.

[16] Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (recast) (OJ L 153, 18.6.2010, p. 13)

Description of the principal adverse impacts on sustainability factors

All economic activity has some form of impact, and SAM will gather data and monitor the principal adverse impact of all mandatory as well as several additional indicators. We will use this screening to further identify and manage sustainability risks from our investments. SAM has been working to reduce adverse impact in its portfolios since the turn of the century and it has identified the following as main adverse sustainability impact categories that applies to all equity and debt portfolios:

- Adverse impacts affecting the environment and climate such as: severe environmental damage; Green House Gas emissions; biodiversity loss and deforestation.
- Adverse impact affecting workers, communities, and society such as: violations of basic workers' rights; forced labor; gender/diversity discrimination or indigenous rights violations
- Adverse impact in connection with gross corruption and money laundering
- Adverse impact in connection with controversial weapons (landmines, cluster munitions and nuclear weapons)
- Adverse impact in connection with tobacco products

SAM already uses environmental, social and governance data in a sustainability rating and for other screening and engagement purposes, but it will now also be used specifically for the screening of principal adverse sustainability impacts.

We have also identified some products as adverse impacts that we aim to avoid in all our funds such as coal or oil sands and others for some of our portfolios such as alcohol, gambling, and conventional weapons. These products are associated with significant risks and liabilities from a societal, environmental or health related harm. See our Sustainable Investment Policy at www.storebrand.com for more detail.

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Indicators applicable to investments in investee companies					
Adverse sustainability indicator	**Metric**	**Impact 2022**	**Impact 2021** New as of 2022, and not available for previous years	**Explanation**	**Actions taken, and actions planned, and targets set for the next reference period**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					

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Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	1 200 148	-	Coverage: 63 %	SAM has committed to our investment portfolios having net-zero GHG emissions by 2050, at the latest. Our long-term ambition is backed up by short-term strategies and by 2025 emissions for specific asset classes (listed equity, publicly traded corporate debt and real estate) will be reduced by 32% (including scope 1 and 2, in accordance with NZAOA methodology). We have designed an engagement approach to create an impact in the real economy and encourage companies to define and implement climate strategies align with the goals of the Paris Agreement and reaching net-zero emissions by 2050 or sooner. While we engage with a broad set of sectors and companies, a special focus will be given to 20 emitters generating amongst the most emissions in our portfolios. This consists of seeking commitments from boards and senior management to for example implement a strong governance framework which clearly articulates the board’s accountability and oversight of climate change risk and take action to reduce greenhouse gas emissions across the value chain, consistent with the Paris Agreement’s goal of limiting global average temperature increase to well below two degrees Celsius above pre-industrial levels, aiming for 1.5 degrees. We will also continue to engage with a number of companies to mitigate their climate risk, through platforms such as Climate Action 100+ and The Institutional Investors Group on Climate Change (IIGCC). Out of our total ongoing engagements during the reference period, 198 of the engagements were linked to PAI 1 – GHG emissions. Planned actions: During 2022 we have set up meetings and engaged with these top emitters. The engagement with the top
		Scope 2 GHG emissions	283 846	-	Coverage: 63 %	
		Scope 3 GHG emissions	9 554 500	-	Coverage: 63 %	
		Total GHG emissions	11 038 451	-	Coverage: 63 %	

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							emitters will continue during 2023. For a status update on these engagements, please see our regular reporting in the quarterly Sustainable Investment reports: Document library - www.storebrand.com. Targets for reference period: Our climate sub-target by 2025 is to reduce emissions with 32% for specific asset classes (listed equity, publicly traded corporate debt and real estate). Performance against our climate targets will annually be followed-up and reported to the Board.
		2. Carbon footprint	Carbon footprint	464,58	-	Coverage: 60 %	Actions: SAM measure the carbon emissions of the investment portfolio, which can then be used to compare portfolio emissions to global benchmarks, identify priority areas for reduction (including the largest carbon emitters and the most carbon intensive companies) and engage with companies on reducing carbon emissions/mitigate their climate risk and improving disclosure standards. Carbon footprint reports are published each quarter: Out of our total ongoing engagements during the reference period, 32 of the engagements were linked to PAI 2 – Carbon footprint. Planned actions: Carbon footprint for the investment portfolios will continuously be measured and reported. Targets for reference period: See above, our climate strategy and target to reduce owned emissions.
		3. GHG intensity of investee companies	GHG intensity of investee companies	1045,04	-	Coverage: 60%	Actions taken: In line with Storebrand Asset Management's PAI statement, our methodology is to identify PAI laggards (red), PAI intermediate performers (yellow) and PAI leaders (green). We have done an initial gap analysis and assessed the data quality of the PAI indicators, including whether we deem the data coverage to be of good quality and coverage, in order

