



Storebrand SICAV Shareholder Engagement Report 2020

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Important Information

Capital invested in a fund may either increase or decrease in value and it is not certain that you will be able to recover all of your investment. Historical return is no guarantee of future return. A fund with a risk class 6-7 can because of its composition and the fund company management methods reduce and increase significantly in value. For more information about our strategy for sustainable investments, please see www.storebrandfunds.lu

Shareholder Engagement 2020

Storebrand SICAV is an investment company with variable capital (société d'investissement à capital variable) incorporated under the form of a société anonyme in the Grand Duchy of Luxembourg.

Storebrand SICAV qualifies as a UCITS and falls under the supervision of the Luxembourg financial supervisory authority, Commission de Surveillance du Secteur Financier (the "CSSF"). Storebrand SICAV enables Storebrand Asset Management (SAM) and SKAGEN to offer selected sub-funds for international distribution. Storebrand SICAV was incorporated on 18 April 2019 and approved by CSSF on 21 May 2019 (CSSF Code 12114). The Storebrand SICAV is registered with the Luxembourg Trade and Companies Register (RCS No.: B234106).

Purpose of shareholder engagement

Active, business like, and responsible ownership is an essential part of the assignment from Storebrand SICAV's shareholders.

The exercise of ownership includes working for good corporate governance and also evaluation of sustainability-related risks and opportunities. Sustainability aspects are a fully integrated part of the management of our funds. The purpose of Storebrand SICAV's ownership is to promote good long-term development in the companies in which our funds invest. The ownership role must take advantage of the unit holders' common interest in ownership issues and contribute to a long-term sound development of the financial markets.

We want to protect shareholder value and help increase it. Through commitment, direct dialogue, dialogue through collaborations and voting, we strive to reconcile the interests of both management and owners.

Active ownership is a way for us to reduce risks and improve the quality of our funds, but also to contribute to a more sustaina-

ble development of our world. Therefore, we not only address challenges that arise in our portfolio companies, but also work proactively to ensure that both we and the portfolio companies have a positive impact on the outside world.

Guidelines for shareholder engagement

The investment managers Storebrand Asset Management AS and SKAGEN AS guidelines for shareholder engagement specify how the Storebrand SICAVs should act as owners of the companies in which the funds invest. The principles apply to all sub-funds in the Storebrand SICAV.

The purpose of our corporate governance work is to achieve the best possible return for the funds' unit holders regarding the funds' investment focus and objectives. Corporate governance can also be affected by external local regulations.

According to Luxembourg legislation an investment company must report each year on how the shareholder engagement guidelines have been applied. Storebrand SICAV hereby submits this statement re-

garding shareholder engagement in 2020, where we share the work we perform as active and responsible owners.

The exercise of ownership includes working for good corporate governance and evaluation of sustainability-related risks and opportunities and is a natural part of the day-to-day management of the Storebrand SICAV sub-funds.

The Annual Report 2020 contains information on the fund's turnover costs, in the form of transaction costs, see table Statement of Operations and Changes in Net Assets for the year ended 31 December 2020. The annual report also shows how the different sub-funds' investment strategies contribute to the development of the sub-funds' assets in the medium to long term. You can find the report on the website www.storebrandfunds.lu.

Management of conflicts of interest

The investment manager Storebrand Asset Management AS and SKAGEN AS did not encounter any conflicts of interest in relation to votes exercised in 2020.



About Storebrand SICAV

The Storebrand SICAV has appointed FundRock Management Company S.A (FundRock) as its designated management company, and FundRock in turn has outsourced the investment management of its sub-funds to Storebrand Asset Management AS and SKAGEN AS.

The SICAV has registered its 7 Sub-Funds:

- Storebrand Global ESG Plus Lux
- Storebrand Global Multifactor Lux¹
- Storebrand Global Solutions Lux
- SKAGEN Global Lux
- SKAGEN Focus Lux
- SKAGEN Kon-Tiki Lux
- SKAGEN m² Lux

¹ The SICAV Sub-fund Storebrand Global Multifactor Lux was de-registered in June 2021