							to be able to assess companies as red/yellow/green. GHG intensity is one of the indicators have enough quality data and coverage, so we have identified red, yellow and green flagged companies based on the 'GHG intensity' indicator. This information has been made available to the portfolio managers. Out of our total ongoing engagements during the reference period, 32 of the engagements were linked to PAI 3 – GHG intensity. Planned actions: The red-flagged companies will be further analysed, and depending on the risk of negative impact, mitigation through engagement or potential risk-based exclusion will be considered as a final resort. Targets for reference period: Aim to engage with all the red flagged companies where we have a holding in our actively managed funds.
		4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	6,74	-	Coverage: 56%	Actions taken: SAM will not invest in companies that derive more than 5 % of their revenues from coal, companies that derive more than 5% of their revenue from oil sands-based activities or companies that deliberately and systematically work against the goals and targets enshrined in the Paris Agreement. For specific funds we apply additional fossil criteria as follows: will not invest in companies: which derive 1) more than 5% of their revenue from the production or distribution of fossil fuels as well as 2) relevant services to fossil fuel operations, or 3) whose fossil reserves exceed 100 million tonnes of CO2. We define 'production and distribution' to include all activities linked to the extraction, refining and transport or distribution of fossil fuels. Companies that manufacture products derived from fossil fuels such as plastic, asphalt or synthetic rubber are not included. Public bodies such as states or local government entities are not within the scope of this criterion. Services are

						defined as any activity pertaining to the provision of relevant services to fossil fuel operations and other logistical activities relation to it. These include transportation, shipping and storage of fossil fuels. Planned actions: SAM will continue to develop our understanding and assessment of climate transition and what this means for different sectors and for companies active in the fossil fuel sector. Ensuring continued compliance with exclusion criterions and develop our analysis and assessment in terms of climate transition. Targets for reference period: No companies flagged as in breach of this PAI to be eligible as a sustainable investment.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Energy consumption: 56,71 Energy production: 0,81	-	Coverage: 59% Coverage: 57%	Actions: Companies involved in non-renewable energy production are excluded under the additional fossil fuel exclusion criterion, as described above. Planned actions: The data availability and coverage are low for the non-renewable energy consumption indicator. Hence, we are looking at how this could be improved and how we could address these data gaps going forward. Targets for reference period: No target set yet for the next reference period.
	6. Energy consumption intensity per impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Sector A: 0,3 Sector B: 4,0 Sector C: 13,8 Sector D: 5,6 Sector E: 0,6 Sector F: 0,2 Sector G: 0,1 Sector H: 2,8	-		A: Agriculture, forestry and fishing B: Mining and quarrying C: Manufacturing D: Electricity, gas, steam and air conditioning suppl E: Water supply; sewerage; waste management and remed F: Construction G: Wholesale & retail trade; repair of motor vehicles H: Transportation and storage

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			Sector L: 0,3			L: Real estate activities Actions: The data availability and coverage are low for the energy consumption indicator Planned actions: We are looking at how this could be improved and better addressed going forward. Targets for reference period: No target set for the next reference period.

Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	6,49	-	Coverage: 56%	Actions taken: Biodiversity is one of four focus areas. We expect companies to mitigate impacts on biodiversity and ecosystems through commitments at the organizational level and respect international agreements such as the UN Convention on Biological Diversity. Companies depending on or impacting biodiversity and ecosystems should integrate relevant nature-related risks and opportunities into their corporate strategy, risk management and reporting. Reporting standards and principles in this area are still evolving, and once the Task Force on Nature-related Financial Disclosure (TNFD) has delivered a standardized reporting framework for biodiversity, we expect our investee companies to report in line with these recommendations. As a first step to assess the impacts and dependencies of our investments on nature and biodiversity, we screened our portfolios using the tool ENCORE in 2022. This sector-level analysis gave insights for the development of our engagement strategy. Addressing risks related to this indicator has been further strengthened during 2022, as a part of the new Storebrand Nature Policy. We have introduced the following exclusion criteria to reduce our negative impact on biodiversity and valuable and vulnerable ecosystems: • Mining operations that conduct direct marine or riverine tailings disposal: With the aim to protecting coastal and marine environments from mining waste and to reduce marine pollution, from land-based activities, Storebrand will not invest in mining operations that conduct marine or riverine tailings disposal. • Companies that operate in ecologically sensitive areas: Companies that derive more than 5 % of their revenues from Arctic drilling will be put on our observation list and closely monitored and engaged with based on our existing ownership. Some of the most iconic species in the world are endemic to the Arctic, and their habitats are under pressure by rapid climate change. The remote location and extreme weather conditions, combined with the lack of adequate infrastructure for responding to oil spills or other accidents, create an unacceptable risk of irreversible impacts of oil and gas operations in the Arctic. We will maintain a close dialogue with companies that derive more than 5 % of their revenues from Arctic where we inform them of our expectations of measures and results. We expect the companies

						to show improvement within a pre-determined time. Depending on the outcome, the companies will either be excluded from our investment universe, or they will be removed from the observation list. We will expand to other ecologically sensitive areas as data improves. • Deep-sea mining: The deep sea contains many of the world's most pristine, biodiverse, and poorly studied ecosystems, which provide a broad range of critical ecosystem services. Following the precautionary principle, Storebrand will not invest in companies involved in deep-sea mining until we have more scientific knowledge on the impacts of these activities. Significant challenges must be overcome before the sector can be recognized as environmentally and economically sustainable. Out of our total ongoing engagements during the reference period, 7 of the engagements were specifically linked to PAI 7 – Activities in biodiversity sensitive areas. Planned actions: Storebrand will give a priority to the most material sub-industries from the perspective of nature-related impacts to ensure that these companies are mitigating their potential negative impacts. We will continue to engage with companies individually and through Nature Action 100+. Storebrand will also seek improved data sources for assessing biodiversity impacts and dependencies of our portfolio. Targets for reference period: Storebrand have committed to assess impact on biodiversity, set targets and report on this by end of 2024.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,4	-	Coverage: 3%	Actions taken: SAM has signed the Sustainable Blue Economy Finance Principles, and thus promised our commitment and ambition to accelerate the transition to a more sustainable use of the world's oceans, lakes, and marine resources. Conduct-based exclusions of companies based on severe environmental damage (for example spills and emissions to water) can be found here: Sustainable Investments Reports - Storebrand Planned actions: The data availability and coverage are low for the emissions to water indicator. We are looking at how this could be improved

						and how we could better address the data gaps going forward. Targets for reference period: No target set for the next reference period.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	10	-	Coverage: 21%	Actions taken: Storebrand Asset Management has prioritized the issue of hazardous chemicals. In 2021, we initiated a collaborative engagement targeting the 50 companies ranked by ChemScore. ChemScore ranks the world's largest 50 chemical producers on their work to reduce their hazardous chemical footprint. It was developed in order to provide investors with better information to assess which companies have strong chemicals management strategies, and which do not. It is managed by ChemSec, an independent, Swedish non-profit committed to the development of sustainable chemicals use through dissemination of knowledge, collaboration and practical tools. The investor group, coordinated and led by Aviva and Storebrand Asset Management, sent letters to the 50 companies that have been ranked, asking for greater transparency on the chemicals they produce, engagement with ChemSec and phase out of the most hazardous chemicals. Out of our total ongoing engagements during the reference period, 70 of the engagements were linked to PAI 9 – Hazardous waste ratio. Planned actions: Continued engagement with chemical companies on the use of hazardous chemicals throughout 2023. SAM is leading the engagement with two of the companies that ranked poorly in ChemScore, where we had the most significant holding. The data availability and coverage are low for the hazardous waste indicator. We are looking at how this could be improved and how we could better address the data gaps going forward. Targets for reference period: No target set for the next reference period.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	1,2	-	Coverage: 56%.	Actions taken: Norm-based exclusions: SAM aims to not invest in companies that contribute to serious and systematic breaches of international law and human rights as well as for other environmental and governance criteria. Companies will be excluded if the breaches are considered severe and the risk of a breach re-occurring is assessed as high. This has been the practice at Storebrand since 2005. We have identified red-flagged companies based on the PAI 10 indicator, and this information has been made available to the portfolio managers. In addition, our article 9 funds will not include companies in breach of PAI 10 as flagged by data providers. Risk-based sale of assets: We started implementing a risk-based sale of asset based on this PAI at the end of 2021 for certain high-risk sectors after identifying risk of forced labor in supply chains as a particularly severe salient issue. Out of our total ongoing engagements during the reference period, 101 of the engagements were linked to PAI 10 – Violations of UN Global Compact principles and OECD guidelines. Planned actions: Ensuring continued compliance with our exclusion criterion and standards. The red-flagged companies will be reviewed and further actions to mitigate the risk/impact will be considered during the reference period. Targets for reference period: No companies flagged as in breach of this PAI to be eligible as a sustainable investment. Engagement with all red flagged companies that are held in actively managed funds.