About Investment Manager Storebrand Asset Management AS

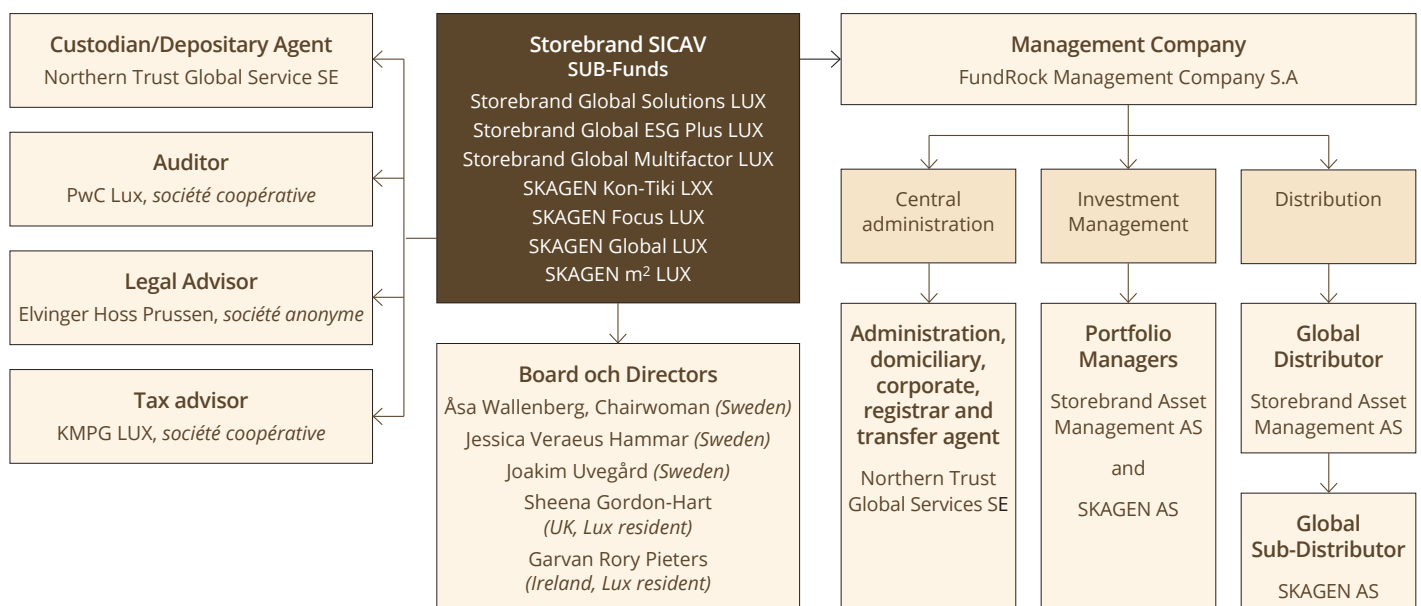
Storebrand Asset Management is the largest private asset manager in Norway and provides a broad range of investment services to over 250 institutional clients in the Nordic region. Storebrand Asset Management manages approximately 962 bn NOK, across all asset classes as of the end of December 2020. The assets are invested in funds, fund of funds and segregated portfolios on behalf of pension funds, insurance companies, foundations, fund management companies and public sector bodies as well as retail investors.

Storebrand Asset Management AS also manages a full range of savings and investment products for other parts of the Storebrand Group, including equities, bonds, real estate, private equity

and balanced mandates, as well as the investment portfolios of the life insurance company. In co-operation with our clients, we aim to provide solutions tailored to their investment needs, time horizons and risk profiles.

Storebrand Asset Management is a wholly owned subsidiary of Storebrand ASA, which is listed on the Oslo Stock Exchange (ticker: STB). The Storebrand Group has roots back to 1767 and is a leading player in the Nordic market for long-term savings and insurance. Storebrand Asset Management's sole business is asset management. Asset management was a division within Storebrand's life insurance business until 1994 when Storebrand Investment Management became a subsidiary and separate business entity with a mandate to manage the financial assets of the Group.

Organizational setup of Storebrand SICAV



Storebrand Asset Management was established in 1981 when it merged with Storebrand Investment Management and the company is now a leading Nordic asset manager of funds and discretionary portfolios in domestic and global equities, fixed income, real estate, private equity, and debt investments.

It has also established life insurance, asset management and health insurance activities in Sweden, through the acquisition of the Swedish life insurance and pensions provider SPP in December 2007. SAM also acquired Delphi Funds in July 2002, SKAGEN Funds in December 2017 and Cubera in February 2019.