	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	65,7	-	Coverage: 53%	Actions taken: The data availability and coverage for this indicator is medium. This is due to the fact that many companies still do not disclose grievance mechanisms. The screening for investee companies' potential lack of processes and compliance mechanisms to monitor compliance with UN Global Compact and OECD Guidelines is carried out by our data providers. Engagement with companies: Storebrand palliates this insufficient data by participating in collaborative initiatives such as the Corporate Benchmarking Alliance and Know the Chain that aim to encourage companies to adopt such processes and compliance mechanisms and report on them. In addition, Storebrand has mapped certain high-risk industries where there is a special need to push companies to adopt such mechanisms due to their exposure to human right risk and the severe negative human right impact. As a result, we have been focusing on resilient company supply chains in order to lift industry standards and encourage companies to adopt processes and compliance mechanisms. We do this in a collaborative manner with other investors for more leverage and through organizations such as the Investor Alliance on Human Rights, the PRI Advance initiative, and the Platform Living Wages Financials. Another area of increased risk for companies is conflict zones. In this context we are engaging with standard setters to contribute to guidelines on human rights due diligence for companies and investors. This is complemented by our engagement with companies facing these challenges. Storebrand has also been engaging together with other investors with EU policymakers to ensure a robust Corporate Sustainability Due Diligence Directive. Out of our total ongoing engagements during the reference period, 94 of the engagements were linked to PAI 11 – Lack of processes and compliance mechanisms to monitor compliance with UNGC and OECD. Norm-based exclusions: As explained in the previous PAI, Storebrand aims to not invest in companies that contribute to serious and systematic breaches of

							international law and human rights. Often this is the case, due to the lack of policies and mechanisms to be in compliance with GC and OECD Guidelines. Companies will be excluded if the breaches are considered severe and the risk of a breach re-occurring is assessed as high. Quarterly exclusions can be found here: Document library - www.storebrand.com Planned actions: We will continue to engage with companies in order to mitigate this risk as well as divest from them if we see severe violations of human rights as a result of lack of policies and mechanism to monitor compliance in accordance with Storebrand international law and human rights standards.
		12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	18	-	Coverage: 2%	Actions taken: The data availability and coverage for this indicator is poor. Norm-based exclusions: SAM aims to not invest in companies that contribute to serious and systematic breaches of international law and human rights as well as for other environmental and governance criteria. Companies will be excluded if the breaches are considered severe and the risk of a breach re-occurring is assessed as high. Severe and systematic gender discrimination is covered by our Storebrand standard and has in one instance resulted in exclusion. Voting: SAM prioritizes voting on key ESG issues in order to reduce the adverse sustainability impact of the companies it is invested in. One of the identified key ESG issues are gender equality, diversity and remuneration. Our goal is to vote at all meetings with ESG and/or shareholder resolutions on the agenda, including shareholder resolutions on gender pay gap. In the reporting period, we supported all 8 shareholder resolutions that were available to vote, requesting disclosure on gender pay gap. Sustainability rating: We calculate the Sustainability Score on over 4500 companies and base it on a 0-100 scale. It is comprised of two main building

							blocks, ESG risks and SDG opportunities. The SDG opportunities section of the score particularly includes data on Gender Equality, which is integrated in the sustainability score for the companies we have coverage. Storebrand has also engaged with EU policy makers together with other investors so that gender as a theme is explicitly included as a theme in the EU Corporate Sustainability Due Diligence Directive. Planned actions: The data availability and coverage are low for the gender pay gap indicator. We are looking at how this could be improved by adding more granularity to the data on gender equality already covered by our Sustainability score analysis to cover specific indicators that may enable a reduction of that gender gap and can act as a proxy for the gender pay gap at least for a part of the investee companies until full coverage on this indicator is available. Targets for this reference period: No target set for the next reference period.
		13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	26,9	-	Coverage: 60%	Actions: In line with Storebrand Asset Management's PAI statement, our methodology is to identify PAI laggards (red), PAI intermediate performers (yellow) and PAI leaders (green). We have done an initial gap analysis and assessed the data quality of the PAI indicators, including whether we deem the data coverage to be of good quality and coverage, to be able to assess companies as red/yellow/green. We have identified red, yellow, and green flagged companies based on the 'Board gender diversity' indicators, and this information has been made available to the portfolio managers. Voting: Storebrand prioritizes voting on key ESG issues in order to reduce the adverse sustainability impact of the companies it is invested in. One of the identified key ESG issues are gender equality, diversity and remuneration. Our goal is to vote at all meetings with ESG-related and/or shareholder resolutions. Storebrand Asset Management typically votes against management in situations such as quality of board and its members, including lack of diversity. We generally vote against or withhold from the chair of the nominating committee if the board lacks at least one director of an underrepresented gender identity. Our default voting policy has different

							thresholds for board diversity in different markets, such as 40% in continental Europe, 33% in the UK. Sustainability rating: We calculate the Sustainability Score on over 4500 companies and base it on a 0-100 scale. It is comprised of two main building blocks, ESG risks and SDG opportunities. The SDG opportunities section of the score particularly includes data on Gender Equality from Equileap, which is integrated in the sustainability score for the companies we have coverage and includes data on board diversity. Planned actions: The red-flagged companies will be further analyzed, and depending on the risk of negative impact, mitigation through engagement will be considered. We will continue with our voting strategy in order to mitigate adverse impact and risk in relation to this. The red-flagged companies will be reviewed and further actions to mitigate the risk/impact will be considered during the reference period. Targets for reference period: Aim to vote against the nomination committee and/or re-election of board members at all red flagged companies for this PAI.

	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0	-	Coverage: 56%	Actions taken: Storebrand will not invest in companies involved in the development and/or production of controversial weapons; testing of controversial weapons; production of components to be used exclusively for controversial weapons; or stockpiling and/or transfer of controversial weapons. This criterion includes but is not limited to landmines, cluster munitions, nuclear weapons and biological and chemical weapons. The definitions and scope are in line with the corresponding conventions and norms, including but not limited to the Convention on Cluster Munitions (CCM), the Ottawa Treaty/Mine Ban Treaty and the Non-Proliferation Treaty. Planned actions: Ensuring continued compliance with the exclusion criterion. Targets for reference period: No investments in companies in breach of this PAI.

Indicators applicable to investments in sovereigns and supranationals

Adverse sustainability indicator		**Metric**	**Impact 2022**	**Impact 2021**	**Explanation**	**Actions taken, and actions planned, and targets set for the next reference period**
Environmental	15. GHG intensity	GHG intensity of investee countries	257	-	Coverage: 100%	Actions taken: As of now we have not used GHG intensity in our analysis of country risk on sovereigns. Planned actions: We will integrate GHG intensity into our sovereign risk analysis when we have sufficient data coverage and quality. Target for reference period: No target set for the next reference period.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0	-	Coverage: 100%	Actions taken: Storebrand will not invest in government bonds or state-controlled companies from countries that are systematically corrupt, systematically suppress basic political and civil rights or are subject to sanctions imposed by the UN Security Council or the EU.. Storebrand can neither invest in companies owned or controlled by a country excluded from sovereign bond investments. To access this, we are currently using data from the World Bank, Transparency International, Freedom House, and UN and EU sanctions lists. In addition to this we make country risk analysis based on current events. Planned actions: Ensuring continued compliance with the exclusion criterion.

						Target for reference period: No investments in sovereign bonds in countries in breach of this PAI, including no investments in state owned and controlled companies from these states.

Indicators applicable to investments in real estate assets

Adverse sustainability indicator		**Metric**	**Impact 2022**	**Impact 2021**	**Explanation**	**Actions taken, and actions planned, and targets set for the next reference period**
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0 %	0 %	We do not invest in real estate (RE) assets involved in the extraction, storage, transport or manufacture of fossil fuels. Coverage: 100 %	No action needed, the policy of making no such investments continue.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy- inefficient real estate assets	91 %	-	Area- and value-based share of RE investments with a third-party Norwegian EPC (energy performance certificate) class C or lower. Coverage: 100 %	Energy performance of buildings is focused on acquisition and standing investments in order to mitigate adverse environmental impact and risk. Improvement targets and measures are included in property business plans based on detailed energy assessments and the opportunities of the building life cycle.

Table 2

Additional climate and other environment-related for principal adverse impacts on sustainability factors

In addition, we consider the voluntary indicator relating to deforestation measured as share of companies without a policy to address deforestation (Table 2, indicator 15. Deforestation). We also consider the voluntary indicator supplier code of conduct measured as share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour) (Table 3, indicator 4. Lack of a supplier code of conduct).