About Investment manager SKAGEN AS

SKAGEN AS is a management company authorised by the Norwegian supervisory authority, Finanstilsynet, for the management of UCITS under the Norwegian Act on Securities Funds. SKAGEN AS has its registered office at Skagen 3, Torgterrassen, 4006 Stavanger, Norway.

SKAGEN is part of Storebrand Asset Management following the acquisition in 2017, but remains an independent investment boutique reporting to its own Board. Storebrand Asset Management AS is the largest private asset owner in Norway and owns 100% of SKAGEN AS.

SKAGEN AS (SKAGEN Funds) is an active value-based boutique asset manager based in Stavanger, Norway. Our primary offering is our equity funds, with an attractive mix of value mandates, complemented by fixed income and fund-of-funds products.

Exercising of voting rights in 2020

Voting rights must be exercised to the benefit of the fund in question, with the objective of securing the best possible risk-adjusted returns for unit holders. Normally, the portfolio manager assesses how the voting rights are to be used. In all cases where we vote, the respective portfolio manager or ESG analyst familiarizes him or herself with the matters to be discussed at the general meeting and decides how to vote.

Votes at shareholder meetings

The General Meeting is the companies' highest decision-making body and the forum where shareholders can exercise their influence. Storebrand Asset Management normally vote at annual general meetings and extraordinary general meetings of companies where the funds' holdings amount to such a size that it is deemed justified and otherwise at those general meetings which for other reasons are deemed to be significant. SKAGEN votes at all eligible meetings – barring unforeseen technical or other practical reasons such as already having sold out or back-office related functions that has failing.

Storebrand Asset Management primarily focuses on companies where we are large owners or companies that are identified as having deficiencies in their governance or in their sustainability work. We generally support shareholder motions that promote sustainable business and motions that strive for greater transparency in accounting and reporting of the company's sustainability work.

Voting takes place both through participation in general meetings and through electronic voting via proxies. Owing to the pandemic, during 2020 we have only held votes using electronic voting via a proxy, ISS (Institutional Shareholder Services Inc). ISS votes according to our instructions and monitors company events. ISS presents the agendas of the meetings with recommendations on how the Fund Management Company's funds should vote.

At general meetings we normally vote by proxy voting with written instructions for all decision points. The Storebrand SICAV sub-funds invest globally in a large number of companies across several markets. The Annual General Meeting is one of the main tools we have for influencing most of the companies that our funds own.

The Fund Management Company's conduct in votes is governed by the Group's overall common voting policy and is always based on what is in the interests of the funds and ultimately of the unit-holders. We often go further than ISS on sustaina-



bility issues in accordance with our policy. In the absence of a policy for a specific vote, we usually follow the recommendations of ISS.

The funds typically votes against management in the following situations:

- Insufficient information ahead of meeting
- Quality of the board and its members
- Anti-takeover mechanisms
- Needless or unfair changes in capital structure
- Excessive executive compensation
- Disclosure proposals related to climate change

Storebrand SICAV – Storebrand Asset Management AS Sub-funds: 2020 Voting Activity

In 2020, we voted in 209 ordinary and extraordinary general meetings distributed across 20 different geographic markets. Across 3,272 unique proposals available to vote, we voted 3,272 for which 0 proposals were voted in varying ways for the same meeting agenda item. Votes cast were in line with management recommendations 88 % of time, while 12 % of the time we voted against management

recommendation on one or more items on the agenda.

Storebrand SICAV – SKAGEN AS Sub-funds: 2020 Voting Activity

In 2020 there were 156 voteable meetings at the portfolio companies in SKAGEN's sub-funds with 1 958 eligible items on the agenda. SKAGEN voted at 149 of the voteable meetings (95.51% of eligible meetings). Out of all items voted on – 1 863 unique items – votes were cast against management recommendations for 7.35% of the item.

As active investors with a broad global footprint, we recognize that all cases are unique and we make a case by case judgement. How we handle cases and issues is very much dependent on the geographical area, sector, industry and individual company in question.

Explanation of the most important votes

Mizuho Financial Group

We voted in favour of one of the first ever climate-related shareholder resolutions in Japan, thereby promoting a change in the business strategy of Mizuho Financial Group. The resolution called for Mizuho to outline the company's business strategy

for aligning its investments with the goals of the Paris Agreement. SPP Funds strives to reduce its exposure to climate risk not only through our direct investments in companies with high emissions, but also through the banks which finance these companies.

Tyson Foods Inc

Storebrand has for several years worked on and highlighted both the risks and effects that deforestation has on the climate and the loss of nature and biodiversity. Tyson Foods Inc is a major food producer that is exposed to deforestation risks in its production and its supply chain.

All companies we invest in must be aware of these risks. It is therefore important for us as investors to receive information from the companies so that we can perform the relevant analyses. Tyson Foods is currently not completely transparent about the risks in its value chains and does not provide information about the use of palm oil or international supply chains that have a high risk of deforestation. They also do not provide any deforestation policy, which led us to vote in favour of a resolution calling for Tyson Foods to report on the deforestation effects in its supply chain.



In 2020, Storebrand Asset Management AS voted at 209 Annual Meetings

- A. O. Smith Corporation
- Abbott Laboratories
- AbbVie Inc.
- Activision Blizzard, Inc.
- Adecco Group AG
- Adobe Inc.
- Aflac Incorporated
- AGCO Corporation
- Agilent Technologies, Inc.
- AGNC Investment Corp.
- Allianz SE
- Alphabet Inc.
- Amazon.com, Inc.
- American Airlines Group Inc.
- American Express Company
- American Tower Corporation
- Amgen Inc.
- Astellas Pharma, Inc.
- AT&T Inc.
- Australia & New Zealand Banking Group Limited
- Avery Dennison Corporation
- Avnet, Inc.
- Bank of America Corporation
- Bank of Montreal
- Baxter International Inc.
- BCE Inc.
- BlackBerry Limited
- BlackRock, Inc.
- Bombardier Inc.
- Boralex Inc.
- Bristol-Myers Squibb Company
- Broadridge Financial Solutions, Inc.
- Bunzl Plc
- BYD Company Limited
- Cadence Design Systems, Inc.
- Canadian Imperial Bank of Commerce
- Capital One Financial Corporation
- Catalent, Inc.
- Centene Corporation
- Chr. Hansen Holding A/S
- Church & Dwight Co., Inc.
- Cigna Corporation
- Cintas Corporation
- Cisco Systems, Inc.
- Citigroup Inc.
- Citizens Financial Group, Inc.
- CNH Industrial NV
- CNP Assurances SA
- Comcast Corporation
- Commerzbank AG
- Crown Holdings, Inc.
- Daimler AG
- Danaher Corporation
- Darling Ingredients Inc.
- DaVita Inc.
- Dell Technologies Inc.
- Delta Air Lines, Inc.
- Deutsche Bank AG
- Deutsche Post AG
- Dollar Tree, Inc.
- eBay Inc.
- Eli Lilly and Company
- Enerplus Corporation
- Eni SpA
- Eurofins Scientific SE
- F5 Networks, Inc.
- Facebook, Inc.
- FedEx Corporation
- Ferguson Plc
- Fiserv, Inc.
- FLIR Systems, Inc.
- Ford Motor Company
- Fortinet, Inc.
- Geberit AG
- Gecina SA
- General Mills, Inc.
- Genuine Parts Company
- Getlink SE
- Gildan Activewear Inc.
- GlaxoSmithKline Plc
- Globe Life Inc.
- Great-West Lifeco Inc.
- Greencoat UK Wind Plc
- Groupe Bruxelles Lambert SA
- Gurit Holding AG
- HCA Healthcare, Inc.
- Healthpeak Properties, Inc.