Adverse sustainability indicator		**Metric**	**Impact 2022**	**Impact 2021**	**Explanation**	**Actions taken, and actions planned, and targets set for the next reference period**
Water, waste and material emissions	15. Deforestation	Share of investments in companies	66,39	-	Coverage: 56%	Actions taken: Our ambition is to have an investment portfolio that does not contribute to deforestation by 2025. Storebrand will not knowingly finance operations that are illegal, fail to protect high conservation value forests/land or violate the rights of workers and local people. SAM will no longer invest in companies that are involved in severe and/or systematic unsustainable production of palm oil, soy, cattle and timber. Storebrand recently completed our second portfolio screening based on the Forest 500 and Trase databases. Of the 350 companies and 150 financial institutions included in Forest 500, Storebrand has exposure to 109 companies and 149 financial institutions with varying degrees of deforestation risk. Using Forest 500 rankings and other data sources like Trase,

						Storebrand assesses companies' progress towards eliminating deforestation and prioritizes companies for active ownership engagement, individually and through collaborative initiatives like Finance Sector Deforestation Action. (FSDA). Storebrand currently has two companies on our Observation list due to deforestation risk and is participating in engagement of 70 companies through FSDA, ow which Storebrand is lead investor for six companies. In line with Storebrand Asset Management's PAI statement, our methodology is to identify PAI laggards (red), PAI intermediate performers (yellow) and PAI leaders (green). We have done an initial gap analysis and assessed the data quality of the PAI indicators, including whether we deem the data coverage to be of good quality and coverage, in order to be able to assess companies as red/yellow/green. We have identified red-flagged companies based on the 'Deforestation' indicator, and this information has been made available to the portfolio managers. Out of our total ongoing engagements during the reference period, 75 of the engagements were linked to the PAI on deforestation. Planned actions: The data availability and coverage are low for the deforestation indicator. The indicator is narrow in scope, so we are using several other data sources to assess companies’ exposure to and management of deforestation risk. At the moment our in-house methodology gives a better understanding of deforestation impact than the PAI indicator. However, we are using data on the PAI deforestation indicator to enhance of our analysis. The red-flagged companies will be reviewed and

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						further actions to mitigate the risk/impact will be considered during the reference period. Targets for reference period: Storebrand will revise screening methodology to incorporate more forest risk commodities and establish guidelines for voting against directors of red-flagged companies.
Social and employee matters	16. Lack of a supplier code of conduct	Share of investments in companies	6,3	-	Coverage: 56%	Actions taken: Norm-based exclusions: Storebrand aims to not invest in companies that contribute to serious and systematic breaches of international law and human rights. We see this is often the case within their supply chains. Thus, companies will be excluded if the breaches are considered severe and the risk of a breach re-occurring is assessed as high. Engagement with companies. We continue with our engagement regarding resilient company supply chains as explained above. We do this in a collaborative manner with other investors for more leverage on issues such as forced labor, child labor, unsafe working conditions and/or living wages and through organizations such as the Investor Alliance on Human Rights, the PRI and the Platform Living Wages Financials. Our engagement work on this topic has been further reinforced by the Norwegian Transparency Act (Åpenhetsloven) which we have been using as requirement for Norwegian companies and companies with operations in Norway. More information on how we work with engagements please see here. We also encourage companies to report on these issues to benchmarks such as Know-the-Chain and the Corporate Human Rights Benchmark Initiative.

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						Planned actions: We will continue our focus on resilient supply chain as one of our main engagement themes as well as exclude them if we see severe violations of human rights in accordance with Storebrand international law and human rights standards. Target for reference period: When better data is available for this indicator, start measuring all investee companies based on this indicator, in order to identify red, yellow or green flagged companies, which may lead to mitigation by further engaging with investee companies if possible, or risk-based sale of assets.

Other principal adverse indicators applicable to investments in real estate assets

Adverse sustainability indicator		**Metric**	**Impact 2022**	**Impact 2021**	**Explanation**	**Actions taken, and actions planned, and targets set for the next reference period**
Greenhouse gas emissions	18. GHG emissions	Scope 1 GHG emissions generated by real estate asset (tCO2e/yr.)	38		Location-based emissions calculated from sc. 1 stationary combustion of fossil fuels, sc. 2 district heating and electricity consumption, and sc. 3 waste handling and water consumption for all standing investments, with a whole-building approach. Development properties not covered.	Through the environmental management system of assessin status, setting targets, implementing measures and monitoring results at asset level, all input factors of the GHG emissions are targeted: energy, waste and water. This is a continuous improvement proces consisting of smaller operationa measures and larger investment
		Scope 2 GHG emissions generated by real estate asset (tCO2e/yr.)	2839			
		Scope 3 GHG emissions generated by real estate asset (tCO2e/yr.)	1234			