- Heineken NV
- HKT Trust & HKT Limited
- HSBC Holdings Plc
- Humana Inc.
- Hydro One Limited
- iA Financial Corporation Inc.
- IGM Financial Inc.
- Illumina, Inc.
- IMI Plc
- ING Groep NV
- Intact Financial Corporation
- Intel Corporation
- Intuit Inc.
- Intuitive Surgical, Inc.
- IPG Photonics Corporation
- IQVIA Holdings Inc.
- J Sainsbury Plc
- Jack Henry & Associates, Inc.
- JinkoSolar Holding Co., Ltd.
- JPMorgan Chase & Co.
- KBC Group SA/NV
- Kinross Gold Corporation
- Kohl's Corporation
- Konica Minolta, Inc.
- Landis+Gyr Group AG
- Lear Corporation
- Littelfuse, Inc.
- Loblaw Companies Limited
- Magna International Inc.
- Manulife Financial Corp.
- Mastercard Incorporated
- McDonald's Corporation
- Medtronic plc
- Merck & Co., Inc.
- Methanex Corporation
- Metro Inc.
- Microsoft Corporation
- Mizuho Financial Group, Inc.
- Mondelez International, Inc.
- National Australia Bank Limited
- National Bank of Canada
- National Express Group Plc
- Neste Corp.
- Nestle SA
- Netflix, Inc.
- Nexans SA
- NFI Group Inc.
- NIBE Industrier AB
- NIKE, Inc.
- Novo Nordisk A/S
- NVR, Inc.
- O'Reilly Automotive, Inc.
- Ocado Group Plc
- Oracle Corporation
- Orange SA
- Orion Oyj
- Owens Corning
- Paycom Software, Inc.
- PayPal Holdings, Inc.
- Pembina Pipeline Corporation
- PepsiCo, Inc.
- Peugeot SA
- Pfizer Inc.
- PPG Industries, Inc.
- PTC Inc.
- Quest Diagnostics Incorporated
- Reckitt Benckiser Group Plc
- Rockwool International A/S
- Royal Bank of Canada
- Siemens AG
- Sika AG
- Skyworks Solutions, Inc.
- Smith & Nephew Plc
- Solarpack Corporacion Tecnologica SL
- Sonoco Products Company
- Standard Chartered Plc
- Starbucks Corporation
- Stryker Corporation
- Sumitomo Heavy Industries, Ltd.
- Sun Hung Kai Properties Limited
- SVB Financial Group
- Swiss Re AG
- T-Mobile US, Inc.
- T. Rowe Price Group, Inc.
- Tapestry, Inc.
- Teleflex Incorporated
- TELUS Corporation
- Texas Instruments Incorporated
- The Allstate Corporation
- The Bank of New York Mellon Corporation
- The Bank of Nova Scotia
- The Chemours Company
- The Coca-Cola Company
- The Gap, Inc.
- The Goldman Sachs Group, Inc.
- The Goodyear Tire & Rubber Company
- The Home Depot, Inc.
- The Procter & Gamble Company
- The Renewables Infrastructure Group Ltd.
- The TJX Companies, Inc.
- The Toronto-Dominion Bank
- The Walt Disney Company
- The Wharf (Holdings) Limited
- Thomson Reuters Corporation
- Total SA
- Twitter, Inc.
- UBS Group AG
- United Airlines Holdings, Inc.
- United Parcel Service, Inc.
- Valero Energy Corporation
- Verizon Communications Inc.
- Vertex Pharmaceuticals Incorporated
- Vicinity Centres
- Vivendi SA
- Volitalia
- Walgreens Boots Alliance, Inc.
- Welltower Inc.
- WSP Global Inc.
- Yangzijiang Shipbuilding (Holdings) Ltd.
- Zhuzhou CRRC Times Electric Co., Ltd.
- Zhuzhou CRRC Times Electric Co., Ltd.
- Zions Bancorporation, N.A.

In 2020, SKAGEN AS voted at 149 Annual Meetings*

- Abbott Laboratories
- Accenture plc
- Adobe Inc.
- AerCap Holdings NV
- AG Anadolu Grubu Holding AS
- ageas SA/NV
- Aon plc
- Arima Real Estate SA
- Aroundtown SA
- Ascendas India Trust
- Assura Plc
- Atlantic Sapphire ASA
- Atmos Energy Corporation
- Avaya Holdings Corp.
- Bakkafrost P/F
- Bank of China Limited
- Baxter International Inc.
- Beazley Plc
- Befesa SA
- Beijing Enterprises Water Group Ltd.
- CA Immobilien Anlagen AG
- Canfor Pulp Products Inc.
- CapitaLand Ltd.
- China Shineway Pharmaceutical Group Limited
- China Unicom (Hong Kong) Limited
- CK Asset Holdings Limited
- CME Group Inc.
- Colony Capital, Inc.
- Columbia Property Trust, Inc.
- Comcast Corporation
- Companhia Brasileira de Distribuicao
- Continental AG
- Deutsche Wohnen SE
- Dow Inc.
- DSV Panalpina A/S
- Eagle Materials Inc.
- East African Breweries Ltd.
- Edwards Lifesciences Corporation
- ENCE Energia y Celulosa, SA
- Entra ASA
- Equinix, Inc.
- Equinor ASA
- Equity Commonwealth
- Equity Residential
- ESR Cayman Ltd.
- Euronav NV
- Far East Consortium International Limited
- Fortuna Silver Mines Inc.
- GCB Bank Ltd.
- Golar LNG Limited
- Grainger Plc
- Gree Electric Appliances, Inc. of Zhuhai
- Guaranty Trust Bank Plc
- Hannover Rueck SE
- Healthcare Trust of America, Inc.
- Hewlett Packard Enterprise Company
- Hiscox Ltd.
- Hisense Home Appliances Group Co., Ltd.
- Hitachi Construction Machinery Co., Ltd.
- Hitachi Ltd.
- HORNBAACH Holding AG & Co. KGaA
- Inmobiliaria Colonial SOCIMI SA
- Intercontinental Exchange, Inc.
- Ivanhoe Mines Ltd.
- JPMorgan Chase & Co.
- KB Financial Group, Inc.
- Keihanshin Building Co., Ltd.
- Kojamo Oyj
- Konecranes Oyj
- Korean Reinsurance Co.
- LEG Immobilien AG
- Lenzing AG
- LG Chem Ltd.
- Lincoln National Corporation
- Log Commercial Properties e Participacoes SA
- LVMH Moet Hennessy Louis Vuitton SE
- MagForce AG
- Marsh & McLennan Companies, Inc.
- Mastercard Incorporated
- McDonald's Corporation
- Micron Technology, Inc.
- Microsoft Corporation
- Mitsui Fudosan Co., Ltd.
- Moody's Corporation
- MRV Engenharia e Participacoes SA
- MultiChoice Group Ltd.
- Nasdaq, Inc.
- Naspers Ltd.
- NIKE, Inc.
- NORMA Group SE
- Nova Ljubljanska Banka dd
- Old Dominion Freight Line, Inc.
- OMV AG
- Orbia Advance Corporation SAB de CV
- OZ Minerals Ltd.
- Pasona Group Inc.
- Ping An Insurance (Group) Co. of China Ltd.
- Ping An Insurance (Group) Company of China, Ltd.
- Prosus NV
- PZ Cussons Plc
- RELX Plc
- Roxgold Inc.
- Royal Dutch Shell Plc
- SAF-HOLLAND SA
- Samsung SDI Co., Ltd.
- Sappi Ltd.
- Schindler Holding AG
- Sekisui House, Ltd.
- Self Storage Group ASA
- Shurgard Self Storage SA
- Sinotrans Limited
- SL Green Realty Corp.
- Stock Spirits Group Plc
- Switch, Inc.
- Teikoku Sen-I Co., Ltd.
- The Bank of Kyoto, Ltd.
- The Home Depot, Inc.
- ThyssenKrupp AG
- Tokyo Broadcasting System Holdings, Inc.
- Toyota Industries Corp.
- Turquoise Hill Resources Ltd.
- Tyson Foods, Inc.
- UniCredit SpA
- UPM-Kymmene Oyj
- VICI Properties Inc.
- Vietnam Enterprise Investments Ltd.
- Vinacapital Vietnam Opportunity Fund Ltd. (United Kingdom)
- Visa Inc.
- Waste Management, Inc.
- West Fraser Timber Co. Ltd.
- X5 Retail Group NV

* A company may hold more than one meeting per year, i.e. EGM's.

Dialogue

Storebrand Asset Management AS – Engagement Activity

Dialogue is held primarily through our sustainability team or our fund managers and takes place directly with the companies or through a range of appropriate investment initiatives. The method we select depends on the advocacy option that helps us to have the greatest impact.

Our own company advocacy is principally used in two cases. Either when a controversial event has been identified through our continuous screening of the investment universe (reactive advocacy) or by our sustainability team or our fund managers deciding to initiate a proactive engagement process.

An advocacy dialogue, for example, can be about companies' work to reduce emissions, respect trade union rights or prevent corruption. By us asking questions about the companies' sustainability work, they are challenged to develop their work and have an awareness of the issues. Contact takes place in different ways: by email, meetings in person, video meetings or by telephone.

Our dialogue work includes several types of activities:

- Reactive advocacy in cases where we have identified deficiencies in a compa-

ny's sustainability work, for example in the form of an incident.