		Total GHG emissions generated by real estate asset (tCO2e/yr.)	4111		Coverage: 84 %	yielding greater results. The systematic approach is designed to realize the SBTi-validated science based target of 71 % reduction in 2030 compared to 2019 (market-based emissions). Medium term target is -29 % from 2019 to 2025 (location-based)
Energy consumption	19. Energy consumption intensity	Energy consumption in kWh of managed real estate assets per square meter (kWh/m2-yr)	159		Temperature-corrected energy consumption (scope 1+2) metered on-site with whole-building approach (including tenant consumption) divided by gross heated floor area for all standing investments. Development properties not covered. Coverage: 84 %	Reduction of energy intensity with individual asset targets goes hand in hand with the emissions reduction target over. Detailed energy audits and integration of measures in property business plans have been intensified in 2021-2022. This in addition to close (minimum weekly) energy monitoring (automated system) with detection of functional errors and improvements in building automation system, e.g., temperature settings for energy systems. Improvement target aside from the effect of renovation projects is -7 % from 2019 to 2025.
Waste	20. Waste production in operations	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract	0 %	0 %	All standing investments and development projects have extensive waste sorting facilities and recycling contracts. Coverage: 100 %	The policy of targeting and monitoring the improvement of facility waste production and sorting for recycling, or extracting material from the waste cycle to reuse, is basic both in standing investments and in development.

Additional indicators for social and employee, respect for human rights, anti-corruption, and anti-bribery matters

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

SAM addresses these adverse impacts by using several combined strategies that involve:

a. Screening and excluding companies that do not live up to Storebrand's (minimum) investments standards based on international norms and conventions and/or companies that are involved in the production of certain unsustainable products.

b. Engaging with companies to discuss these adverse impacts with the aim to improve corporate behavior and thus reduce the adverse impact.

c. Integrating sustainability risk ratings in investment decisions to avoid or invest less in companies with high-risk sustainability rates and prioritize or invest more in companies with low sustainability risk.

Although principal adverse impacts (PAIs) are already being addressed and integrated in a general way by following the approach described above, SAM will be enhancing further integration for mitigation of PAIs, as outlined below.

<u>Policies on identification of PAIs</u>

SAM has been identifying adverse impact in its portfolios for over a decade, and thus there is an overlap between PAI indicators, and our general work carried out to mitigate risk. For information on our work identifying ESG risk please see Storebrand's Sustainable Investments Policy, Climate Strategy, Deforestation Policy, work on Biodiversity and Storebrand's standard.

Regarding the identification of the specific PAI indicators, SAM will be monitoring these PAI indicators including the selected Additional Indicators on an ongoing basis as data becomes available from data providers.

Our methodology is to identify PAI laggards (red), PAI intermediate performers (yellow) and PAI leaders (green) so that risk can be avoided, and more capital can be allocated to more sustainable companies and solution companies.

RED: Those companies identified as PAI laggards will be further analyzed by the Risk and Active Ownership team and may result in exclusion depending on the risk and severity of the negative impact identified and the total cumulative negative impact identified across all PAI indicators.

YELLOW: PAI intermediate performers will also be further analyzed with the aim to mitigate adverse impact through engagement. Please see 3.3 Addressing of PAIs and Mitigation

GREEN: In addition, the analyzed PAI data will be further integrated in financial decisions with the aim to allocate more capital to PAI leaders, and thus lift the sustainability value of our funds. Please see 3.3 Addressing PAIs and Mitigation

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Addressing PAIs and mitigation

SAM addresses negative impact in its investments considerations by applying several methods ranging from ESG Integration, Exclusions, and Active Ownership. Please see Storebrand's Sustainable Investment Policy and description of policies above for more information on how SAM addresses adverse impact in general, which overlaps to an extent with PAI indicators.

SAM builds over this general approach to adverse impact mitigation by further focusing on addressing and mitigating adverse impact as described in the PAI indicators.

As the quality of PAI indicators data improves and becomes available, SAM considers a range of methods to address and mitigate adverse impact. These methods will be applied taking into consideration the type of strategies that best fit specific portfolios' sustainability objectives and SAMs general sustainability strategies that apply across all asset classes.

PAI Leaders, PAI Intermediate performers and PAI laggards: To start, SAM will identify PAI laggards (red), and PAI intermediate performers (yellow), and PAI leaders (green) so that risk can be avoided, and more capital can be allocated to more sustainable companies.

Those companies identified as PAI laggards will be further analyzed with the aim to address adverse impact and mitigate it, which may result in either engagement or exclusion by the Risk and Active Ownership team.

Engagement: Laggard companies may be selected for engagement due to poor PAI performance across several PAI indicators or some key material PAI indicators critical for the sector the company belongs to. Poor PAI data quality or coverage may also be a reason for engagement. If the risk and engagement team is not already covering this specific PAI indicator through SAM general engagement initiatives, a specific engagement will be created in order to address and mitigate the specific PAI indicator covering the laggard companies. Click here for more information regarding SAM main focus engagement areas.