- Proactive advocacy in cases where we identify opportunities for improvement in a company's sustainability work or as part of our company analysis.
- Thematic advocacy is a form of proactive advocacy where several companies are addressed simultaneously in areas that we have deemed particularly important, such as climate, health or the promotion of the UN's 17 global sustainability goals.

We work proactively to encourage companies to improve their sustainability work and reactively with companies that we believe do not live up to international standards and conventions that we value. We carry out our advocacy work partly through direct contact with the companies, and partly in cooperation with other capital owners and through various industry initiatives.

The decision about which companies may be suitable for advocacy is based on factors such as current issues, the size of the funds' holdings, the likelihood of having an impact and the possibility of interacting with other investors. Issues such as serious or systematic violations of human rights, corruption and bribery, serious environmental and climate damage, and cases

where the company's strategy or results differ materially from what was previously communicated are prioritised in direct dialogue and collaborations.

The number of dialogues for Storebrand Asset Management in 2020 was around 100. The cooperation dialogues were conducted mainly within PRI, Climate Action 100+ and FAIRR. The direct dialogues were carried out mostly by our sustainability team but also by our fund managers. Issues discussed with the companies concerned were mainly human rights, corruption and environmental issues.

The goal of direct dialogue/collaborations also includes the possibility to influence the companies concerning Board issues such as:

- Appointment of Board members
- Share issue and dividend policy
- Remuneration to key personnel
- Transactions between related parties
- Diversity issues

Our sustainability team normally contacts companies that are at risk of exclusion due to breach of standards and tries to initiate a dialogue with them. Our active ownership work focuses on the following themes:

- Corruption and financial crime
- Human rights and international humanitarian law
- Climate, environment and biodiversity
- Value creation, incentive schemes and capital structure (governance)
- Composition of the Board of Directors

The following themes were our top priorities during 2020:

- The carbon footprint of companies
- Conflict zones (Palestine, Western Sahara)
- Money laundering
- Deforestation and biodiversity



SKAGEN AS – Engagement Activity

Engagement activities pertaining to the SKAGEN LUX sub-funds in 2020 consisted of 16 unique company engagements covering 25 unique engagement cases. These engagements have a global footprint with 52% of dialogues in North America, 39% in Asia and the remaining 9% of engagement cases in Europe.

Cases covering environmental topics made up 13% of total SKAGEN sub-fund engagement activity. These cases focused on strategies to address carbon in the business operations. Here, we encourage companies particularly those with a material carbon emission footprint to set concrete targets to reduce their carbon intensity (carbon emissions / \$million sales) over time. In 2020, SKAGEN endorsed the Transition Pathway Initiative, and cite their transition pathway method in the discussion with companies to build awareness to promote a commitment to decarbonize their revenues and become environmentally leaner.

Social issues made up the bulk of the engagement activity in SKAGEN sub-funds in 2020 (44%). The most significant of

these pertained to human rights, especially in the supply chain of certain holdings. There are different reasons for entering into a dialogue on these topics. First, the company might directly be linked to a negative controversy where human rights, as enshrined in international customary law – have potentially been infringed. Second, we may seek to understand how a company manages potential risks.

Labour relations is a topic that we have researched extensively over the years, and the standards vary greatly; Western economies are not necessarily better than emerging markets when it comes to managing labor relations. We believe that a strong workplace democracy is important for the long-term development of a company; workers that are treated well, perform better.

In 2020, SKAGEN was invited by companies to participate in dedicated sessions to share our feedback and advice on ESG disclosures. As these engagements and dialogues cover the full spectrum of environmental (E), social (S) and governance (G) factors, we categorize these cases as “Multi” (13% of engagements). Partici-

pating in these sessions is important for companies for at least two reasons. First, it demonstrates clear commitment and initiative by the company to seek investor feedback to ensure that their disclosures are accurate and valuable. Second, the feedback loop facilitates further incremental development and engagement over the long run. The company may announce tweaks to their program or introduce a metric or goal to be met over the coming years, which we as investors can monitor and guide them on.

Governance continues to be an important part of SKAGEN's engagement activity (30% of total sub-fund engagements). It is often through corporate governance that companies credibly commit to environmental or social improvements in their operations. Governance is a broad category. As a boutique active manager and minority shareholder in companies from all over the world, SKAGEN frequently advocates for shareholder democracy – transparency and voice of minority shareholders, dividend policies, capital allocation and board structure improvements. Last year, remuneration and remuneration policies were the governance issue we engaged most on.



Initiatives and commitments

Storebrand and SKAGEN support international initiatives and guidelines, whose common purpose is to encourage and facilitate sustainable business. The guidelines for responsible investment are based on international standards for the environment, human rights, working conditions, corruption and controversial weapons. These standards are expressed in UN conventions and agreements and can be applied to the environmental and social responsibility of companies.

CDP

CDP is an independent, international, non-profit organisation that works for transparency and dialogue concerning the environmental impact of companies and making information available to investors. Over 5,600 organisations in more than 90 countries around the world measure and report their environmental impact through CDP. CDP acts on behalf of more than 800 institutional investors. Storebrand has been a member of CDP since 2008.

Global Compact

In 2000, Storebrand signed the UN Global Compact, an initiative aimed at companies, and which advocates ten principles based on international conventions. The principles launched in 2000 include human rights, labour law, the environment, and the fight against corruption. SKAGEN signed the UN Global Compact in 2020.

Net Zero Asset Owner Alliance (AOA)

The alliance is an investor collaboration led by the financial initiative within United Nations Environment Program (UNEP FI) and PRI. Within the framework of the initiative has participants declared the long-term goal of investment portfolios with zero net footprint by 2050. Storebrand is one of twelve co-founders to the initiative and participates in several working groups. Storebrand Asset Management has been a member of (AOA) since 2021.

Tobacco Free Finance Pledge

The Tobacco-Free Finance Pledge (TFPP) is an initiative led by Tobacco Free Portfolios (TFP), a global NGO that fights for a tobacco free world by bringing investors to eliminate all their tobacco assets across the globe. Through this investor initiative Storebrand and SKAGEN encourage, along with over 140 financial and societal actors, more investors should refrain from investing in companies that produce tobacco.

IIGCC

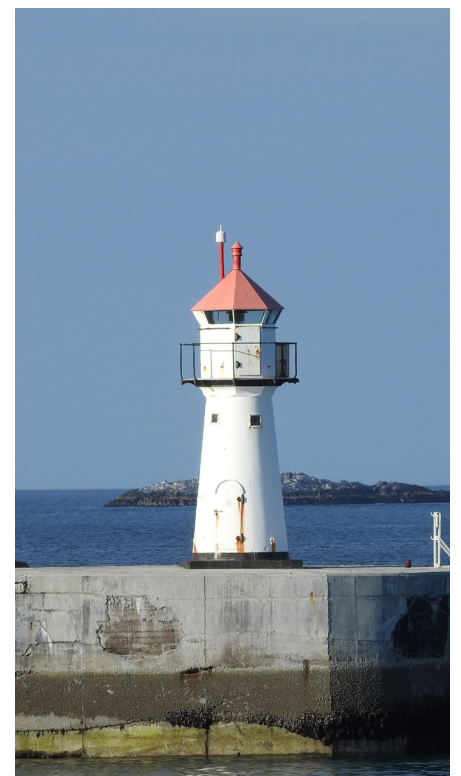
The task of the Institutional Investors Group on Climate Change (IIGCC) is to mobilise capital for a low-carbon future by strengthening the investor's voice and working with companies, politicians, and investors. Storebrand has been a member of IIGCC since October 2019.

PRI

Principles for Responsible Investment (PRI) was founded in 2006 and is a network of investors and service providers working together with the UN, UNEP Finance Initiative and Global Compact to implement principles for responsible investments. The aim is to promote responsible behaviour among financial actors and to promote greater transparency and awareness of the environment, social issues, and corporate governance of the companies in which these actors invest. Storebrand, was one of the initiators and Founding Signatories in 2006. By signing Storebrand and SKAGEN undertake to integrate the initiative's six principles regarding responsible investments in the business.

TPI

In 2020, SKAGEN became a supporter of the Transition Pathway Initiative (TPI), an investor-led initiative to assess companies' preparedness for the transition to a low-carbon economy. TPI provides investors with data on the carbon performance and climate governance of the world's largest listed companies in high emitting sectors. Developed with investors in mind, TPI provides an online tool with data to support investment research and enable better-informed and more effective investment processes, engagement activities and proxy voting decisions.



Reine, Lofoten, Norway,
Photos: Anna Östman



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