Exclusion: PAI laggards (red) may be selected for exclusion depending on the risk and severity of the negative impact identified, the total cumulative negative impact across all PAI indicators identified and the probability of successful engagement. Exclusion will be added to Storebrand exclusion list.

The Risk and Active Ownership team may decide to engage or exclude laggards regardless of the asset class. However, different SAM's subsidiaries, such as, Cubera, Real Estate and SKAGEN have the responsibility to further mitigate adverse impact within their own portfolios.

More generally, once the PAI laggards (red) are identified, portfolio managers have the opportunity and responsibility to further integrate this already categorized PAI data in order to further mitigate risk and allocate more capital into more sustainable companies.

This is to be done by selecting different methodologies. These may include: 1. "PAI worst in class approach" where companies scoring poorly on a PAI indicator can be avoided; 2. "High-risk sector only PAI approach", where only companies belonging to high risk sectors and performing poorly on a PAI indicator may be avoided, or 3. "Integrated PAI risk rating approach," where companies are avoided based on the integrated average PAI indicator score or a combination of critical material PAI indicators. A strategy may also be developed for optimization of investments in companies that are identified as PAI leaders [5-10 %] as part of the PAI class/sector/rating PAI analysis.

Sovereign bonds:

Storebrand considers sustainability and adverse impacts in its investment process for government bonds or other sovereign assets. We will not invest in countries lacking elementary institutions to prevent corruption, fulfil basic social and political and civil rights. We also make assessments based on current events such as conflicts, coup d'etats and civil unrest. In addition, PAIs for sovereigns will be added to the assessment we already have in place. See Sovereign Bonds at Storebrand's Sustainability Investments.

Real Estate investments:

While both social and governance aspects are relevant as well, SAM has within real estate investments long addressed negative environmental impacts and mitigation. Targeting environmental footprint reductions in general, and improvements in GHG emissions through among others energy efficiency and waste recycling and reduction, is well integrated in our strategy and post investment property management and development activities. Pre-investment assessments and selection decisions are adjusted to support these targets. Sustainability due diligence focuses both on environmental standards and if relevant the costs of improvement. Third party environmental certification is an important tool for securing insight and good standards both pre and post investment. In addition, tenants' and main suppliers' business and practices are assessed in order to promote and cooperate on adverse impact mitigation in property management.

Engagement policies

SAM maintains the importance of exercising our ownership rights, and we employ two main ways of doing this: voting at shareholder meetings or direct company engagement by expressing our views, in writing or through dialogue with the company's management, advisers or Board of directors.

Both methods can effectively address ESG concerns and provide complementary signals to companies on where we stand on important issues.

The decision to engage with companies is based on our assessment of the significance of a particular matter, holding size, scope to effect change and opportunities to collaborate with other investors.

The Investment Manager will consider engagement with companies in the following cases:

- Serious or systematic breaches of human rights
- Corruption and bribery
- Severe environmental and climate damage
- Companies with a low sustainability rating in high-risk industries
- Company strategy or performance differing substantially from that previously communicated<
- Governance issues such as:
- Replacement of directors

- Equity issuance and dividend policies
- Remuneration of key personnel
- Transactions between related parties
- Diversity issues
- Improve ESG reporting

References to international standards

Being part of the Storebrand Group, SAM has essentially signed and complies with the following international codes of conduct and standards:

- UN Principles for Responsible Investment (PRI). PRI is the leading international initiative in responsible investment for financial institutions.
- UN Global Compact. Commitment to adapt strategies and operations to universal principles on human rights, work, environment and anti-corruption and to take measures that promote positive societal development.
- Task Force on Climate-related Financial Disclosures (TCFD). TCFD is a leading international initiative whose task is to produce recommendations for measuring and taking measures against climate change.
- Climate Action 100+. Climate Action 100+ is an international initiative with the task of influencing the companies that cause the largest emissions of greenhouse gases and getting them to take the necessary measures.
- Net Zero Asset Owner Alliance. An ambitious climate leadership group with the commitment to ensure that our investment portfolios have net zero greenhouse gas emissions by 2050 at the latest.
- Tobacco-Free Finance Pledge
- Montreal Pledge
- Portfolio Decarbonization Coalition
- CDP

We also follow the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises. We support the UN's declaration of human rights, the ILO's core conventions, the UN's environmental conventions and the UN's anti-corruption convention.

Historical comparison

Not available.